

City of East Moline, Illinois
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Prepared by:

Finance Department

CITY OF EAST MOLINE, ILLINOIS

December 31, 2018

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	MD&A 1-13
BASIC FINANCIAL STATEMENTS	
Statement 1 – Statement of Net Position	4-5
2 – Statement of Activities	6-7
3 – Balance Sheet – Governmental Funds	8-9
3 – Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
4 – Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11-12
4 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Funds	
Statement 5 – Statement of Net Position	14-17
6 – Statement of Revenues, Expenses, and Changes in Net Position	18-19
7 – Statement of Cash Flows	20-23

(Continued)

CITY OF EAST MOLINE, ILLINOIS

December 31, 2018

TABLE OF CONTENTS

	PAGE
Fiduciary Funds	
Statement 8 – Statement of Net Position	24
9 – Statement of Changes in Net Position	25
Notes to Financial Statements	26-74
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Exhibit 1 – General Fund	75-79
2 – Tax Increment Financing Fund – The Quarter	80
3 – Tax Increment Financing Fund – Port of Call	81
4 – Notes to the Required Supplementary Information – Budget Comparisons	82
5 – Required Supplementary Information on Pension Plan Employer Contributions	83-85
6 – Schedule of Changes in Employer’s Total OPEB Liability and Related Ratios	86
7 – Schedule of Changes in Employer’s Net Pension Liability and Related Ratios	87-91
8 – Schedule of Investment Returns	92
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Exhibit 9 – Combining Balance Sheet	93-96
10 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	97-100

(Continued)

CITY OF EAST MOLINE, ILLINOIS

December 31, 2018

TABLE OF CONTENTS

	PAGE
Nonmajor Governmental Funds (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Exhibit 11 – Garbage Fund	101
12 – Motor Fuel Tax Fund	102
13 – Municipal Swimming Pool Fund	103
14 – Economic Development	104
15 – Non-Home Rule Sales Tax Fund	105
16 – Special Service Area - Downtown Fund	106
17 – Tax Increment Financing Fund - North Hill	107
18 – Tax Increment Financing Fund - Downtown	108
19 – Tax Increment Financing Fund - Great River Industrial Park	109
20 – Tax Increment Financing Fund - Gateway Industrial Park	110
21 – Tax Increment Financing Fund - Kennedy Drive	111
22 – Tax Increment Financing Fund - Lucky Strike	112
23 – Capital Projects Fund	113
24 – Debt Service Fund	114
Nonmajor Enterprise Funds	
Exhibit 25 – Combining Statement of Net Position	115
26 – Combining Statement of Revenues, Expenses, and Changes in Net Position	116
27 – Combining Statement of Cash Flows	117

(Continued)

CITY OF EAST MOLINE, ILLINOIS

December 31, 2018

TABLE OF CONTENTS

	PAGE
Internal Service Funds	
Exhibit 28 – Combining Statement of Net Position - Governmental Activities	118
29 – Combining Statement of Revenues, Expenses, and Changes in Net Position - Governmental Activities	119
30 – Combining Statement of Cash Flows - Governmental Activities	120-121
Capital Assets Used in Governmental Activities	
Exhibit 31 – Schedule of Capital Assets	122
32 – Schedule by Function and Activity	123-124
33 – Schedule of Changes by Function and Activity	125-126
STATISTICAL SECTION	
NET POSITION BY COMPONENT	127-128
CHANGES IN NET POSITION	129-132
FUND BALANCES OF GOVERNMENTAL FUNDS	133-134
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	135-136
PENSION FUNDS – CHANGES IN NET POSITION	137-138
PROGRAM REVENUES BY FUNCTION/PROGRAM	139-140
TAXES BY SOURCE, GOVERNMENTAL FUNDS	141
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	142-143
DIRECT AND OVERLAPPING PROPERTY TAX RATES	144-145
PRINCIPAL PROPERTY TAXPAYERS	146-147
PROPERTY TAX LEVIES AND COLLECTIONS	148
WATER SOLD BY TYPE OF CUSTOMER	149-150

(Continued)

CITY OF EAST MOLINE, ILLINOIS

December 31, 2018

TABLE OF CONTENTS

	PAGE
SEWER SOLD BY TYPE OF CUSTOMER	151-152
WATER AND SEWER RATES	153
SALES TAX COLLECTED BY CATEGORY	154-155
DIRECT AND OVERLAPPING SALES TAX RATES	156
RATIOS OF OUTSTANDING DEBT BY TYPE	157-158
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT	159
LEGAL DEBT MARGIN INFORMATION	160-161
PLEDGED REVENUE COVERAGE	162-163
REVENUE BONDS, GENERAL OBLIGATION AND GENERAL OBLIGATION ALTERNATE REVENUE BONDED DEBT	164-165
DEMOGRAPHIC AND ECONOMIC STATISTICS	166
PRINCIPAL EMPLOYERS	167-168
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	169-170
OPERATING INDICATORS BY FUNCTION/PROGRAM	171-172
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	173-174
UNITED TOWNSHIP HIGH SCHOOL OPERATING STATISTICS	175
EAST MOLINE ELEMENTARY SCHOOL DISTRICT OPERATING STATISTICS	176
SILVIS ELEMENTARY SCHOOL DISTRICT OPERATING STATISTICS	177
BUILDING PERMITS AND CONSTRUCTION VALUES	178-179



CITY OF EAST MOLINE
OFFICE OF THE CITY ADMINISTRATOR

July 15, 2019

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, 2018. This report provides a broad view of the City's financial activities for the 2018 fiscal year and its financial position at December 31, 2018. 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, 2018.

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, 2018, 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, 2018, 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 an economic downturn the unemployment rate increased to 9.6% during fiscal 2010 however it has generally been declining overall. During fiscal year 2018, the rate increased slightly from 5% the prior year to 5.2%.

The Port of Call TIF, more commonly referred to as “The Bend”, had their grand opening of the Hyatt in December 2018. Development of other commercial building including an event center, a park that will host outdoor music and entertainment events, and gas station continues. Additional development is expected in the upcoming years.

Construction has commenced on the parcels that make up the EMG TIF along 12th Avenue. An indoor music venue, microbrewery, and other commercial retail businesses are well underway.

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. This plan will be updated in the next fiscal year as to readdress items that may not have been completed, include additional items needed, a prioritization of projects, and identify a revenue source for all projects.

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 47.49% of the Police Pension Fund and 62.57% of the Firefighter's Pension Fund, as of December 31, 2018. The percent of funding of the Police Pension Fund and the Firefighter's Pension Fund decreased compared to December 31, 2017 funding percentages of 56.13% and 71.28%, 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 Statement #75, 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.

2018 Accomplishments

Even with its limited funds, the City of East Moline has continued to be 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:

- 4,550 feet of new water main
- 12,950 feet of sewer rehabilitation
- 200' of storm sewer improvements
- 1.7 lane miles of asphalt overlay
- 4.75 lane miles of sealcoat streets
- 9,500 square yards of pavement reconstruction

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, 2017. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

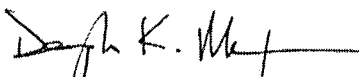
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. The CAFR must satisfy both U. S. generally accepted accounting principles and applicable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



Douglas K. Maxeiner
City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of East Moline
Illinois**

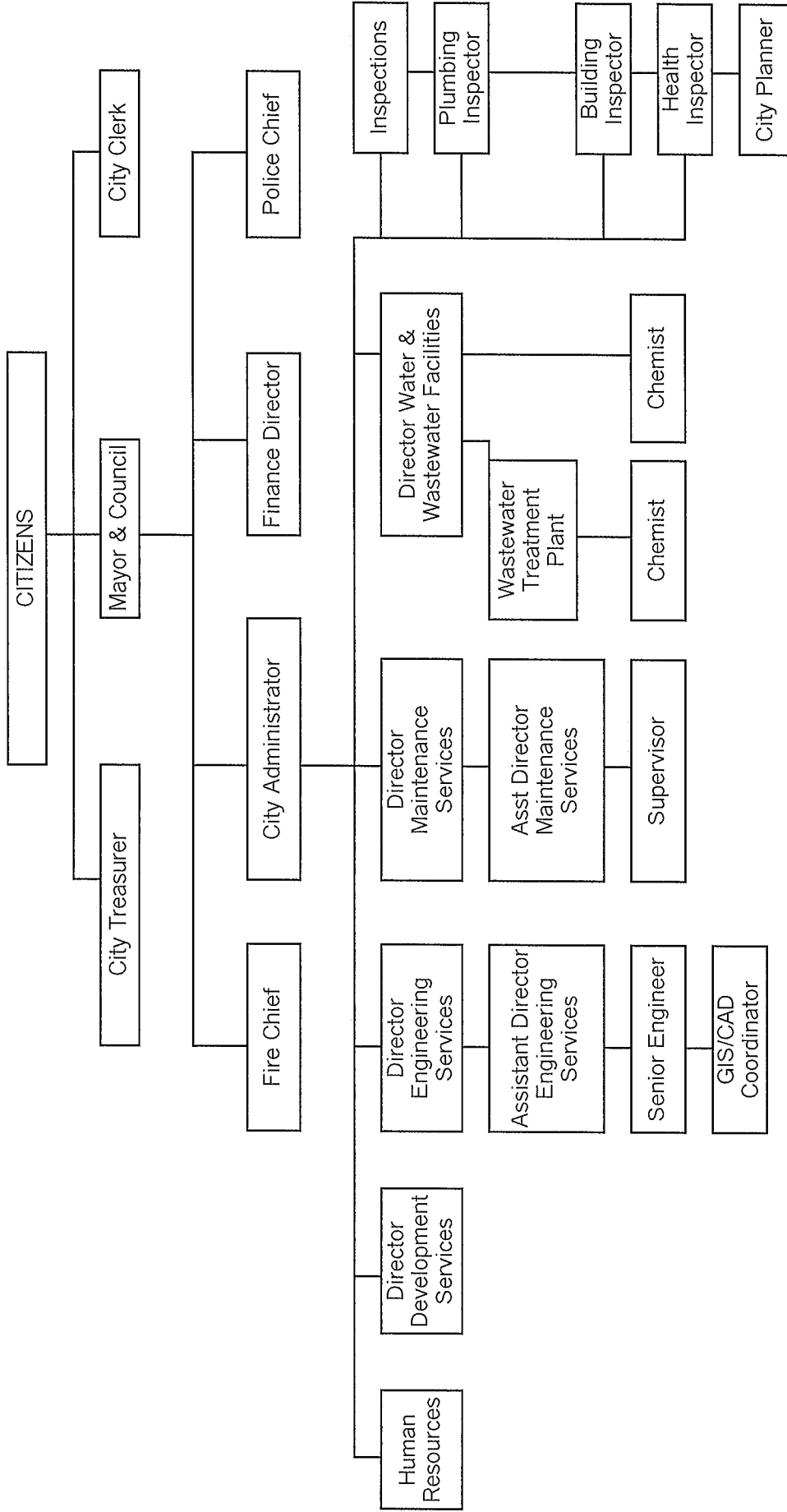
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF EAST MOLINE, ILLINOIS
 ORGANIZATIONAL CHART 2018



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
Maria Tapia	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

Lincoln Scott	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



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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 (the "City"), as of and for the year ended December 31, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 19 to the financial statements, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a restatement of net position as of December 31, 2017. Our opinion is not modified with respect to these matters.

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 MD&A 1 through MD&A 13, the budgetary comparison information on pages 75 through 82, the pension plans schedules of employer contributions on pages 83 through 85, the other postemployment benefit plan schedule of changes in employer's total OPEB liability and related ratios on page 86, the pension plans schedule of changes in employer's net pension liability and related ratios on pages 87 through 91, and the pension plans schedule of investment returns on page 92 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 statements 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 July 15, 2019 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, LLC

Moline, Illinois
July 15, 2019

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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, 2018.

Financial Highlights

The assets and deferred outflows of resources of the City of East Moline, Illinois did not exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$(26,936,419) (net deficit). Of this amount, \$(86,434,340) deficit is unrestricted. As of December 31, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,535,853. Of this amount, \$(30,722,783) deficit was unrestricted. Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

For fiscal year 2018, the City's net position increased \$4,883,526. Governmental activities net position increased \$1,788,893 and business-type activities net position increased \$3,094,633. 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. Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

As of December 31, 2018, the City's governmental funds reported combined ending fund balances of \$2,046,797, a decrease of \$(1,268,713) in comparison with the prior year. Of this amount, a deficit \$(4,622,947), is unassigned fund balance. As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$3,315,510. A deficit of \$(4,086,923) is unassigned fund balance.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,378,310, or 16.4% of total General Fund expenditures, compared to \$2,572,052, or 17.1%, as of December 31, 2017.

The City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. The beginning net position was restated by \$(58,355,798) to retroactively report the \$6,737,474 increase in deferred inflows of resources, \$136,705 increase in deferred outflows of resources, and \$51,755,029 increase in OPEB liability as of December 31, 2017.

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 statement; 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 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 aggregate 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

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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 and intergovernmental revenues (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, drainage revenue, and development loans.

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, which 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 five 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

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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 basic fiduciary fund financial statement can be found in Note 9 of this report.

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 Changes in Employer's Total OPEB Liability and Related Ratios 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.

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City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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 \$(26,936,419) at December 31, 2018, which represents an increase of \$4,883,526 from the restated December 31, 2017 net position.

Table 1 – Net Position

	Governmental Activities 2018	Governmental Activities 2017*	Business- Type Activities 2018	Business- Type Activities 2017*	Total 2018	Total 2017*
Current and Other Assets	\$ 16,475,852	\$ 17,223,723	\$ 10,783,124	\$ 9,383,269	\$ 27,258,976	\$ 26,606,992
Capital Assets	35,198,605	30,962,465	53,093,133	52,688,223	88,291,738	83,650,688
Total Assets	\$ 51,674,457	\$ 48,186,188	\$ 63,876,257	\$ 62,071,492	\$ 115,550,714	\$ 110,257,680
Deferred Outflows of Resources	\$ 7,511,847	\$ 1,918,702	\$ 1,647,838	\$ 2,340,461	\$ 9,159,685	\$ 4,259,163
Noncurrent Liabilities	\$ 93,502,696	\$ 48,495,847	\$ 33,922,395	\$ 25,484,004	\$ 127,425,091	\$ 73,979,851
Other Liabilities	3,520,755	3,260,020	2,924,085	2,632,706	6,444,840	5,892,726
Total Liabilities	\$ 97,023,451	\$ 51,755,867	\$ 36,846,480	\$ 28,116,710	\$ 133,869,931	\$ 79,872,577
Deferred Inflows of Resources	\$ 12,687,569	\$ 8,064,302	\$ 5,089,318	\$ 44,111	\$ 17,776,887	\$ 8,108,413
Net Position:						
Net Investment in Capital Assets	\$ 22,343,078	\$ 21,728,997	\$ 33,639,330	\$ 31,439,538	\$ 55,982,408	\$ 53,168,535
Restricted	2,582,964	3,141,352	932,549	948,749	3,515,513	4,090,101
Unrestricted	(75,450,758)	(34,585,628)	(10,983,582)	3,862,845	(86,434,340)	(30,722,783)
Total Net Position	\$ (50,524,716)	\$ (9,715,279)	\$ 23,588,297	\$ 36,251,132	\$ (26,936,419)	\$ 26,535,853

* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

Of the City's net position, \$55,982,408 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 for 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 \$3,515,513 as of December 31, 2018 compared to \$4,090,101 as of December 31, 2017. 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.

City of East Moline, Illinois

**Management’s Discussion and Analysis
Year Ended December 31, 2018**

Table 2 highlights the City’s revenues and expenses for the year ended December 31, 2018. 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.

Table 2 -- Changes in Net Position

	Governmental Activities 2018	Governmental Activities 2017*	Business- Type Activities 2018	Business- Type Activities 2017*	Total 2018	Total 2017*
Revenues:						
Program Revenues:						
Charges for Service						
Governmental	\$ 3,268,741	\$ 2,776,621	\$ -	\$ -	\$ 3,268,741	\$ 2,776,621
Water	-	-	5,481,146	5,259,625	5,481,146	5,259,625
Wastewater	-	-	6,509,594	6,419,919	6,509,594	6,419,919
Drainage	-	-	907,045	813,092	907,045	813,092
Development						
Loans	-	-	916	1,007	916	1,007
Operating Grants and						
Contributions	79,810	543,341	-	-	79,810	543,341
Capital Grants and						
Contributions	457,544	-	-	-	457,544	-
General Revenues:						
Property Tax	6,404,231	6,399,440	-	-	6,404,231	6,399,440
Utility Taxes	1,310,802	1,254,601	-	-	1,310,802	1,254,601
Sales Taxes	490,736	406,111	-	-	490,736	406,111
Other Taxes	3,287	2,633	-	-	3,287	2,633
Intergovernmental	6,194,936	6,241,587	-	-	6,194,936	6,241,587
Investment Earnings	122,547	152,314	41,778	14,291	164,325	166,605
Gain on Sale of						
Assets	3,224	-	-	-	3,224	-
Total Revenues	\$ 18,335,858	\$ 17,776,648	\$ 12,940,479	\$ 12,507,934	\$ 31,276,337	\$ 30,284,582

* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

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City of East Moline, Illinois

Management's Discussion and Analysis
Year Ended December 31, 2018

Table 2 – Changes in Net Pension (continued)

	Governmental Activities 2018	Governmental Activities 2017*	Business- Type Activities 2018	Business- Type Activities 2017*	Total 2018	Total 2017*
Expenses:						
Public Safety	\$ 9,516,861	\$ 20,009,384	\$ -	\$ -	\$ 9,516,861	\$ 20,009,384
Public Works	4,046,902	4,905,780	-	-	4,046,902	4,905,780
Recreation and Culture	943,627	1,228,443	-	-	943,627	1,228,443
Community and Economic Development	924,818	1,025,532	-	-	924,818	1,025,532
General Government	686,037	806,655	-	-	686,037	806,655
Interest on Long- Term Debt	396,208	201,980	-	-	396,208	201,980
Water	-	-	4,369,786	5,255,558	4,369,786	5,255,558
Wastewater	-	-	4,550,075	5,973,296	4,550,075	5,973,296
Drainage	-	-	934,653	761,413	934,653	761,413
Development Loans	-	-	23,844	14,800	23,844	14,800
Total Expenses	\$ 16,514,453	\$ 28,177,774	\$ 9,878,358	\$ 12,005,067	\$ 26,392,811	\$ 40,182,841
Excess (Deficiency)						
before Transfers	\$ 1,821,405	\$ (10,401,126)	\$ 3,062,121	\$ 502,867	\$ 4,883,526	\$ (9,898,259)
Transfers	(32,512)	(395,733)	32,512	395,733	-	-
Change in Net Position	\$ 1,788,893	\$ (10,796,859)	\$ 3,094,633	\$ 898,600	\$ 4,883,526	\$ (9,898,259)
Net Position, beginning (restated)						
	(52,313,609)	1,081,580	20,493,664	35,352,532	(31,819,945)	36,434,112
Net Position, ending	\$ (50,524,716)	\$ (9,715,279)	\$ 23,588,297	\$ 36,251,132	\$ (26,936,419)	\$ 26,535,853

* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

Current Year Impacts

Governmental Activities – Governmental activities increased the City's net position by \$1,821,405 before transfers out of \$32,512. Key elements contributing to this net change are as follows:

Revenues – For the fiscal year ended December 31, 2018, total revenues from governmental activities increased by \$559,210 (3.15%). The majority of the increase was due to increases in utility tax, sales tax, and other taxes during the year.

Expenses – For the fiscal year ending December 31, 2018, governmental expenses decreased \$11,663,321 (41.39%).

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

Business-Type Activities – Business-type activities increased the City of East Moline, Illinois' net position by \$3,094,633, resulting in an 15.10% increase in the restated net position for business-type activities. Key elements contributing to this net change are as follows:

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

Revenues – For the fiscal year ended December 31, 2018, total revenue for the business-type activities increased \$432,545 (3.46%). The increase in billings was due to scheduled rate increases.

Expenses – Total expenses for the business-type activities at the end of the fiscal year were \$9,878,358, which is a decrease for \$(2,126,709) (17.72%) from the fiscal year ended December 31, 2017*. Much of the decrease to the expense was associated with OPEB adjustments.

As a result, the City's total net position increased \$4,883,526 during the year ended December 31, 2018.

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

	Total Cost of Services 2018	Total Cost of Services 2017*	Net Cost of Services 2018	Net Cost of Services 2017*
Public Safety	\$ 9,516,861	\$ 20,009,384	\$ 8,752,042	\$ 19,253,220
Public Works	4,046,902	4,905,780	2,091,608	3,279,304
Recreation and Culture	943,627	1,228,443	283,033	591,160
Community and Economic Development	924,818	1,025,532	892,726	1,013,186
General Government	686,037	806,655	292,741	518,962
Interest on Long-Term Debt	396,208	201,980	396,208	201,980
Total	\$ 16,514,453	\$ 28,177,774	\$ 12,708,358	\$ 24,857,812

* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

Net cost of services is 77.0% of total cost of services for the year ended December 31, 2018 and 88.2% for the year ended December 31, 2017. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

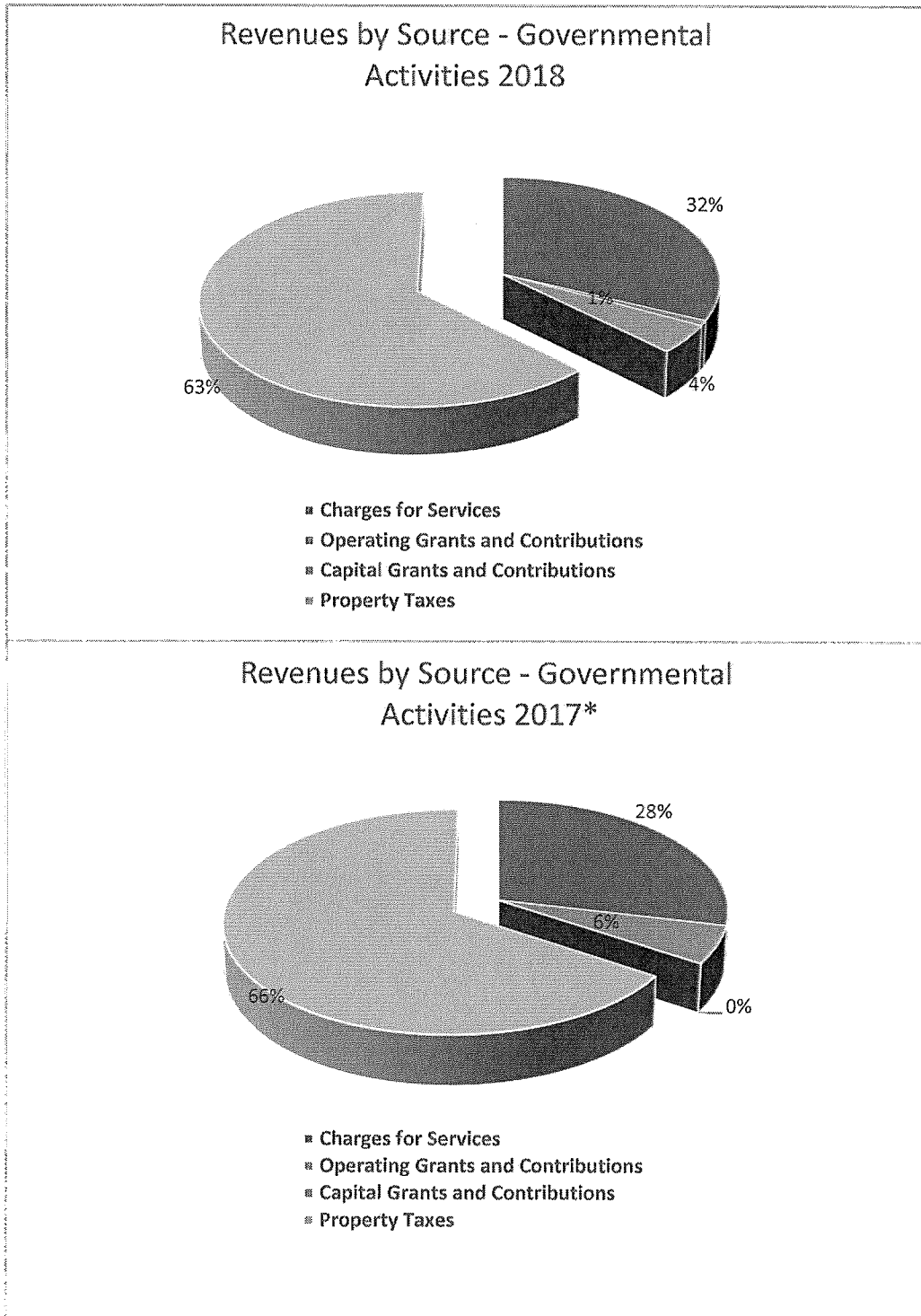
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City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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 2018 and 2017.



* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

City of East Moline, Illinois

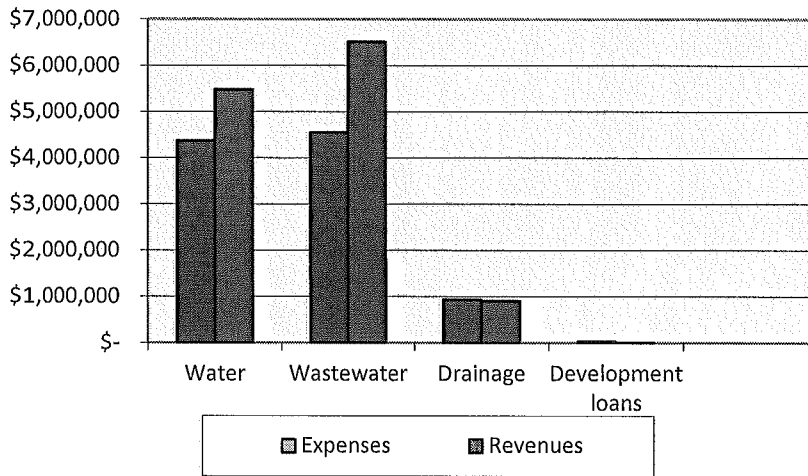
Management's Discussion and Analysis
Year Ended December 31, 2018

Business-Type Activities

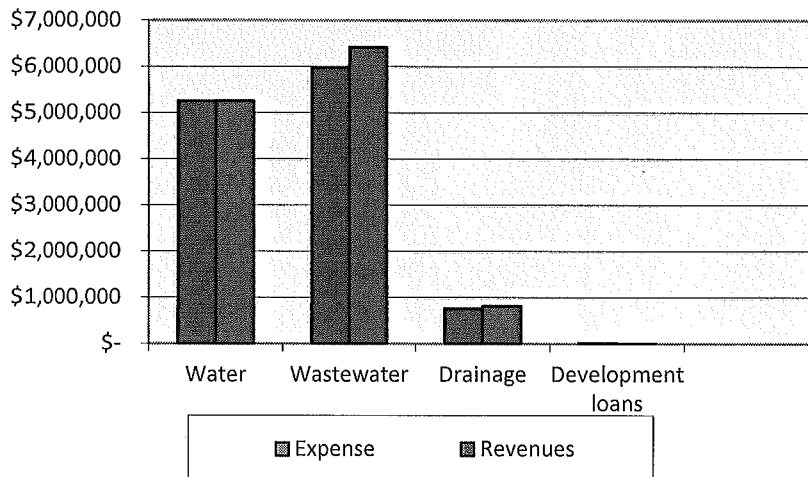
For the year ended December 31, 2018, the business-type activities increased the City's restated net position by \$3,094,633 compared to \$898,600 for the year ended December 31, 2017.

Total business-type activities revenue for the fiscal year ended December 31, 2018 was \$12,898,701. All but \$916 of this revenue was generated for specific business-type activity expenses. For the fiscal year ended December 31, 2017, total business-type activities revenue was \$12,493,643. All but \$1,007 of this revenue was generated for specific business-type activity expenses. The graphs below show a comparison between the business-type activity expenditures and program revenues for fiscal years 2018 and 2017.

Expenses and Program Revenues
Business-Type Activities 2018



Expenses and Program Revenues
Business-Type Activities 2017*



* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

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, 2018, the City's governmental funds reported combined ending fund balances of \$2,046,797, a decrease of \$(1,268,713) from December 31, 2017. The City's unassigned fund balance was a deficit \$(4,622,947) as of December 31, 2018, compared to a deficit of \$(4,086,923) as of December 31, 2017. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate it is 1) not in spendable form - \$808,444; 2) legally required to be maintained intact or restricted for particular purposes or by third parties - \$2,582,964; or 3) assigned for particular purposes - \$3,278,336.

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 \$2,378,310. Total fund balance of the General Fund decreased \$(249,629) from \$6,506,599 at December 31, 2017 to \$6,256,970 at December 31, 2018. 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 16.4% of total General Fund expenditures compared to approximately 17.1% in the prior year, while total fund balance represents approximately 43.1% of General Fund expenditures compared to approximately 43.2% in the prior year.

The General Fund's largest revenue sources is taxes, which consists predominately of property tax and utility tax. These sources contribute approximately 44.6% 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 44.9% 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 \$(249,629) during the current fiscal year. This was due primarily to transfers out exceeding transfers in by approximately \$290,000.

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 \$(195,181) from \$(3,079,797) at December 31, 2017 to \$(3,274,978) at December 31, 2018 due to debt payment on funded projects within the TIF district.

The Special Revenue Fund, Tax Increment Financing Fund – Port of Call, accounts for revenue and expenditures related to development of the Port of Call TIF district. Fund balance decreased \$(177,038) from \$(936,237) at December 31, 2017 to \$(1,113,275) at December 31, 2018 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 net change in net position of \$1,388,267 while the Wastewater Funds had a combined change in net position of \$2,286,377. The

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

Drainage Fund had a decrease in net position of \$(99,476). The changes in these funds are primarily due to maintaining charges for services, stabilizing costs, and adjusting for OPEB.

General Fund Budgetary Highlights

	Original and Final Budget	Actual	Percent of Actual to Final Budget
Revenues			
Taxes	\$ 6,364,750	\$ 6,486,946	101.92%
Licenses, Permits, and Fees	355,750	416,248	117.01%
Intergovernmental Revenue	5,897,220	6,530,272	110.73%
Investment Income	36,845	85,234	231.33%
Other Revenue	922,730	1,019,991	110.54%
Total Revenues	\$ 13,577,295	\$ 14,538,691	107.08%
Expenditures	14,981,645	14,520,413	96.92%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,404,350)	\$ 18,278	
Sale of Property	-	23,801	
Transfers	(476,000)	(291,708)	
Net Change in Fund Balance	\$ (1,880,350)	\$ (249,629)	

The General Fund actual revenue exceeded original and final budgeted revenues by \$961,396 for the fiscal year ended December 31, 2018. 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 \$461,232 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, 2018 totals \$88,291,738 (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, wastewater, and drainage infrastructure.

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City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2018

Table 4 – Capital Assets Net of Depreciation

	Governmental Activities 2018	Governmental Activities 2017	Business- Type Activities 2018	Business- Type Activities 2017	Total 2018	Total 2017
Land	\$ 1,936,798	\$ 1,936,798	\$ 484,013	\$ 484,013	\$ 2,420,811	\$ 2,420,811
Construction-in-Progress	11,299,160	6,354,568	770,081	72,468	12,069,241	6,427,036
Buildings	2,551,962	2,687,112	50,717,899	50,886,691	53,269,861	53,573,803
Improvements other than Buildings	1,293,841	1,349,902	-	-	1,293,841	1,349,902
Vehicles and Equipment	1,859,567	1,769,067	1,121,140	1,245,051	2,980,707	3,014,118
Infrastructure	16,257,277	16,865,018	-	-	16,257,277	16,865,018
Total	\$ 35,198,605	\$ 30,962,465	\$ 53,093,133	\$ 52,688,223	\$ 88,291,738	\$ 83,650,688

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

Debt – As of December 31, 2018, the City had long-term debt payable totaling \$127,738,176 compared to \$76,512,055 as of December 31, 2017*. For the year ended December 31, 2018, the City paid \$2,490,930 in principal and \$939,904 in interest on outstanding general obligation debt and other borrowings. The City drew \$4,321,928 from a line of credit for TIF project improvements. As of December 31, 2018, the City had \$22,402,614 in outstanding general obligation bonds, \$408,546 in notes payable, and \$9,731,640 drawn from a bank line of credit.

Table 5 – Outstanding Debt

	Governmental Activities 2018	Governmental Activities 2017*	Business- Type Activities 2018	Business- Type Activities 2017*	Total 2018	Total 2017*
Notes Payable	\$ 342,010	\$ 446,677	\$ 66,536	\$ 88,287	\$ 408,546	\$ 534,964
General Obligation Bonds	2,790,580	3,390,320	19,612,034	21,414,075	22,402,614	24,804,395
Bank Line of Credit	9,731,640	5,409,712	-	-	9,731,640	5,409,712
Compensated Absences	85,686	95,352	36,231	60,924	121,917	156,276
Net Pension Liability (Asset)	34,259,875	27,681,798	(1,578,549)	2,176,992	32,681,326	29,858,790
OPEB Obligation/Liability	46,324,162	12,275,006	16,067,971	3,472,912	62,392,133	15,747,918
Total	\$ 93,533,953	\$ 49,298,865	\$ 34,204,223	\$ 27,213,190	\$ 127,738,176	\$ 76,512,055

* Prior year information has not been updated for the City's implementation of GASB Statement No. 75 in 2018.

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

Economic Development has continued to increase in underdeveloped areas of the City. The City expects to see a gradual increase to assessed valuations in upcoming years. The valuation increased by 0.96% over the previous year to \$276,960,613.

The City anticipates a slight increase in our income tax allocation from the State of Illinois in 2019 and additional revenues of other state allocations in 2020 due to upcoming legislation.

City of East Moline, Illinois

**Management's Discussion and Analysis
Year Ended December 31, 2018**

Even with these increases, the City continues to have increased expenditures related to police and fire pensions, liability insurance, and worker's compensation. In the short-term, the City will have to use its reserves to address these challenges, but is developing a long-term plan to reduce this exposure.

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.

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BASIC FINANCIAL STATEMENTS

City of East Moline, Illinois

Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
Assets and Deferred Outflows of Resources				
Assets:				
Current Assets:				
Cash	\$ 1,865,828	\$ 6,470,944	\$ 8,336,772	\$ 822,690
Investments	4,907,655	640,317	5,547,972	565,249
Receivables, net of allowance for uncollectibles	8,437,536	2,540,722	10,978,258	782,341
Other assets	-	15,857	15,857	-
Internal balances	463,265	(463,265)	-	-
Total Current Assets	\$ 15,674,284	\$ 9,204,575	\$ 24,878,859	\$ 2,170,280
Noncurrent Assets:				
Net pension asset	\$ 801,568	\$ 1,578,549	\$ 2,380,117	\$ -
Capital Assets:				
Nondepreciable:				
Land and construction in progress	13,235,958	1,254,094	14,490,052	45,435
Other capital assets, net of depreciation	21,962,647	51,839,039	73,801,686	458,322
Total Noncurrent Assets	\$ 36,000,173	\$ 54,671,682	\$ 90,671,855	\$ 503,757
Total Assets	\$ 51,674,457	\$ 63,876,257	\$ 115,550,714	\$ 2,674,037
Deferred Outflows of Resources:				
Deferred amount on refundings	\$ 8,703	\$ 224,767	\$ 233,470	\$ -
Pension related deferred outflows	7,417,850	1,391,520	8,809,370	-
OPEB related deferred outflows	85,294	31,551	116,845	-
Total Deferred Outflows of Resources	\$ 7,511,847	\$ 1,647,838	\$ 9,159,685	\$ -

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 1,798,060	\$ 775,665	\$ 2,573,725	\$ 7,694
Accrued liabilities	605,701	83,046	688,747	10,867
Due to fiduciary fund	223,377	-	223,377	-
Accrued interest payable	60,792	204,997	265,789	-
Compensated absences	85,686	36,231	121,917	-
Current portion of notes and bonds payable	747,139	1,824,146	2,571,285	-
Total Current Liabilities	\$ 3,520,755	\$ 2,924,085	\$ 6,444,840	\$ 18,561
Noncurrent Liabilities:				
Notes and bonds payable	\$ 2,385,451	\$ 17,854,424	\$ 20,239,875	\$ -
Bank line of credit	9,731,640	-	9,731,640	-
Total OPEB liability	46,324,162	16,067,971	62,392,133	-
Net pension liability	35,061,443	-	35,061,443	-
Total Noncurrent Liabilities	\$ 93,502,696	\$ 33,922,395	\$ 127,425,091	\$ -
Total Liabilities	\$ 97,023,451	\$ 36,846,480	\$ 133,869,931	\$ 18,561
Deferred Inflows of Resources:				
Deferred revenue - property taxes	\$ 6,525,174	\$ -	\$ 6,525,174	\$ 744,235
Pension related deferred inflows	1,958,682	3,534,331	5,493,013	-
OPEB related inflows	4,203,713	1,554,987	5,758,700	-
Total Deferred Inflows of Resources	\$ 12,687,569	\$ 5,089,318	\$ 17,776,887	\$ 744,235
Net Position:				
Net investment in capital assets	\$ 22,343,078	\$ 33,639,330	\$ 55,982,408	\$ 503,757
Restricted for:				
Maintenance of roadways	1,312,201	-	1,312,201	-
Development	421,588	-	421,588	-
Special service area	125,172	-	125,172	-
Recreation and culture	13,800	-	13,800	-
Public benefit	218,227	-	218,227	-
Public safety	186,559	-	186,559	-
Liability insurance	10,862	-	10,862	-
Other purposes	294,555	-	294,555	-
Economic development loans	-	613,259	613,259	-
Housing rehabilitation	-	319,290	319,290	-
Unrestricted	(75,450,758)	(10,983,582)	(86,434,340)	1,407,484
Total Net Position	\$ (50,524,716)	\$ 23,588,297	\$ (26,936,419)	\$ 1,911,241

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, 2018

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 686,037	\$ 393,296	\$ -	\$ -
Public safety	9,516,861	744,986	19,833	-
Public works	4,046,902	1,469,273	28,477	457,544
Recreation and culture	943,627	659,094	1,500	-
Economic development	924,818	2,092	30,000	-
Interest on long-term debt	396,208	-	-	-
Total Governmental Activities	\$ 16,514,453	\$ 3,268,741	\$ 79,810	\$ 457,544
Business-Type Activities:				
Water treatment	\$ 4,369,786	\$ 5,481,146	\$ -	\$ -
Wastewater treatment	4,550,075	6,509,594	-	-
Drainage	934,653	907,045	-	-
Development loans	23,844	916	-	-
Total Business-Type Activities	\$ 9,878,358	\$ 12,898,701	\$ -	\$ -
Total	\$ 26,392,811	\$ 16,167,442	\$ 79,810	\$ 457,544
Component Unit:				
Library	\$ 949,876	\$ 27,403	\$ 43,167	\$ 92,974

General Revenues

- Property taxes
- Utility taxes
- Admissions taxes
- Non home rule sales tax
- Unrestricted investment earnings
- Unrestricted intergovernmental revenues
- Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in net position

- Net position, beginning of year
- Change in accounting principle
- Net position, beginning of year, restated

Net position, end of year

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Library	
\$ (292,741)	\$ -	\$ (292,741)	\$ -	-
(8,752,042)	-	(8,752,042)	-	-
(2,091,608)	-	(2,091,608)	-	-
(283,033)	-	(283,033)	-	-
(892,726)	-	(892,726)	-	-
(396,208)	-	(396,208)	-	-
<u>\$ (12,708,358)</u>	<u>\$ -</u>	<u>\$ (12,708,358)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ 1,111,360	\$ 1,111,360	\$ -	-
-	1,959,519	1,959,519	-	-
-	(27,608)	(27,608)	-	-
-	(22,928)	(22,928)	-	-
<u>\$ -</u>	<u>\$ 3,020,343</u>	<u>\$ 3,020,343</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (12,708,358)</u>	<u>\$ 3,020,343</u>	<u>\$ (9,688,015)</u>	<u>\$ -</u>	<u>-</u>
			<u>\$ (786,332)</u>	
\$ 6,404,231	\$ -	\$ 6,404,231	\$ 732,906	-
1,310,802	-	1,310,802	-	-
3,287	-	3,287	-	-
490,736	-	490,736	-	-
122,547	41,778	164,325	(12,919)	-
6,194,936	-	6,194,936	117,020	-
3,224	-	3,224	-	-
(32,512)	32,512	-	-	-
<u>\$ 14,497,251</u>	<u>\$ 74,290</u>	<u>\$ 14,571,541</u>	<u>\$ 837,007</u>	<u>-</u>
<u>\$ 1,788,893</u>	<u>\$ 3,094,633</u>	<u>\$ 4,883,526</u>	<u>\$ 50,675</u>	<u>-</u>
\$ (9,715,279)	\$ 36,251,132	\$ 26,535,853	\$ 1,860,566	-
(42,598,330)	(15,757,468)	(58,355,798)	-	-
<u>\$ (52,313,609)</u>	<u>\$ 20,493,664</u>	<u>\$ (31,819,945)</u>	<u>\$ 1,860,566</u>	<u>-</u>
<u>\$ (50,524,716)</u>	<u>\$ 23,588,297</u>	<u>\$ (26,936,419)</u>	<u>\$ 1,911,241</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, 2018

	General Fund	Tax Increment Financing Fund - The Quarter
Assets		
Cash	\$ 3,737,405	\$ -
Investments	1,821,057	-
Receivables	6,770,381	230,111
Advances to other funds	808,444	-
Total Assets	\$ 13,137,287	\$ 230,111
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 488,689	\$ 2,310
Fund cash deficit	-	2,280,002
Accrued liabilities	216,936	-
Due to State of Illinois	73,415	-
Due to fiduciary fund	223,377	-
Advances from other funds	394,549	996,005
Total Liabilities	\$ 1,396,966	\$ 3,278,317
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	\$ 5,209,645	\$ 226,772
Unavailable revenue - other taxes	273,706	-
Total Deferred Inflows of Resources	\$ 5,483,351	\$ 226,772
Fund Balances:		
Nonspendable	\$ 808,444	\$ -
Restricted	724,003	-
Committed	-	-
Assigned	2,346,213	-
Unassigned	2,378,310	(3,274,978)
Total Fund Balances	\$ 6,256,970	\$ (3,274,978)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,137,287	\$ 230,111

Tax Increment Financing Fund - Port of Call	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,391,974	\$ 5,129,379
-	1,198,593	3,019,650
31,938	1,363,418	8,395,848
-	504,286	1,312,730
<u>\$ 31,938</u>	<u>\$ 4,458,271</u>	<u>\$ 17,857,607</u>

\$ 313,754	\$ 215,512	\$ 1,020,265
443,698	2,067,937	4,791,637
371,560	5,985	594,481
-	-	73,415
-	-	223,377
-	877,771	2,268,325
<u>\$ 1,129,012</u>	<u>\$ 3,167,205</u>	<u>\$ 8,971,500</u>

\$ 16,201	\$ 1,072,556	\$ 6,525,174
-	40,430	314,136
<u>\$ 16,201</u>	<u>\$ 1,112,986</u>	<u>\$ 6,839,310</u>

\$ -	\$ -	\$ 808,444
-	1,858,961	2,582,964
-	-	-
-	932,123	3,278,336
(1,113,275)	(2,613,004)	(4,622,947)
<u>\$ (1,113,275)</u>	<u>\$ 178,080</u>	<u>\$ 2,046,797</u>

<u>\$ 31,938</u>	<u>\$ 4,458,271</u>	<u>\$ 17,857,607</u>
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(Continued)

**Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
December 31, 2018**

Total fund balance - governmental funds	\$ 2,046,797
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	35,182,264
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	314,136
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.	2,759,860
Internal service fund allocated to business-type activities	1,416,860
Pension/OPEB related deferred outflows of resources and deferred inflows of resources 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	7,417,850
Deferred outflows of resources, OPEB	85,294
Deferred inflows of resources, pension	(1,958,682)
Deferred inflows of resources, OPEB	(4,203,713)
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	(34,259,875)
Total OPEB liability	(46,324,162)
Bonds and notes payable, net of discounts and deferrals	(12,855,527)
Compensated absences	(85,026)
Accrued interest payable	(60,792)
Net position of governmental activities	<u>\$ (50,524,716)</u>

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

City of East Moline, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2018

	General Fund	Tax Increment Financing Fund - The Quarter	Tax Increment Financing Fund - Port of Call
Revenues			
Taxes	\$ 6,486,946	\$ 217,647	\$ 15,357
Licenses, permits, and fees	416,248	-	-
Intergovernmental	6,530,272	-	-
Charges for services and rents	610,717	-	-
Investment income	85,234	-	-
Fines	189,763	-	-
Grant	51,333	-	-
Miscellaneous	168,178	-	371
Total Revenues	\$ 14,538,691	\$ 217,647	\$ 15,728
Expenditures			
Current:			
General government	\$ 606,616	\$ -	\$ -
Public safety	10,886,157	-	-
Public works	1,451,739	-	-
Recreation and culture	674,529	-	-
Economic development	52,336	100,889	-
Capital outlay	734,028	-	4,242,740
Debt Service:			
Principal	104,667	270,000	-
Interest	10,341	41,939	271,954
Total Expenditures	\$ 14,520,413	\$ 412,828	\$ 4,514,694
Excess (deficiency) of revenues over (under) expenditures	\$ 18,278	\$ (195,181)	\$ (4,498,966)
Other Financing Sources (Uses)			
Sale of property	\$ 23,801	\$ -	\$ -
Issuance of long-term debt	-	-	4,321,928
Transfers in	120,868	-	-
Transfers out	(412,576)	-	-
Total Other Financing Sources (Uses)	\$ (267,907)	\$ -	\$ 4,321,928
Net change in fund balances	\$ (249,629)	\$ (195,181)	\$ (177,038)
Fund Balances, beginning of year	6,506,599	(3,079,797)	(936,237)
Fund Balances, end of year	\$ 6,256,970	\$ (3,274,978)	\$ (1,113,275)

Other Governmental Funds	Total Governmental Funds
\$ 1,488,538	\$ 8,208,488
-	416,248
545,239	7,075,511
980,430	1,591,147
37,313	122,547
-	189,763
28,477	79,810
-	168,549
<u>\$ 3,079,997</u>	<u>\$ 17,852,063</u>
\$ 103	\$ 606,719
-	10,886,157
1,949,603	3,401,342
335,104	1,009,633
762,001	915,226
244,308	5,221,076
333,000	707,667
64,363	388,597
<u>\$ 3,688,482</u>	<u>\$ 23,136,417</u>
<u>\$ (608,485)</u>	<u>\$ (5,284,354)</u>
\$ -	\$ 23,801
-	4,321,928
185,000	305,868
(223,380)	(635,956)
<u>\$ (38,380)</u>	<u>\$ 4,015,641</u>
\$ (646,865)	\$ (1,268,713)
824,945	3,315,510
<u>\$ 178,080</u>	<u>\$ 2,046,797</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, 2018**

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

Net change in fund balance - total governmental funds \$ (1,268,713)

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	\$ 5,221,076	
Depreciation	<u>(1,421,135)</u>	3,799,941

Contributed capital		457,544
Proceeds from sale of capital assets		(23,801)
Gain on sale of capital assets		3,224

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		23,027
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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		(4,321,928)
Payments of long-term debt		707,667
Amortization of discounts on issuance of debt		(3,260)
Amortization of deferred amount on refunding		(4,538)
Accrued interest on long-term debt		187

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.

Pension expense and related deferred inflows and outflows		(1,269,550)
OPEB expense and related deferred inflows and outflows		4,430,755
Compensated absences		9,703

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.

Change in internal service fund allocation to business-type activities		<u>464,335</u>
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Change in net position of governmental activities		<u>\$ 1,788,893</u>
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The accompanying notes are an integral part of these financial statements.

City of East Moline, Illinois

Statement of Net Position
 Proprietary Funds
 December 31, 2018

	Business-Type Activities -		
	Water Treatment		Wastewater
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Assets			
Current Assets:			
Cash	\$ 1,915,941	\$ 63,874	\$ 1,981,522
Investments	-	-	313,877
Receivables (net of allowance for uncollectibles)	452,982	351,771	659,897
Other assets	12,857	3,000	-
Total Current Assets	\$ 2,381,780	\$ 418,645	\$ 2,955,296
Noncurrent Assets:			
Advances to other funds	\$ 1,573,646	\$ 1,211,205	\$ 1,682,058
Net pension asset	\$ 359,968	\$ 411,654	\$ 411,335
Capital Assets:			
Land	\$ -	\$ 484,013	\$ -
Buildings and system	12,367,293	31,774,226	12,902,209
Equipment and vehicles	187,074	1,086,740	729,128
Construction in progress	-	55,044	-
Less accumulated depreciation	(3,053,467)	(19,156,264)	(2,811,163)
Total Capital Assets	\$ 9,500,900	\$ 14,243,759	\$ 10,820,174
Total Noncurrent Assets	\$ 11,434,514	\$ 15,866,618	\$ 12,913,567
Total Assets	\$ 13,816,294	\$ 16,285,263	\$ 15,868,863
Deferred Outflows of Resources			
Deferred amount on refundings	\$ 44,164	\$ 51,894	\$ 40,313
Pension related deferred outflows	299,661	321,103	421,257
OPEB related deferred outflows	7,033	7,784	8,866
Total Deferred Outflows of Resources	\$ 350,858	\$ 380,781	\$ 470,436

Enterprise Funds				Governmental Activities	
Treatment		Nonmajor	Total Enterprise	Internal Service	
Sewer Collection	Drainage Fund	Enterprise Funds	Funds	Funds	
Fund					
\$ 2,375,711	\$ -	\$ 163,554	\$ 6,500,602	\$ 1,528,086	
-	-	326,440	640,317	1,888,005	
751,969	241,548	82,555	2,540,722	41,688	
-	-	-	15,857	-	
\$ 3,127,680	\$ 241,548	\$ 572,549	\$ 9,697,498	\$ 3,457,779	
\$ 782,162	\$ -	\$ 360,000	\$ 5,609,071	\$ 2,000	
\$ 294,273	\$ 101,319	\$ -	\$ 1,578,549	\$ -	
\$ -	\$ -	\$ -	\$ 484,013	\$ -	
27,690,209	7,980,661	-	92,714,598	-	
1,034,285	465,383	-	3,502,610	826,492	
25,000	690,037	-	770,081	-	
(16,182,499)	(3,174,776)	-	(44,378,169)	(810,151)	
\$ 12,566,995	\$ 5,961,305	\$ -	\$ 53,093,133	\$ 16,341	
\$ 13,643,430	\$ 6,062,624	\$ 360,000	\$ 60,280,753	\$ 18,341	
\$ 16,771,110	\$ 6,304,172	\$ 932,549	\$ 69,978,251	\$ 3,476,120	
\$ 88,396	\$ -	\$ -	\$ 224,767	\$ -	
248,356	101,143	-	1,391,520	-	
5,783	2,085	-	31,551	-	
\$ 342,535	\$ 103,228	\$ -	\$ 1,647,838	\$ -	

(Continued)

City of East Moline, Illinois

Statement of Net Position
 Proprietary Funds
 December 31, 2018

	Business-Type Activities -		
	Water Treatment		Wastewater
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Liabilities			
Current Liabilities:			
Accounts payable	\$ 112,104	\$ 46,263	\$ 116,930
Fund cash deficit	-	-	-
Accrued salaries	21,421	18,898	23,593
Accrued interest payable	34,115	54,700	35,603
Compensated absences	-	15,168	-
Other accrued liabilities	-	-	-
Note payable - current	15,048	-	6,703
General obligation bonds - current	283,073	437,863	457,670
Total Current Liabilities	\$ 465,761	\$ 572,892	\$ 640,499
Noncurrent Liabilities:			
General obligation bonds payable (net of unamortized premiums and discounts)	\$ 3,319,057	\$ 2,983,789	\$ 6,184,120
Note payable	26,350	-	18,435
Other postemployment benefit liability	3,581,551	3,963,968	4,515,100
Advances from other funds	1,561,499	1,574,801	579,044
Total Noncurrent Liabilities	\$ 8,488,457	\$ 8,522,558	\$ 11,296,699
Total Liabilities	\$ 8,954,218	\$ 9,095,450	\$ 11,937,198
Deferred Inflows of Resources			
Pension related deferred inflows	\$ 787,624	\$ 871,481	\$ 993,750
OPEB related deferred inflows	346,607	383,615	436,951
Total Deferred Inflows of Resources	\$ 1,134,231	\$ 1,255,096	\$ 1,430,701
Net Position			
Net investment in capital assets	\$ 5,901,536	\$ 10,874,001	\$ 4,193,559
Restricted for:			
Economic development loans	-	-	-
Housing rehabilitation	-	-	-
Unrestricted	(1,822,833)	(4,558,503)	(1,222,159)
Total Net Position	\$ 4,078,703	\$ 6,315,498	\$ 2,971,400

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

Enterprise Funds				Governmental Activities	
Treatment Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 450,879	\$ 49,489	\$ -	\$ 775,665	\$ 349,380	
-	29,658	-	29,658	-	
14,246	4,888	-	83,046	11,220	
79,110	1,469	-	204,997	-	
18,845	2,218	-	36,231	660	
-	-	-	-	355,000	
-	-	-	21,751	-	
513,867	109,922	-	1,802,395	-	
<u>\$ 1,076,947</u>	<u>\$ 197,644</u>	<u>\$ -</u>	<u>\$ 2,953,743</u>	<u>\$ 716,260</u>	
\$ 4,457,785	\$ 864,888	\$ -	\$ 17,809,639	\$ -	
-	-	-	44,785	-	
2,945,259	1,062,093	-	16,067,971	-	
940,132	-	-	4,655,476	-	
<u>\$ 8,343,176</u>	<u>\$ 1,926,981</u>	<u>\$ -</u>	<u>\$ 38,577,871</u>	<u>\$ -</u>	
\$ 9,420,123	\$ 2,124,625	\$ -	\$ 41,531,614	\$ 716,260	
\$ 647,729	\$ 233,747	\$ -	\$ 3,534,331	\$ -	
285,029	102,785	-	1,554,987	-	
<u>\$ 932,758</u>	<u>\$ 336,532</u>	<u>\$ -</u>	<u>\$ 5,089,318</u>	<u>\$ -</u>	
\$ 7,683,739	\$ 4,986,495	\$ -	\$ 33,639,330	\$ 16,341	
-	-	613,259	613,259	-	
-	-	319,290	319,290	-	
(922,975)	(1,040,252)	-	(9,566,722)	2,743,519	
<u>\$ 6,760,764</u>	<u>\$ 3,946,243</u>	<u>\$ 932,549</u>	<u>\$ 25,005,157</u>	<u>\$ 2,759,860</u>	
			(1,416,860)		
			<u>\$ 23,588,297</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, 2018

	Business-Type Activities -		
	Water Treatment		Wastewater
	Water Distribution		Sewer Plant Fund
	Water Plant Fund	Fund	
Operating Revenues			
Charges for services	\$ 3,144,031	\$ 2,328,704	\$ 3,435,199
Interest income	-	-	-
Other	-	8,411	-
Total Operating Revenues	\$ 3,144,031	\$ 2,337,115	\$ 3,435,199
Operating Expenses			
Pumping	\$ 1,737,019	\$ -	\$ 1,933,684
Distribution and collection	-	752,308	-
Engineering	-	159,957	-
Administration and claims	-	324,610	-
Travel and motor vehicles	-	-	-
Depreciation	289,934	676,222	335,048
Total Operating Expenses	\$ 2,026,953	\$ 1,913,097	\$ 2,268,732
Operating income (loss)	\$ 1,117,078	\$ 424,018	\$ 1,166,467
Nonoperating Revenues (Expenses)			
Investment income	\$ 8,250	\$ 1,800	\$ 15,336
Interest expense	(77,444)	(120,125)	(125,088)
Total Nonoperating Revenues (Expenses)	\$ (69,194)	\$ (118,325)	\$ (109,752)
Income (loss) before transfers	\$ 1,047,884	\$ 305,693	\$ 1,056,715
Transfers in	-	76,690	14,502
Transfers out	(35,000)	(7,000)	-
Change in net position	\$ 1,012,884	\$ 375,383	\$ 1,071,217
Total Net Position, beginning of year	\$ 6,578,159	\$ 9,827,482	\$ 6,328,031
Change in accounting principle	(3,512,340)	(3,887,367)	(4,427,848)
Net Position, beginning of year, restated	\$ 3,065,819	\$ 5,940,115	\$ 1,900,183
Total Net Position, end of year	\$ 4,078,703	\$ 6,315,498	\$ 2,971,400

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		Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Sewer Collection Fund	Drainage Fund				
\$ 3,065,479	\$ 906,395	\$ -	\$ 12,879,808	\$ 3,723,246	
-	-	916	916	-	
8,916	650	-	17,977	75,532	
<u>\$ 3,074,395</u>	<u>\$ 907,045</u>	<u>\$ 916</u>	<u>\$ 12,898,701</u>	<u>\$ 3,798,778</u>	
\$ -	\$ -	\$ -	\$ 3,670,703	\$ -	
682,256	668,180	-	2,102,744	-	
214,413	-	-	374,370	-	
235,256	-	23,844	583,710	4,667,827	
-	-	-	-	711,365	
623,299	229,993	-	2,154,496	768	
<u>\$ 1,755,224</u>	<u>\$ 898,173</u>	<u>\$ 23,844</u>	<u>\$ 8,886,023</u>	<u>\$ 5,379,960</u>	
\$ 1,319,171	\$ 8,872	\$ (22,928)	\$ 4,012,678	\$ (1,581,182)	
\$ 9,664	\$ -	\$ 6,728	\$ 41,778	\$ 67,906	
(168,863)	(36,480)	-	(528,000)	-	
<u>\$ (159,199)</u>	<u>\$ (36,480)</u>	<u>\$ 6,728</u>	<u>\$ (486,222)</u>	<u>\$ 67,906</u>	
\$ 1,159,972	\$ (27,608)	\$ (16,200)	\$ 3,526,456	\$ (1,513,276)	
76,690	-	-	167,882	297,576	
(21,502)	(71,868)	-	(135,370)	-	
<u>\$ 1,215,160</u>	<u>\$ (99,476)</u>	<u>\$ (16,200)</u>	<u>\$ 3,558,968</u>	<u>\$ (1,215,700)</u>	
\$ 8,433,948	\$ 5,087,288	\$ 948,749	\$ 37,203,657	\$ 3,975,560	
(2,888,344)	(1,041,569)	-	(15,757,468)	-	
<u>\$ 5,545,604</u>	<u>\$ 4,045,719</u>	<u>\$ 948,749</u>	<u>\$ 21,446,189</u>	<u>\$ 3,975,560</u>	
<u>\$ 6,760,764</u>	<u>\$ 3,946,243</u>	<u>\$ 932,549</u>	<u>\$ 25,005,157</u>	<u>\$ 2,759,860</u>	
			<u>\$ (464,335)</u>		
			<u>\$ 3,094,633</u>		

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, 2018

	Business-Type Activities -		
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 3,154,662	\$ 2,346,890	\$ 3,281,996
Receipts from interfund services provided	-	-	-
Other receipts	-	8,411	-
Payments to suppliers	(700,491)	(100,594)	(607,796)
Payments to employees	(1,030,660)	(1,117,169)	(1,343,610)
Payments for interfund services use	(262,036)	(307,210)	(345,632)
Net Cash Provided by (Used in) Operating Activities	\$ 1,161,475	\$ 830,328	\$ 984,958
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	\$ -	\$ 76,690	\$ 14,502
Transfers to other funds	(35,000)	(7,000)	-
Advances to other funds	-	(19,985)	47,654
Advances from other funds	(41,588)	-	-
Fund cash deficit	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (76,588)	\$ 49,705	\$ 62,156
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction capital assets	\$ (116,476)	\$ (1,233,574)	\$ (47,050)
Principal paid on long-term debt	(302,643)	(433,988)	(464,848)
Interest paid on long-term debt	(74,612)	(117,752)	(122,791)
Net Cash Used in Capital and Related Financing Activities	\$ (493,731)	\$ (1,785,314)	\$ (634,689)

Enterprise Funds				Governmental
Sewer Collection	Drainage Fund	Nonmajor	Total Enterprise	Internal Service
Fund	Fund	Enterprise Funds	Funds	Funds
\$ 2,987,382	\$ 824,500	\$ 25,007	\$ 12,620,437	\$ -
-	-	-	-	3,723,782
8,916	650	-	17,977	124,623
(86,585)	(299,761)	(13,844)	(1,809,071)	(5,034,600)
(1,075,055)	(78,267)	-	(4,644,761)	(271,968)
(290,985)	(118,664)	-	(1,324,527)	(62,064)
\$ 1,543,673	\$ 328,458	\$ 11,163	\$ 4,860,055	\$ (1,520,227)
\$ 76,690	\$ -	\$ -	\$ 167,882	\$ 297,576
(21,502)	(71,868)	-	(135,370)	-
-	-	-	27,669	-
-	-	-	(41,588)	-
-	29,658	-	29,658	-
\$ 55,188	\$ (42,210)	\$ -	\$ 48,251	\$ 297,576
\$ (405,121)	\$ (757,185)	\$ -	\$ (2,559,406)	\$ -
(516,217)	(106,096)	-	(1,823,792)	-
(164,001)	(36,640)	-	(515,796)	-
\$ (1,085,339)	\$ (899,921)	\$ -	\$ (4,898,994)	\$ -

(Continued)

City East Moline, Illinois

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2018

	Business-Type Activities -		
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Cash Flows from Investing Activities			
Interest received	\$ 8,250	\$ 1,800	\$ 15,336
Purchase of investments	-	-	(313,877)
Net Cash Provided by (Used in) Investing Activities	\$ 8,250	\$ 1,800	\$ (298,541)
Increase (decrease) in cash and cash equivalents	\$ 599,406	\$ (903,481)	\$ 113,884
Cash and cash equivalents, beginning of year	1,316,535	967,355	1,867,638
Cash and cash equivalents, end of year	<u>\$ 1,915,941</u>	<u>\$ 63,874</u>	<u>\$ 1,981,522</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,117,078	\$ 424,018	\$ 1,166,467
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	289,934	676,222	335,048
Changes in assets and liabilities:			
Receivables	10,631	18,186	(153,203)
Other assets	(3)	-	-
Pension related deferred outflows	154,974	171,522	195,369
OPEB related deferred outflows	(7,033)	(7,784)	(8,866)
Accounts payable	4,731	(4,624)	9,716
Accrued liabilities, excluding accrued interest	4,777	(11,947)	3,827
Net pension liability/asset	(837,110)	(926,492)	(1,055,307)
OPEB liability	(701,081)	(753,425)	(925,796)
Pension related deferred inflows	777,970	861,037	980,752
OPEB related deferred inflows	346,607	383,615	436,951
Net Cash Provided by (Used in) Operating Activities	\$ 1,161,475	\$ 830,328	\$ 984,958

Enterprise Funds				Governmental Activities	
Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 9,664	\$ -	\$ 6,728	\$ 41,778	\$ 67,906	
-	-	(5,946)	(319,823)	(1,888,005)	
\$ 9,664	\$ -	\$ 782	\$ (278,045)	\$ (1,820,099)	
\$ 523,186	\$ (613,673)	\$ 11,945	\$ (268,733)	\$ (3,042,750)	
1,852,525	613,673	151,609	6,769,335	4,570,836	
\$ 2,375,711	\$ -	\$ 163,554	\$ 6,500,602	\$ 1,528,086	
\$ 1,319,171	\$ 8,872	\$ (22,928)	\$ 4,012,678	\$ (1,581,182)	
623,299	229,993	-	2,154,496	768	
(78,097)	(81,895)	34,091	(250,287)	49,627	
-	-	-	(3)	-	
127,442	45,957	-	695,264	-	
(5,783)	(2,085)	-	(31,551)	-	
127,448	25,988	-	163,259	(111,627)	
(3,571)	(4,144)	-	(11,058)	122,187	
(688,391)	(248,241)	-	(3,755,541)	-	
(802,631)	20,524	-	(3,162,409)	-	
639,757	230,704	-	3,490,220	-	
285,029	102,785	-	1,554,987	-	
\$ 1,543,673	\$ 328,458	\$ 11,163	\$ 4,860,055	\$ (1,520,227)	

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

Statement of Net Position
Fiduciary Funds
December 31, 2018

	<u>Pension Trust Funds</u>
Assets	
Cash	\$ 959,474
Certificates of deposit	1,707,263
Receivables:	
Accrued interest	147,698
Due from primary government	223,377
Investments:	
U.S. treasury bonds	1,891,351
U.S. government agency securities	3,844,847
Residential mortgage-backed securities	4,468,016
Corporate securities	7,462,782
Mutual funds	21,269,737
Prepays	3,332
Total assets	<u>\$ 41,977,877</u>
Liabilities	
Accounts payable	\$ 24,184
Other accrued liabilities	674
Total liabilities	<u>\$ 24,858</u>
Net position restricted for pension benefits	<u>\$ 41,953,019</u>

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

Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2018

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,048,279
Employee	512,729
Total contributions	<u>\$ 2,561,008</u>
Investment income (loss):	
Net decrease in fair value of investments	\$ (4,362,048)
Interest	628,949
Dividends and capital gains	1,468,726
Total investment income (loss)	<u>\$ (2,264,373)</u>
Less investment expense	100,535
Net investment loss	<u>\$ (2,364,908)</u>
Total additions	<u>\$ 196,100</u>
Deductions:	
Benefits and refunds	\$ 3,774,934
Administrative expense	84,350
Total deductions	<u>\$ 3,859,284</u>
Change in net position	<u>\$ (3,663,184)</u>
Net position restricted for pension benefits - beginning	45,616,203
Net position restricted for pension benefits - ending	<u>\$ 41,953,019</u>

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

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. Interfund services provided and used are not eliminated 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.

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 Quarter accounts for revenue and expenditures related to the development of The Quarter TIF district.

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. The City reports the following major proprietary funds:

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 unavailable/deferred/unearned revenue on its financial statements. Unavailable/deferred/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 unavailable/deferred/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 2018 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 2018 taxes are intended to finance the 2019 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.

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)

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and gains/losses on refunding 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 expenses in the period incurred.

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 three items that qualify for reporting in this category: pension related deferred outflows, OPEB related deferred outflows, and deferred amounts on refunding of debt are reported in the government-wide and proprietary statements of net position. The deferred outflows from pension/OPEB related items consists of unrecognized items not yet charged to pension/OPEB 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 activities reported deferred revenues from three sources: property taxes, pension related deferred inflows, and OPEB 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 inflows from pension/OPEB 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 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" (i.e., the non-current interfund 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.

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City of East Moline, Illinois

Notes to Basic Financial Statements

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

Deficit Equity Balances:

City funds with deficit fund balances as of December 31, 2018 are as follows:

	<u>Deficit Amount</u>
Special Revenue Funds	
Tax Increment Financing	
Great River Industrial Park	\$ 1,185,131
Gateway Industrial Park	228,330
Port of Call	1,113,275
Kennedy Drive	777,692
The Quarter	3,274,978
EM Glass	37,684
Debt Service Fund	384,167

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:

	<u>Amount Over Budget</u>
Tax Increment Financing - North Hill	\$ 62,924
Tax Increment Financing - Kennedy Drive	3,247
Tax Increment Financing - Lucky Strike	2,762
Tax Increment Financing - The Quarter	4,288
Tax Increment Financing - Port of Call	4,284,694
Municipal Swimming Pool Fund	23,835
Economic Development Fund	945
Non-Home Rule Sales Tax Fund	27,869

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Notes to Basic Financial Statements

Note 3. Cash and Investments

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

<u>Statement of Net Position</u>	
Primary Government	
Cash	\$ 8,336,772
Investments	5,547,972
Component Unit - Library	
Cash	822,690
Investments	565,249
Fiduciary Funds:	
Cash	959,474
Certificates of deposit	1,707,263
U.S. treasury bonds	1,891,351
U.S. government agency securities	3,844,847
Residential mortgage-backed securities	4,468,016
Corporate securities	7,462,782
Mutual Funds	21,269,737
Total Cash and Investments	<u><u>\$ 56,876,153</u></u>

Cash and investments as of December 31, 2018 consist of the following:

Cash on hand	\$ 4,794
Deposits with financial institutions	11,821,405
Investments	45,049,954
Total Cash and Investments	<u><u>\$ 56,876,153</u></u>

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 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 Trust 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 the Illinois Trust are valued at the share price, the price for which the investment could be sold.

During the twelve months ending December 31, 2018, the City complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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	\$ 1,466,146	\$ 328,830	\$ 1,794,976	\$ 1,794,976
Illinois Trust - investment pool	4,081,826	---	4,081,826	4,081,824
Fixed income funds	---	73,905	73,905	73,905
Mutual funds	---	162,514	162,514	162,514
Total	\$ 5,547,972	\$ 565,249	\$ 6,113,221	\$ 6,113,221

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 Trust 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	Exempt from Disclosure	Ratings as of Year End	
					AAAm	NR
Illinois Funds - investment pool	\$ 1,466,146	\$ 328,830	\$ 1,794,976	\$ ---	\$ 1,794,976	\$ ---
Illinois Trust - investment pool	4,081,826	---	4,081,826	---	4,081,826	---
Fixed income funds	---	73,905	73,905	---	---	73,905
Mutual funds	---	162,514	162,514	162,514	---	---
Total	\$ 5,547,972	\$ 565,249	\$ 6,113,221	\$ 162,514	\$ 5,876,802	\$ 73,905

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.

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

As of December 31, 2018, the carrying amount of the City's deposits including the component unit, with financial institutions totaled \$9,154,668 with bank balances totaling \$9,008,026. Bank balances of \$9,008,026 are insured or collateralized with securities held by the City or its agent in the City's name.

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, 2018, there was no investment custodial risk for the City. The Illinois Funds and the Illinois Trust are not subject to custodial credit risk.

Note 4. Receivables

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

	General	TIF Fund - The Quarter	TIF Fund - Port of Call	Water Plant	Water Distribution
Receivables:					
Property taxes	\$ 5,410,105	\$ 230,111	\$ 16,567	\$ ---	\$ ---
Other taxes	1,187,591	---	---	---	---
Accounts	172,685	---	15,371	353,806	293,743
Estimated unbilled usage	---	---	---	131,676	93,588
State allotments	---	---	---	---	---
Notes and loans	---	---	---	---	4,844
Accrued Interest	---	---	---	---	---
Other	---	---	---	---	596
Gross Receivables	\$ 6,770,381	\$ 230,111	\$ 31,938	\$ 485,482	\$ 392,771
Less: allowance for uncollectables	---	---	---	32,500	41,000
Net Total Receivables	\$ 6,770,381	\$ 230,111	\$ 31,938	\$ 452,982	\$ 351,771

	Sewer Plant Fund	Sewer Collection Fund	Drainage Fund	Nonmajor and Other Funds	Total
Receivables:					
Property taxes	\$ ---	\$ ---	\$ ---	\$ 1,100,668	\$ 6,757,451
Other taxes	---	---	---	118,432	1,306,023
Accounts	524,366	656,272	253,666	94,953	2,364,862
Estimated unbilled usage	154,531	130,697	33,882	28,098	572,472
State allotments	---	---	---	46,267	46,267
Notes and loans	---	---	---	96,555	101,399
Accrued Interest	---	---	---	147,698	147,698
Other	---	---	---	41,688	42,284
Gross Receivables	\$ 678,897	\$ 786,969	\$ 287,548	\$ 1,674,359	\$ 11,338,456
Less: allowance for uncollectables	19,000	35,000	46,000	39,000	212,500
Net Total Receivables	\$ 659,897	\$ 751,969	\$ 241,548	\$ 1,635,359	\$ 11,125,956

City of East Moline, Illinois

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, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,936,798	\$ ---	\$ ---	\$ 1,936,798
Construction in progress	6,354,568	4,944,592	---	11,299,160
Total Capital Assets, not being depreciated	\$ 8,291,366	\$ 4,944,592	\$ ---	\$ 13,235,958
Capital Assets, being depreciated:				
Buildings	\$ 5,074,036	\$ ---	\$ ---	\$ 5,074,036
Improvements other than buildings	2,525,710	58,022	---	2,583,732
Vehicles and equipment	8,149,734	533,706	136,299	8,547,141
Infrastructure	28,964,436	142,300	---	29,106,736
Total Capital Assets, being depreciated	\$ 44,713,916	\$ 734,028	\$ 136,299	\$ 45,311,645
Less Accumulated Depreciation for:				
Buildings	\$ 2,386,924	\$ 135,150	\$ ---	\$ 2,522,074
Improvements other than buildings	1,175,808	114,083	---	1,289,891
Vehicles and equipment	6,380,667	422,629	115,722	6,687,574
Infrastructure	12,099,418	750,041	---	12,849,459
Total Accumulated Depreciation	\$ 22,042,817	\$ 1,421,903	\$ 115,722	\$ 23,348,998
Total Capital Assets, being depreciated, net	\$ 22,671,099	\$ (687,875)	\$ 20,577	\$ 21,962,647
Governmental Activities Capital Assets, net	\$ 30,962,465	\$ 4,256,717	\$ 20,577	\$ 35,198,605

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City of East Moline, Illinois

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 484,013	\$ ---	\$ ---	\$ 484,013
Construction in progress	72,468	1,966,006	1,268,393	770,081
Total Capital Assets, not being depreciated	\$ 556,481	\$ 1,966,006	\$ 1,268,393	\$ 1,254,094
Capital Assets, being depreciated:				
Waterworks, sewerage, and drainage systems	\$ 90,980,528	\$ 1,734,070	\$ ---	\$ 92,714,598
Vehicles and equipment	3,374,887	127,723	---	3,502,610
Total Capital Assets, being depreciated	\$ 94,355,415	\$ 1,861,793	\$ ---	\$ 96,217,208
Less Accumulated Depreciation for:				
Waterworks, sewerage, and drainage systems	\$ 40,093,837	\$ 1,902,862	\$ ---	\$ 41,996,699
Vehicles and equipment	2,129,836	251,634	---	2,381,470
Total Accumulated Depreciation	\$ 42,223,673	\$ 2,154,496	\$ ---	\$ 44,378,169
Total Capital Assets, being depreciated, net	\$ 52,131,742	\$ (292,703)	\$ ---	\$ 51,839,039
Business-Type Activities Capital Assets, net	\$ 52,688,223	\$ 1,673,303	\$ 1,268,393	\$ 53,093,133

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

Governmental Activities:	
General government	\$ 147,777
Public safety	318,267
Public works	840,700
Recreation and culture	104,799
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	768
Total Depreciation Expense – Governmental Activities	\$ 1,421,903
Business-Type Activities:	
Waterworks, sewerage, and drainage systems	\$ 2,154,496

Notes to Basic Financial Statements

Note 6. Long-Term Debt

As of December 31, 2018, 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:

Year Ending December 31	Principal	Interest	Total
2019	\$ 54,942	\$ ---	\$ 54,942
2020	54,941	---	54,941
2021	25,988	---	25,988
2022	9,295	---	9,295
Total	\$ 145,166	\$ ---	\$ 145,166

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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 263,380	\$ 16,011	\$ 279,391

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City of East Moline, Illinois

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

General Obligation Bonds

General obligation alternate bonds totaling \$4,720,622 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 4,720,622	\$ 439,795	\$ 5,160,417

General obligation refunding alternate bonds totaling \$1,180,000 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 1,180,000	\$ 89,492	\$ 1,269,492

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

General obligation alternate bonds totaling \$460,000 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 460,000	\$ 36,943	\$ 496,943

General obligation refunding alternate bonds totaling \$2,680,000 net of \$34,117 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 2,680,000	\$ 201,200	\$ 2,881,200

General obligation alternate refunding bonds totaling \$640,000 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
2019	3.30%	\$ 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		\$ 640,000	\$ 37,292	\$ 677,292

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

General obligation alternate refunding bonds totaling \$1,225,000 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 1,225,000	\$ 98,448	\$ 1,323,448

General obligation alternate refunding bonds totaling \$1,465,000 net of \$2,519 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 1,465,000	\$ 114,960	\$ 1,579,960

General obligation alternate bonds totaling \$1,497,455 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.

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City of East Moline, Illinois

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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
2019	1.25%	\$ 121,911	\$ 2,936	\$ 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		\$ 1,497,455	\$ 20,699	\$ 1,518,154

General obligation alternate bonds totaling \$7,305,000 net of \$232,582 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 7,305,000	\$ 2,412,085	\$ 9,717,085

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

General obligation debt certificates totaling \$ 974,810 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:

Year Ending December 31	Interest Rate	Principal	Interest	Total
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		\$ 974,810	\$ 136,715	\$ 1,111,525

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City of East Moline, Illinois

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

Line of Credit

The City has a \$10,200,000 line of credit with a bank for financing a tax increment financing project. As of December 31, 2018, the City had drawn \$9,731,640 for the project. Interest is 3.76%. The terms are interest only monthly with a final maturity on May 16, 2020.

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Alternate revenue bonds	\$ 3,400,000	\$ ---	\$ (603,000)	\$ 2,797,000	\$ 640,000
Less: discounts	(9,680)	---	3,260	(6,420)	---
Total Bonds Payable	\$ 3,390,320	\$ ---	\$ (599,740)	\$ 2,790,580	\$ 640,000
Notes payable	446,677	---	(104,667)	342,010	107,139
Bank line-of-credit	5,409,712	4,321,928	---	9,731,640	---
Compensated absences	95,352	600,141	(609,807)	85,686	85,686
Net pension liability	27,681,798	6,578,077	---	34,259,875	---
Total other postemployment benefit liability	50,054,933	---	(3,730,771)	46,324,162	---
Governmental Activities Long-Term Liabilities	\$ 87,078,792	\$ 11,500,146	\$ (5,044,985)	\$ 93,533,953	\$ 832,825
Business-Type Activities:					
Bonds Payable:					
General obligation bonds	\$ 21,112,399	\$ ---	\$ (1,761,512)	\$ 19,350,887	\$ 1,802,395
Less deferred amounts					
Discounts	(8,084)	---	2,532	(5,552)	---
Premiums	309,760	---	(43,061)	266,699	---
Total Bonds Payable	\$ 21,414,075	\$ ---	\$ (1,802,041)	\$ 19,612,034	\$ 1,802,395
Note payable	88,287	---	(21,751)	66,536	21,751
Compensated absences	60,924	238,517	(263,210)	36,231	36,231
Net pension liability (asset)	2,176,992	---	(3,755,541)	(1,578,549)	---
Total other postemployment benefit liability	17,448,014	---	(1,380,043)	16,067,971	---
Business-Type Activities Long-Term Liabilities	\$ 41,188,292	\$ 238,517	\$ (7,222,586)	\$ 34,204,223	\$ 1,860,377

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, \$660 of internal service funds compensated absences are included in the above amounts.

Other postemployment liabilities are generally liquidated by the Employee Insurance Internal Service Fund. The Police and Firefighters' net pension liabilities are paid out of the General Fund. Compensated absences and the IMRF net pension liability are paid out of the fund to which related employee salaries are charged.

City of East Moline, Illinois

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.

Legal Debt Margin

As of December 31, 2018, 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>\$ 276,960,613</u>
Debt limit - 8.625% of total assessed valuation	\$ 23,887,853
General obligation debt, outstanding	<u>11,114,996</u>
Unused legal debt capacity based on 8.625%	<u>\$ 12,772,857</u>

Note 7. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2018 is as follows:

	General Fund	Nonmajor Government	Water Plant	Water Distribution	Sewer Plant	Sewer Collection	Nonmajor Enterprise	Internal Service	Total
Payable fund:									
General Fund	\$ ---	\$ 319,550	\$ ---	\$ 74,999	\$ ---	\$ ---	\$ ---	\$ ---	\$ 394,549
TIF – The Quarter	225,953	160,052	---	---	---	250,000	360,000	---	996,005
Nonmajor Governmental	436,087	24,684	---	215,000	---	200,000	---	2,000	877,771
Water Plant	143,088	---	---	674,324	744,087	---	---	---	1,561,499
Water Distribution	3,316	---	1,571,485	---	---	---	---	---	1,574,801
Sewer Plant	---	---	---	246,882	---	332,162	---	---	579,044
Sewer Collection	---	---	2,161	---	937,971	---	---	---	940,132
Total	<u>\$ 808,444</u>	<u>\$ 504,286</u>	<u>\$ 1,573,646</u>	<u>\$ 1,211,205</u>	<u>\$ 1,682,058</u>	<u>\$ 782,162</u>	<u>\$ 360,000</u>	<u>\$ 2,000</u>	<u>\$ 6,923,801</u>

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

Interfund transfers:

	Transfers Out:						
	General Fund	Nonmajor Governmental	Water Plant	Water Distribution	Sewer Collection	Drainage	Total
Transfer In:							
General Fund	\$ ---	\$ ---	\$ 35,000	\$ 7,000	\$ 7,000	\$ 71,868	\$ 120,868
Nonmajor Governmental	115,000	70,000	---	---	---	---	185,000
Water Distribution	---	76,690	---	---	---	---	76,690
Sewer Plant	---	---	---	---	14,502	---	14,502
Sewer Collection	---	76,690	---	---	---	---	76,690
Internal Service	297,576	---	---	---	---	---	297,576
Total	<u>\$ 412,576</u>	<u>\$ 223,380</u>	<u>\$ 35,000</u>	<u>\$ 7,000</u>	<u>\$ 21,502</u>	<u>\$ 71,868</u>	<u>\$ 771,326</u>

Notes to Basic Financial Statements

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 an agent multiple-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, 2017, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	141
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	93
Total	<u>285</u>

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 2018 was 10.34%. For the fiscal year ended December 31, 2018, the City contributed \$611,098 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, 2017. 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, 2017:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%
- 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 2017 valuation pursuant to an experience study of the years 2014 to 2016.
- For Non-disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternative investments	7%	2.65-7.35%
Cash equivalents	1%	2.25%
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 3.31%, 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, 2016	\$ 46,589,499	\$ 43,134,407	\$ 3,455,092
Changes for the year:			
Service cost	\$ 614,356	\$ ---	\$ 614,356
Interest on the total pension liability	3,421,673	---	3,421,673
Changes in benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	(945,100)	---	(945,100)
Changes of assumptions	(1,459,080)	---	(1,459,080)
Contributions - employer	---	558,319	(558,319)
Contributions - employees	---	251,994	(251,994)
Net investment income	---	7,768,020	(7,768,020)
Benefit payments, including refunds of employee contributions	(2,548,747)	(2,548,747)	---
Other (net transfer)	---	(1,111,275)	1,111,275
Net changes	\$ (916,898)	\$ 4,918,311	\$ (5,835,209)
Balances at December 31, 2017	\$ 45,672,601	\$ 48,052,718	\$ (2,380,117)

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	\$ 51,023,981	\$ 45,672,601	\$ 41,218,445
Plan fiduciary net position	48,052,718	48,052,718	48,052,718
Net Pension Liability (Asset)	\$ 2,971,263	\$ (2,380,117)	\$ (6,834,273)

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City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
 For the year ended December 31, 2018, the City recognized pension expense of \$1,279,126. At December 31, 2018, 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	\$ 225,430	\$ 696,564	\$ (471,134)
Changes of assumptions	6,945	1,084,606	(1,077,661)
Net difference between projected and actual earnings on pension plan investments	1,420,369	3,711,843	(2,291,474)
Contributions subsequent to the measurement date	611,098	---	611,098
Total	\$ 2,263,842	\$ 5,493,013	\$ (3,229,171)

Deferred outflows of resources of \$611,098 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, 2019. 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:

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (693,906)
2019	(888,597)
2020	(1,329,806)
2021	(927,960)
2022	---
Thereafter	---
Total	\$ (3,840,269)

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.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Plan Membership - At December 31, 2018, the measurement date, the Police Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	48
Inactive plan members entitled to but not receiving benefits	9
Active members	36
Total	<u>93</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.

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% or 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, 2018, the City's contribution was 43.9% of covered payroll.

Net Pension Liability/(Asset) - The net pension liability/(asset) was measured as of December 31, 2018, 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.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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.

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	Portfolio Target Percentage	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%
Total	100%	

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, 2018 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
Dodge and Cox Stock Fund	\$ 2,450,615
Oakmark International Fund Instl	1,732,943
Vanguard Value Index Sign	2,541,508

Investment Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.42)%. 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 \$1,281,134 and the bank balance totaled \$1,284,962.

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

Investment Type	Total			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bonds	\$ 932,598	\$ ---	\$ 932,598	\$ ---
U.S. government agency securities	1,933,922	---	1,933,922	---
Residential mortgage - backed securities	2,182,674	---	2,182,674	---
Corporate securities	3,677,868	---	3,677,868	---
Mutual funds	9,444,289	9,444,289	---	---
Total	\$ 18,171,351	\$ 9,444,289	\$ 8,727,062	\$ ---

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

Investment Type	Total Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury bonds	\$ 932,598	\$ ---	\$ ---	\$ 543,346	\$ 389,252
U.S. government agency securities	1,933,922	---	245,052	1,608,860	80,010
Residential mortgage - backed securities	2,182,674	4	1,003,134	97,758	1,081,778
Corporate securities	3,677,868	---	1,727,625	1,231,857	718,386
Mutual funds	9,444,289	9,444,289	---	---	---
Total	\$ 18,171,351	\$ 9,444,293	\$ 2,975,811	\$ 3,481,821	\$ 2,269,426

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.

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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	Total Fair Value	Exempt from Disclosure	Ratings as of Year End			
			AAA	AA+	AA	AA-
U.S. Treasury bonds	\$ 932,598	\$ 932,598	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	1,933,922	---	---	1,933,922	---	---
Residential mortgage - backed securities	2,182,674	---	---	2,182,674	---	---
Corporate securities	3,677,868	---	133,508	72,015	81,345	413,392
Mutual funds	9,444,289	9,444,289	---	---	---	---
Total	\$ 18,171,351	\$ 10,376,887	\$ 133,508	\$ 4,188,611	\$ 81,345	\$ 413,392

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	302,682	490,674	1,130,001	756,205	293,113	4,933
Mutual funds	---	---	---	---	---	---
Total	\$ 302,682	\$ 490,674	\$ 1,130,001	\$ 756,205	\$ 293,113	\$ 4,933

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, 2018, the entire amount of the bank balance of the deposits was covered by federal depository, equivalent insurance, or pledged collateral. 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, 2018 using the following actuarial methods and assumptions:

Actuarial Valuation Date	December 31, 2018
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%

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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 the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2017	\$ 37,751,400	\$ 21,189,742	\$ 16,561,658
Changes for the year:			
Service cost	\$ 646,068	\$ ---	\$ 646,068
Interest on the total pension liability	2,579,863	---	2,579,863
Changes in benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	2,336,241	---	2,336,241
Changes of assumptions	---	---	---
Contributions - employer	---	1,141,908	(1,141,908)
Contributions - employees	---	262,327	(262,327)
Net investment income	---	(950,446)	950,446
Benefit payments, including refunds of employee contributions	(1,974,912)	(1,974,912)	---
Administrative expense	---	(38,260)	38,260
Net changes	\$ 3,587,260	\$ (1,559,383)	\$ 5,146,643
Balances at December 31, 2018	\$ 41,338,660	\$ 19,630,359	\$ 21,708,301

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 (7.0%)	1% Increase (8.0%)
Total pension liability	\$ 42,807,740	\$ 41,338,660	\$ 36,799,698
Plan fiduciary net position	19,630,359	19,630,359	19,630,359
Net Pension Liability (Asset)	\$ 23,177,381	\$ 21,708,301	\$ 17,169,339

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
 For the year ended December 31, 2018, the City recognized pension expense of \$3,222,738. At December 31, 2018, 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	\$ 2,012,632	\$ ---
Changes of assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	1,886,530	---
Total deferred amounts to be recognized in pension expense in future periods	\$ 3,899,162	\$ ---

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 31	Net Deferred Outflows of Resources
2019	\$ 795,240
2020	795,240
2021	795,240
2022	795,240
2023	323,608
Thereafter	394,594
Total	\$ 3,899,162

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, 2018, the measurement date, the Firefighters' Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	43
Inactive plan members entitled to but not receiving benefits	4
Active Members	35
Total	82

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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

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 proceeding 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, 2018, 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, 2018, 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.

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;

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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:

Asset Class	Portfolio Target Percentage	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%
Total	100%	

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, 2018 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.

City of East Moline, Illinois

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
AMG Managers Fair Pointe Mid-Cap Class 1	\$ 1,071,389
Dodge & Cox Stock Fund	1,678,646
DFA Emerging Markets	1,224,490
Vanguard 500 Index ADM SHS	1,250,686
Vanguard Extended MKT Index ADM #598	1,499,272
Vanguard Value Index ADM #506	1,729,258

Investment Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (5.93)%. 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 \$1,385,603 and the bank balance totaled \$1,385,603.

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

As of December 31, 2018, the investments were measured using valuation inputs as follows:

Investment Type	Total			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bonds	\$ 958,753	\$ ---	\$ 958,753	\$ ---
U.S. government agency securities	1,910,925	---	1,910,925	---
Residential mortgage - backed securities	2,285,342	---	2,285,342	---
Corporate securities	3,784,914	---	3,784,914	---
Mutual funds	11,825,448	11,825,448	---	---
Total	\$ 20,765,382	\$ 11,825,448	\$ 8,939,934	\$ ---

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

Investment Type	Total Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury bonds	\$ 958,753	\$ ---	\$ ---	\$ 559,151	\$ 399,602
U.S. government agency securities	1,910,925	---	300,063	1,525,852	85,010
Residential mortgage - backed securities	2,285,342	30	1,005,426	104,476	1,175,410
Corporate securities	3,784,914	14,944	1,803,475	1,283,781	682,714
Mutual funds	11,825,448	11,825,448	---	---	---
Total	\$ 20,765,382	\$ 11,840,422	\$ 3,108,964	\$ 3,473,260	\$ 2,342,736

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

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

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	Total Fair Value	Exempt from Disclosure	Ratings as of Year End			
			AAA	AA+	AA	AA-
U.S. Treasury bonds	\$ 958,753	\$ 958,753	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	1,910,925	---	---	1,910,925	---	---
Residential mortgage - backed securities	2,285,342	---	---	2,285,342	---	---
Corporate securities	3,784,914	---	148,047	281,822	82,528	231,815
Mutual funds	11,825,448	11,825,448	---	---	---	---
Total	\$ 20,765,382	\$ 12,784,201	\$ 148,047	\$ 4,478,089	\$ 82,528	\$ 231,815

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	280,482	542,784	1,079,492	764,628	368,383	4,933
Mutual funds	---	---	---	---	---	---
Total	\$ 280,482	\$ 542,784	\$ 1,079,492	\$ 764,628	\$ 368,383	\$ 4,933

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, 2018, the entire amount of the bank balance of the deposits was covered by federal depository, equivalent insurance, or pledged collateral. 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.

City of East Moline, Illinois

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, 2018 using the following actuarial methods and assumptions:

Actuarial Valuation Date	December 31, 2018
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, 2017	\$ 34,268,501	\$ 24,426,461	\$ 9,842,040
Changes for the year:			
Service cost	\$ 639,209	\$ ---	\$ 639,209
Interest on the total pension liability	2,341,701	---	2,341,701
Changes in benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	223,720	---	223,720
Changes of assumptions	---	---	---
Contributions - employer	---	906,371	(906,371)
Contributions - employees	---	250,402	(250,402)
Net investment income	---	(1,443,360)	1,443,360
Benefit payments, including refunds of employee contributions	(1,797,331)	(1,797,331)	---
Administrative expense	---	(19,885)	19,885
Net changes	\$ 1,407,299	\$ (2,103,803)	\$ 3,511,102
Balances at December 31, 2018	\$ 35,675,800	\$ 22,322,658	\$ 13,353,142

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 (7.0%)	1% Increase (8.0%)
Total pension liability	\$ 40,055,558	\$ 35,675,800	\$ 31,976,346
Plan fiduciary net position	22,322,658	22,322,658	22,322,658
Net Pension Liability (Asset)	\$ 17,732,900	\$ 13,353,142	\$ 9,653,688

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
For the year ended December 31, 2018, the City recognized pension expense of \$2,439,544. At December 31, 2018, 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	\$ 191,973	\$ ---
Changes of assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	2,454,393	---
Total deferred amounts to be recognized in pension expense in future periods	\$ 2,646,366	\$ ---

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 31	Net Deferred Outflows of Resources
2019	\$ 645,345
2020	645,345
2021	645,345
2022	645,345
2023	31,747
Thereafter	33,239
Total	\$ 2,646,366

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.

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Summary information of all pension plans as of December 31, 2018 is as follows:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability (asset)	\$ (2,380,117)	\$ 21,708,301	\$ 13,353,142	\$ 32,681,326
Deferred outflows of resources related to pensions	2,263,842	3,899,162	2,646,366	8,809,370
Deferred inflows of resources related to pensions	5,493,013	---	---	5,493,013
Pension expense/expenditures	1,279,126	3,222,738	2,439,544	6,941,408

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	\$ 473,842	\$ 485,632	\$ 959,474
Certificates of deposit	807,292	899,971	1,707,263
Receivables			
Accrued interest	69,672	78,026	147,698
Due from primary government	129,054	94,323	223,377
Investments			
U.S. treasury bonds	932,598	958,753	1,891,351
U.S. government agency securities	1,933,922	1,910,925	3,844,847
Residential mortgage-backed securities	2,182,674	2,285,342	4,468,016
Corporate securities	3,677,868	3,784,914	7,462,782
Mutual funds	9,444,289	11,825,448	21,269,737
Prepays	3,332	---	3,332
Total Assets	\$ 19,654,543	\$ 22,323,334	\$ 41,977,877
Liabilities			
Accounts payable	\$ 24,184	\$ ---	\$ 24,184
Other accrued liabilities	---	674	674
Total Liabilities	\$ 24,184	\$ 674	\$ 24,858
Net Position Restricted for Pension Benefits	\$ 19,630,359	\$ 22,322,660	\$ 41,953,019

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 9. Combining Fiduciary Funds (Continued)

	Police Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Additions			
Contributions			
Employer	\$ 1,141,908	\$ 906,371	\$ 2,048,279
Employee	262,327	250,402	512,729
Total Contributions	\$ 1,404,235	\$ 1,156,773	\$ 2,561,008
Investment Income (Loss)			
Net decrease in fair value of investments	\$ (1,652,639)	\$ (2,709,409)	\$ (4,362,048)
Interest	298,744	330,205	628,949
Dividends and capital gains	472,132	996,594	1,468,726
Total Investment Income (Loss)	\$ (881,763)	\$ (1,382,610)	\$ (2,264,373)
Less investment expense	53,450	47,085	100,535
Net Investment Income (Loss)	\$ (935,213)	\$ (1,429,695)	\$ (2,364,908)
Total Additions	\$ 469,022	\$ (272,922)	\$ 196,100
Deductions			
Benefits and refunds	\$ 1,974,912	\$ 1,800,022	\$ 3,774,934
Administrative expense	53,493	30,857	84,350
Total Deductions	\$ 2,028,405	\$ 1,830,879	\$ 3,859,284
Change in net position	\$ (1,559,383)	\$ (2,103,801)	\$ (3,663,184)
Net position restricted for pension benefits - Beginning	21,189,742	\$ 24,426,461	45,616,203
Net position restricted for pension benefits - Ending	\$ 19,630,359	\$ 22,322,660	\$ 41,953,019

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 administered by the City. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. 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.

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Membership - At December 31, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	144
Terminated employees entitled to benefits but not yet receiving them	2
Active employees	<u>133</u>
Total	<u><u>279</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 20.0% of the blended rate cost of coverage 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.

Contributions - For the City of East Moline, Illinois, there is no determination of an actuarially determined contributions (ADC) and normal cost, as the total OPEB liabilities are currently an unfunded obligation. The City does not have any assets accumulated in a trust dedicated exclusively to the payment of OPEB benefits. Therefore, the total OPEB liability is currently an unfunded obligation with benefit payments determined on a pay-as-you-go basis through internal allocated funds. Contributions are made as benefit payments become due without accumulating assets for future liabilities.

For 2018, the City contributed \$2,037,027. Retiree and active members receiving benefits have required contributions of \$662.34 per month for single health coverage and \$1,377.70 per month for family coverage.

OPEB liabilities are generally liquidated by the Employee Insurance Internal Service Fund.

Total OPEB Liability - The City's total OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

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 contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of 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 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.

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Actuarial Assumptions - The total OPEB liability, after considering the sharing of benefit-related costs with inactive retiree members, was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Salary Increase Rate	3.50%
Discount Rate	4.10%
Healthcare Cost Trend Rates	8.0% for 2018, decreasing 0.50% per year to an ultimate rate of 4.0% for 2027 and later years
Mortality Rates	Probabilities of death for participants were according to RP2014 Blue Collar base rates projected to 2018 using scale MP2018 for Police and Fire. For all others, the RP2014 base rates projected to 2018 using scale MP2018 was used. No additional provision (besides those already embedded) were included for mortality improvements beyond 2018.

The discount rate was based on the Bond Buyer 20-Bond GO index.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2018	<u>\$ 67,502,947</u>
Changes for the year:	
Service cost	\$ 1,239,917
Interest	2,287,065
Changes in benefit terms	---
Differences between expected and actual experience	136,705
Changes in assumptions	(6,737,474)
Benefit payments	<u>(2,037,027)</u>
Net changes	<u>\$ (5,110,814)</u>
Balance at December 31, 2018	<u>\$ 62,392,133</u>

Change in Assumptions

The mortality assumption for Police and Fire employees was changed to RP2014 base rates with blue collar adjustment projected to 2018 using scale MP2018. For all others, the mortality table was changed to RP2014 base rates projected to 2018 with scale MP2018.

The withdrawal, disability, and retirement rates were updated to reflect the most recent studies from the Illinois Department insurance and IMRF.

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.1%) or 1 percentage point higher (5.1%) than the current discount rate:

	1% Decrease (3.1%)	Current Discount (4.1%)	1% Increase (5.1%)
Total OPEB liability	\$ 73,163,590	\$ 62,392,133	\$ 53,860,837

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 3.0%) or 1 percentage point higher (9.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 3.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 4.0%)	1% Increase (9.0% decreasing to 5.0%)
Total OPEB liability	\$ 53,531,009	\$ 62,392,133	\$ 73,678,486

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2018, the City recognized OPEB expense of \$2,568,068. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in OPEB expense in future periods		
Differences between expected and actual non-investment experience	\$ 116,845	\$ ---
Changes in assumptions or other inputs	---	5,758,700
Total deferred amounts to be recognized in OPEB expense in future periods	\$ 116,845	\$ 5,758,700

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

Year Ending December 31	Net Deferred Inflows of Resources
2019	\$ 958,914
2020	958,914
2021	958,914
2022	958,914
2023	958,914
Thereafter	847,285
Total	\$ 5,641,855

Notes to Basic Financial Statements

Note 11. Commitments and Contingencies

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 \$426,218. REDEEM has incurred these TIF reimbursable expenditures as of December 31, 2018. 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, 2018 due to the contract stipulations between REDEEM and the City.

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, 2018. 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.

Construction Commitment - The City has a financial commitment related to the 7th Street resurfacing project for approximately \$115,000 to be paid from Motor Fuel Tax funds.

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, 2018 is \$480,000.

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.

Notes to Basic Financial Statements

Note 14. Risk Management (Continued)

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, 2018 and 2017 are as follows:

	Health Insurance		Liability Insurance	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unpaid claims, beginning of year	\$ 355,000	\$ 209,000	\$ 289,957	\$ 418,846
Incurred claims (including IBNRs)	3,910,639	4,440,742	291,616	118,819
Claim payments	(3,995,639)	(4,294,742)	(196,305)	(247,708)
Unpaid claims, end of year	\$ 270,000	\$ 355,000	\$ 385,268	\$ 289,957

Based on experience of the claims payable as of December 31, 2018 is considered current and due within one year.

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.

City of East Moline, Illinois

Notes to Basic Financial Statements

Note 16. Discretely Presented Component Unit

Library Fund

Capital asset activity for the Library for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 45,435	\$ ---	\$ ---	\$ 45,435
Capital Assets, being depreciated:				
Books	\$ 544,523	\$ 60,996	\$ 85,231	\$ 520,288
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	\$ 1,293,187	\$ 60,996	\$ 85,231	\$ 1,268,952
Less Accumulated Depreciation:				
Books	\$ 317,948	\$ 68,049	\$ 85,231	\$ 300,766
Buildings	410,691	19,436	---	430,127
Improvements other than buildings	7,460	---	---	7,460
Vehicles and equipment	71,613	664	---	72,277
Total Accumulated Depreciation	\$ 807,712	\$ 88,149	\$ 85,231	\$ 810,630
Total Capital Assets, being depreciated, net	\$ 485,475	\$ (27,153)	\$ ---	\$ 458,322
Library Capital Assets, net	\$ 530,910	\$ (27,193)	\$ ---	\$ 503,757

Depreciation expense charged to the Library component unit was \$88,149.

Receivables as of December 31, 2018 for the Library are as follows:

Property taxes	\$ 773,336
Accounts	9,005
Total receivables	\$ 782,341

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City of East Moline, Illinois

Notes to Basic Financial Statements

Note 17. Fund Balances

The classifications of fund balances as of December 31, 2018 by opinion unit are as follows:

	General	TIF – The Quarter	TIF – Port of Call	Nonmajor	Total
Fund Balance					
Nonspendable:					
Advances	\$ 808,444	\$ ---	\$ ---	\$ ---	\$ 808,444
Restricted:					
TIF Districts	\$ ---	\$ ---	\$ ---	\$ 421,588	\$ 421,588
Special service area	---	---	---	125,172	125,172
Public benefit	218,227	---	---	---	218,227
Recreation/culture	13,800	---	---	---	13,800
Road repairs	---	---	---	1,312,201	1,312,201
Emergency service	36,808	---	---	---	36,808
Foreign fire	45,368	---	---	---	45,368
Drug seizure	104,383	---	---	---	104,383
Tort and judgment	10,862	---	---	---	10,862
IMRF expenses	84,387	---	---	---	84,387
FICA expenses	210,168	---	---	---	210,168
Total Restricted	\$ 724,003	\$ ---	\$ ---	\$ 1,858,961	\$ 2,582,964
Committed:	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Assigned:					
Refuse	\$ ---	\$ ---	\$ ---	\$ 575,943	\$ 575,943
Recreation/culture	---	---	---	109,111	109,111
Economic development	---	---	---	178,663	178,663
Capital improvements and equipment	1,042,498	---	---	68,406	1,110,904
Public safety					
Crossing guard	20,898	---	---	---	20,898
Landfill closures	567,999	---	---	---	567,999
Fire	82,958	---	---	---	82,958
Sick leave	25,354	---	---	---	25,354
OPEB	606,506	---	---	---	606,506
Total Assigned	\$ 2,346,213	\$ ---	\$ ---	\$ 932,123	\$ 3,278,336
Unassigned:	\$ 2,378,310	\$ (3,274,978)	\$ (1,113,275)	\$ (2,613,004)	\$ (4,622,947)
Total Fund Balances	\$ 6,256,970	\$ (3,274,978)	\$ (1,113,275)	\$ 178,080	\$ 2,046,797

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.

Notes to Basic Financial Statements

Note 18. Tax Abatements (Continued)

For the fiscal year ended December 31, 2018, the City abated property taxes totaling \$47,551 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 \$13,205.
- 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 \$29,976.

Note 19. Prior Period Adjustment and Change in Accounting Principle

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented as of the beginning of the year ended December 31, 2018. The revised requirements establish new financial reporting requirements for state and local government employers that provide postemployment benefits other than pensions, including additional note disclosures and required supplementary information. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Beginning net position for governmental activities, business-type activities, and each major proprietary fund were restated. The effect on beginning net position is as follows:

	Governmental Activities	Business-Type Activities
Net Position December 31, 2017, as previously reported	\$ (9,715,279)	\$ 36,251,132
Removal of net OPEB obligation	12,275,006	3,472,912
Total OPEB liability at December 31, 2017	(50,054,933)	(17,448,014)
OPEB related deferred outflows at December 31, 2017	99,791	36,914
OPEB related deferred inflows at December 31, 2017	(4,918,194)	(1,819,280)
Net Position December 31, 2017, as restated	\$ (52,313,609)	\$ 20,493,664

	Water Plant Fund	Water Distribution Fund	Sewer Plant Fund	Sewer Collection Fund	Drainage Fund
Net Position December 31, 2017, as previously reported	\$ 6,578,159	\$ 9,827,482	\$ 6,328,031	\$ 8,433,948	\$ 5,087,288
Removal of net OPEB obligation	770,292	830,026	1,013,048	859,546	---
Total OPEB liability at December 31, 2017	(3,885,342)	(4,277,684)	(4,940,052)	(3,421,182)	(923,754)
OPEB related deferred outflows at December 31, 2017	8,228	9,107	10,373	6,766	2,440
OPEB related deferred inflows at December 31, 2017	(405,518)	(448,816)	(511,217)	(333,474)	(120,255)
Net Position December 31, 2017, as restated	\$ 3,065,819	\$ 5,940,115	\$ 1,900,183	\$ 5,545,604	\$ 4,045,719

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

Schedules of Employer Contributions – Pension Plans

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios

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, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Taxes:			
Property	\$ 5,062,150	\$ 5,171,316	\$ 109,166
Utility	1,300,000	1,312,343	12,343
Admissions	2,600	3,287	687
Licenses, permits, and fees	355,750	416,248	60,498
Charges for services and rents	526,000	610,717	84,717
Investment income	36,845	85,234	48,389
Intergovernmental	5,897,220	6,530,272	633,052
Fines	174,000	189,763	15,763
Grant	158,030	51,333	(106,697)
Miscellaneous	64,700	168,178	103,478
Total Revenues	\$ 13,577,295	\$ 14,538,691	\$ 961,396
Expenditures			
Current			
General Government:			
Administration:			
Salaries	\$ 100,285	\$ 103,977	\$ (3,692)
Office	21,100	28,663	(7,563)
Travel	-	395	(395)
Audit	33,600	76,850	(43,250)
Printing and advertising	13,350	6,172	7,178
Insurance	25,460	25,452	8
Equipment rent and repairs	9,850	58,670	(48,820)
Dues and subscriptions	40,500	42,160	(1,660)
Professional services	21,200	19,514	1,686
Vehicle maintenance	3,720	3,720	-
Miscellaneous	12,350	16,875	(4,525)
FICA	32,315	28,768	3,547
IMRF	48,393	45,051	3,342
Executive and Legislative:			
Salaries	52,400	52,093	307
Office	1,950	1,790	160
Printing and advertising	900	440	460
Dues and subscriptions	2,650	4,088	(1,438)
Miscellaneous	12,300	10,716	1,584
Building and Grounds:			
Salaries	11,000	12,171	(1,171)
Office	19,160	17,637	1,523
Insurance	4,590	4,596	(6)
Repairs and maintenance	55,000	7,422	47,578
Professional services	50,000	-	50,000
Utilities	36,000	36,759	(759)
Miscellaneous	-	2,637	(2,637)
Total General Government	\$ 608,073	\$ 606,616	\$ 1,457

(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures - (continued)			
Public Safety:			
Health:			
Salaries	\$ 79,375	\$ 76,980	\$ 2,395
Office	7,650	5,169	2,481
Insurance	8,695	8,700	(5)
Vehicle maintenance	4,765	4,765	-
Dues and subscriptions	1,000	1,290	(290)
Professional services	50,400	130,636	(80,236)
Miscellaneous	131,400	2,275	129,125
Legal:			
Insurance	8,475	8,472	3
Professional services	250,000	231,645	18,355
Special projects	-	4,264	(4,264)
FICA	109,392	97,383	12,009
IMRF	8,689	8,089	600
Crossing Guard	47,350	48,179	(829)
Emergency Services	5,050	5,031	19
Police Protection:			
Salaries	3,037,200	3,017,603	19,597
Office	102,405	97,790	4,615
Radio user fees	18,000	18,976	(976)
Center Station	523,460	576,048	(52,588)
Insurance	530,920	530,916	4
Equipment rent and repairs	35,000	37,291	(2,291)
Dues and subscriptions	4,500	3,338	1,162
Training	18,000	14,453	3,547
Vehicle maintenance	84,875	84,875	-
Grant expenditures	3,000	3,837	(837)
Municipies & CORA	27,500	35,241	(7,741)
Records management	-	27,629	(27,629)
Pension	1,141,908	1,141,908	-
Miscellaneous	42,800	12,633	30,167
Police and Fire Commission:			
Special projects	-	895	(895)
Dues and subscriptions	400	-	400
Miscellaneous	1,000	4,057	(3,057)

(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures - (continued)			
Fire Protection:			
Salaries	\$ 2,921,970	\$ 2,900,838	\$ 21,132
Office	39,100	82,098	(42,998)
Training	36,500	36,231	269
Radio user fees	13,700	10,408	3,292
Insurance	547,015	547,008	7
Equipment rent and repairs	73,500	49,185	24,315
Dues and subscriptions	4,500	4,825	(325)
Vehicle maintenance	32,395	32,395	-
Utilities	17,000	13,993	3,007
Pension	906,372	906,372	-
Miscellaneous	51,450	62,436	(10,986)
Total Public Safety	\$ 10,926,711	\$ 10,886,157	\$ 40,554
Public Works:			
Administration:			
Salaries	\$ 120,350	\$ 132,835	\$ (12,485)
Insurance	13,180	13,188	(8)
Vehicle maintenance	4,760	4,760	-
Office	9,800	12,130	(2,330)
Dues and subscriptions	3,500	2,302	1,198
Professional services	-	1,250	(1,250)
Miscellaneous	2,500	-	2,500
Inspection:			
Salaries	62,350	61,149	1,201
Office	19,900	8,250	11,650
Professional fees	400	25	375
Vehicle maintenance	8,805	8,805	-
Insurance	13,065	13,068	(3)
Dues and subscriptions	1,000	2,947	(1,947)
Street & Bridge:			
Salaries	206,100	203,221	2,879
Office	41,850	21,747	20,103
Insurance	97,410	97,416	(6)
Vehicle maintenance	119,445	119,445	-
Professional services	12,000	6,152	5,848
Repairs	105,500	125,991	(20,491)
Miscellaneous	1,450	1,341	109
Utilities	51,500	22,971	28,529
Salt	95,000	102,435	(7,435)

(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures - (continued)			
Public Benefit and Comfort	\$ 1,050	\$ -	\$ 1,050
Light:			
Repairs	-	43,508	(43,508)
Traffic lighting	45,000	14,488	30,512
Street lighting	293,850	236,889	56,961
Engineering:			
Salaries	33,260	33,916	(656)
Office	8,450	6,186	2,264
Insurance	11,740	11,748	(8)
Dues and subscriptions	300	610	(310)
Vehicle maintenance	4,765	4,765	-
Professional services	1,000	187	813
FICA	62,131	55,311	6,820
IMRF	88,839	82,703	6,136
Total Public Works	\$ 1,540,250	\$ 1,451,739	\$ 88,511
Recreation and Culture:			
Fireworks and parade	\$ 13,000	\$ 20,207	\$ (7,207)
Salaries	195,600	255,220	(59,620)
Office	3,700	55,458	(51,758)
Insurance	20,955	20,952	3
Utilities	20,000	16,610	3,390
Vehicle maintenance	51,190	51,190	-
Repairs and maintenance	58,150	48,010	10,140
Dues and subscriptions	-	140	(140)
Tourism	3,000	10,000	(7,000)
Fiberoptics	39,000	38,945	55
Sponsorship	5,000	-	5,000
Miscellaneous	6,400	6,671	(271)
FICA	66,157	58,895	7,262
IMRF	99,074	92,231	6,843
Total Recreation and Culture	\$ 581,226	\$ 674,529	\$ (93,303)
Economic Development:			
Professional services	\$ -	\$ 47,090	\$ (47,090)
Insurance	4,590	4,596	(6)
Dues and subscriptions	-	650	(650)
Miscellaneous	12,000	-	12,000
Total Economic Development	\$ 16,590	\$ 52,336	\$ (35,746)

(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures - (continued)			
Capital Expenditures	\$ 1,218,870	\$ 734,028	\$ 484,842
Debt Service:			
Principal	79,585	104,667	(25,082)
Interest	10,340	10,341	(1)
Total Expenditures	\$ 14,981,645	\$ 14,520,413	\$ 461,232
Excess (deficiency) of revenues over (under) expenditures	\$ (1,404,350)	\$ 18,278	\$ 1,422,628
Other Financing Sources (Uses):			
Sale of property	\$ -	\$ 23,801	\$ 23,801
Transfers in	5,000	120,868	115,868
Transfers out	(481,000)	(412,576)	68,424
Total Other Financing Sources (Uses)	\$ (476,000)	\$ (267,907)	\$ 208,093
Net change in fund balances	<u>\$ (1,880,350)</u>	<u>\$ (249,629)</u>	<u>\$ 1,630,721</u>
Fund balance, beginning of year		6,506,599	
Fund balance, end of year		<u>\$ 6,256,970</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - The Quarter
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 208,000	\$ 217,647	\$ 9,647
Expenditures			
Current:			
Economic development	\$ 96,600	\$ 100,889	\$ (4,289)
Debt Service:			
Principal	270,000	270,000	-
Interest	41,440	41,439	1
Fees	500	500	-
Total Expenditures	\$ 408,540	\$ 412,828	\$ (4,288)
Excess (deficiency) of revenues over (under) expenditures	\$ (200,540)	\$ (195,181)	\$ 5,359
Fund Balance, beginning of year		<u>(3,079,797)</u>	
Fund Balance, end of year		<u><u>\$ (3,274,978)</u></u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - Port of Call
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 10,200	\$ 15,357	\$ 5,157
Miscellaneous	-	371	371
Total Revenues	\$ 10,200	\$ 15,728	\$ 5,528
Expenditures			
Current:			
Economic development	\$ 10,000	\$ -	\$ 10,000
Capital expenditures	-	4,242,740	(4,242,740)
Debt Service:			
Interest	220,000	271,954	(51,954)
Total Expenditures	\$ 230,000	\$ 4,514,694	\$ (4,284,694)
Excess (deficiency) of revenues over (under) expenditures	\$ (219,800)	\$ (4,498,966)	\$ (4,279,166)
Other Financing Sources (Uses):			
Issuance of long-term debt	\$ -	\$ 4,321,928	\$ 4,321,928
Net change in fund balance	\$ (219,800)	\$ (177,038)	\$ 42,762
Fund Balance, beginning of year		(936,237)	
Fund Balance, end of year		<u>\$ (1,113,275)</u>	

**Notes to the Required Supplementary Information - Budget Comparisons
December 31, 2018**

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	\$ 4,288
Tax Increment Financing - Port of Call	4,284,694

These expenditures were funded by available reserves.

Required Supplementary Information on Pension Plan Employer Contributions Last Ten Fiscal Years*

Illinois Municipal Retirement Plan	2018	2017	2016	2015
Actuarially Determined Contribution Contributions in Relation to the	\$ 558,167	\$ 615,419	\$ 593,717	\$ 623,441
Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ 558,319 (152)	\$ 615,419 -	\$ 594,489 (772)	\$ 662,498 (39,057)
City's covered payroll Contributions as a percentage of covered payroll	\$ 5,776,713	\$ 5,598,468	\$ 5,703,603	\$ 5,497,382
	9.66%	10.99%	10.42%	12.05%

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): 26-year closed period.
Asset Valuation Method	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Wage Growth	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (2 employees were financed over 30 years).
Prince Inflation	5 year smoothed market; 20% corridor
Salary Increases	3.5%
Investment Rate of Return	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Retirement Age	3.75% to 14.50%, including inflation
Mortality	7.50% 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. 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. 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.

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 on
Pension Plan Employer Contributions
Last Ten Fiscal Years

	12/31/2018	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
Police Pension Plan Actuarially Determined Contribution	\$ 2,246,511	\$ 1,861,655	\$ 1,774,915	\$ 1,498,898	\$ 700,438	\$ 554,998	\$ 761,897	\$ 871,094	\$ 885,021	\$ 634,664
Contributions in Relation to the Actuarially Determined Contribution	1,141,908	957,699	704,267	897,039	782,786	542,526	836,859	878,524	709,342	548,793
Contribution Deficiency (Excess)	\$ 1,104,603	\$ 903,956	\$ 1,070,648	\$ 601,859	\$ (82,348)	\$ 12,472	\$ (74,962)	\$ (7,430)	\$ 175,679	\$ 85,871
City's covered payroll Contributions as a percentage of covered payroll	\$ 2,599,524	\$ 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
	43.9%	36.5%	27.9%	37.6%	30.2%	22.5%	34.3%	36.5%	30.2%	24.0%

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 12/31/2018 and eight month period ended 12/31/2013;

Actuarial Cost Method May 1 of the prior fiscal year for the years ended 4/30

Amortization Method Entry age normal

Remaining Amortization Period Level dollar funding

Asset Valuation Method Ends in fiscal year 2041

Salary Increases 5 year smoothed market, no corridor

Investment Rate of Return Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.0% inflation allowance

Payroll Growth 7.0% annually

Mortality 3.5% annually

Active Lives Active Lives

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

Disabled Lives 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

Required Supplementary Information on
Pension Plan Employer Contributions
Last Ten Fiscal Years

	12/31/2018	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
Firefighters' Pension Plan										
Actuarially Determined Contribution	\$ 1,447,154	\$ 1,299,067	\$ 1,194,394	\$ 932,227	\$ 465,731	\$ 507,588	\$ 687,686	\$ 711,975	\$ 728,444	\$ 421,672
Contributions in Relation to the Actuarially Determined Contribution	906,371	872,185	487,530	634,464	679,363	489,866	960,775	535,376	434,973	379,195
Contribution Deficiency (Excess)	\$ 540,783	\$ 426,882	\$ 706,864	\$ 297,763	\$ (213,632)	\$ 17,722	\$ (273,089)	\$ 176,599	\$ 293,471	\$ 42,477
City's covered payroll	\$ 2,624,845	\$ 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
Contributions as a percentage of covered payroll	34.5%	34.5%	19.2%	25.6%	27.8%	21.0%	43.4%	24.8%	21.2%	19.7%

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 12/31/2018 and eight month period ended 12/31/2013;
Actuarial Cost Method	May 1 of the prior fiscal year for the years ended 4/30
Amortization Method	Entry age normal
Remaining Amortization Period	Level dollar funding
Asset Valuation Method	Ends in fiscal year 2041
Salary Increases	5 year smoothed market, no corridor
Investment Rate of Return	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.00% inflation allowance
Payroll Growth	7.0% annually
Mortality	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

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

Other Postemployment Benefit Plan	2018
Total OPEB Liability:	
Service Cost	\$ 1,239,917
Interest	2,287,065
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	136,705
Changes of Assumptions	(6,737,474)
Benefit Payments	(2,037,027)
Net Change in Total OPEB Liability	\$ (5,110,814)
Total OPEB Liability - Beginning	<u>67,502,947</u>
Total OPEB Liability - Ending	<u>\$ 62,392,133</u>
Covered Payroll	\$ 8,498,483
Total OPEB Liability as a Percentage of Covered Payroll	734.16%

Notes to Schedule:

Change in Assumptions: The mortality assumption for Police and Fire employees was changed to RP2014 base rates with blue collar adjustment projected to 2018 using scale MP2018. For all others, the mortality table was changed to RP2014 base rates projected to 2018 with scale MP2018. The withdrawal, disability, and retirement rates were updated to reflect the most recent studies from the Illinois Department insurance and IMRF.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*The City implemented GASB Statement No. 75 in the fiscal year 2018. The table will build prospectively from 2018.

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

Illinois Municipal Retirement Plan	2018	2017	2016	2015
Total Pension Liability:				
Service Cost	\$ 614,356	\$ 581,073	\$ 594,762	\$ 645,888
Interest	3,421,673	3,279,553	3,184,497	2,979,625
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(945,100)	541,732	(61,525)	(43,249)
Changes of Assumptions	(1,459,080)	(53,140)	51,189	1,411,896
Benefit Payments, Including Refunds of Employee Contributions	(2,548,747)	(2,509,887)	(2,362,668)	(2,111,268)
Net Change in Total Pension Liability	\$ (916,898)	\$ 1,839,331	\$ 1,406,255	\$ 2,882,892
Total Pension Liability - Beginning	46,589,499	44,750,168	43,343,913	40,461,021
Total Pension Liability - Ending	<u>\$ 45,672,601</u>	<u>\$ 46,589,499</u>	<u>\$ 44,750,168</u>	<u>\$ 43,343,913</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 558,319	\$ 615,419	\$ 594,489	\$ 662,498
Contributions - Employees	251,994	264,075	250,680	269,796
Net Investment Income	7,768,020	2,863,518	210,391	2,502,224
Benefit Payments, Including Refunds of Employee Contributions	(2,548,747)	(2,509,887)	(2,362,668)	(2,111,268)
Other (Net Transfer)	(1,111,275)	221,090	150,400	(95,901)
Net Change in Plan Fiduciary Net Position	\$ 4,918,311	\$ 1,454,215	\$ (1,156,708)	\$ 1,227,349
Plan Net Position - Beginning	43,134,407	41,680,192	42,836,900	41,609,551
Plan Net Position - Ending	<u>\$ 48,052,718</u>	<u>\$ 43,134,407</u>	<u>\$ 41,680,192</u>	<u>\$ 42,836,900</u>
Employer's Net Pension Liability (Asset)	\$ (2,380,117)	\$ 3,455,092	\$ 3,069,976	\$ 507,013
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.21%	92.58%	93.14%	98.83%
Covered Payroll	\$ 5,598,468	\$ 5,703,603	\$ 5,497,382	\$ 5,402,436
Employer's Net Pension Liability as a Percentage of Covered Payroll	-42.51%	60.58%	55.84%	9.38%

Notes to Schedule:

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

(Continued)

City of East Moline, Illinois

Required Supplementary Information

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

Last Ten Fiscal Years*

Police Pension Plan	2018	2017
Total Pension Liability:		
Service Cost	\$ 646,068	\$ 612,469
Interest	2,579,863	2,517,077
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	2,336,241	(344,171)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,974,912)	(1,816,592)
Net Change in Total Pension Liability	\$ 3,587,260	\$ 968,783
Total Pension Liability - Beginning	37,751,400	36,782,617
Total Pension Liability - Ending	<u>\$ 41,338,660</u>	<u>\$ 37,751,400</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,141,908	\$ 957,699
Contributions - Employees	262,327	263,513
Net Investment Income	(950,446)	2,061,279
Benefit Payments, Including Refunds of Employee Contributions	(1,974,912)	(1,816,592)
Administrative expense	(38,260)	(19,138)
Net Change in Plan Fiduciary Net Position	\$ (1,559,383)	\$ 1,446,761
Plan Net Position - Beginning	21,189,742	19,742,981
Plan Net Position - Ending	<u>\$ 19,630,359</u>	<u>\$ 21,189,742</u>
Employer's Net Pension Liability	\$ 21,708,301	\$ 16,561,658
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.49%	56.13%
Covered Payroll	\$ 2,599,524	\$ 2,625,112
Employer's Net Pension Liability as a Percentage of Covered Payroll	835.09%	630.89%

Notes to Schedule:

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

2016	2015	2014
\$ 595,076	\$ 576,200	\$ 498,852
2,035,322	1,753,170	2,016,885
-	-	-
6,008,678	3,439,869	(5,010,958)
-	-	328,595
(1,707,221)	(1,763,945)	(1,477,589)
\$ 6,931,855	\$ 4,005,294	\$ (3,644,215)
29,850,762	25,845,468	29,489,683
\$ 36,782,617	\$ 29,850,762	\$ 25,845,468
\$ 704,267	\$ 897,039	\$ 782,786
253,761	249,771	261,574
1,531,865	(292,993)	654,662
(1,707,221)	(1,763,945)	(1,477,589)
(23,582)	(31,274)	(26,237)
\$ 759,090	\$ (941,402)	\$ 195,196
18,983,891	19,925,293	19,730,097
\$ 19,742,981	\$ 18,983,891	\$ 19,925,293
\$ 17,039,636	\$ 10,866,871	\$ 5,920,175
53.67%	63.60%	77.09%
\$ 2,526,144	\$ 2,388,592	\$ 2,594,594
674.53%	454.95%	228.17%

(Continued)

City of East Moline, Illinois

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

Firefighters' Pension Plan	2018	2017
Total Pension Liability:		
Service Cost	\$ 639,209	\$ 627,015
Interest	2,341,701	2,212,133
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	223,720	755,057
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,797,331)	(1,698,288)
Net Change in Total Pension Liability	\$ 1,407,299	\$ 1,895,917
Total Pension Liability - Beginning	34,268,501	32,372,584
Total Pension Liability - Ending	<u>\$ 35,675,800</u>	<u>\$ 34,268,501</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 906,371	\$ 872,185
Contributions - Employees	250,402	247,170
Net Investment Income	(1,443,360)	2,553,303
Benefit Payments, Including Refunds of Employee Contributions	(1,797,331)	(1,698,288)
Administrative expense	(19,885)	(28,018)
Net Change in Plan Fiduciary Net Position	\$ (2,103,803)	\$ 1,946,352
Plan Net Position - Beginning	24,426,461	22,480,109
Plan Net Position - Ending	<u>\$ 22,322,658</u>	<u>\$ 24,426,461</u>
Employer's Net Pension Liability	<u>\$ 13,353,142</u>	<u>\$ 9,842,040</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.57%	71.28%
Covered Payroll	\$ 2,624,845	\$ 2,528,019
Employer's Net Pension Liability as a Percentage of Covered Payroll	508.72%	389.32%

Notes to Schedule:

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

2016	2015	2014
\$ 638,535	\$ 574,331	\$ 594,392
2,028,483	1,844,837	1,659,616
-	-	-
1,635,732	1,810,297	(2,652,969)
-	-	1,730,104
(1,663,308)	(1,558,304)	(1,503,645)
\$ 2,639,442	\$ 2,671,161	\$ (172,502)
29,733,142	27,061,981	27,234,483
\$ 32,372,584	\$ 29,733,142	\$ 27,061,981
\$ 487,530	\$ 634,464	\$ 679,363
241,344	237,806	242,314
1,785,271	(655,704)	705,900
(1,663,308)	(1,558,304)	(1,503,645)
(22,274)	(21,011)	(28,054)
\$ 828,563	\$ (1,362,749)	\$ 95,878
21,651,546	23,014,295	22,918,417
\$ 22,480,109	\$ 21,651,546	\$ 23,014,295
\$ 9,892,475	\$ 8,081,596	\$ 4,047,686
69.44%	72.82%	85.04%
\$ 2,543,225	\$ 2,482,214	\$ 2,445,148
388.97%	325.58%	165.54%

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

Police Pension Plan	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	-3.42%	11.13%	9.19%	-1.21%	4.06%

Firefighters' Pension Plan	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	-5.93%	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

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, 2018

	Special Revenue Funds			
	Totals	Garbage	Motor Fuel Tax Fund	Municipal Swimming Pool
Assets				
Cash	\$ 1,391,974	\$ 549,748	\$ 78,959	\$ 115,222
Investments	1,198,593	-	1,045,764	-
Receivables	1,363,418	350,729	46,267	-
Advances to other funds	504,286	-	3,685	1,239
Total Assets	\$ 4,458,271	\$ 900,477	\$ 1,174,675	\$ 116,461
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 215,512	\$ 78,696	\$ 80,842	\$ 5,630
Fund cash deficit	2,067,937	-	-	-
Accrued liabilities	5,985	-	-	1,720
Advances from other funds	877,771	1,067	-	-
Total Liabilities	\$ 3,167,205	\$ 79,763	\$ 80,842	\$ 7,350
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$ 1,072,556	\$ 244,771	\$ -	\$ -
Unavailable revenue - other taxes	40,430	-	-	-
Total Deferred Inflows of Resources	\$ 1,112,986	\$ 244,771	\$ -	\$ -
Fund Balances:				
Restricted	\$ 1,858,961	\$ -	\$ 1,093,833	\$ -
Assigned	932,123	575,943	-	109,111
Unassigned	(2,613,004)	-	-	-
Total Fund Balances	\$ 178,080	\$ 575,943	\$ 1,093,833	\$ 109,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,458,271	\$ 900,477	\$ 1,174,675	\$ 116,461

Special Revenue Funds					
Economic Development	Non-Home Rule Sales Tax	Special Service Area - Downtown	Tax Increment Financing		
			North Hill	Downtown	
\$ 29,828	\$ 4,980	\$ 120,973	\$ -	\$ 290,140	
-	152,829	-	-	-	
-	118,432	64,204	-	83,441	
181,052	-	-	4,827	-	
<u>\$ 210,880</u>	<u>\$ 276,241</u>	<u>\$ 185,177</u>	<u>\$ 4,827</u>	<u>\$ 373,581</u>	
\$ -	\$ 9,493	\$ -	\$ -	\$ -	
-	-	-	4,827	-	
-	4,265	-	-	-	
32,217	3,685	-	-	-	
<u>\$ 32,217</u>	<u>\$ 17,443</u>	<u>\$ -</u>	<u>\$ 4,827</u>	<u>\$ -</u>	
\$ -	\$ -	\$ 60,005	\$ -	\$ 75,516	
-	40,430	-	-	-	
<u>\$ -</u>	<u>\$ 40,430</u>	<u>\$ 60,005</u>	<u>\$ -</u>	<u>\$ 75,516</u>	
\$ -	\$ 218,368	\$ 125,172	\$ -	\$ 298,065	
178,663	-	-	-	-	
-	-	-	-	-	
<u>\$ 178,663</u>	<u>\$ 218,368</u>	<u>\$ 125,172</u>	<u>\$ -</u>	<u>\$ 298,065</u>	
<u>\$ 210,880</u>	<u>\$ 276,241</u>	<u>\$ 185,177</u>	<u>\$ 4,827</u>	<u>\$ 373,581</u>	

(Continued)

City of East Moline, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2018

	Special Revenue Funds		
	Tax Increment Financing		
	Great River Industrial Park	Gateway Industrial Park	Kennedy Drive
Assets			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	157,298	1,804	256,781
Advances to other funds	-	-	313,483
Total Assets	\$ 157,298	\$ 1,804	\$ 570,264
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 29,432	\$ -	\$ -
Fund cash deficit	781,440	168,330	691,216
Accrued liabilities	-	-	-
Advances from other funds	374,284	60,000	400,000
Total Liabilities	\$ 1,185,156	\$ 228,330	\$ 1,091,216
Deferred Inflows of Resources			
Unavailable revenue - property taxes	\$ 157,273	\$ 1,804	\$ 256,740
Unavailable revenue - other taxes	-	-	-
Total Deferred Inflows of Resources	\$ 157,273	\$ 1,804	\$ 256,740
Fund Balances:			
Restricted	\$ -	\$ -	\$ -
Assigned	-	-	-
Unassigned	(1,185,131)	(228,330)	(777,692)
Total Fund Balances	\$ (1,185,131)	\$ (228,330)	\$ (777,692)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 157,298	\$ 1,804	\$ 570,264

Lucky Strike	EM Glass	Capital Projects	Debt Service
\$ 123,124	\$ -	\$ 79,000	\$ -
-	-	-	-
86,737	2,672	-	195,053
-	-	-	-
<u>\$ 209,861</u>	<u>\$ 2,672</u>	<u>\$ 79,000</u>	<u>\$ 195,053</u>

\$ -	\$ 825	\$ 10,594	\$ -
-	36,859	-	385,265
-	-	-	-
-	-	-	6,518
<u>\$ -</u>	<u>\$ 37,684</u>	<u>\$ 10,594</u>	<u>\$ 391,783</u>

\$ 86,338	\$ 2,672	\$ -	\$ 187,437
-	-	-	-
<u>\$ 86,338</u>	<u>\$ 2,672</u>	<u>\$ -</u>	<u>\$ 187,437</u>

\$ 123,523	\$ -	\$ -	\$ -
-	-	68,406	-
-	(37,684)	-	(384,167)
<u>\$ 123,523</u>	<u>\$ (37,684)</u>	<u>\$ 68,406</u>	<u>\$ (384,167)</u>

<u>\$ 209,861</u>	<u>\$ 2,672</u>	<u>\$ 79,000</u>	<u>\$ 195,053</u>
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City of East Moline, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds			
	Totals	Garbage	Motor Fuel Tax Fund	Municipal Swimming Pool
Revenues				
Taxes:				
Property	\$ 999,911	\$ 198,266	\$ -	\$ -
Sales	488,627	-	-	-
Intergovernmental	545,239	-	545,239	-
Charges for services and rents	980,430	752,327	-	226,757
Investment income	37,313	3,057	23,193	623
Grant	28,477	28,477	-	-
Total Revenues	\$ 3,079,997	\$ 982,127	\$ 568,432	\$ 227,380
Expenditures				
Current:				
General government	\$ 103	\$ -	\$ -	\$ -
Public works	1,949,603	956,079	408,052	-
Recreation and culture	335,104	-	-	319,635
Economic development	762,001	-	-	-
Capital expenditures	244,308	-	222,061	-
Debt Service:				
Principal	333,000	-	-	-
Interest	64,363	-	-	-
Total Expenditures	\$ 3,688,482	\$ 956,079	\$ 630,113	\$ 319,635
Excess (deficiency) of revenues over (under) expenditures	\$ (608,485)	\$ 26,048	\$ (61,681)	\$ (92,255)
Other Financing Sources (Uses)				
Transfers in	\$ 185,000	\$ -	\$ -	\$ 95,000
Transfers out	(223,380)	(70,000)	-	-
Total Other Financing Sources (Uses)	\$ (38,380)	\$ (70,000)	\$ -	\$ 95,000
Net change in fund balances	\$ (646,865)	\$ (43,952)	\$ (61,681)	\$ 2,745
Fund Balances, beginning of year	824,945	619,895	1,155,514	106,366
Fund Balances, end of year	\$ 178,080	\$ 575,943	\$ 1,093,833	\$ 109,111

Special Revenue Funds					
Economic Development	Non-Home Rule Sales Tax	Special Service Area - Downtown	Tax Increment Financing		
			North Hill	Downtown	
\$ -	\$ -	\$ 58,629	\$ -	\$ 68,728	
-	488,627	-	-	-	-
-	-	-	-	-	-
1,346	-	-	-	-	-
144	7,708	303	-	1,285	
-	-	-	-	-	-
\$ 1,490	\$ 496,335	\$ 58,932	\$ -	\$ 70,013	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	585,472	-	-	-	-
-	-	-	-	-	-
945	-	20,962	597,924	-	-
-	22,247	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 945	\$ 607,719	\$ 20,962	\$ 597,924	\$ -	
\$ 545	\$ (111,384)	\$ 37,970	\$ (597,924)	\$ 70,013	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 545	\$ (111,384)	\$ 37,970	\$ (597,924)	\$ 70,013	
178,118	329,752	87,202	597,924	228,052	
\$ 178,663	\$ 218,368	\$ 125,172	\$ -	\$ 298,065	

(Continued)

City of East Moline, Illinois

Combining Statement of Revenues, Expenses, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds		
	Tax Increment Financing		
	Great River Industrial Park	Gateway Industrial Park	Kennedy Drive
Revenues			
Taxes:			
Property	\$ 152,465	\$ 1,517	\$ 248,481
Sales	-	-	-
Intergovernmental	-	-	-
Charges for services and rents	-	-	-
Investment income	-	-	-
Grant	-	-	-
Total Revenues	\$ 152,465	\$ 1,517	\$ 248,481
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public works	-	-	-
Recreation and culture	-	-	-
Economic development	51,975	-	3,500
Capital expenditures	-	-	-
Debt Service:			
Principal	-	-	245,000
Interest	-	-	50,107
Total Expenditures	\$ 51,975	\$ -	\$ 298,607
Excess (deficiency) of revenues over (under) expenditures	\$ 100,490	\$ 1,517	\$ (50,126)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net change in fund balances	\$ 100,490	\$ 1,517	\$ (50,126)
Fund Balances, beginning of year	(1,285,621)	(229,847)	(727,566)
Fund Balances, end of year	<u>\$ (1,185,131)</u>	<u>\$ (228,330)</u>	<u>\$ (777,692)</u>

Lucky Strike	EM Glass	Capital Projects	Debt Service
\$ 83,597	\$ 3,505	\$ -	\$ 184,723
-	-	-	-
-	-	-	-
654	-	346	-
-	-	-	-
<u>\$ 84,251</u>	<u>\$ 3,505</u>	<u>\$ 346</u>	<u>\$ 184,723</u>
\$ -	\$ -	\$ -	\$ 103
-	-	-	-
-	-	15,469	-
62,262	24,433	-	-
-	-	-	-
-	-	-	88,000
-	-	-	14,256
<u>\$ 62,262</u>	<u>\$ 24,433</u>	<u>\$ 15,469</u>	<u>\$ 102,359</u>
\$ 21,989	\$ (20,928)	\$ (15,123)	\$ 82,364
\$ -	\$ -	\$ 20,000	\$ 70,000
-	-	-	(153,380)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ (83,380)</u>
\$ 21,989	\$ (20,928)	\$ 4,877	\$ (1,016)
101,534	(16,756)	63,529	(383,151)
<u>\$ 123,523</u>	<u>\$ (37,684)</u>	<u>\$ 68,406</u>	<u>\$ (384,167)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Garbage Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Taxes:			
Property	\$ 198,900	\$ 198,266	\$ (634)
Charges for services	740,760	752,327	11,567
Grant	15,900	28,477	12,577
Investment income	-	3,057	3,057
Total Revenues	<u>\$ 955,560</u>	<u>\$ 982,127</u>	<u>\$ 26,567</u>
Expenditures			
Current:			
Public works	\$ 1,056,015	\$ 956,079	\$ 99,936
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (100,455)</u>	<u>\$ 26,048</u>	<u>\$ 126,503</u>
Other Financing Sources (Uses)			
Transfers out	\$ (70,000)	\$ (70,000)	\$ -
Net change in fund balance	<u>\$ (170,455)</u>	<u>\$ (43,952)</u>	<u>\$ 126,503</u>
Fund Balance, beginning of year		619,895	
Fund Balance, end of year		<u>\$ 575,943</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Motor Fuel Tax Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 3,784,510	\$ 545,239	\$ (3,239,271)
Investment income	9,200	23,193	13,993
Total Revenues	<u>\$ 3,793,710</u>	<u>\$ 568,432</u>	<u>\$ (3,225,278)</u>
Expenditures			
Current:			
Public works	\$ 175,000	\$ 408,052	\$ (233,052)
Capital expenditures	3,952,510	222,061	3,730,449
Total Expenditures	<u>\$ 4,127,510</u>	<u>\$ 630,113</u>	<u>\$ 3,497,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (333,800)</u>	<u>\$ (61,681)</u>	<u>\$ 272,119</u>
Fund Balance, beginning of year		<u>1,155,514</u>	
Fund Balance, end of year		<u>\$ 1,093,833</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Municipal Swimming Pool Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services and rents	\$ 200,800	\$ 226,757	\$ 25,957
Investment income	-	623	623
Total Revenues	<u>\$ 200,800</u>	<u>\$ 227,380</u>	<u>\$ 26,580</u>
Expenditures			
Current:			
Recreation/culture	\$ 295,800	\$ 319,635	\$ (23,835)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (95,000)</u>	<u>\$ (92,255)</u>	<u>\$ 2,745</u>
Other Financing Sources (Uses)			
Transfers in	\$ 95,000	\$ 95,000	\$ -
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 2,745</u></u>	<u><u>\$ 2,745</u></u>
Fund Balance, beginning of year		106,366	
Fund Balance, end of year		<u><u>\$ 109,111</u></u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Economic Development
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services and rents	\$ 1,000	\$ 1,346	\$ 346
Investment income	-	144	144
Total Revenues	<u>\$ 1,000</u>	<u>\$ 1,490</u>	<u>\$ 490</u>
Expenditures			
Current:			
Economic development	\$ -	\$ 945	\$ (945)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,000</u>	<u>\$ 545</u>	<u>\$ (455)</u>
Fund Balance, beginning of year		<u>178,118</u>	
Fund Balance, end of year		<u><u>\$ 178,663</u></u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Non-Home Rule Sales Tax Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Sales tax	\$ 416,400	\$ 488,627	\$ 72,227
Investment income	2,400	7,708	5,308
Total Revenues	\$ 418,800	\$ 496,335	\$ 77,535
Expenditures			
Current:			
Public works	\$ 254,850	\$ 585,472	\$ (330,622)
Capital expenditures	325,000	22,247	302,753
Total Expenditures	\$ 579,850	\$ 607,719	\$ (27,869)
Excess (deficiency) of revenues over (under) expenditures	\$ (161,050)	\$ (111,384)	\$ (49,666)
Fund Balance, beginning of year		<u>329,752</u>	
Fund Balance, end of year		<u><u>\$ 218,368</u></u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Service Area - Downtown Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 60,000	\$ 58,629	\$ (1,371)
Investment income	100	303	203
Total Revenues	\$ 60,100	\$ 58,932	\$ (1,168)
Expenditures			
Current:			
Economic development	\$ 35,100	\$ 20,962	\$ 14,138
Capital expenditures	25,000	-	25,000
Total Expenditures	\$ 60,100	\$ 20,962	\$ 39,138
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 37,970	\$ 37,970
Fund Balance, beginning of year		87,202	
Fund Balance, end of year		<u>\$ 125,172</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - North Hill
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Expenditures			
Current:			
Economic development	\$ 535,000	\$ 597,924	\$ (62,924)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (535,000)</u>	<u>\$ (597,924)</u>	<u>\$ (62,924)</u>
Fund Balance, beginning of year		<u>597,924</u>	
Fund Balance, end of year		<u>\$ -</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - Downtown
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 56,000	\$ 68,728	\$ 12,728
Investment income	1,500	1,285	(215)
Total Revenues	\$ 57,500	\$ 70,013	\$ 12,513
Expenditures			
Current:			
Economic development	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 57,500	\$ 70,013	\$ 12,513
Fund Balance, beginning of year		228,052	
Fund Balance, end of year		\$ 298,065	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - Great River Industrial Park
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 146,000	\$ 152,465	\$ 6,465
Expenditures			
Current:			
Economic development	\$ 52,500	\$ 51,975	\$ 525
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 93,500</u>	<u>\$ 100,490</u>	<u>\$ 6,990</u>
Fund Balance, beginning of year		(1,285,621)	
Fund Balance, end of year		<u>\$ (1,185,131)</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Tax Increment Financing Fund - Gateway Industrial Park
 Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 1,200	\$ 1,517	\$ 317
Expenditures			
Current:			
Economic development	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 1,200	\$ 1,517	\$ 317
Fund Balance, beginning of year		(229,847)	
Fund Balance, end of year		\$ (228,330)	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - Kennedy Drive
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 238,000	\$ 248,481	\$ 10,481
Expenditures			
Current:			
Economic development	\$ 250	\$ 3,500	\$ (3,250)
Debt Service:			
Principal	245,000	245,000	-
Interest	50,110	50,107	3
Total Expenditures	\$ 295,360	\$ 298,607	\$ (3,247)
Excess (deficiency) of revenues over (under) expenditures	\$ (57,360)	\$ (50,126)	\$ 7,234
Fund Balance, beginning of year		(727,566)	
Fund Balance, end of year		<u>\$ (777,692)</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund - Lucky Strike
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 80,000	\$ 83,597	\$ 3,597
Investment income	-	654	654
Total Revenues	\$ 80,000	\$ 84,251	\$ 4,251
Expenditures			
Current:			
Economic development	\$ 59,500	\$ 62,262	\$ (2,762)
Excess (deficiency) of revenues over (under) expenditures	\$ 20,500	\$ 21,989	\$ 1,489
Fund Balance, beginning of year		101,534	
Fund Balance, end of year		<u>\$ 123,523</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Investment income	\$ -	\$ 346	\$ 346
Expenditures			
Current:			
Recreation and culture	\$ 20,000	\$ 15,469	\$ 4,531
Excess (deficiency) of revenues over (under) expenditures	\$ (20,000)	\$ (15,123)	\$ 4,877
Other Financing Sources (Uses)			
Transfers in	\$ 20,000	\$ 20,000	\$ -
Net change in fund balance	\$ -	\$ 4,877	\$ 4,877
Fund Balance, beginning of year		<u>63,529</u>	
Fund Balance, end of year		<u><u>\$ 68,406</u></u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended December 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 185,640	\$ 184,723	\$ (917)
Expenditures			
Current:			
General government	\$ 1,400	\$ 103	\$ 1,297
Debt Service:			
Principal	88,000	88,000	-
Interest	14,260	14,256	4
Total Expenditures	\$ 103,660	\$ 102,359	\$ 1,301
Excess (deficiency) of revenues over (under) expenditures	\$ 81,980	\$ 82,364	\$ 384
Other Financing Sources (Uses)			
Transfers in	\$ 70,000	\$ 70,000	-
Transfers out	(153,380)	(153,380)	-
Total Other Financing Sources (Uses)	\$ (83,380)	\$ (83,380)	\$ -
Net change in fund balance	\$ (1,400)	\$ (1,016)	\$ 384
Fund Balance, beginning of year		(383,151)	
Fund Balance, end of year		<u>\$ (384,167)</u>	

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 homeowners.

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018**

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash	\$ 1,885	\$ 161,669	\$ 163,554
Investments	251,306	75,134	326,440
Receivables, net allowance for uncollectible amounts	68	82,487	82,555
Total Current Assets	<u>\$ 253,259</u>	<u>\$ 319,290</u>	<u>\$ 572,549</u>
Noncurrent Assets:			
Advances to other funds	\$ 360,000	\$ -	\$ 360,000
Total Noncurrent Assets	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>
Total Assets	<u>\$ 613,259</u>	<u>\$ 319,290</u>	<u>\$ 932,549</u>
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Net Position			
Restricted	<u>\$ 613,259</u>	<u>\$ 319,290</u>	<u>\$ 932,549</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2018**

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Operating Revenue:			
Interest income	\$ 10	\$ 906	\$ 916
Operating Expenses:			
Administration and claims	\$ 10,000	\$ 13,844	\$ 23,844
Operating Income (Loss)	\$ (9,990)	\$ (12,938)	\$ (22,928)
Nonoperating Revenues:			
Investment income	\$ 4,578	\$ 2,150	\$ 6,728
Total Nonoperating Revenues	\$ 4,578	\$ 2,150	\$ 6,728
Change in net position	\$ (5,412)	\$ (10,788)	\$ (16,200)
Total Net Position, beginning of year	618,671	330,078	948,749
Total Net Position, end of year	\$ 613,259	\$ 319,290	\$ 932,549

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2018

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 10	\$ 24,997	\$ 25,007
Payments to suppliers	-	(13,844)	(13,844)
Net Cash Provided by Operating Activities	\$ 10	\$ 11,153	\$ 11,163
Cash Flows from Investing Activities			
Interest received	\$ 4,578	\$ 2,150	\$ 6,728
Purchase of investments	(4,578)	(1,368)	(5,946)
Net Cash Provided by Investing Activities	\$ -	\$ 782	\$ 782
Increase in cash and cash equivalents	\$ 10	\$ 11,935	\$ 11,945
Cash and cash equivalents - beginning of year	1,875	149,734	151,609
Cash and cash equivalents - end of year	<u>\$ 1,885</u>	<u>\$ 161,669</u>	<u>\$ 163,554</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (9,990)	\$ (12,938)	\$ (22,928)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables, net	10,000	24,091	34,091
Net Cash Provided by Operating Activities	\$ 10	\$ 11,153	\$ 11,163

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, 2018

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Assets				
Current Assets:				
Cash	\$ 1,020,437	\$ 350,396	\$ 157,253	\$ 1,528,086
Investments	1,237,314	-	650,691	1,888,005
Accounts receivable	10,377	31,311	-	41,688
Total Current Assets	\$ 2,268,128	\$ 381,707	\$ 807,944	\$ 3,457,779
Noncurrent Assets:				
Advances to other funds	\$ 2,000	\$ -	\$ -	\$ 2,000
Capital assets:				
Vehicles and equipment	-	-	826,492	826,492
Less accumulated depreciation	-	-	(810,151)	(810,151)
Total Noncurrent Assets	\$ 2,000	\$ -	\$ 16,341	\$ 18,341
Total Assets	\$ 2,270,128	\$ 381,707	\$ 824,285	\$ 3,476,120
Liabilities				
Current Liabilities:				
Accounts payable	\$ 281,980	\$ 30,268	\$ 37,132	\$ 349,380
Accrued salaries	-	7,025	4,195	11,220
Compensated absences	-	-	660	660
Other accrued liabilities	-	355,000	-	355,000
Total Liabilities	\$ 281,980	\$ 392,293	\$ 41,987	\$ 716,260
Net Position:				
Net investment in capital assets	\$ -	\$ -	\$ 16,341	\$ 16,341
Unrestricted	1,988,148	(10,586)	765,957	2,743,519
Total Net Position	\$ 1,988,148	\$ (10,586)	\$ 782,298	\$ 2,759,860

**Combining Statement of Revenues, Expenses, and
Changes in Net Positions - Governmental Activities
Internal Service Funds
Year Ended December 31, 2018**

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Operating Revenues				
Charges for services	\$ 3,074,406	\$ -	\$ 648,840	\$ 3,723,246
Other revenues	-	75,532	-	75,532
Total Operating Revenues	\$ 3,074,406	\$ 75,532	\$ 648,840	\$ 3,798,778
Operating Expenses				
Administration and claims	\$ 4,094,860	\$ 572,967	\$ -	\$ 4,667,827
Travel and motor vehicles	-	-	711,365	711,365
Depreciation	-	-	768	768
Total Operating Expenses	\$ 4,094,860	\$ 572,967	\$ 712,133	\$ 5,379,960
Operating income (loss)	\$ (1,020,454)	\$ (497,435)	\$ (63,293)	\$ (1,581,182)
Nonoperating Revenues				
Investment income	\$ 54,990	\$ 642	\$ 12,274	\$ 67,906
Income (loss) before transfers	\$ (965,464)	\$ (496,793)	\$ (51,019)	\$ (1,513,276)
Transfers in	\$ 68,397	\$ 229,179	\$ -	\$ 297,576
Change in Net Position	\$ (897,067)	\$ (267,614)	\$ (51,019)	\$ (1,215,700)
Total Net Position - beginning of year	2,885,215	257,028	833,317	3,975,560
Total Net Position - end of year	\$ 1,988,148	\$ (10,586)	\$ 782,298	\$ 2,759,860

Combining Statement of Cash Flows - Governmental Activities
Internal Service Funds
Year Ended December 31, 2018

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Cash Flows from Operating Activities				
Receipts from interfund service provided	\$ 3,074,942	\$ -	\$ 648,840	\$ 3,723,782
Other receipts	-	124,623	-	124,623
Payments to suppliers	(4,179,529)	(384,950)	(470,121)	(5,034,600)
Payments to employees	-	(71,806)	(200,162)	(271,968)
Payments for interfund services used	-	(17,736)	(44,328)	(62,064)
Net Cash Used in Operating Activities	\$ (1,104,587)	\$ (349,869)	\$ (65,771)	\$ (1,520,227)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	\$ 68,397	\$ 229,179	\$ -	\$ 297,576
Transfers to other funds	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	\$ 68,397	\$ 229,179	\$ -	\$ 297,576
Cash Flows from Investing Activities				
Interest received	\$ 54,990	\$ 642	\$ 12,274	\$ 67,906
Purchase of investments	(1,237,314)	-	(650,691)	(1,888,005)
Net Cash Provided by (Used in) Investing Activities	\$ (1,182,324)	\$ 642	\$ (638,417)	\$ (1,820,099)
Decrease in cash and cash equivalents	\$ (2,218,514)	\$ (120,048)	\$ (704,188)	\$ (3,042,750)
Cash and cash equivalents - beginning of year	3,238,951	470,444	861,441	4,570,836
Cash and cash equivalents - end of year	\$ 1,020,437	\$ 350,396	\$ 157,253	\$ 1,528,086

(Continued)

Combining Statement of Cash Flows - Governmental Activities
Internal Service Funds
Year Ended December 31, 2018

	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)	\$ (1,020,454)	\$ (497,435)	\$ (63,293)	\$ (1,581,182)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	768	768
(Increase) decrease in:				
Accounts receivable	536	49,091	-	49,627
Increase (decrease) in:				
Accounts payable	(84,669)	(23,689)	(3,269)	(111,627)
Accrued liabilities	-	122,164	23	122,187
Net Cash Used in Operating Activities	<u>\$ (1,104,587)</u>	<u>\$ (349,869)</u>	<u>\$ (65,771)</u>	<u>\$ (1,520,227)</u>

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES

Schedule of Capital Assets*
Capital Assets Used in Governmental Activities
December 31, 2018

Capital assets used in governmental activities:

Land	\$ 1,936,798
Improvements other than buildings	2,583,732
Buildings	5,074,036
Vehicles and equipment	7,720,649
Infrastructure	29,106,736
Construction in progress	11,299,160
Total capital assets used in governmental activities	<u>\$ 57,721,111</u>
 Investments in capital assets	 <u>\$ 57,721,111</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 position.

City of East Moline, Illinois

Schedule by Function and Activity*
 Capital Assets Used in Governmental Activities
 December 31, 2018

	Land	Improvements Other Than Buildings	Buildings
Capital assets purchased prior to May 1, 1995, except for infrastructure	\$ 1,737,595	\$ 246,673	\$ 1,249,737
Function and Activity			
General Government			
Administration	\$ 20,538	\$ 76,027	\$ 154,690
Public works	-	-	29,141
Total General Government	\$ 20,538	\$ 76,027	\$ 183,831
Public Safety			
Police	\$ -	\$ 29,553	\$ 257,842
Fire	-	-	446,520
Total Public Safety	\$ -	\$ 29,553	\$ 704,362
Public Works			
Public services	\$ 14,962	\$ 5,551	\$ 1,964,584
Sidewalk	-	-	-
Street system	95,000	30,416	-
Total Public Works	\$ 109,962	\$ 35,967	\$ 1,964,584
Recreation and Culture			
Parks and recreation	\$ -	\$ 1,712,117	\$ 125,647
Library	-	-	-
Total Recreation and Culture	\$ -	\$ 1,712,117	\$ 125,647
Economic Development	\$ 68,703	\$ 483,395	\$ 845,875
Capital assets allocated to functions	\$ 199,203	\$ 2,337,059	\$ 3,824,299
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 position.

Vehicles and Equipment	Infrastructure	Construction in Progress	Total
\$ 362,659	\$ -	\$ -	\$ 3,596,664
\$ 358,154	\$ -	\$ -	\$ 609,409
-	93,159	-	122,300
\$ 358,154	\$ 93,159	\$ -	\$ 731,709
\$ 2,330,116	\$ -	\$ -	\$ 2,617,511
2,691,374	69,627	-	3,207,521
\$ 5,021,490	\$ 69,627	\$ -	\$ 5,825,032
\$ 1,477,354	\$ -	\$ -	\$ 3,462,451
-	12,528	-	12,528
3,561	28,315,021	685,217	29,129,215
\$ 1,480,915	\$ 28,327,549	\$ 685,217	\$ 32,604,194
\$ 457,327	\$ 616,401	\$ 196,989	\$ 3,108,481
-	-	-	-
\$ 457,327	\$ 616,401	\$ 196,989	\$ 3,108,481
\$ 40,104	\$ -	\$ 10,416,954	\$ 11,855,031
\$ 7,357,990	\$ 29,106,736	\$ 11,299,160	\$ 54,124,447
			<u>\$ 57,721,111</u>

City of East Moline, Illinois

Schedule of Changes by Function and Activity*
 Capital Assets Used in Governmental Activities
 December 31, 2018

Function and Activity	Improvements		
	Land	Other Than Buildings	Buildings
Balance, January 1, 2018	\$ 1,936,798	\$ 2,525,710	\$ 5,074,036
Additions			
General Government	\$ -	\$ -	\$ -
Public Safety			
Police	-	29,553	-
Fire	-	-	-
Public Works			
Street system	-	-	-
Public services	-	-	-
Economic Development	-	-	-
Recreation and Culture			
Library	-	-	-
Parks and recreation	-	28,469	-
Total Additions	\$ -	\$ 58,022	\$ -
Dispositions			
General Government	\$ -	\$ -	\$ -
Public Safety			
Police	-	-	-
Economic Development	-	-	-
Public Works			
Public services	-	-	-
Street system	-	-	-
Recreation and Culture			
Parks and recreation	-	-	-
Total Dispositions	\$ -	\$ -	\$ -
Balance, December 31, 2018	\$ 1,936,798	\$ 2,583,732	\$ 5,074,036

* 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 position.

Vehicles and Equipment	Infrastructure	Construction in Progress	Total
\$ 7,323,242	\$ 28,964,436	\$ 6,354,568	\$ 52,178,790
\$ 22,913	\$ -	\$ -	\$ 22,913
95,968	-	-	125,521
180,282	-	-	180,282
-	142,300	679,605	821,905
196,868	-	-	196,868
-	-	4,242,740	4,242,740
-	-	-	-
37,675	-	22,247	88,391
\$ 533,706	\$ 142,300	\$ 4,944,592	\$ 5,678,620
\$ 7,984	\$ -	\$ -	\$ 7,984
34,376	-	-	34,376
-	-	-	-
72,000	-	-	72,000
-	-	-	-
21,939	-	-	21,939
\$ 136,299	\$ -	\$ -	\$ 136,299
\$ 7,720,649	\$ 29,106,736	\$ 11,299,160	\$ 57,721,111

**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.	127
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).	142
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.	157
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.	166
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.	169

Financial Trends
City of East Moline, Illinois

**CITY OF EAST MOLINE, ILLINOIS
NET POSITION BY COMPONENT
LAST TEN FISCAL PERIODS
DECEMBER 31, 2018
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	**12/31/18	12/31/2017	12/31/2016	*12/31/2015
Governmental activities				
Net investment in capital assets	\$ 22,343,078	\$ 21,728,997	\$ 20,814,937	\$ 20,501,709
Restricted	2,582,964	3,141,352	1,175,299	1,623,335
Unrestricted	(75,450,758)	(34,585,628)	(20,908,656)	(9,548,943)
Total governmental activities net position	\$ (50,524,716)	\$ (9,715,279)	\$ 1,081,580	\$ 12,576,101
Business-type activities				
Net investment in capital assets	\$ 33,639,330	\$ 31,439,538	\$ 29,544,675	\$ 27,829,300
Restricted	932,549	948,749	959,366	1,147,993
Unrestricted	(10,983,582)	3,862,845	4,848,491	4,956,649
Total business-type activities net position	\$ 23,588,297	\$ 36,251,132	\$ 35,352,532	\$ 33,933,942
Primary government				
Net investment in capital assets	\$ 55,982,408	\$ 53,168,535	\$ 50,359,612	\$ 48,331,009
Restricted	3,515,513	4,090,101	2,134,665	2,771,328
Unrestricted	(86,434,340)	(30,722,783)	(16,060,165)	(4,592,294)
Total primary government net position	\$ (26,936,419)	\$ 26,535,853	\$ 36,434,112	\$ 46,510,043

Source: City records

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

**Beginning in the 2018 audit, unrestricted net position includes the total OPEB liability due to GASB 75.

12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 19,966,908	\$ 19,431,883	\$ 19,055,456	\$ 16,611,439	\$ 12,961,303	\$ 14,818,819
1,869,309	2,607,925	2,909,625	4,550,569	405,134	577,595
3,259,181	4,846,565	5,687,095	4,672,118	4,988,131	5,700,245
\$ 25,095,398	\$ 26,886,373	\$ 27,652,176	\$ 25,834,126	\$ 18,354,568	\$ 21,096,659
\$ 26,729,014	\$ 24,818,039	\$ 22,455,852	\$ 21,364,312	\$ 17,103,618	\$ 15,752,286
898,817	1,021,689	1,146,806	1,162,505	1,627,169	6,069,448
4,194,937	5,179,616	7,826,996	6,270,321	7,565,743	(425,620)
\$ 31,822,768	\$ 31,019,344	\$ 31,429,654	\$ 28,797,138	\$ 26,296,530	\$ 21,396,114
\$ 46,695,922	\$ 44,249,922	\$ 41,511,308	\$ 37,975,751	\$ 30,064,921	\$ 30,571,105
2,768,126	3,629,614	4,056,431	5,713,074	2,032,303	6,647,043
7,454,118	10,026,181	13,514,091	10,942,439	12,553,874	5,274,625
\$ 56,918,166	\$ 57,905,717	\$ 59,081,830	\$ 54,631,264	\$ 44,651,098	\$ 42,492,773

**CITY OF EAST MOLINE, ILLINOIS
 CHANGES IN NET POSITION
 LAST TEN FISCAL PERIODS
 DECEMBER 31, 2018
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Primary Government Expenses				
Governmental activities:				
General government	\$ 686,037	\$ 806,655	\$ 909,755	\$ 886,462
Public safety	9,516,861	20,009,384	21,432,153	13,411,208
Public works	4,046,902	4,905,780	4,171,860	3,818,995
Recreation and culture	943,627	1,228,443	1,013,102	1,040,607
Economic development	924,818	1,025,532	326,676	1,401,683
Interest on long-term debt	396,208	201,980	149,763	183,287
Total governmental activities expenses	\$ 16,514,453	\$ 28,177,774	\$ 28,003,309	\$ 20,742,242
Business-type activities:				
Water treatment	\$ 4,369,786	\$ 5,255,558	\$ 4,849,171	\$ 4,577,455
Wastewater treatment	4,550,075	5,973,296	5,715,340	5,961,598
Drainage	934,653	761,413	735,345	710,247
Development loans	23,844	14,800	192,000	3,100
Total business-type activities expenses	\$ 9,878,358	\$ 12,005,067	\$ 11,491,856	\$ 11,252,400
Total primary government expenses	\$ 26,392,811	\$ 40,182,841	\$ 39,495,165	\$ 31,994,642
Primary Government Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 393,296	\$ 287,693	\$ 341,285	\$ 272,521
Public safety	744,986	756,164	608,111	715,029
Public works	1,469,273	1,083,135	1,323,688	1,264,247
Recreation and culture	659,094	637,283	570,268	552,641
Economic development	2,092	12,346	6,477	14,307
Operating grants and contributions	79,810	543,341	29,830	56,254
Capital grants and contributions	457,544	-	88,951	627,466
Total governmental activities program revenue	\$ 3,806,095	\$ 3,319,962	\$ 2,968,610	\$ 3,502,465
Business-type activities:				
Charges for services:				
Water treatment	\$ 5,481,146	\$ 5,259,625	\$ 5,437,421	\$ 5,023,839
Wastewater Treatment	6,509,594	6,419,919	6,045,503	5,762,049
Drainage	907,045	813,092	859,983	870,150
Development loans	916	1,007	1,747	1,839
Operating grants and contributions	-	-	-	250,000
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	\$ 12,898,701	\$ 12,493,643	\$ 12,344,654	\$ 11,907,877
Total primary government program revenues	\$ 16,704,796	\$ 15,813,605	\$ 15,313,264	\$ 15,410,342

12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 875,915	\$ 330,772	\$ 704,666	\$ 1,005,490	\$ 961,755	\$ 757,643
12,102,123	8,079,083	10,345,647	10,283,348	10,567,621	8,930,733
4,127,004	2,755,853	3,752,338	3,316,560	3,637,249	3,538,665
992,293	743,078	1,613,717	1,559,238	1,731,393	1,667,605
374,145	525,324	479,794	737,784	868,242	1,402,932
214,882	162,611	263,041	336,647	392,628	460,095
<u>\$ 18,686,362</u>	<u>\$ 12,596,721</u>	<u>\$ 17,159,203</u>	<u>\$ 17,239,067</u>	<u>\$ 18,158,888</u>	<u>\$ 16,757,673</u>
\$ 4,519,641	\$ 3,321,362	\$ 4,806,188	\$ 4,889,671	\$ 4,823,255	\$ 5,644,247
5,556,400	3,984,347	5,073,341	5,204,720	4,766,973	5,951,060
716,419	459,268	706,973	694,496	900,444	-
134,423	134	20,200	4,306	5,124	14,635
<u>\$ 10,926,883</u>	<u>\$ 7,765,111</u>	<u>\$ 10,606,702</u>	<u>\$ 10,793,193</u>	<u>\$ 10,495,796</u>	<u>\$ 11,609,942</u>
<u>\$ 29,613,245</u>	<u>\$ 20,361,832</u>	<u>\$ 27,765,905</u>	<u>\$ 28,032,260</u>	<u>\$ 28,654,684</u>	<u>\$ 28,367,615</u>
\$ 273,511	\$ 255,755	\$ 270,404	\$ 301,063	\$ 540,348	\$ 220,312
783,439	449,035	757,901	969,120	1,361,422	549,713
1,442,051	947,154	1,368,281	5,047,051	1,315,632	1,454,094
534,728	394,042	680,590	600,108	597,147	598,415
938	938	34,319	43,088	-	58,489
58,338	131,994	157,258	218,705	130,773	388,714
163,077	133,209	1,689,279	3,951,882	549,711	498,815
<u>\$ 3,256,082</u>	<u>\$ 2,312,127</u>	<u>\$ 4,958,032</u>	<u>\$ 11,131,017</u>	<u>\$ 4,495,033</u>	<u>\$ 3,768,552</u>
\$ 4,937,661	\$ 3,238,233	\$ 4,875,257	\$ 4,615,887	\$ 4,640,258	\$ 3,988,183
5,617,043	3,691,785	5,558,488	5,618,251	5,582,391	6,069,786
897,123	599,505	898,294	885,943	750,581	-
11,066	915	4,369	2,580	3,138	4,738
-	-	-	-	33,679	244,198
-	48,330	1,504,657	2,189,511	681,871	-
<u>\$ 11,462,893</u>	<u>\$ 7,578,768</u>	<u>\$ 12,841,065</u>	<u>\$ 13,312,172</u>	<u>\$ 11,691,918</u>	<u>\$ 10,306,905</u>
<u>\$ 14,718,975</u>	<u>\$ 9,890,895</u>	<u>\$ 17,799,097</u>	<u>\$ 24,443,189</u>	<u>\$ 16,186,951</u>	<u>\$ 14,075,457</u>

**CITY OF EAST MOLINE, ILLINOIS
 CHANGES IN NET POSITION
 LAST TEN FISCAL PERIODS
 DECEMBER 31, 2018
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Primary government net expense				
Governmental activities	\$ (12,708,358)	\$ (24,857,812)	\$ (25,034,699)	\$ (17,239,777)
Business-type activities	3,020,343	488,576	852,798	655,477
Total primary government net expense	\$ (9,688,015)	\$ (24,369,236)	\$ (24,181,901)	\$ (16,584,300)
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property taxes	\$ 6,404,231	\$ 6,399,440	\$ 6,093,364	\$ 6,082,899
Replacement taxes	-	-	-	-
Utilities taxes	1,310,802	1,254,601	1,312,788	1,427,702
Sales taxes	-	-	-	-
State income taxes	-	-	-	-
Admission taxes	3,287	2,633	1,837	3,720
Non-home rule sales tax	490,736	406,111	448,807	464,744
Intergovernmental	6,194,936	6,241,587	6,189,243	6,096,949
Investment earnings	122,547	152,314	36,998	19,374
Gain on sale of capital assets	3,224	-	14,597	6,920
Transfers	(32,512)	(395,733)	(557,456)	(306,765)
Total governmental activities	\$ 14,497,251	\$ 14,060,953	\$ 13,540,178	\$ 13,795,543
Business-type activities:				
Investment earnings	\$ 41,778	\$ 14,291	\$ 8,336	\$ 6,773
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	32,512	395,733	557,456	306,765
Total business-type activities	\$ 74,290	\$ 410,024	\$ 565,792	\$ 313,538
Total primary government	\$ 14,571,541	\$ 14,470,977	\$ 14,105,970	\$ 14,109,081
Changes in net position				
Governmental activities	\$ 1,788,893	\$ (10,796,859)	\$ (11,494,521)	\$ (3,444,234)
Business-type activities	3,094,633	898,600	1,418,590	969,015
Total primary government	\$ 4,883,526	\$ (9,898,259)	\$ (10,075,931)	\$ (2,475,219)

Source: City records

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

12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ (15,430,280)	\$ (10,284,594)	\$ (12,201,171)	\$ (6,108,050)	\$ (13,663,855)	\$ (12,989,121)
536,010	(186,343)	2,234,363	2,518,979	1,196,122	(1,303,037)
\$ (14,894,270)	\$ (10,470,937)	\$ (9,966,808)	\$ (3,589,071)	\$ (12,467,733)	\$ (14,292,158)
\$ 5,981,170	\$ 6,120,224	\$ 6,703,171	\$ 6,238,391	\$ 6,001,373	\$ 5,654,321
-	-	-	1,319,131	1,465,931	1,174,524
1,678,085	979,663	1,583,274	1,379,783	1,453,284	1,463,396
-	-	-	2,600,484	2,563,488	2,394,654
-	-	-	2,250,965	1,658,481	1,652,905
3,326	2,241	1,357	2,281	2,127	777
482,759	318,881	464,784	-	-	-
5,728,763	3,474,643	5,603,973	-	-	-
12,167	14,806	15,921	36,407	80,845	125,319
12,779	10,434	38,598	-	17,540	13,000
(259,744)	(37,241)	(391,857)	27,702	220	(178,806)
\$ 13,639,305	\$ 10,883,651	\$ 14,019,221	\$ 13,855,144	\$ 13,243,289	\$ 12,300,090
\$ 7,670	\$ 3,462	\$ 5,255	\$ 8,666	\$ 34,211	\$ 99,730
-	2,126	1,041	665	-	12,936
-	-	-	-	-	-
259,744	37,241	391,857	(27,702)	(220)	178,806
\$ 267,414	\$ 42,829	\$ 398,153	\$ (18,371)	\$ 33,991	\$ 291,472
\$ 13,906,719	\$ 10,926,480	\$ 14,417,374	\$ 13,836,773	\$ 13,277,280	\$ 12,591,562
\$ (1,790,975)	\$ 599,057	\$ 1,818,050	\$ 7,747,094	\$ (420,566)	\$ (689,031)
803,424	(143,514)	2,632,516	2,500,608	1,230,113	(1,011,565)
\$ (987,551)	\$ 455,543	\$ 4,450,566	\$ 10,247,702	\$ 809,547	\$ (1,700,596)

**CITY OF EAST MOLINE, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL PERIODS
 DECEMBER 31, 2018
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	12/31/18	12/31/2017	12/31/2016	12/31/2015
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	808,444	814,778	863,630	877,412
Restricted	724,003	641,374	866,831	908,877
Committed	-	-	-	-
Assigned	2,346,213	2,478,395	2,767,311	3,128,021
Unassigned	2,378,310	2,572,052	3,241,344	3,227,237
Total general fund	\$ 6,256,970	\$ 6,506,599	\$ 7,739,116	\$ 8,141,547
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	-	505,895	505,895
Restricted	1,858,961	2,499,978	2,874,820	2,542,459
Committed	-	-	-	-
Assigned	932,123	967,908	798,564	676,354
Unassigned	(7,001,257)	(6,658,975)	(5,977,630)	(5,682,508)
Total all other governmental funds	\$ (4,210,173)	\$ (3,191,089)	\$ (1,798,351)	\$ (1,957,800)

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

Source: City records

12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ -	\$ -	\$ -	\$ -	\$ 692,771	\$ 692,771
-	-	-	-	3,434,733	3,777,956
891,126	881,412	692,771	692,771	-	-
844,350	1,064,635	714,072	618,512	-	-
-	-	-	-	-	-
3,137,343	2,944,091	3,570,434	3,414,016	-	-
2,876,320	2,328,356	1,020,935	134,839	-	-
<u>\$ 7,749,139</u>	<u>\$ 7,218,494</u>	<u>\$ 5,998,212</u>	<u>\$ 4,860,138</u>	<u>\$ 4,127,504</u>	<u>\$ 4,470,727</u>
\$ -	\$ -	\$ -	\$ -	\$ 843,719	\$ 1,016,180
-	-	-	-	124,196	(1,324,647)
-	-	-	-	(473,742)	(422,814)
-	-	-	-	-	-
505,895	505,895	740,759	813,677	-	-
3,666,636	3,930,304	4,048,026	5,013,092	-	-
-	-	-	-	-	-
598,921	467,591	1,225,564	1,352,459	-	-
(5,352,679)	(4,969,832)	(5,321,212)	(5,090,563)	-	-
<u>\$ (581,227)</u>	<u>\$ (66,042)</u>	<u>\$ 693,137</u>	<u>\$ 2,088,665</u>	<u>\$ 494,173</u>	<u>\$ (731,281)</u>

**CITY OF EAST MOLINE, ILLINOIS
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL PERIODS
 DECEMBER 31, 2018
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Revenues				
Taxes	\$ 8,208,488	\$ 8,093,892	\$ 7,868,064	\$ 7,975,383
Licenses, permits, and fees	416,248	448,816	252,745	344,567
Intergovernmental	7,075,511	6,960,681	6,960,627	6,790,177
Charges for services and rents	1,591,147	1,472,646	1,517,749	1,441,583
Special assessments	-	-	-	-
Investment income	122,547	92,174	36,998	19,374
Fines	189,763	148,189	195,717	198,779
Grants	79,810	81,416	125,735	676,766
Miscellaneous	168,549	625,554	125,589	104,208
Total revenues	\$ 17,852,063	\$ 17,923,368	\$ 17,083,224	\$ 17,550,837
Expenditures				
Current:				
General government	\$ 606,719	\$ 508,268	\$ 503,795	\$ 462,231
Public safety	10,886,157	11,114,849	9,947,620	9,824,067
Public works	3,401,342	2,706,207	3,275,175	2,957,041
Recreation and culture	1,009,633	784,059	789,549	807,894
Economic development	915,226	1,015,941	312,709	1,387,716
Capital Expenditures	5,221,076	8,641,220	933,847	1,241,577
Debt Service:				
Principal	707,667	693,908	752,515	1,052,984
Interest	388,597	192,297	146,821	178,658
Bond Issuance costs	-	-	-	-
Total expenditures	\$ 23,136,417	\$ 25,656,749	\$ 16,662,031	\$ 17,912,168
Excess of revenues over (under) expenditures	\$ (5,284,354)	\$ (7,733,381)	\$ 421,193	\$ (361,331)
Other financing sources (uses)				
Issuance of long-term debt	\$ 4,321,928	\$ 5,923,567	\$ -	\$ -
Bond discount	-	-	-	-
Bond premium	-	-	-	-
Issuance of loan payable	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Sale of property	23,801	5,206	14,597	6,920
Transfers in	305,868	263,220	422,129	347,600
Transfers out	(635,956)	(1,083,867)	(1,100,901)	(977,354)
Total other financing sources (uses)	\$ 4,015,641	\$ 5,108,126	\$ (664,175)	\$ (622,834)
Net change in fund balances	\$ (1,268,713)	\$ (2,625,255)	\$ (242,982)	\$ (984,165)
Debt service as a percentage of noncapital expenditures	6.12%	4.97%	5.72%	7.39%

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

Source: City records

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

12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 8,150,925	\$ 7,419,609	\$ 8,745,507	\$ 13,356,551	\$ 13,144,684	\$ 12,340,577
375,847	287,889	432,455	440,898	772,657	750,189
6,649,790	4,220,197	6,527,287	4,562,000	701,894	606,311
1,392,363	959,226	1,360,814	1,319,235	1,165,324	1,118,180
286	1,974	2,388	3,427	5,684	479
12,167	14,806	15,921	36,407	80,845	125,319
234,331	148,453	276,738	436,303	1,091,438	268,658
221,415	265,203	1,898,249	742,726	680,484	887,529
110,097	68,722	181,956	184,067	77,552	137,206
<u>\$ 17,147,221</u>	<u>\$ 13,386,079</u>	<u>\$ 19,441,315</u>	<u>\$ 21,081,614</u>	<u>\$ 17,720,562</u>	<u>\$ 16,234,448</u>
\$ 467,770	\$ 297,863	\$ 461,242	\$ 514,734	\$ 501,022	\$ 515,366
9,551,693	6,320,737	9,546,615	9,205,983	9,162,524	8,004,691
3,284,184	2,235,478	3,041,223	2,631,800	2,661,563	2,735,358
766,305	585,791	1,413,315	1,355,835	1,500,071	1,479,473
360,178	516,013	465,827	723,817	851,991	1,392,640
644,550	1,245,784	2,850,296	970,125	1,095,980	967,314
1,276,297	481,329	1,166,380	1,068,210	951,000	879,001
209,645	139,586	256,899	328,056	390,963	459,607
-	-	-	45,003	81,727	-
<u>\$ 16,560,622</u>	<u>\$ 11,822,581</u>	<u>\$ 19,201,797</u>	<u>\$ 16,843,563</u>	<u>\$ 17,196,841</u>	<u>\$ 16,433,450</u>
\$ 586,599	\$ 1,563,498	\$ 239,518	\$ 4,238,051	\$ 523,721	\$ (199,002)
\$ -	\$ -	\$ -	\$ 2,469,000	\$ 5,345,000	\$ -
-	-	-	(9,405)	(29,380)	-
-	-	-	1,363	-	-
-	186,732	-	183,713	-	-
-	-	-	(2,415,955)	(5,252,151)	-
13,217	26,843	296,098	34,717	17,540	13,000
482,217	540,931	321,706	1,156,421	2,701,242	1,297,278
(1,066,573)	(958,974)	(1,114,775)	(1,957,979)	(2,423,741)	(2,261,124)
<u>\$ (571,139)</u>	<u>\$ (204,468)</u>	<u>\$ (496,971)</u>	<u>\$ (538,125)</u>	<u>\$ 358,510</u>	<u>\$ (950,846)</u>
\$ 15,460	\$ 1,359,030	\$ (257,453)	\$ 3,699,926	\$ 882,231	\$ (1,149,848)
9.34%	5.87%	8.70%	8.80%	8.20%	8.66%

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

POLICE PENSION FUND	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Additions				
Employer contributions	\$ 1,141,908	\$ 957,699	\$ 704,267	\$ 897,039
Member contributions	262,327	263,513	253,760	249,771
Investment income (net of expenses)	(935,213)	2,072,605	1,527,456	(308,874)
Total Addition To Plan Net Position	\$ 469,022	\$ 3,293,817	\$ 2,485,483	\$ 837,936
Deductions				
Benefit Payments	\$ 1,974,912	\$ 1,816,592	\$ 1,703,435	\$ 1,714,966
Administrative expenses	53,493	30,461	22,962	64,372
Total Deductions From Plan Net Position	\$ 2,028,405	\$ 1,847,053	\$ 1,726,397	\$ 1,779,338
Change in Net Position	\$ (1,559,383)	\$ 1,446,764	\$ 759,086	\$ (941,402)

FIREFIGHTERS' PENSION FUND	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Additions				
Employer contributions	\$ 906,371	\$ 872,185	\$ 487,531	\$ 634,464
Member contributions	250,402	247,170	241,344	237,806
Investment income (net of expenses)	(1,429,695)	2,562,212	1,785,271	(644,585)
Total Addition To Plan Net Position	\$ (272,922)	\$ 3,681,567	\$ 2,514,146	\$ 227,685
Deductions				
Benefit Payments	\$ 1,800,022	\$ 1,698,288	\$ 1,663,308	\$ 1,558,304
Administrative expenses	30,857	36,929	22,273	32,130
Total Deductions From Plan Net Position	\$ 1,830,879	\$ 1,735,217	\$ 1,685,581	\$ 1,590,434
Change in Net Position	\$ (2,103,801)	\$ 1,946,350	\$ 828,565	\$ (1,362,749)

Source: City records

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

12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 782,786	\$ 629,991	\$ 836,859	\$ 878,524	\$ 709,342	\$ 548,793
261,574	161,549	298,877	254,502	250,706	256,666
652,647	1,435,913	1,464,910	(2,711)	1,601,330	2,086,650
\$ 1,697,007	\$ 2,227,453	\$ 2,600,646	\$ 1,130,315	\$ 2,561,378	\$ 2,892,109
\$ 1,477,589	\$ 963,038	\$ 1,401,753	\$ 1,356,001	\$ 1,326,066	\$ 1,267,116
24,221	4,746	29,156	9,036	5,522	24,231
\$ 1,501,810	\$ 967,784	\$ 1,430,909	\$ 1,365,037	\$ 1,331,588	\$ 1,291,347
\$ 195,197	\$ 1,259,669	\$ 1,169,737	\$ (234,722)	\$ 1,229,790	\$ 1,600,762

12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 679,363	\$ 567,522	\$ 960,775	\$ 535,376	\$ 434,973	\$ 379,195
242,314	148,555	214,051	207,088	208,797	191,354
717,379	1,761,668	1,906,230	(29,352)	1,831,268	2,793,317
\$ 1,639,056	\$ 2,477,745	\$ 3,081,056	\$ 713,112	\$ 2,475,038	\$ 3,363,866
\$ 1,503,645	\$ 978,147	\$ 1,477,768	\$ 1,365,315	\$ 1,323,098	\$ 1,283,997
39,533	28,060	28,529	24,955	22,409	51,164
\$ 1,543,178	\$ 1,006,207	\$ 1,506,297	\$ 1,390,270	\$ 1,345,507	\$ 1,335,161
\$ 95,878	\$ 1,471,538	\$ 1,574,759	\$ (677,158)	\$ 1,129,531	\$ 2,028,705

**CITY OF EAST MOLINE, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2018
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Function / Program	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Governmental activities:				
Charges for services				
General government	\$ 393,296	\$ 287,693	\$ 341,285	\$ 272,521
Public safety	744,986	756,164	608,111	715,029
Public works	1,469,273	1,083,135	1,323,688	1,264,247
Recreation and culture	659,094	637,283	570,268	552,641
Economic development	2,092	12,346	6,477	14,307
Operating grants and contributions	79,810	543,341	29,830	56,254
Capital grants and contributions	457,544	-	88,951	627,466
Total governmental activities	\$ 3,806,095	\$ 3,319,962	\$ 2,968,610	\$ 3,502,465
Business-type activities:				
Charges for services				
Water treatment	\$ 5,481,146	\$ 5,259,625	\$ 5,437,421	\$ 5,023,839
Wastewater treatment	6,509,594	6,419,919	6,045,503	5,762,049
Drainage	907,045	813,092	859,983	870,150
Development loans	916	1,007	1,747	1,839
Operating grants and contributions	-	-	-	250,000
Capital grants and contributions	-	-	-	-
Total business-type activities	\$ 12,898,701	\$ 12,493,643	\$ 12,344,654	\$ 11,907,877
Total government	\$ 16,704,796	\$ 15,813,605	\$ 15,313,264	\$ 15,410,342

Source: City records

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

12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 273,511	\$ 255,755	\$ 270,404	\$ 301,063	\$ 540,348	\$ 220,312
783,439	449,035	757,901	969,120	1,361,422	549,713
1,442,051	947,154	1,368,281	5,047,051	1,315,632	1,454,094
534,728	394,042	680,590	600,108	597,147	598,415
938	938	34,319	43,088	-	58,489
58,338	131,994	157,258	218,705	130,773	388,714
163,077	133,209	1,689,279	3,951,882	549,711	498,815
<u>\$ 3,256,082</u>	<u>\$ 2,312,127</u>	<u>\$ 4,958,032</u>	<u>\$ 11,131,017</u>	<u>\$ 4,495,033</u>	<u>\$ 3,768,552</u>
\$ 4,937,661	\$ 3,238,233	\$ 4,875,257	\$ 4,615,887	\$ 4,640,258	\$ 3,988,183
5,617,043	3,691,785	5,558,488	5,618,251	5,582,391	6,069,786
897,123	599,505	898,294	885,943	750,581	-
11,066	915	4,369	2,580	3,138	4,738
-	-	-	-	33,679	244,198
-	48,330	1,504,657	2,189,511	681,871	-
<u>\$ 11,462,893</u>	<u>\$ 7,578,768</u>	<u>\$ 12,841,065</u>	<u>\$ 13,312,172</u>	<u>\$ 11,691,918</u>	<u>\$ 10,306,905</u>
<u>\$ 14,718,975</u>	<u>\$ 9,890,895</u>	<u>\$ 17,799,097</u>	<u>\$ 24,443,189</u>	<u>\$ 16,186,951</u>	<u>\$ 14,075,457</u>

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

Fiscal Period Ended	Property Tax	Replacement Tax	Sales Tax	Income Tax	Utility Tax	Other Taxes	Total
12/31/2018	\$ 6,404,231	\$ 1,221,600	\$ 3,123,988	\$ 2,054,872	\$ 1,312,343	\$ 189,298	\$14,306,332
12/31/2017	6,399,440	1,440,338	2,745,088	2,118,448	1,284,618	167,977	14,155,909
12/31/2016	6,093,364	1,294,669	2,940,947	2,073,623	1,322,688	114,068	13,839,359
12/31/2015	6,082,899	1,262,315	2,928,668	2,266,601	1,423,426	72,043	14,035,952
12/31/2014	5,981,170	1,315,482	2,787,056	2,039,535	1,684,777	70,952	13,878,972
12/31/2013	6,120,224	726,784	1,840,320	1,346,281	979,787	36,250	11,049,646
4/30/2013	6,703,171	1,346,648	2,698,480	2,015,539	1,583,274	9,447	14,356,559
4/30/2012	6,238,391	1,319,131	2,616,861	1,798,955	1,380,932	2,281	13,356,551
4/30/2011	6,001,373	1,465,931	2,563,488	1,658,481	1,453,284	2,127	13,144,684
4/30/2010	5,654,321	1,174,524	2,394,654	1,652,905	1,463,396	777	12,340,577
Change 2010 to 2018	13%	4%	30%	24%	-10%	243%	16%

Source: City records

**Revenue Capacity
City of East Moline, Illinois**

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

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railway Property	Assessed Value
2018	\$178,206,793	\$ 61,797,893	\$ 33,688,911	\$ 1,215,460	\$ 2,051,556	\$276,960,613
2017	175,639,883	62,512,971	33,093,499	1,151,689	1,916,405	274,314,447
2016	170,867,462	56,424,063	30,961,629	1,103,571	1,716,691	261,073,416
2015	163,890,516	55,898,322	32,092,812	1,359,994	1,512,642	254,754,286
2014	164,840,755	56,528,864	28,881,127	2,791,761	1,454,814	254,497,321
2013	165,633,048	56,826,576	28,749,165	941,578	1,420,276	253,570,643
2012	170,943,245	57,206,387	28,439,176	850,960	1,281,754	258,721,522
2011	174,538,404	59,337,143	28,987,619	806,216	1,191,930	264,861,312
2010	176,726,393	56,669,850	29,173,316	803,217	994,237	264,367,013
2009	178,663,229	55,116,032	28,819,376	695,966	891,988	264,186,591

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

Percent Growth	Total Direct Tax Rate	Estimated Actual Value	Percentage of Actual Value
1.0%	2.3168	\$830,881,839	33.3%
5.1%	2.2556	822,943,341	33.3%
2.5%	2.1936	783,220,248	33.3%
0.1%	2.1826	764,262,858	33.3%
0.4%	2.1550	763,491,963	33.3%
-2.0%	2.1260	760,711,929	33.3%
-2.3%	2.1150	776,164,566	33.3%
0.2%	2.1118	794,583,936	33.3%
0.1%	1.9290	793,101,039	33.3%
2.4%	1.8448	792,559,773	33.3%

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

City Direct Rates

Tax Collection Year	Basic Tax Rate	TIF Bonds**	Enterprise Bonds**	MFT Bonds**	Total Direct	Rock Island County	RI County Forest Preserve
12/31/2018	2.2556	0.8454	5.1253	-	8.2263	0.4397	0.2741
12/31/2017	2.1936	1.0353	5.6738	-	8.9027	0.5330	0.2759
12/31/2016	2.1826	1.2717	6.5042	-	9.9585	0.6717	0.1404
12/31/2015	2.1550	1.5348	7.2018	-	10.8916	0.7632	0.1418
12/31/2014	2.1260	1.8161	7.7446	-	11.6867	0.8527	0.1526
12/31/2013	2.1150	2.0763	8.2320	0.1065	12.5298	0.9252	0.1603
4/30/2013	2.1150	2.1355	8.1117	0.1044	12.4666	0.9900	0.1661
4/30/2012	2.1118	2.3302	8.3687	0.2013	13.0120	1.0236	0.1715
4/30/2011	1.9290	2.5438	9.6764	0.3001	14.4493	1.2193	0.1955
4/30/2010	1.8448	2.6714	9.2755	0.3901	14.1818	0.3838	0.2687

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

Overlapping Rates

School District Tax Rate

	QC Mass Transit	QC Metro Airport	United Township High School	Silvis Elementary	East Moline Elementary	Hampton Elementary	Carbon Cliff	Black Hawk College
0.5274	0.3051	0.0001	1.5337	0.2650	5.6047	0.0004	0.0014	1.0102
0.6982	0.3443	0.8924	0.1928	0.2838	6.2080	0.0004	0.0026	1.2554
0.8970	0.3950	0.9872	0.4059	0.3136	7.0086	0.0003	0.0039	1.4355
1.0822	0.4383	1.0625	0.6200	0.3424	4.6561	0.0002	0.0053	0.7783
1.2616	0.4855	1.1345	0.2115	0.3655	2.0976	0.0002	0.0064	0.6533
1.4197	0.5193	1.1806	0.4128	0.3814	2.1066	0.0002	0.0074	0.8055
1.5385	0.5433	1.2116	0.2911	0.3846	1.7080	0.0003	0.0077	0.9724
1.6752	0.5623	1.2354	0.3733	0.4037	1.3397	0.0003	0.0090	0.6635
1.8052	0.4547	1.3669	0.2021	0.0725	2.0404	0.0003	0.0094	0.8114
2.1482	-	1.0926	0.3950	0.0743	1.4899	0.0002	0.0097	0.3969

CITY OF EAST MOLINE, ILLINOIS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT PERIOD AND NINE YEARS
 (UNAUDITED)

Taxpayer	2018		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Deere & Company	\$ 13,909,996	1	4.98%
Fed Ex	5,300,016	2	1.90%
Genva Management Service	4,824,053	3	1.73%
Edward Rose Building Co.	3,474,055	4	1.24%
OFI Properties LLC	3,456,551	5	1.24%
VanPelt Corp	2,285,633	6	0.82%
IL Housing Authority (Blackhawk Hills)	2,157,779	7	0.77%
USGI Inc., Deerfield Woods	2,131,053	8	0.76%
Kennedy Square Properties	1,535,436	9	0.55%
Oppenheimer/Corelogic com	1,528,071	10	0.55%
Total	\$ 40,602,643		14.54%
	City's taxable EAV		\$ 279,595,682

Notes: Valuation as of January 1, 2017, for taxes collected in 2018.

Source: County records

Taxpayer	2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Deere & Company	\$ 13,327,921	1	5.25%
Fed Ex	4,953,221	2	1.95%
Genva Management Service	4,508,400	3	1.78%
Edward Rose Building Co.	3,399,529	4	1.34%
IL Housing Authority (Blackhawk Hills)	2,111,488	5	0.83%
USGI Inc., Deerfield Woods	2,085,338	6	0.82%
J. I. Case Co.	2,052,069	7	0.81%
Quad City Downs	1,738,753	8	0.68%
Moline Apartments	1,708,423	9	0.67%
Kennedy Square Properties	1,502,497	10	0.59%
	<u>\$ 37,387,639</u>		<u>14.72%</u>
City's taxable EAV	<u>\$ 253,848,827</u>		

**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
2018	\$ 6,193,386	\$ 6,139,868	99.14%	\$ -	\$ 6,139,868	99.14%
2017	5,780,181	5,750,599	99.49%	12,124	5,762,723	99.70%
2016	5,516,103	5,520,443	100.08%	10,190	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%

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	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Residential	269,421	276,072	281,544	303,681	314,653
Industrial	858,195	568,552	565,925	582,360	650,303
Commercial	122,955	116,588	119,363	103,803	80,037
Total	1,250,571	961,212	966,832	989,844	1,044,993
Total Direct Rate per 1,000 Gallons	\$ 9.79	\$ 9.29	\$ 9.26	\$ 8.09	\$ 7.74

Source: City Department of Finance Office

12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
230,311	341,588	335,229	333,387	357,030
473,554	694,425	694,947	776,994	733,363
106,966	133,688	120,575	126,308	122,316
810,831	1,169,701	1,150,751	1,236,689	1,212,709

\$ 7.51 \$ 7.15 \$ 6.75 \$ 6.36 \$ 5.84

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

Type of Customer	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Residential	270,968	277,592	283,170	305,190	316,179
Industrial	730,459	699,897	644,137	682,131	727,497
Commercial	127,675	121,784	122,823	108,657	84,828
Total	1,129,102	1,099,273	1,050,130	1,095,978	1,128,504

Total Direct Rate per 1,000 Gallons \$ 6.95 \$ 6.75 \$ 6.42 \$ 5.96 \$ 6.20

Source: City Department of Finance Office

12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
231,438	343,239	337,099	329,064	381,445
527,282	770,355	1,142,515	648,689	737,133
108,784	137,372	124,025	115,703	122,203
867,504	1,250,966	1,603,639	1,093,456	1,240,781

\$ 6.02 \$ 5.84 \$ 5.67 \$ 5.51 \$ 5.51

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

Fiscal Year	Water		Sewer	
	Monthly Base Cost	Rate Per 1,000 Gallons	Monthly Base Cost	Rate Per 1,000 Gallons
12/31/2018	\$ 17.46	\$ 9.79	\$ 13.13	\$ 6.95
12/31/2017	16.72	9.29	12.83	6.75
12/31/2016	16.68	9.26	12.33	6.42
12/31/2015	14.92	8.09	11.65	5.96
12/31/2014	14.40	7.74	12.01	6.20
12/31/2013	14.06	7.51	11.73	6.02
4/30/2013	13.52	7.15	11.47	5.84
4/30/2012	12.92	6.75	11.21	5.67
4/30/2011	12.34	6.36	10.97	5.51
4/30/2010	11.55	5.84	10.97	5.51

Source: City Department of Finance Office

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

	2018	2017	2016	2015	2014
General Merchandise	\$ 30,275	\$ 28,934	\$ 26,361	\$ 28,203	\$ 28,166
Food	285,115	270,235	263,477	281,216	322,958
Drinking and Eating	235,576	234,266	231,918	236,215	226,276
Apparel	1,076	-	-	-	-
Furniture, Household	11,521	5,620	6,571	7,413	7,463
Lumber, Building, and Hardware	51,805	44,114	44,110	41,819	55,016
Automotive and Gasoline	788,290	834,275	836,805	802,406	717,379
Drugs and other retail	360,647	477,598	371,670	350,246	297,528
Agriculture and Extractive	227,527	175,214	161,149	183,827	195,068
Manufacturers	16,802	(171,389)	27,234	38,052	44,241
Totals	\$ 2,008,634	\$ 1,898,867	\$ 1,969,295	\$ 1,969,397	\$ 1,894,095
City Direct Sales Tax Rate	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

	2013	2012	2011	2010	2009
\$	24,658	\$ 25,585	\$ 24,191	\$ 19,843	\$ 19,892
	324,725	328,043	319,724	327,654	309,259
	223,377	224,874	210,452	212,648	204,414
	-	-	-	1,503	-
	8,227	5,953	10,067	10,574	9,585
	48,072	44,351	32,124	38,114	33,111
	733,015	736,024	699,612	706,266	686,586
	293,707	275,547	279,056	283,720	313,001
	159,033	155,998	189,058	166,127	161,807
	50,897	44,619	62,894	25,288	21,982
\$	1,865,711	\$ 1,840,994	\$ 1,827,178	\$ 1,791,737	\$ 1,759,637
	1.00%	1.00%	1.00%	1.00%	1.00%

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

Fiscal Period Ended	City Rate	County Rate	State Rate	Total Sales Tax Rate
12/31/2018	1.50%	1.25%	5.00%	7.75%
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%

Source: City Department of Finance Office

**Debt Capacity
City of East Moline, Illinois**

**CITY OF EAST MOLINE, ILLINOIS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Governmental Activities

Fiscal Period Ended	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 and Notes Payable
12/31/2018	\$ -	0.00%	\$ -	\$ 469,978	\$ 2,320,602	\$ -	\$ 10,073,650
12/31/2017	-	0.00%	-	557,173	2,833,147	-	5,856,389
12/31/2016	-	0.00%	-	644,020	3,292,039	-	58,730
12/31/2015	-	0.00%	-	728,953	3,872,739	-	135,245
12/31/2014	200,000	0.03%	9.35	811,804	4,557,129	-	209,229
12/31/2013	390,000	0.05%	18.26	894,581	5,204,560	269,955	281,525
4/30/2013	575,000	0.07%	26.92	893,953	5,456,389	269,909	131,123
4/30/2012	755,000	0.10%	35.28	984,000	6,135,000	530,000	165,503
4/30/2011	925,000	0.12%	43.23	1,032,000	6,655,000	785,000	-
4/30/2010	1,090,000	0.14%	51.17	1,098,000	6,985,000	1,020,000	-

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

Business-Type Activities

Water Bonds	Sewer Bonds	Debt Certificates	Leases and Notes Payable	Primary Government	Percent of Personal Income ***	Per Capita
\$ 7,023,781	\$ 11,613,443	\$ 974,810	\$ 66,536	\$ 32,542,800	N/A	\$ 1,541.66
7,745,365	12,587,804	1,080,906	88,287	30,749,071	N/A	1,454.88
8,335,810	13,388,345	1,240,551	-	26,959,495	N/A	1,258.50
9,011,734	14,306,553	265,007	34,578	28,354,809	N/A	1,325.11
9,688,293	15,146,864	464,860	68,098	31,146,277	N/A	1,455.57
10,314,339	9,708,110	658,041	6,317,275	34,038,386	N/A	1,593.56
10,428,367	9,712,385	751,983	6,493,320	34,712,429	N/A	1,625.11
11,060,769	10,182,512	2,164,985	5,772,869	37,750,638	N/A	1,764.21
6,641,736	11,174,764	8,501,964	2,044,808	37,760,272	N/A	1,764.91
9,388,500	4,823,500	8,942,630	-	33,347,630	N/A	1,565.46

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

Governmental Unit	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	3,010,000	24.27%	730,527
School District No. 36	185,000	2.04%	3,774
School District No. 37	23,200,000	66.59%	15,448,880
U.T.H.S. District No. 30	8,045,000	52.55%	4,227,648
Black Hawk College District No. 503	42,190,000	6.60%	2,784,540
Other than Schools			
Rock Island County (3)	12,205,000	9.93%	1,211,957
Rock Island Forest Preserve	7,610,000	9.93%	755,673
Genesis Medical Center (Illini Hospital)	2,610,000	55.70%	1,453,770
Metropolitan Mass Transit District	5,645,000	14.90%	841,105
Metropolitan Airport	17,375,000	13.14%	<u>2,283,075</u>
Subtotal, overlapping debt			\$ 29,742,126
City Direct Debt			<u>12,864,230</u>
Total direct and overlapping debt			<u><u>\$ 42,606,356</u></u>

Sources:

- (1) Rock Island County
- (2) Overlapping debt percentages are based on 2018 EAV
- (3) Includes bonds issued by the Public Building Commission and by the County for the Nursing Home.
- (4) As of December 31, 2018

**CITY OF EAST MOLINE, ILLINOIS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Equalized Assessed Valuation	\$ 276,960,613	\$ 274,314,447	\$ 261,073,416	\$ 254,754,286	\$ 254,497,321
State of Illinois Legal Debt Limit	8.625%	8.625%	8.625%	8.625%	8.625%
Debt Limit	23,887,853	23,659,621	22,517,582	21,972,557	21,950,394
Total Net Debt Applicable to Limit	11,114,996	7,025,582	1,299,281	434,830	942,187
Legal Debt Margin Available	12,772,857	16,634,039	21,218,301	21,537,727	21,008,207
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	46.53%	29.69%	5.77%	1.98%	4.29%

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

Source: City Department of Finance Office

12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
\$ 253,570,643	\$ 258,721,522	\$ 264,861,312	\$ 264,367,013	\$ 264,186,591
8.625%	8.625%	8.625%	8.625%	8.625%
21,870,468	22,314,731	22,844,288	22,801,655	22,786,093
1,430,160	1,590,202	2,919,985	9,405,246	10,032,630
20,440,308	20,724,529	19,924,303	13,396,409	12,753,463
6.54%	7.13%	12.78%	41.25%	44.03%

**CITY OF EAST MOLINE, ILLINOIS
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	Tax Increment Financing Funds				Water, Sewer, and Drainage Revenues
	Debt Service			Coverage	
	Property Tax Increment	Principal	Interest		
12/31/2018	\$ 791,297	\$ 515,000	\$ 364,000	0.900	\$ 12,897,785
12/31/2017	1,251,745	480,000	167,716	1.933	12,492,636
12/31/2016	1,204,885	590,000	125,012	1.685	12,342,907
12/31/2015	1,096,908	695,000	145,018	1.306	11,656,038
12/31/2014	1,057,149	660,000	162,716	1.285	11,451,827
12/31/2013	1,100,984	260,000	101,411	3.046	7,529,523
4/30/2013	1,051,184	610,000	188,648	1.316	11,332,039
4/30/2012	1,097,889	555,000	232,015	1.395	11,120,081
4/30/2011	1,065,331	480,000	274,508	1.412	10,973,230
4/30/2010	1,083,104	445,000	353,292	1.357	10,057,969

Source: City Department of Finance Office

Enterprise Fund

Less:		<u>Debt Service</u>		
Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
\$ 6,707,683	\$ 6,190,102	\$ 1,761,512	\$ 551,852	2.675
9,344,270	3,148,366	1,664,492	570,234	1.409
8,617,910	3,724,997	1,674,908	577,303	1.654
8,329,134	3,326,904	1,576,397	487,836	1.612
7,729,146	3,722,681	1,550,864	685,806	1.664
5,905,942	1,623,581	351,282	352,601	2.307
8,166,148	3,165,891	1,171,981	970,335	1.478
8,392,109	2,727,972	1,145,479	909,693	1.327
7,963,648	3,009,582	927,384	872,252	1.672
10,243,640	(185,671)	807,370	854,524	-0.112

**CITY OF EAST MOLINE, ILLINOIS
REVENUE BONDS, GENERAL OBLIGATION, AND GENERAL
OBLIGATION ALTERNATE REVENUE BONDED DEBT
(UNAUDITED)**

Year End December 31	Sources of					
	General Fund	Water - Sewer - Storm				
	Municipal Garage	Plant	Municipal Garage	Water/ Sewer Refunded	Storm Water Water Plant	
2019	\$ 90,000	\$ 135,000	\$ 135,000	\$ 650,000	\$ 121,912	
2020	92,000	140,000	138,000	655,000	122,125	
2021	94,000	140,000	141,000	675,000	122,342	
2022	96,000	140,000	144,000	700,000	122,561	
2023	100,000	560,000	150,000		122,783	
2024		580,000			123,008	
2025		605,000			123,235	
2026		625,000			123,466	
2027		655,000			123,699	
2028		680,000			123,935	
2029		715,000			124,173	
2030		745,000			124,416	
2031		775,000			19,801	
2032		810,000				
Totals	<u>\$472,000</u>	<u>\$7,305,000</u>	<u>\$708,000</u>	<u>\$2,680,000</u>	<u>\$0</u>	<u>\$1,497,456</u>

Source: City Department of Finance Office

Payment

Water Revenues			Riverfront "The Quarter"	Kennedy Drive	Riverfront "The Quarter"
Water Plant Refunded	Sewer Plant	Storm Water			
\$ 340,000	\$ 310,561	\$ 109,922	\$ 195,000	\$ 270,000	\$ 85,000
360,000	314,455	113,803	215,000	290,000	90,000
375,000	318,398	118,179	230,000	320,000	90,000
390,000	322,390	123,119		345,000	95,000
	326,433	127,083			100,000
	330,526	131,143			
	334,670	135,398			
	338,867	116,163			
	343,116				
	347,418				
	351,775				
	356,186				
	360,652				
	365,175				
<u>\$1,465,000</u>	<u>\$4,720,622</u>	<u>\$974,810</u>	<u>\$640,000</u>	<u>\$1,225,000</u>	<u>\$460,000</u>

**Demographic and Economic Information
City of East Moline, Illinois**

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

Year	Population	County Personal Income (in thousands)	County Per Capita Personal Income	County Unemployment Rate
2018	21,109	\$ 6,435,142	\$ 44,439	5.20%
2017	21,135	6,394,033	44,155	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%

N/A: Not available

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

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

Employer	2018		
	Employees	Rank	Percent
John Deere Harvester	1,300	1	13.63%
Illini Hospital	700	2	7.34%
East Moline Elementary	440	3	4.61%
East Moline Correctional	270	4	2.83%
4C Solutions	250	5	2.62%
United Township High School	230	6	2.41%
Jacobson Warehouse	200	7	2.10%
Comprehensive Logistics	200	8	2.10%
H.C. Duke & Son, Inc.	200	9	2.10%
Aramark	150	10	1.57%
Total	3,940		41.31%
Total City-Wide Employment	9,535		

Source: 2018 Illinois Manufacturers Directory
 2018 Illinois Services Directory
 Telephone Calls
 Speer Financial
 Community Analyst
 Bi-State Regional Planning Commission Records

Employer	2009		
	Employees	Rank	
John Deere Harvester	1,750	1	19.25%
Illini Hospital	800	2	8.80%
East Moline Elementary	393	3	4.32%
Standard Forwarding	300	4	3.30%
East Moline Correctional	267	5	2.94%
McLaughlin Body Co	250	6	2.75%
United Township High School	260	7	2.86%
4C Solutions	250	8	2.75%
Jacobsen Warehouse	200	9	2.20%
Aramark	175	10	1.92%
Total	<u>4,645</u>		<u>51.09%</u>
Total City-Wide Employment	<u>9,091</u>		

**Operating Information
City of East Moline, Illinois**

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

Function/Program	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
General Government					
Management Services	18	22	18	18	18
Finance	4	4	4	4	4
Development & Planning	0	0	0	0	0
Inspections	2.5	3	3	3	3
Other	5.5	5	5	5	5
Police					
Officers	37	37	37	37	37
Civilians	9	10	7	7	9
Fire					
Firefighters	36	35	34	34	35
Civilians	1	1	1	1	1
Public Works					
Garbage collection	0	0	3	3	4
Street and bridge	5	6	3	3	4
Motor pool	4	3	3	3	3
Parks and Recreation	3	3	3	3	3
Library	14	14	14	14	14
Water					
Water plant	9	10	9	9	9
Water distribution	7	6	5	5	5
Sewer					
Sewer plant	11	14	12	12	12
Sewer collection	3	2	4	4	4
Drainage	3	2	3	3	3
Total	172	177	168	168	173
Per audit	172	177	168	168	173

Source: City Department of Finance

12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
18	19	19	20	20
4	4	5	5	5
0	0	0	1	1
3	3	3	3	3
5	5	5	5	6
37	37	37	39	40
10	9	9	11	10
35	35	34	34	35
1	1	1	1	1
4	4	4	4	4
5	4	4	5	4
3	3	4	5	5
3	3	4	4	4
14	14	14	14	14
9	9	14	10	10
5	6	9	6	6
13	13	14	13	13
4	4	3	4	4
3	3	3	3	5
176	176	176	186	190
176	176	186	187	190

**CITY OF EAST MOLINE, ILLINOIS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Function/Program	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Police				
Calls answered	23,521	23,049	24,613	25,753
Incident numbers	5,754	5,237	5,079	5,830
Cases Investigated	942	967	1,058	990
Arrests	760	674	758	705
Traffic stops	1,871	1,579	1,412	2,294
Traffic citations	1,290	1,152	977	1,577
Community Service Officer Calls	1,306	1,425	1,493	1,067
Fire				
Total incidents	3,082	2,895	2,789	2,666
Fire calls	80	87	58	62
Residential fires	24	21	17	14
Commercial fires	6	26	-	2
Other fires	51	87	44	46
Rescue/emergency medical	2,478	2,369	2,242	2,122
False alarms	110	117	112	124
Mutual aid calls	4	12	17	17
Haz-mat responses	13	11	37	20
Good Intent Call	372	291	166	293
Other hazardous responses	23	12	3	-
Other responses			165	293
Total Property Damage	\$ 869,412	\$ 400,000	\$ 583	\$ 130,900
Public Works				
Garbage users	6,416	6,331	6,305	6,359
Garbage collected (ton)	4,887	4,653	6,481	5,114
Yard waste (ton)	281	N/A	325	294
Bulky collection (ton)	273	304	885	738
Recycling drop offs (ton)	146	287	134	139
Park				
Shelter reservations	228	275	295	295
Library				
Books loaned	57,639	62,207	75,848	69,940
Other formats loaned	43,280	44,878	57,637	58,793
Questions answered	17,523	17,078	16,858	16,837
Card holders	7,691	11,136	10,107	10,647
Attendance	97,246	98,400	100,724	101,615
Website hits	76,100	77,010	32,586	38,149
Water				
Customers	6,822	6,810	6,765	6,855
Main breaks	-	18	31	26
Average daily consumption (1000 Gallons)	3,750	3,897	3,200	3,750
Peak daily consumption (1000 Gallons)	5,419	5,782	5,923	5,793
Waste Water				
Customers	6,791	6,784	6,740	6,830
Avg daily treatment - (1000 Gallons)	5,000	4,100	4,045	5,200

Source: Various City Departments and Republic Services

N/A: Not available

12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
22,395	22,183		22,445	22,623	23,646
5,595	5,586		6,104	7,026	7,212
932	984		954	879	950
698	710		894	1,035	1,115
2,173	1,966		2,391	2,797	2,833
1,592	1,451		1,620	2,126	2,159
1,198	1,174		1,308	1,268	1,302
2,838	1,853		2,772	2,932	2,964
102	86		86	91	81
25	24		18	23	-
-	-		2	-	-
16	10		13	5	3
2,088	1,320		2,036	2,194	2,280
152	103		130	130	154
-	-		-	-	-
12	28		36	37	46
291	207		312	298	273
53	-		-	-	-
146	90		152	34	127
\$ 839,500	\$ 914,050		\$ 628,400	\$ 502,710	\$ 340,190
6,243	6,243	6,059	5,812	5,530	6,310
8,576	5,947	5,850	3,087	5,458	5,957
302	240	709	101	173	236
1,887	880	974	489	731	696
464	280	243	145	369	347
274	363	246	246	304	306
74,343	53,997	87,056	82,970	85,288	144,013
64,582	41,968	63,875	55,055	53,458	16,897
14,908	10,266	16,901	17,129	16,151	16,605
9,146	9,780	9,968	10,484	10,328	10,022
116,537	75,968	122,211	120,336	125,466	130,755
343,698	471,986	668,862	596,579	353,478	276,414
6,781	6,801	6,615	6,372	6,894	7,047
39	66	14	14	20	37
4,376	4,426	4,200	4,400	4,600	4,519
6,384	7,197	6,208	6,600	6,500	6,408
6,755	6,778	6,591	6,349	6,859	6,946
4,900	5,100	4,400	5,149	5,800	5,600

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

Function/Program	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Police					
Stations	1	1	1	1	1
Neighborhood stations	4	4	4	4	4
Fire					
Stations	3	3	3	3	3
Pumpers	3	3	3	3	3
Quints	1	1	1	1	1
Telesquirts	-	-	-	-	-
Other vehicles	4	5	5	5	5
Public Works					
Garbage trucks	1	1	4	4	4
Streets (miles)	87	87	87	87	87
Streets with curb & gutter	64	64	64	64	64
Street lights	2,000	2,000	2,000	2,000	2,000
Traffic signals	27	27	27	27	27
Alleys (miles)	14	14	14	14	14
Parks and Recreation					
Parks	19	19	18	18	18
Park acreage	239	239	238	238	238
Bicycle paths (miles)	3.8	3.8	3.8	3.8	3.8
Swimming pools	1	1	1	1	1
Baseball/softball fields	15	15	15	15	15
Soccer/football fields	10	10	10	10	10
Disc Golf Course	1	1	1	1	1
Cricket Field	1	1	1	1	1
Library					
Buildings	1	1	1	1	1
Books in collection	50,664	53,229	53,592	55,071	55,405
Other formats in collection	35,621	39,571	33,215	32,621	28,223
Water					
Treatment capacity (1000 gallons)	10,000	10,000	10,000	10,000	10,000
Water mains (miles)	110	110	110	110	110
Pump stations	2	2	2	2	2
Storage capacity (1,000 gal)	4,000	4,000	4,000	4,000	4,000
Waste Water					
Sanitary sewer (miles)	87	87	87	87	87
Treatment capacity (1000 gallons)	11,100	11,100	11,100	11,100	11,100
Lift Stations	6	6	6	6	6

Source: Respective City Departments

12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010
1	1	1	1	1
4	4	4	4	4
3	3	3	3	3
3	3	4	4	4
1	1	1		
-	-	2	2	2
4	4	4	4	4
4	4	5	5	5
87	87	87	80	80
64	64	64	64	64
2,000	2,000	2,000	2,000	2,000
27	27	27	27	27
14	14	14	12	12
18	18	18	18	18
238	238	238	238	238
3.8	3.8	3.8	3.0	3.0
1	1	1	1	1
15	15	15	15	15
10	10	10	10	10
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
62,510	58,352	57,921	57,200	57,097
20,512	-	-	-	-
10,000	10,000	10,000	10,000	10,000
110	110	110	92	92
2	2	2	3	3
4,000	4,000	4,000	4,350	5,350
87	87	87	85	80
11,100	11,100	11,100	11,100	9,500
6	6	6	6	5

**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
2018	\$21,144,636	1,700	\$ 11,453	11.95%	96	17.71	83.72%
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%

*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
2018	\$42,487,012	2738	\$ 11,731	10.63%	181	15.1	94.20%
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%

Source: East Moline Elementary School District

**CITY OF EAST MOLINE, ILLINOIS
 SILVIS 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
2018	\$ 6,528,113	639	\$ 9,012	6.21%	41	15.6	94.00%
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%

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	Building	Curb Cuts	Electrical	Mechanical	Plumbing	Signs
12/31/2018	423	17	123	191	186	10
12/31/2017	451	26	110	199	220	8
12/31/2016	540	32	124	205	197	4
12/31/2015	450	21	105	183	201	2
12/31/2014	385	26	108	173	186	10
12/31/2013	417	31	82	110	119	6
4/30/2013	424	25	121	129	191	8
4/30/2012	468	27	131	123	223	13
4/30/2011	566	44	112	136	219	8
4/30/2010	469	42	70	108	187	4

Source: Inspections Department, City of East Moline, Illinois

Demolition	Enterprise Zone	Total Permits	Total Value	Permit Revenue	Contractor Registration
5	24	979	\$ 12,655,440	\$ 122,292	446
10	22	1046	42,080,535	127,023	427
6	25	1133	12,202,740	124,710	294
11	14	987	5,082,947	88,707	320
12	40	940	10,470,011	80,705	372
6	29	800	19,845,656	93,458	352
8	38	944	5,312,404	92,016	345
10	0	995	27,318,041	87,290	458
9	0	1,094	21,917,557	157,441	398
10	49	939	19,026,224	140,180	385