

CITY OF ROCK ISLAND, ILLINOIS
ANNUAL COMPREHENSIVE FINANCIAL REPORT



ROCK ISLAND
ILLINOIS

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

1528 Third Avenue
Rock Island, IL 61201
Phone: 309.732.2111
www.rigov.org

CITY OF ROCK ISLAND, ILLINOIS

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FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

Prepared by:
Finance Department

Jessica Sager
Finance Director

CITY OF ROCK ISLAND, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City including: List of Principal Officials, Organizational Chart, Letter of Transmittal, and Certificate of Achievement for Excellence in Financial Reporting.

CITY OF ROCK ISLAND, ILLINOIS

Principal Officials

December 31, 2024

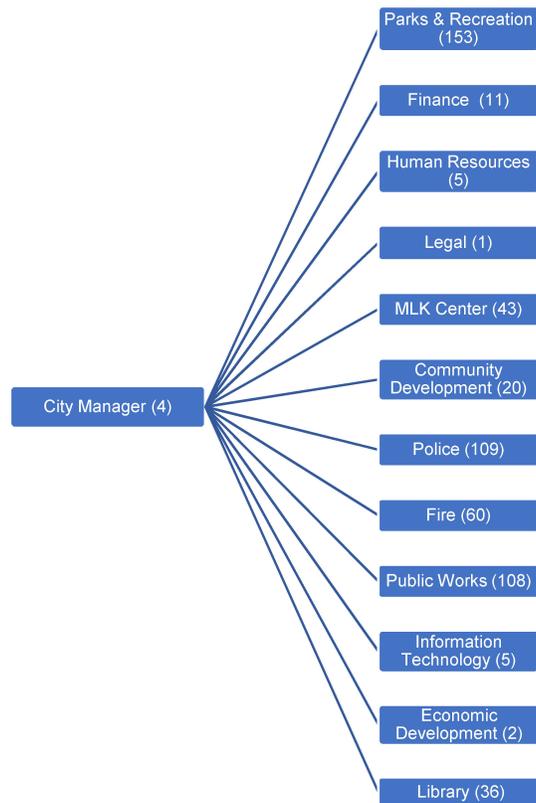
	<u>Term Expiration Date of Elected Officials</u>
Mayor: Mike Thoms	May 1, 2025
City Manager: Todd Thompson	Not Applicable
Council Members: Moses Robinson - 1st Ward Alderman	May 1, 2025
Randy Hurt - 2nd Ward Alderman	May 1, 2027
Randy Tweet - 3rd Ward Alderman	May 1, 2025
Jenni Swanson - 4th Ward Alderwoman	May 1, 2027
Dylan Parker - 5th Ward Alderman	May 1, 2025
Mark Poulos - 6th Ward Alderman	May 1, 2027
Bill Healy - 7th Ward Alderman	May 1, 2025

Organizational Chart
December 31, 2024

MAYOR & CITY COUNCIL



GENERAL ADMINISTRATION





ROCK ISLAND
ILLINOIS

June 20, 2025

Residents of the City of Rock Island
The Honorable City Mayor
Members of the City Council

We are pleased to present the December 31, 2024 Annual Comprehensive Financial Report (ACFR) to the City Council. This report is intended to update the City Council and the residents of Rock Island on the status of the City's financial position and results of operations for the period ending December 31, 2024. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Consistent with that requirement, we submit the ACFR for the City of Rock Island for the period ended December 31, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Lauterbach & Amen LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Rock Island's financial statements for the period ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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

The City of Rock Island is located in northwestern Illinois, situated between the Mississippi and Rock Rivers approximately 175 miles west of Chicago and 175 miles east of Des Moines. Along with the communities of Moline and East Moline, Illinois, and Davenport and Bettendorf, Iowa, the City of Rock Island is part of the Davenport - Rock Island - Moline Metropolitan Statistical Area (MSA) commonly referred to as the Quad Cities. Rock Island is also the county seat of Rock Island County. The most recent census from 2020 records Rock Island's population as 37,108 in a region of 383,681.

The City of Rock Island is organized under the Council-Manager form of government with legislative authority vested in a City Council made up of a Mayor and seven alderpersons. Council members are elected from wards to staggered four-year terms. The City has unified its administrative functions through the appointment of a City Manager (the position was created by the action of the City Council on July 1, 1952), who is responsible for the day to day operations of the City and its 444 full-time equivalent employees. The City's police department, with 73 sworn police officers, is located at 1212 – 5th Avenue. The fire department currently has four stations housing the department's 60 full-time personnel.

The City negotiates with the following bargaining units: Fraternal Order of Police (56 employees, contract expires December 31, 2026); Police Command (16 employees, contract expires December 31, 2027); Fire Fighters (57 employees, contract expires December 31, 2026); Library (28 employees, UAW contract expires December 31, 2027); Public Works (76 employees, AFSCME A contract expires December 31, 2027), and office/professional (63 employees, AFSCME B contract expires December 31, 2027). The City considers its employee relations to be good.

The City of Rock Island maintains budgetary controls to ensure compliance with legal provisions of the annual budget. The legal level of budgetary control is at the fund level, but management control is exercised at the department level. Reported budget amounts represent the adopted budget as adjusted. Due to the City's power as a home rule unit and its ordinance establishing budget policies and procedures, actual budget expenditures and transfers out can exceed budgeted amounts without violating any state laws. Spending and administrative control of expenditures and transfers is monitored through detailed line item department budgets. The City of Rock Island also maintains an encumbrance accounting system. Encumbered amounts lapse at year-end but are generally re-appropriated as part of the following year's budget.

Factors Affecting Economic Condition

Local Economy

The vision for Downtown Rock Island highlights a vibrant, evolving community with a blend of tradition and renewal. The establishment of the special service area (SSA) and the partnership with the Quad Cities Chamber of Commerce to manage the Downtown Alliance shows a clear, coordinated effort to boost the area's economic and social vitality. Well-loved eateries such as Soi 2, El Patron, Huckleberry's Pizza, the QC Coffee & Pancake House, and the Rock Island Ale House remain a constant downtown while classic bars including Icons Martini, the Smoking Dog, Steve's Old Time Tap, Rozz Tox and Rooster's enhance the nightlife scene. Cultural hubs like Circa 21 and Center for the Performing Arts add a rich layer of entertainment and arts to the downtown experience. Finally, unique businesses like Navarro Canoe Company bring distinctive character to the district. All of these and many others will play a role in the continued resiliency of the downtown.

Aside from those more lifestyle-oriented businesses, downtown Rock Island continues to benefit from the home office operations of major insurance companies including Modern Woodmen of America, Royal Neighbors of America, and Illinois Casualty Company. Several service and retail businesses have also opened in the downtown including: Brick and Motor Boutique, Ms. BriMani's Hair & Beauty Supply, and Healthy Harvest. Along with business establishments, there is an indoor MetroLINK Transfer Station on 2nd Avenue. The station connects transit users to locations throughout the Quad Cities as well as the Moline Multi-Modal Station, which will eventually serve passenger rail to and from Chicago.

The local economy for 2024 showed growth in key revenue sources such as Property tax, which increased 8.2%, State Income tax, which increased 7%, the Food and Beverage tax, which increased 6% and Sales tax which increased 3% from 2023.

Housing Activity Downtown

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

- Renaissance, Goldman, and Bowlby Lofts, renovated in 2001, were the first loft developments in the downtown with 54 mixed-income apartments and first floor commercial space. Both the Renaissance and Goldman developments received updates in 2020.

- Clipper Condos, completed in 2004, with nine condominium units and first floor commercial space represented the first, new, owner-occupied construction in the downtown in over 50 years.
- The Sala Apartments project was completed in 2005 with 33 affordable rental units. This development received the Richard Driehaus Foundation award for Outstanding Rehabilitation; the Sala building is listed on the National Register of Historic Places. In 2024 a project completed preventative maintenance and upkeep on the building.
- Voss Brothers Lofts was completed in 2006; a former vacant warehouse was transformed into 35 rental apartments.
- DuMarche' Market on Third, completed in 2009, offers six, live-work artist studios and retail shops. The McKesson building was renovated in 2009 as a mixed-use, sustainable development. McKesson was the first building in the Illinois Quad Cities to have a 10,000 square foot, environmentally friendly, "green" roof.
- Jackson Square, the former Illinois Oil Company building, was redeveloped in 2011. The project featured 30 rental units with nine different floor plans of one, two, and three-bedroom units.
- The Goldman Family Block redevelopment project was completed in 2013. This was the final piece of a \$12 million public/private investment for 1700 block on 2nd Avenue.
- The Locks, a 36-unit mixed-income apartment building, was completed by Rock Island GROWTH in January 2015. The Locks was developed as a transit-oriented development to support downtown's need for market driven, live-work housing. This project supports the Federal Transit Administration's Livable Communities Initiative, an effort that strengthens the link between transit and communities.
- The 137-year old historic Star Block building is slated for rehabilitation to create eight live-work units and approximately 1,600 square feet of commercial space. Accessible, affordable units targeted toward veterans will be created on the ground floor at the rear of the building. \$700,000 of federal funding was utilized for Phase 1 and is open.
- Garden District was completed in 2016, bringing seven single-family, new construction homes to downtown Rock Island.

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

- XPO, a shipping and logistics company, expanded into a larger facility, nearly doubling the company's ability to serve customers from Rock Island.
- Construction of a new Federal Courthouse is underway and projected to be complete in 2025.
- Solidus Global, an international company, chose Rock Island as their United States shipping hub.

Building on the momentum of these successful projects, the City anticipates an increase in private investment and a continuation of the downtown renaissance. The Downtown Revitalization Plan finalized in 2015, resulted in a planning document that articulates achievable actions to guide and catalyze further investment in the downtown. The plan also calls for the continuation of residential development especially on the upper floors of existing downtown buildings. In 2018, the City held public meetings to discuss and design streetscape guidelines for downtown. That effort has ballooned into an exciting process through which grants have been secured with local match to undertake massive infrastructure improvements. The City and new Downtown Alliance have coordinated over \$8 million of investment into the core of downtown. The Downtown Revitalization Project includes a complete reconstruction of streets and sidewalks from building face to building face. Replacement of utilities including water main, storm and sanitary sewers. Streetscape improvements including streetlights, trees, benches and trash receptacles. Placemaking to include public art, lighting, gateway signage and an outdoor patio district.

Economic and Housing Activity in Greater Rock Island

The City of Rock Island continues to make progress with new developments within the city limits. In 2015, FedEx opened a 189,000 square foot distribution facility in the City's southwest industrial area. Several other companies in the southwest industrial area have added jobs including Hawk Technology a designer/maker of high-tech manufacturing equipment. Green Thumb Inc. (GTI) completed a 66,000 square foot expansion of their Rock Island facility in 2020. This expansion cost approximately \$12,000,000 and employs an additional 120 people. In 2019, AgriSolutions (a Canadian company) completed a \$4,000,000 relocation to the former Coca Cola distribution facility in the Southwest Industrial Park. This location brought an additional 125 jobs to Rock Island. McLaughlin Body Company finalized the acquisition of their Rock Island facility in October 2018 and invested over \$6,000,000 which brought an additional 140 jobs to the facility. Hill and Valley Bakery completed a small expansion in 2020, and another in 2023, which added an additional line and additional capacity to the facility's production capabilities. Crawford Company purchased four underutilized industrial buildings in the Sunset Industrial Park and rehabilitated them through a \$5,000,000 project to support the growth of their business in 2023.

Designation of a Federally-recognized port district within the city is opening new possibilities for industrial development in Rock Island. Opportunities to leverage state and federal funding for needed investments in and around the port will be explored. The city has created a new downtown TIF district to help support many exciting developments that are in early development and is working to expand an existing TIF district to support additional opportunities in the southwestern part of the city. A new Federal office building and courthouse is nearing completion downtown and local businesses look forward to the increased foot traffic to and from the building.

Rock Island is proud to be home to the headquarters of companies with rich histories that continue to grow and serve. IMEG Corporation has been named one of the Top 5 engineering firms in the U.S. by Building Design + Construction and has over 90 offices across the United States. Modern Woodmen of America is the nation's third-largest fraternal benefit society in terms of assets that has served its members for over 142 years. Royal Neighbors of America is a fraternal benefits society celebrating 130 years of service supporting the needs of women and their families. Crawford Company has proudly served the Quad Cities' HVAC and Mechanical needs 24 hours a day for over 70 years. For 75 years Illinois Casualty Company has provided insurance products and claims defense for the food and beverage industry. Gas & Electric Credit Union recently celebrated its 90th Anniversary and consistently ranks in the top 1% of all credit unions nationwide for returning value to members. Valley Construction is celebrating its 100th anniversary of using the latest construction methods to provide value to its customers. Dohrn Transfer Company has been recognized as a best-in class carrier and technology industry leader and has called Rock Island home for over 100 years. These legacy businesses illustrate the overall stability of the business community in Rock Island.

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

The 2023-2025 Strategic Initiatives established four Goals:

GOAL #1: FINANCIAL SUSTAINABILITY

Achieve financial sustainability through the transformation of the city's budget process, financial analysis and metrics, and resource allocation with a focus on educating, including, and engaging residents and businesses as partners in the process.

GOAL #2: COMMUNICATIONS

Utilize dynamic and innovative communications as a primary strategy in marketing, promoting, and engaging with both external and internal stakeholders about city issues, projects, services, and opportunities.

GOAL #3: ECONOMIC DEVELOPMENT

Transform local economy through pro-active business retention, entrepreneurial development, and business attraction strategies in a way that enhances community vitality through the creation of jobs, opportunities and revenue.

GOAL #4: PLACEMAKING

Leverage Rock Island’s assets and existing strengths to foster inclusive growth and development in its diverse neighborhoods; use existing systems such as the creative use of planning, zoning and design guidelines to augment public amenities in neighborhoods; and focus on enhancing the quality of life for city residents.

The 2025 budget incorporates the Capital Improvement Program, the Community Development Block Grant Program and other City funds. It allocates resources to enable progress on the priorities established by the Mayor and City Council.

The proposed budget includes the following important features:

The budget includes the first-year funding of the Five-Year Capital Improvement Plan being presented to the City Council. This calendar year includes \$24,877,000 for capital and infrastructure projects/service contracts and a total of \$39,008,000 is planned for the remaining four years. Significant capital and maintenance projects are funded with American Rescue Plan Act (ARPA) dollars. The 2025 budget includes:

Rebuild Downtown Rock Island	\$	4,813,000
SW Treatment Plant Influent Pump Station (ARPA)		4,500,000
IL 92 (1 st Avenue) Reconstruction		3,420,000
PFAS Remediation		3,000,000
City Software (ARPA)		1,500,000
Fleet Replacement (Vactor, F-150s and F-350)		1,164,000
AMI Water Meter Replacement Program (ARPA)		1,011,000
18 th Avenue Pump Station		550,000
20 ½ & 23 rd St Intersection Storm Improvement		550,000
		<hr/>
		20,508,000
		<hr/> <hr/>

The City's proposed property tax rate for 2025 was 2.7726 per \$100 of assessed value. There was no change to the proposed rate from 2024. Although the property tax rate did not increase, the equalized assessed value (EAV) increased from 7.66% to 8.15% causing increased property valuations. The approved 2025 budget included a property tax levy of \$17,626,714. This is an increase of \$1,328,319 from the 2024 calendar year property tax extensions.

The City’s five-year projection for the General Fund indicates that the cost of providing services is increasing more rapidly than the revenue to support them. However, the City received a boost in revenue during 2024 due to higher than expected revenue from State income tax. The City also had several positions that remained unfilled so expenditures were significantly less than anticipated.

The City has been able to weather economic downturns and prepare balanced budgets without noticeable changes in operations or service quality. This was accomplished through a combination of budget reductions, increase in user fees, use of reserve funds as well as reallocation of revenue and expenses. In recent years there have been modest increases in property values indicating relatively healthy local economic conditions. Economic condition improvement is also seen in the increases of sales, income and gaming tax.

A significant concern is the City’s rising police and fire pension contribution. Before the 2017 levy, the City has historically funded this obligation through the property tax levy without raising the overall rate. The cumulative effect on the General Fund has been to reduce revenues available for operations. In 2019, Public Act 101-0610 provided for mandatory consolidation of the investment assets of the state’s public safety pension funds into two investment funds; one for police officers (Article 3) and one for firefighters (Article 4). Public Act 101-0610 is intended to reduce costs and improvement investment returns for the local pension funds.

Another area of concern was the elimination of the 1% sales tax on grocery items. This revenue is dedicated to municipal governments and results in approximately \$1 million in lost revenue for the City of Rock Island. Revenue, like the grocery tax, is used to provide protection services, water and sewer, public infrastructure and other programs for the residents of Rock Island. In 2025, the City of Rock Island, passed a local ordinance to implement a 1% sales tax on grocery items to replace the eliminated State grocery tax. The State grocery tax will be eliminated in January 2026 which is when the City's local grocery tax will become effective.

American Rescue Plan Act (ARPA)

The federal government signed the American Rescue Plan Act (ARPA) of 2021. The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) delivered \$350 Billion for State, Local, Territorial, and Tribal Governments to respond to the COVID-19 emergency. The City of Rock Island was eligible for \$27 Million in CSLFRF and received the first tranche in May of 2021 and the second tranche in June of 2022.

In June 2022 the Rock Island City Council adopted the following ARPA Guiding Principles to assist the public, the ARPA Program Manager, City staff, and other stakeholders in understanding the expectations on how these funds should be utilized:

- *Infrastructure projects should benefit residents and reduce future financial liabilities.*
- *Funding decisions should align with community needs.*
- *Projects should demonstrate tangible and intangible returns on investment.*
- *Funds should be leveraged strategically to maximize projects.*
- *Investments should be made in economic development to attract and retain businesses.*

City Council adopted the ARPA Funding Recommendations October 10, 2022 which provided an overview of recommended uses with the goal of rebuilding a stronger Rock Island in the COVID-19 pandemic era.

The CSLFRF funds are required to be obligated by December 31, 2024 and all funds must be spent by December 31, 2026.

Major Initiatives

The City's 2014 Comprehensive Plan, along with the 2015 Downtown Revitalization Plan, outline specific strategies for continuing development activities. Continued investments in housing and high occupancy rates have created a resurgent downtown atmosphere. This atmosphere has encouraged projects like the QC Pancake House expansion (total project cost approximately \$400,000) and Ms. BriMani's purchase and renovation of a downtown building (total project cost approximately \$800,000). In an effort to further leverage the energy that exists downtown, an historic district nomination to the National Register of Historic Places was submitted to, and approved by, the National Park Service in 2020. The Downtown Alliance will continue to foster relationships with stakeholders, conduct community outreach and consensus building and identify funding opportunities as a way to create a sustainable funding model for downtown Rock Island.

Community partners are also investing in Rock Island. Trinity/Unity Point Hospital completed construction of a \$61 million, 90,000 square foot expansion to the Rock Island campus. The expansion included a modern cardiac care unit, emergency room, and psychiatric patient services. Augustana College completed expansion of Hanson Hall of Science and Brodahl Hall, and remodeled the Bruner Theatre. Augustana also recently wrapped up construction of the Knowlton Center for Innovation in Health, Wellness, and Human Performance.

The Engineering Division performed design services on the following Public Works projects: 31st Avenue resurfacing from 11th Street to the RI Parkway, 30th Street resurfacing from 5th to 18th Avenue, 22nd Street and 35th Avenue water main replacement and street reconstruction, 40th Street bridge repairs, 11th Street water main replacement, 20th Street water main replacement and reconstruction from 7th to 18th Avenue, 18th Avenue pump station replacement, 35th Street West & Rock Island Parkway intersection reconstruction, Rock Island Downtown Revitalization and 20th Avenue Safe Route to School Project.

The Engineering Division performed construction inspection services on the following Public Works projects: 31st Avenue resurfacing from 11th Street to the Rock Island Parkway, 22nd Street and 35th Avenue water main and street reconstruction, 28th Street storm sewer from 19th to 21st Avenue, 40th Street bridge repairs, 11th Street water main replacement, Downtown parking lot and Rock Island Downtown Revitalization.

The Engineering Division completed grant applications for BUILD, Carbon Reduction, EPA BRIC, HSP, Illinois TEP, SS4A, RR Crossing Elimination program, Senator Durbin set-asides, Congressman Sorenson set-asides, EPA set-aside and Safe Routes to Schools. Grant applications were also submitted for the following projects: Rock Island levee outlet valve rehabilitation and improvements, IL-92 (15th / 38th Street) road diet and complete streets, 20th Street resurfacing, 18th Avenue & 11th Street (US67) intersection, Rock Island crosstown bike path along 31st Avenue, 18th Avenue, 17th Street and 20th Street intersection reconstruction, Rock Island Parkway and 11th Street (from 31st to 44th Avenue) road diet and complete streets.

In 2024, Engineering secured \$24,000,000 in FHWA BUILD grant funding and \$2,000,000 in State of Illinois funding for the 11th Street (31st to 44th Avenue) road diet and complete streets project. Engineering also secured \$1,200,000 in Carbon Reduction Grant funds for the 18th Avenue, 17th Street and 20th Street intersection reconstruction.

Throughout 2024, the Engineering Division worked on numerous congressionally directed spending (CDS) opportunities such as \$1,175,000 for the 35th Street West and Rock Island Parkway intersection project and \$1,000,000 for the dredging for Sunset Marina.

Finally, the Engineering Division were involved in numerous traffic engineering and planning projects in associated with the Traffic Engineering Committee and Bi-State Regional Commission.

Financial Policies

The City's investment policy is updated as necessary to ensure compliance with state law and changes in allowed investments. It is the goal of City management to have 100% of its idle funds invested at all times in interest bearing accounts. This goal ensures that City management is using the available funds to their maximum. Safety of principal is the foremost objective of the investment policy. Except for the pension funds, for which short-term market fluctuations are tolerable, each investment transaction shall seek to first ensure that capital losses are avoided. Investment opportunities are limited by the parameters found in Illinois Statutes 30ILCS235. Market speculation is not appropriate in the investment of funds. Investments are intended to mature when funds are needed. The prudent person standard is used in managing the City's overall portfolio.

City financial policies address cash flow borrowing, general fund cash balance, fund balances for the library fund, health insurance fund, self-insurance fund, enterprise funds and park fund. Financial policies also address the diversification, stabilization and collections of revenue, use of revenue from riverboat gambling, general fund five-year projection, capital and debt management and contingency and reserves.

The City Council approves the financial policies to ensure funds are spent and managed in the most cost-effective manner based on the services provided while ensuring the financial records are maintained in accordance with GAAP, Government Auditing Standards and state and federal laws.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island for its annual comprehensive financial report for the fiscal year ended December 31, 2024. This was the 42nd year that the City of Rock Island has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department as well as the staff of our independent auditors, Lauterbach & Amen, LLP. We would like to express our appreciation to all members of the department and audit staff who assisted and contributed to the preparation of this report. We would also like to commend the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "T Thompson".

Todd Thompson
City Manager

A handwritten signature in black ink, appearing to read "Jessica Sager".

Jessica Sager
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rock Island
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedules

INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the City's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

June 20, 2025

The Honorable City Mayor
Members of the City Council
City of Rock Island, Illinois

Report on the Audit of the Financial Statements

Opinion

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 Rock Island, Illinois (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rock Island, Illinois, as of December 31, 2024, 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.

We did not audit the financial statements of the Rock Island Public Library Foundation (a component unit of the City of Rock Island, Illinois) as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rock Island Public Library Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements - Continued

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and supplementary pension and other post-employment benefit (OPEB) schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rock Island, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

Our discussion and analysis of the City of Rock Island's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the transmittal letter, located in the introductory section of this report, and the City's financial statements, located in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. Net position of business-type activities reported an increase of \$567,883, or 0.9 percent, net position of the governmental activities increased by \$19,831,334, or 23.2 percent.
- During the year, government-wide revenues for the primary government totaled \$111,363,601, while expenses totaled \$90,964,384, resulting in an increase to net position of \$20,399,217.
- The City's net position totaled a deficit of \$3,744,820 on December 31, 2024, which includes \$121,914,596 net investment in capital assets, \$14,968,427 subject to external restrictions, and \$140,627,843 unrestricted (deficit) net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a decrease this year of \$180,418, or 0.7 percent, resulting in ending fund balance of \$24,619,867.
- Beginning net position/fund balance were restated due to the implementation of GASB Statement No. 101, *Compensated Absences* and to reclassify the Section 125 Cafeteria Plan Fund into the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances, in a matter similar to a private-sector business. The Statement of Net Position reports information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two 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. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

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

Management's Discussion and Analysis

December 31, 2024

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police and fire, electrical maintenance, municipal vehicle parking system, highways and streets, and libraries. The business-type activities of the City include waterworks, wastewater treatment, park and recreation, stormwater, solid waste, sunset marina, housing and community development loan, and hydro-electric plant.

The City includes two separate legal entities in its report. The Martin Luther King Center and Rock Island Public Library Foundation are presented as a discretely presented component units. Although legally separate, these “component units” are important because the City is financially accountable for it. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other 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, 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 the City’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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 the 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, Public Library Fund, Tax Increment Financing District Fund, Riverboat Gaming Fund, Community/Economic Development Fund, ARPA Fund, Debt Service Fund, and Capital Projects Fund, which are considered major funds. Data from the other ten 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.

The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

USING THIS ANNUAL REPORT - Continued

Proprietary Funds

The City maintains two proprietary fund types: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Rock Island uses enterprise funds to account for water utility, wastewater utility, stormwater utility, solid waste utility, park and recreation, Sunset Marina and housing and economic development loan activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses internal service funds to account for equipment maintenance, engineering, health insurance, liability insurance and hydroelectric plant funds. This service predominantly benefits governmental rather than business-type functions, and therefore, has been included within governmental activities in the government-wide financial statements. The exception is the hydroelectric plant fund which is included within business type activities because it primarily benefits enterprise funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks Fund, Wastewater Treatment Fund, and Park and Recreation Fund, which are considered to be a major funds of the City. Conversely, the internal service funds is presented in the proprietary fund financial statements in a single column. Individual fund data for the internal service fund is provided elsewhere in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other post-employment benefit obligation, IMRF, police, and fire employee pension obligations and budgetary comparison schedules for the General Fund and major special revenue funds. The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

CITY OF ROCK ISLAND, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City, liabilities/deferred inflows exceeded assets/deferred outflows by \$3,744,820.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
Current and Other Assets	\$ 77,238,569	88,049,640	9,318,776	10,680,785	86,557,345	98,730,425
Capital Assets	101,103,286	92,752,128	131,896,156	134,303,765	232,999,442	227,055,893
Total Assets	178,341,855	180,801,768	141,214,932	144,984,550	319,556,787	325,786,318
Deferred Outflows	9,035,181	15,620,495	22,279,641	23,996,184	31,314,822	39,616,679
Total Assets/ Deferred Outflows	187,377,036	196,422,263	163,494,573	168,980,734	350,871,609	365,402,997
Long-Term Debt	191,327,328	195,654,750	91,571,574	97,370,860	282,898,902	293,025,610
Other Liabilities	14,648,964	31,292,888	8,600,390	8,933,572	23,249,354	40,226,460
Total Liabilities	205,976,292	226,947,638	100,171,964	106,304,432	306,148,256	333,252,070
Deferred Inflows	47,138,145	53,007,819	1,330,028	1,251,604	48,468,173	54,259,423
Total Liabilities/ Deferred Inflows	253,114,437	279,955,457	101,501,992	107,556,036	354,616,429	387,511,493
Net Position						
Net Investment in Capital Assets	59,461,843	48,963,044	62,452,753	60,502,014	121,914,596	109,465,058
Restricted	14,968,427	14,098,692	—	—	14,968,427	14,098,692
Unrestricted (Deficit)	(140,167,671)	(146,594,930)	(460,172)	922,684	(140,627,843)	(145,672,246)
Total Net Position	(65,737,401)	(83,533,194)	61,992,581	61,424,698	(3,744,820)	(22,108,496)

A large portion of the City's net position, \$121,914,596, reflects its investment in capital assets (for example, land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. 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 that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$14,968,427, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$140,627,843, represents unrestricted net position and if when positive, may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF ROCK ISLAND, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Changes in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
Revenues						
Program Revenues						
Charges for Services	\$ 8,212,489	6,829,010	29,930,423	29,294,230	38,142,912	36,123,240
Operating Grants/Contributions	2,759,167	1,956,326	611,709	54,436	3,370,876	2,010,762
Capital Grants/Contributions	1,320,573	1,360,207	—	72,045	1,320,573	1,432,252
General Revenues						
Property Taxes	18,813,084	17,379,770	2,443,619	2,406,552	21,256,703	19,786,322
Gaming Taxes	4,038,608	4,437,373	—	—	4,038,608	4,437,373
Municipal Utility Tax	2,256,013	2,519,826	—	—	2,256,013	2,519,826
Gasoline Tax	306,072	374,530	—	—	306,072	374,530
Food Beverage Tax	1,128,171	1,061,361	—	—	1,128,171	1,061,361
Other Taxes	811,061	819,746	—	—	811,061	819,746
State Income Tax	6,387,954	5,966,440	—	—	6,387,954	5,966,440
Sales Tax	7,296,186	7,114,771	—	—	7,296,186	7,114,771
Local Use Tax	1,315,316	1,460,637	—	—	1,315,316	1,460,637
Replacement Tax	4,747,317	8,107,617	—	—	4,747,317	8,107,617
ARPA Grant	15,818,325	3,400,623	—	—	15,818,325	3,400,623
Investment Income	2,521,339	2,797,764	206,329	303,439	2,727,668	3,101,203
Miscellaneous	413,185	96,400	26,661	70,618	439,846	167,018
Total Revenues	78,144,860	65,682,401	33,218,741	32,201,320	111,363,601	97,883,721
Expenses						
General Government	21,654,862	17,307,024	—	—	21,654,862	17,307,024
Police and Fire	24,858,409	29,088,075	—	—	24,858,409	29,088,075
Electrical Maintenance	722,405	577,905	—	—	722,405	577,905
Municipal Vehicle Parking System	41,862	13,774	—	—	41,862	13,774
Highways and Streets	6,620,290	8,103,537	—	—	6,620,290	8,103,537
Libraries	2,938,855	3,238,324	—	—	2,938,855	3,238,324
Interest on Long-Term Debt	1,445,551	1,530,463	—	—	1,445,551	1,530,463
Waterworks	—	—	10,382,014	7,758,288	10,382,014	7,758,288
Wastewater Treatment	—	—	9,624,447	9,120,692	9,624,447	9,120,692
Park and Recreation	—	—	7,127,458	6,835,378	7,127,458	6,835,378
Stormwater	—	—	2,074,963	2,153,935	2,074,963	2,153,935
Solid Waste	—	—	2,514,056	2,480,229	2,514,056	2,480,229
Sunset Marina	—	—	727,717	708,021	727,717	708,021
Housing and Community						
Development Loan	—	—	123,943	49,738	123,943	49,738
Hydro-Electric Plant	—	—	107,552	111,343	107,552	111,343
Total Expenses	58,282,234	59,859,102	32,682,150	29,217,624	90,964,384	89,076,726
Change in Net Position before Transfers	19,862,626	5,823,299	536,591	2,983,696	20,399,217	8,806,995
Transfers	(31,292)	(1,364,437)	31,292	1,364,437	—	—
Change in Net Position	19,831,334	4,458,862	567,883	4,348,133	20,399,217	8,806,995
Net Position - Beginning	(83,533,194)	(87,992,056)	61,424,698	57,076,565	(22,108,496)	(30,915,491)
Restatement - Change in Accounting Principles	(2,080,183)	—	—	—	(2,080,183)	—
Restatement - Error Correction	44,642	—	—	—	44,642	—
Net Position - Beginning as Restated	(85,568,735)	(87,992,056)	61,424,698	57,076,565	(24,144,037)	(30,915,491)
Net Position-Ending	(65,737,401)	(83,533,194)	61,992,581	61,424,698	(3,744,820)	(22,108,496)

Management's Discussion and Analysis

December 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

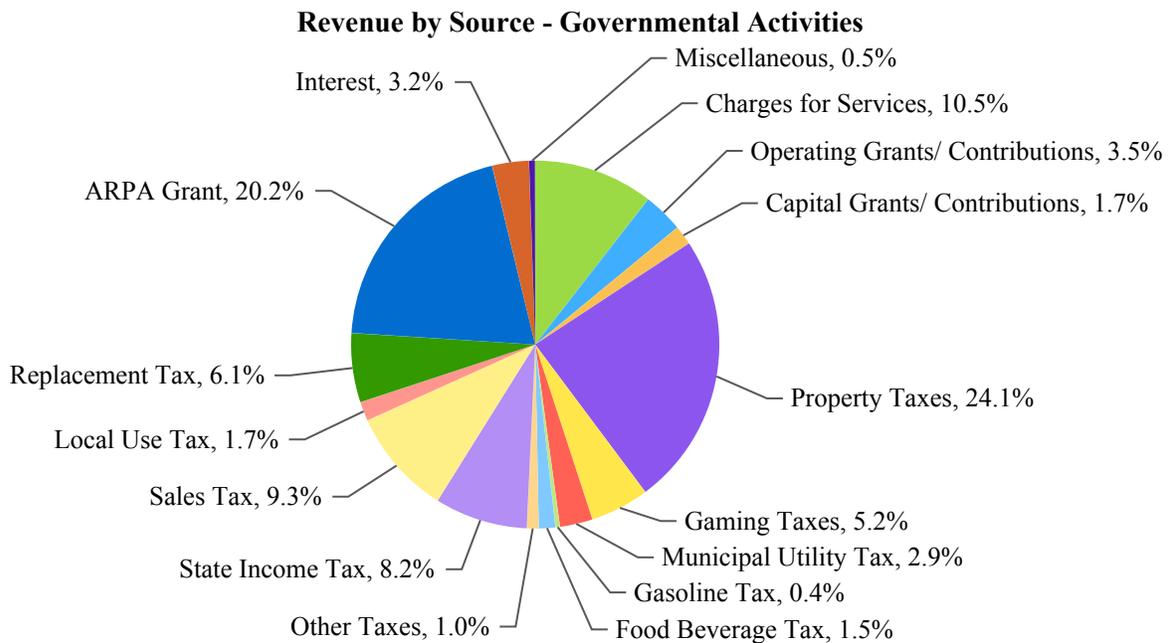
Net position of the City's governmental activities increased by 23.2 percent (a deficit of \$65,737,401 in 2024 compared to a restated deficit of \$85,568,735 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$140,167,671 at year-end.

Net position of business-type activities increased by 0.9 percent (\$61,992,581 in 2024 compared to a balance of \$61,424,698 in 2023).

Governmental Activities

Revenues for governmental activities totaled \$78,144,860, while the cost of all governmental functions totaled \$58,282,234. This results in an increase of \$19,862,626 prior to transfers out of \$31,292. In 2023, revenues of \$65,682,401 exceeded expenses of \$59,859,102, resulting in an increase of \$5,823,299 prior to transfers out of \$1,364,437. The increase in revenue was primarily due to the recognition of ARPA funding the City received, which was required to be obligated by December 31, 2024. Additionally, property tax revenue increased by 8%, reflecting the rise in equalized assessed values (EAV) of properties throughout the City. While the EAV increased for 2024, the City's actual property tax rate remained unchanged. Several positions remained unfilled throughout 2024, leading to lower than anticipated year-end expenditures.

The following chart graphically depicts the major revenue sources of the City. It portrays very clearly the reliance on property taxes, charges for services, sales tax and gaming taxes to fund governmental activities. It also clearly identifies the less significant percentage the City receives from income taxes.



CITY OF ROCK ISLAND, ILLINOIS

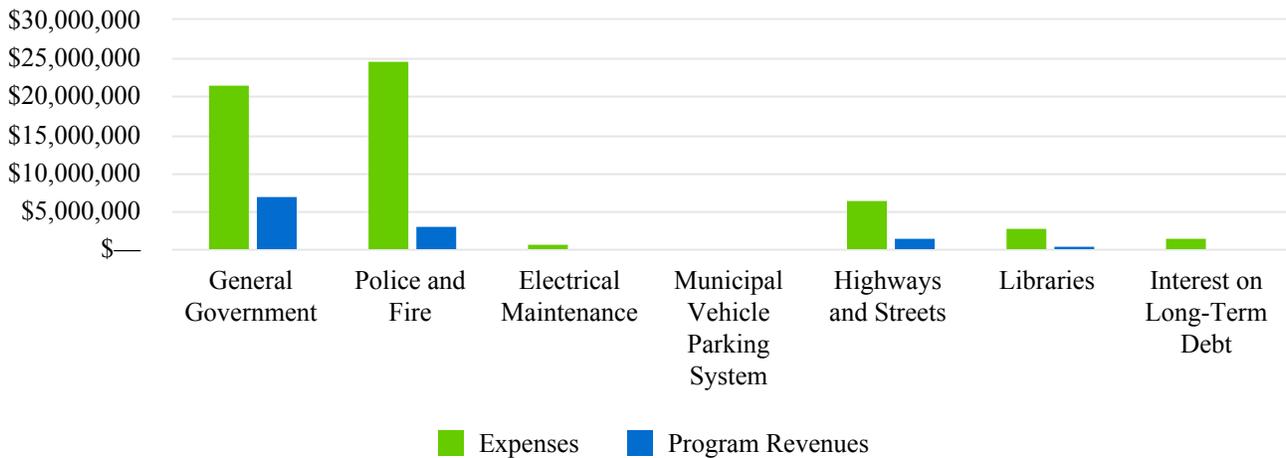
**Management's Discussion and Analysis
December 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities - Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

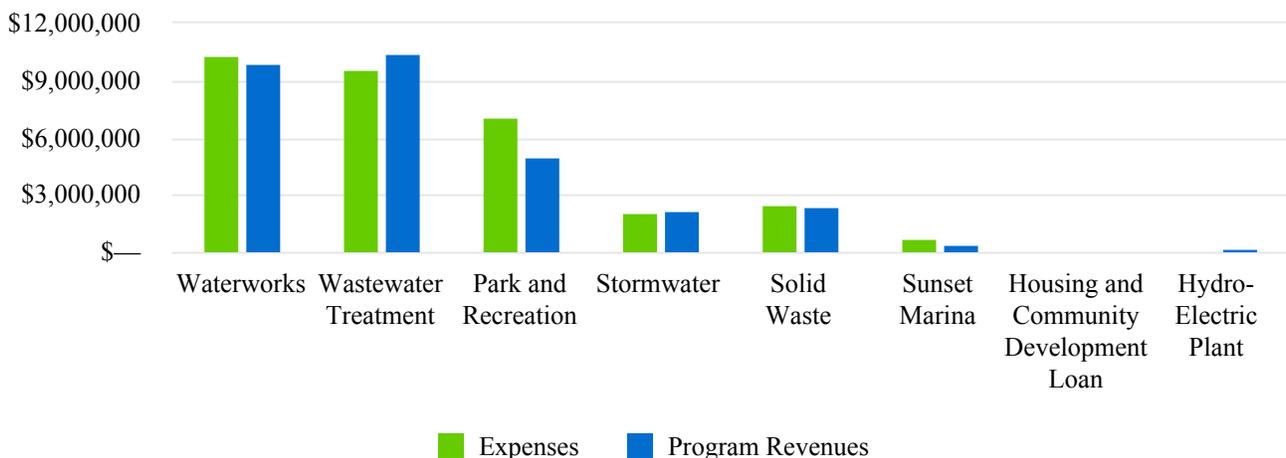
Expenses and Program Revenues - Governmental Activities



Business-Type Activities

Business-Type activities reported total revenues of \$33,218,741, while the cost of all business-type activities totaled \$32,682,150. This results in an increase of \$536,591 prior to transfers in of \$31,292. In 2023, revenues of \$32,201,320 exceeded expenses of \$29,217,624, resulting in an increase of \$2,983,696 prior to transfers in of \$1,364,437. Rock Island City Council has directed staff to reduce or eliminate negative fund balances where feasible. In alignment with this directive, staff intentionally budgeted surpluses in applicable funds as part of the 2024 budget process to help reduce existing deficits and improve the overall net position.

Expenses and Program Revenues - Business-Type Activities



CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

FINANCIAL ANALYSIS OF THE GOVERNMENT'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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combining ending fund balances of \$48,439,954, which is an increase of \$3,610,003, or 8.1 percent, from prior year's restated total of \$44,829,951. Of the \$48,439,954 total, \$23,641,762, or approximately 48.8 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a decrease for the year of \$180,418, or 0.7 percent. The original budgeted expenditures exceeded budgeted revenues by \$5,033,431. The decrease in the General Fund for the current year is due to the expenditure of accumulated General Fund excess. This excess, resulting from increased revenues or reduced expenditures over previous years, has been set aside in a separate account within the General Fund. These funds have been utilized to offset deficits in other funds, finance projects and balance the General Fund's year-end budget.

The General Fund is the chief operating fund of the City. At December 31, 2024, unassigned fund balance in the General Fund was \$24,028,442, which represents 97.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 49.8 percent of total General Fund expenditures.

The Public Library Fund reported an increase for the year of \$452,250. The increase is due to several positions remaining unfilled throughout the year, resulting in expenditures being significantly lower than anticipated. The Fund also received increased donations and investment income throughout the year.

The Tax Increment Financing District Fund reported an increase for the year of \$368,127. The Tax Increment Financing District Fund receive revenue exclusively from property taxes and investment income. In 2024, the fund experienced an increase in property tax revenue, driven by a rise in the equalized assessed value (EAV).

The Riverboat Gaming Fund reported an increase of \$42,141. The increase is attributable to investment income earned throughout the year.

The Community/Economic Development Fund reported an increase of \$8,887. The City has property tax abatement programs. City staff includes property tax rebate payments in the budget every year. The increase to the Community/Economic Development Fund is due to a reduction in payment requests.

The ARPA Fund reported an increase of \$1,235,298. The increase is attributable to investment income earned throughout the year.

The Debt Service Fund reported an increase of \$163,704. The City budgeted for an increase of \$158,664. This Fund is used to pay banking service fees and interest and principal debt payments. The Fund also receives property tax revenue. The increase is primarily due to higher property tax revenue driven by the rise in the equalized assessed value (EAV), along with increased investment income earned throughout the year.

CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - Continued

Governmental Funds - Continued

The Capital Projects Fund reported an increase of \$1,301,917. The increase to the Capital Projects Fund is due to two key factors. First, the fund had a negative fund balance and the Rock Island City Council has directed staff to reduce or eliminate negative fund balances where feasible. In response, staff intentionally budgeted a surplus in the 2024 Capital Projects Fund budget to help reduce the deficit. Second, the Rock Island Downtown Revitalization Project, originally budgeted in 2024, was carried forward into 2025, contributing to the fund's overall increase.

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 City reports the Waterworks Fund, Wastewater Treatment Fund, and Park and Recreation Fund as major proprietary funds. These funds account for all of the operations of the water, wastewater and park and recreation operations. The Public Works Department is responsible for operating many of the water and sewer functions and facilities within the City of Rock Island. Water and wastewater service charges for a standard residential meter is \$105.49 per quarter; while usage is charged per 100 cubic feet at \$9.90.

The City intends to run the funds at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects.

The deficit in the Waterworks Fund during the current fiscal year was \$317,505, which reflects a positive swing compared the original budget deficit balance in which revenue was budgeted at \$9,866,560 and expenses were budgeted at \$12,199,513. Unrestricted net position in the Waterworks Fund totaled \$1,962,955 at year-end. The current year's surplus is primarily due to the carryforward of funds for the water meter replacement project. The City plans to replace all water meters over a five-year period. The planning phase began in 2022, with the original schedule targeting early 2023 for the start of installations. However, due to delays caused by legacy software issues, the project did not start until mid-2024.

The Wastewater Treatment Fund reported a surplus of \$815,614. As previously mentioned, the Wastewater Treatment Fund has a negative Fund balance. Rock Island City Council has directed staff to reduce or eliminate negative fund balances where feasible. As part of the 2024 budget process, staff intentionally budgeted a surplus in the fund to help reduce the deficit.

The Park and Recreation Fund reported a surplus of \$334,459. The Park and Recreation Fund also receives property tax revenue. The increase is primarily due to higher property tax revenue driven by the rise in the equalized assessed value (EAV). Additionally, increased donations and higher participation in special interest programs - such as the Easter Egg Hunt, Day Camps and community garage sales – contributed to the overall surplus.

CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$44,586,290, compared to budgeted revenues of \$44,667,709. Personal property replacement tax actuals were significantly less than budgeted in 2024. This is due to the overpayment the State of Illinois made to the City of Rock Island. The State has since adjusted monthly deposits to correct the overpayment.

The General Fund actual expenditures for the year were \$4,064,850 lower than budgeted (\$48,234,617 actual compared to \$52,299,467 budgeted). This is largely due to vacant full-time positions that remained unfilled throughout the year and ARPA projects that were carried into 2025.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of December 31, 2024 was \$232,999,442 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
Land	\$ 8,444,605	8,444,605	1,712,026	1,712,026	10,156,631	10,156,631
Construction in Progress	7,252,394	1,798,291	1,370,077	4,264,322	8,622,471	6,062,613
Buildings and Improvements	31,431,166	32,620,483	43,676,190	44,985,525	75,107,356	77,606,008
Machinery and Equipment	9,375,214	7,615,060	742,768	460,610	10,117,982	8,075,670
Infrastructure	43,511,143	41,620,205	84,395,095	82,881,282	127,906,238	124,501,487
Subscription Assets - Software	1,088,764	653,484	—	—	1,088,764	653,484
Totals	101,103,286	92,752,128	131,896,156	134,303,765	232,999,442	227,055,893

This year's major additions included:

	Governmental Activities	Business-Type Activities
Construction in Progress	\$ 7,372,519	732,779
Buildings and Improvements	—	60,530
Machinery and Equipment	3,679,441	339,600
Infrastructure	2,021,498	774,739
Subscription Assets - Software	932,250	—
	14,005,708	1,907,648

Additional information on the City's capital assets can be found in Note 3 of this report.

CITY OF ROCK ISLAND, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024**

DEBT ADMINISTRATION

At year-end, the City had total outstanding debt of \$295,762,772 as compared to \$306,531,601 the previous year, a decrease of 3.5 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
Compensated Absences	\$ 4,711,148	5,064,594	600,841	609,431	5,311,989	5,674,025
Net Pension Liability - IMRF	1,366,883	1,595,635	785,537	941,235	2,152,420	2,536,870
Net Pension Liability - Police Pension	71,676,180	74,189,992	—	—	71,676,180	74,189,992
Net Pension Liability - Firefighters' Pension	61,590,739	60,898,456	—	—	61,590,739	60,898,456
Total OPEB Liability - RBP	17,256,643	17,314,075	4,416,255	4,447,050	21,672,898	21,761,125
Line of Credit	—	—	1,442,459	1,604,853	1,442,459	1,604,853
General Obligation Bonds	40,542,311	43,174,529	20,183,960	22,274,933	60,726,271	65,449,462
IEPA Loans Payable	—	—	47,818,730	51,530,309	47,818,730	51,530,309
Asset Retirement Obligation	46,950	46,950	22,225,004	22,225,004	22,271,954	22,271,954
Subscription Arrangements	1,099,132	614,555	—	—	1,099,132	614,555
Total	198,289,986	202,898,786	97,472,786	103,632,815	295,762,772	306,531,601

The City maintained its rating of A+ from S&P Global for general obligation debt with a stable outlook. Additional information on the City's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The December 2024 unemployment rate for the City of Rock Island was 4.6 percent. The rate remained virtually unchanged from December 2023's rate of 4.7 percent.

The City of Rock Island was awarded \$26 million from the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act (ARPA). In June 2022, the City Council adopted the following ARPA Guiding Principles to assist in understanding the expectations on how these funds should be utilized. The funds are required to be obligated by December 31, 2024 and spent by December 31, 2026.

- *Infrastructure projects should benefit residents and reduce future financial liabilities.*
- *Funding decisions should align with community needs.*
- *Projects should demonstrate tangible and intangible returns on investment.*
- *Funds should be leveraged strategically to maximize projects.*
- *Investments should be made in economic development to attract and retain businesses.*

CITY OF ROCK ISLAND, ILLINOIS

Management's Discussion and Analysis

December 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - Continued

State and local taxes continued to exceed expectations with the exception of personal property replacement tax (PPRT). PPRT revenue declined by \$3,335,779, or 41%, compared to 2023. This decrease was due to overpayments made by the State of Illinois to the City of Rock Island in prior periods. To correct the overpayment, the State implemented adjustments to the City's monthly PPRT distributions.

Increased total equalized assessed value for properties in the City of Rock Island represents an overall increase in the value of homeowner's property, as well as a stable base for the City's property tax revenue.

The City of Rock Island's budget for 2025 was prepared anticipating modest increases in revenue. Current trends indicate that actual revenues will exceed budget projections, while actual expenses are anticipated to remain close to budgeted levels. Over the years, one of the City's strengths has been sound fiscal management, as demonstrated by health fund balance reserves, stable bond rating and the adoption of a balanced budget for 2025. Maintaining the current quality of existing services remains a challenging priority, particularly with only minimal service enhancements planned for residents and no reductions in City services anticipated in the coming year.

The 2025 budget continues to provide funding from the General Fund to the Park and Recreation Fund to support is financial stability, as revenues gradually recover to pre-pandemic levels.

In 2025, union contracts for AFSCME A, FOP Command and UAW were all negotiated and settled with two to three-year terms depending. The agreements included updated pay scales designed to improve employee retention and provide structure annual increases. Health care and personnel costs – both of which represent a significant portion of the City's operating budget – continue to rise annually and have a notable impact on overall budget planning.

All of these factors were considered in preparing the City of Rock Island's budget for the 2025 calendar year. Management anticipates that actual revenue and expenditures will closely approximate budgeted revenue and expenditures for calendar 2025.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF ROCK ISLAND, ILLINOIS

Statement of Net Position

December 31, 2024

See Following Page

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Net Position
December 31, 2024**

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Martin Luther King Center	Rock Island Public Library Foundation
	Activities	Activities			
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 40,422,764	2,044,572	42,467,336	796,632	3,045,930
Assets Held for Resale	6,660,010	—	6,660,010	—	—
Receivables - Net of Allowances	27,048,741	7,970,368	35,019,109	—	—
Due from Other Governments	916,778	529,162	1,445,940	527,596	—
Internal Balances	1,437,642	(1,437,642)	—	—	—
Prepays/Inventories	752,634	49,527	802,161	—	—
Total Current Assets	77,238,569	9,155,987	86,394,556	1,324,228	3,045,930
Noncurrent Assets					
Capital Assets					
Nondepreciable	15,696,999	3,082,103	18,779,102	—	—
Depreciable	151,580,889	220,342,608	371,923,497	—	—
Accumulated Depreciation	(66,174,602)	(91,528,555)	(157,703,157)	—	—
	101,103,286	131,896,156	232,999,442	—	—
Other Assets					
Long-Term Notes Receivable - Net of Allowance	—	162,789	162,789	—	—
Total Noncurrent Assets	101,103,286	132,058,945	233,162,231	—	—
Total Assets	178,341,855	141,214,932	319,556,787	1,324,228	3,045,930
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	2,169,126	1,246,577	3,415,703	200,499	—
Deferred Items - Police Pension	1,631,130	—	1,631,130	—	—
Deferred Items - Firefighters' Pension	1,425,031	—	1,425,031	—	—
Deferred Items - RBP	3,772,336	1,028,814	4,801,150	51,373	—
Unamortized Asset Retirement Obligation	37,558	20,002,504	20,040,062	—	—
Unamortized Loss on Refunding	—	1,746	1,746	—	—
Total Deferred Outflows of Resources	9,035,181	22,279,641	31,314,822	251,872	—
Total Assets and Deferred Outflows of Resources	187,377,036	163,494,573	350,871,609	1,576,100	3,045,930

The notes to the financial statements are an integral part of this statement.

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Martin Luther	Rock Island
	Activities	Activities		King Center	Public Library Foundation
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 3,973,916	1,615,717	5,589,633	64,575	—
Accrued Payroll	703,454	196,132	899,586	29,970	—
Accrued Interest Payable	120,529	290,591	411,120	—	—
Claims Payable	1,917,895	—	1,917,895	—	—
Deposits Payable	4,015	—	4,015	—	—
Other Payables	904,572	368,823	1,273,395	355,430	—
Current Portion of Long-Term Debt	7,024,583	6,129,127	13,153,710	27,522	—
Total Current Liabilities	14,648,964	8,600,390	23,249,354	477,497	—
Noncurrent Liabilities					
Compensated Absences Payable	1,206,139	153,826	1,359,965	—	—
Net Pension Liability - IMRF	1,366,883	785,537	2,152,420	126,347	—
Net Pension Liability - Police Pension	71,676,180	—	71,676,180	—	—
Net Pension Liability - Firefighters' Pension	61,590,739	—	61,590,739	—	—
Total OPEB Liability - RBP	16,498,926	4,416,255	20,915,181	204,383	—
Line of Credit	—	1,442,459	1,442,459	—	—
General Obligation Bonds Payable - Net	38,217,311	18,503,960	56,721,271	—	—
IEPA Loans Payable	—	44,044,533	44,044,533	—	—
Asset Retirement Obligation	46,950	22,225,004	22,271,954	—	—
Subscription Arrangements	724,200	—	724,200	—	—
Total Noncurrent Liabilities	191,327,328	91,571,574	282,898,902	330,730	—
Total Liabilities	205,976,292	100,171,964	306,148,256	808,227	—
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	18,937,872	—	18,937,872	—	—
Leases	868,013	—	868,013	—	—
Grants	2,906,899	—	2,906,899	—	—
Deferred Items - IMRF	22,557	12,965	35,522	2,085	—
Deferred Items - Police Pension	11,683,375	—	11,683,375	—	—
Deferred Items - Firefighters' Pension	7,890,172	—	7,890,172	—	—
Deferred Items - RBP	4,829,257	1,317,063	6,146,320	65,768	—
Total Deferred Inflows of Resources	47,138,145	1,330,028	48,468,173	67,853	—
Total Liabilities and Deferred Inflows of Resources	253,114,437	101,501,992	354,616,429	876,080	—
NET POSITION					
Net Investment in Capital Assets	59,461,843	62,452,753	121,914,596	—	—
Restricted - Police Services	260,782	—	260,782	—	—
Restricted - Public Library	1,932,215	—	1,932,215	—	—
Restricted - Capital Improvements	7,783,966	—	7,783,966	—	—
Restricted - Debt Service	127,283	—	127,283	—	—
Restricted - Motor Fuel Taxes	833,300	—	833,300	—	—
Restricted - Fire Services	269,375	—	269,375	—	—
Restricted - Community Development	3,560,503	—	3,560,503	—	—
Restricted - Drug Prevention	201,003	—	201,003	—	—
Library - Nonexpendable	—	—	—	—	2,769,264
Unrestricted (Deficit)	(140,167,671)	(460,172)	(140,627,843)	700,020	276,666
Total Net Position	(65,737,401)	61,992,581	(3,744,820)	700,020	3,045,930

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended December 31, 2024**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 21,654,862	4,904,968	909,679	1,320,573
Police and Fire	24,858,409	2,922,402	119,521	—
Electrical Maintenance	722,405	—	—	—
Municipal Vehicle Parking System	41,862	—	—	—
Highways and Streets	6,620,290	—	1,658,554	—
Libraries	2,938,855	385,119	71,413	—
Interest on Long-Term Debt	1,445,551	—	—	—
Total Governmental Activities	58,282,234	8,212,489	2,759,167	1,320,573
Business-Type Activities				
Waterworks	10,382,014	9,941,859	—	—
Wastewater Treatment	9,624,447	10,439,861	—	—
Park and Recreation	7,127,458	4,389,645	579,162	—
Stormwater	2,074,963	2,203,354	—	—
Solid Waste	2,514,056	2,355,197	32,470	—
Sunset Marina	727,717	391,461	—	—
Housing and Community Development Loan	123,943	—	77	—
Hydro-Electric Plant	107,552	209,046	—	—
Total Business-Type Activities	32,682,150	29,930,423	611,709	—
Total Primary Government	90,964,384	38,142,912	3,370,876	1,320,573
Component Units				
Martin Luther King Center	2,120,611	143,289	2,160,281	—
Rock Island Public Library Foundation	298,663	—	243,439	—
Total Component Units	2,419,274	143,289	2,403,720	—
			General Revenues	
			Taxes	
			Property Tax	
			Gaming Tax	
			Municipal Utility Tax	
			Gasoline Tax	
			Food Beverage Tax	
			Other Taxes	
			Intergovernmental - Unrestricted	
			State Income Tax	
			Sales Tax	
			Local Use Tax	
			Replacement Tax	
			ARPA Grant	
			Investment Income	
			Miscellaneous	
			Transfers - Internal Activity	
			Change in Net Position	
			Net Position - Beginning	
			Restatement - Change in Accounting Principles	
			Restatement - Error Correction	
			Net Position - Beginning as Restated	
			Net Position - Ending	

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Martin Luther King Center	Rock Island Public Library Foundation
(14,519,642)	—	(14,519,642)	—	—
(21,816,486)	—	(21,816,486)	—	—
(722,405)	—	(722,405)	—	—
(41,862)	—	(41,862)	—	—
(4,961,736)	—	(4,961,736)	—	—
(2,482,323)	—	(2,482,323)	—	—
(1,445,551)	—	(1,445,551)	—	—
(45,990,005)	—	(45,990,005)	—	—
—	(440,155)	(440,155)	—	—
—	815,414	815,414	—	—
—	(2,158,651)	(2,158,651)	—	—
—	128,391	128,391	—	—
—	(126,389)	(126,389)	—	—
—	(336,256)	(336,256)	—	—
—	(123,866)	(123,866)	—	—
—	101,494	101,494	—	—
—	(2,140,018)	(2,140,018)	—	—
(45,990,005)	(2,140,018)	(48,130,023)	—	—
—	—	—	182,959	—
—	—	—	—	(55,224)
—	—	—	182,959	(55,224)
18,813,084	2,443,619	21,256,703	—	—
4,038,608	—	4,038,608	—	—
2,256,013	—	2,256,013	—	—
306,072	—	306,072	—	—
1,128,171	—	1,128,171	—	—
811,061	—	811,061	—	—
6,387,954	—	6,387,954	—	—
7,296,186	—	7,296,186	—	—
1,315,316	—	1,315,316	—	—
4,747,317	—	4,747,317	—	—
15,818,325	—	15,818,325	—	—
2,521,339	206,329	2,727,668	21,302	326,147
413,185	26,661	439,846	—	—
(31,292)	31,292	—	—	—
65,821,339	2,707,901	68,529,240	21,302	326,147
19,831,334	567,883	20,399,217	204,261	270,923
(83,533,194)	61,424,698	(22,108,496)	495,759	2,775,007
(2,080,183)	—	(2,080,183)	—	—
44,642	—	44,642	—	—
(85,568,735)	61,424,698	(24,144,037)	495,759	2,775,007
(65,737,401)	61,992,581	(3,744,820)	700,020	3,045,930

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2024**

	General	Public Library	Tax Increment Financing District
ASSETS			
Cash and Investments	\$ 17,068,299	2,001,765	8,168,660
Assets Held for Resale	24,556	—	257,953
Receivables - Net of Allowances			
Taxes	16,305,758	2,753,364	4,418,963
Accounts	967,871	—	10,617
Leases	886,665	—	—
Accrued Interest	—	—	225
Notes	—	—	274,287
Due from Other Governments	19,811	—	—
Due from Other Funds	4,591,628	—	—
Advances to Other Funds	296,656	—	—
Total Assets	40,161,244	4,755,129	13,130,705
LIABILITIES			
Accounts Payable	724,349	108,101	907,844
Accrued Payroll	586,473	47,009	3,135
Deposits Payable	—	—	—
Due to Other Funds	150,265	—	60,764
Other Payables	853,227	—	—
Total Liabilities	2,314,314	155,110	971,743
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	12,359,050	2,667,804	4,374,996
Leases	868,013	—	—
Grants	—	—	—
Total Deferred Inflows of Resources	13,227,063	2,667,804	4,374,996
Total Liabilities and Deferred Inflows of Resources	15,541,377	2,822,914	5,346,739
FUND BALANCES			
Nonspendable	321,212	—	—
Restricted	270,213	1,932,215	7,783,966
Committed	—	—	—
Unassigned	24,028,442	—	—
Total Fund Balances	24,619,867	1,932,215	7,783,966
Total Liabilities, Deferred Inflows of Resources and Fund Balances	40,161,244	4,755,129	13,130,705

The notes to the financial statements are an integral part of this statement.

Special Revenue

Riverboat Gaming	Community/ Economic Development	ARPA	Debt Service	Capital Projects	Nonmajor	Totals
1,433,620	—	5,798,727	243,184	276,390	3,324,388	38,315,033
—	6,377,501	—	—	—	—	6,660,010
316,826	—	—	85,904	—	330,572	24,211,387
—	492	—	51,346	208,651	1,263	1,240,240
—	—	—	—	—	—	886,665
—	—	—	—	413	—	638
—	—	—	—	250,000	—	524,287
—	50,910	—	—	—	846,057	916,778
—	—	—	—	—	—	4,591,628
—	—	—	—	—	—	296,656
<u>1,750,446</u>	<u>6,428,903</u>	<u>5,798,727</u>	<u>380,434</u>	<u>735,454</u>	<u>4,502,280</u>	<u>77,643,322</u>
—	121,473	787,418	1,134	121,404	360,137	3,131,860
—	—	2,078	—	—	10,548	649,243
—	—	—	—	—	4,015	4,015
—	118,572	—	—	—	618,066	947,667
—	—	—	51,345	—	—	904,572
—	240,045	789,496	52,479	121,404	992,766	5,637,357
—	—	—	80,143	—	309,106	19,791,099
—	—	—	—	—	—	868,013
—	—	2,906,899	—	—	—	2,906,899
—	—	2,906,899	80,143	—	309,106	23,566,011
—	240,045	3,696,395	132,622	121,404	1,301,872	29,203,368
—	—	—	—	—	—	321,212
1,750,446	—	—	247,812	—	3,104,304	15,088,956
—	6,188,858	2,102,332	—	614,050	482,784	9,388,024
—	—	—	—	—	(386,680)	23,641,762
<u>1,750,446</u>	<u>6,188,858</u>	<u>2,102,332</u>	<u>247,812</u>	<u>614,050</u>	<u>3,200,408</u>	<u>48,439,954</u>
<u>1,750,446</u>	<u>6,428,903</u>	<u>5,798,727</u>	<u>380,434</u>	<u>735,454</u>	<u>4,502,280</u>	<u>77,643,322</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

December 31, 2024

Total Governmental Fund Balances	\$ 48,439,954
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	101,103,286
Less: Internal Service Capital Assets	(7,996,156)
Deferred outflows (inflows) of resources related to retirement not reported in the funds.	
Deferred Items - IMRF	1,814,893
Deferred Items - Police Pension	(10,052,245)
Deferred Items - Firefighters' Pension	(6,465,141)
Deferred Items - RBP	(978,648)
Deferred outflows related to unamortized asset retirement obligation.	37,558
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	853,227
Internal service funds are used by the City to charge the costs of vehicle and equipment management and employee compensated absences to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position	4,281,053
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(4,486,206)
Net Pension Liability - IMRF	(1,155,679)
Net Pension Liability - Police Pension	(71,676,180)
Net Pension Liability - Firefighters' Pension	(61,590,739)
Total OPEB Liability - RBP	(16,057,456)
General Obligation Bonds Payable	(39,019,605)
Unamortized Bond Premium	(1,522,706)
Asset Retirement Obligation	(46,950)
Subscription Arrangements	(1,099,132)
Accrued Interest Payable	(120,529)
Net Position of Governmental Activities	<u><u>(65,737,401)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2024**

See Following Page

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2024**

	General	Public Library	Tax Increment Financing District
Revenues			
Taxes	\$ 16,115,350	2,482,361	4,378,152
Intergovernmental	19,896,975	71,413	—
Licenses and Permits	1,104,780	—	—
Charges for Services	6,061,793	369,395	—
Fines and Forfeitures	184,018	15,724	—
Investment Income	1,008,840	57,086	331,553
Miscellaneous	214,534	55,039	21,346
Total Revenues	44,586,290	3,051,018	4,731,051
Expenditures			
General Government	8,811,156	—	4,035,274
Police and Fire	31,663,746	—	—
Electrical Maintenance	722,405	—	—
Municipal Vehicle Parking System	41,862	—	—
Highways and Streets	3,855,427	—	—
Libraries	—	2,813,768	—
Capital Outlay	2,675,536	—	34,999
Debt Service			
Principal Retirement	447,674	—	285,000
Interest and Fiscal Charges	16,811	—	6,698
Total Expenditures	48,234,617	2,813,768	4,361,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,648,327)	237,250	369,080
Other Financing Sources (Uses)			
Debt Issuance	932,251	—	—
Disposal of Capital Assets	26,347	—	(953)
Transfers In	6,754,945	215,000	—
Transfers Out	(4,245,634)	—	—
	3,467,909	215,000	(953)
Net Change in Fund Balances	(180,418)	452,250	368,127
Fund Balances - Beginning	24,755,643	1,479,965	7,415,839
Restatement - Error Correction	44,642	—	—
Fund Balances - Beginning as Restated	24,800,285	1,479,965	7,415,839
Fund Balances - Ending	24,619,867	1,932,215	7,783,966

The notes to the financial statements are an integral part of this statement.

Special Revenue

Riverboat Gaming	Community/ Economic Development	ARPA	Debt Service	Capital Projects	Nonmajor	Totals
3,715,211	—	—	167,139	—	450,381	27,308,594
—	247,951	15,818,325	—	—	3,610,174	39,644,838
—	—	—	—	—	—	1,104,780
—	—	—	—	397,645	79,134	6,907,967
—	—	—	—	—	—	199,742
92,672	—	737,264	6,946	8,468	156,260	2,399,089
—	101	—	2,137	—	120,028	413,185
3,807,883	248,052	16,555,589	176,222	406,113	4,415,977	77,978,195
—	881,370	9,642,574	12,223	—	2,504,479	25,887,076
—	—	—	—	—	—	31,663,746
—	—	—	—	—	—	722,405
—	—	—	—	—	—	41,862
—	—	—	—	—	1,352,585	5,208,012
—	—	—	—	—	—	2,813,768
—	—	—	—	1,554,649	2,388	4,267,572
—	—	—	2,201,315	—	—	2,933,989
—	—	—	1,564,722	—	—	1,588,231
—	881,370	9,642,574	3,778,260	1,554,649	3,859,452	75,126,661
3,807,883	(633,318)	6,913,015	(3,602,038)	(1,148,536)	556,525	2,851,534
—	—	—	—	—	—	932,251
—	(1,665)	—	—	—	—	23,729
—	643,870	498,033	3,765,742	2,549,376	204,876	14,631,842
(3,765,742)	—	(6,175,750)	—	(98,923)	(543,304)	(14,829,353)
(3,765,742)	642,205	(5,677,717)	3,765,742	2,450,453	(338,428)	758,469
42,141	8,887	1,235,298	163,704	1,301,917	218,097	3,610,003
1,708,305	6,179,971	867,034	84,108	(687,867)	2,982,311	44,785,309
—	—	—	—	—	—	44,642
1,708,305	6,179,971	867,034	84,108	(687,867)	2,982,311	44,829,951
1,750,446	6,188,858	2,102,332	247,812	614,050	3,200,408	48,439,954

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 3,610,003

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	11,053,302
Depreciation Expense	(3,525,618)
Disposals - Cost	(577,739)
Disposals - Accumulated Depreciation	206,750

A deduction to certain revenues recognized as revenue only in the governmental funds. 44,415

The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(1,698,904)
Change in Deferred Items - Police Pension	2,312,319
Change in Deferred Items - Firefighters' Pension	3,277,307
Change in Deferred Items - RBP	103,946

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	370,166
Change in Net Pension Liability - IMRF	177,130
Change in Net Pension Liability - Police Pension	2,513,812
Change in Net Pension Liability - Firefighters' Pension	(692,283)
Change in Total OPEB Liability - RBP	71,267
Issuance of Debt	(932,251)
Retirement of Debt	2,933,989
Amortization of Bond Premium	145,903
Amortization of Asset Retirement Obligation	(9,392)

Internal service funds are used by the City to charge the costs of vehicle and equipment management and employee compensated absences to individual funds.

The net revenue of certain activities of internal service funds is reported with governmental activities. 441,043

Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

6,169

Changes in Net Position of Governmental Activities 19,831,334

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2024

See Following Page

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2024**

	Business-Type Activities - Enterprise					Governmental
	Waterworks	Wastewater	Park and	Nonmajor	Totals	Internal
		Treatment	Recreation			Service
ASSETS						
Current Assets						
Cash and Investments	\$ 539,162	—	7,250	1,498,160	2,044,572	2,107,731
Receivables - Net of Allowances						
Property Taxes	—	—	2,507,273	—	2,507,273	—
Accounts	889,135	1,059,552	26,025	270,522	2,245,234	—
Estimated Unbilled Usage	1,030,396	1,240,956	—	601,105	2,872,457	—
Accrued Interest	—	—	—	31,775	31,775	—
Current Portion of Notes Receivable	—	—	—	313,629	313,629	—
Other	—	—	—	—	—	185,524
Due from Other Governments	—	—	529,162	—	529,162	—
Due from Other Funds	2,333,487	—	—	551,637	2,885,124	—
Prepays	—	—	—	15,103	15,103	—
Inventories	—	—	114	34,310	34,424	752,634
Total Current Assets	4,792,180	2,300,508	3,069,824	3,316,241	13,478,753	3,045,889
Noncurrent Assets						
Capital Assets						
Nondepreciable	727,819	336,582	1,865,422	152,280	3,082,103	17,500
Depreciable	57,372,029	126,668,003	27,637,919	8,664,657	220,342,608	13,390,381
Accumulated Depreciation	(25,560,451)	(44,960,704)	(15,397,461)	(5,609,939)	(91,528,555)	(5,411,725)
	32,539,397	82,043,881	14,105,880	3,206,998	131,896,156	7,996,156
Other Assets						
Long-Term Notes Receivable - Net of Allowance	—	—	—	162,789	162,789	—
Total Noncurrent Assets	32,539,397	82,043,881	14,105,880	3,369,787	132,058,945	7,996,156
Total Assets	37,331,577	84,344,389	17,175,704	6,686,028	145,537,698	11,042,045
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Items - IMRF	390,642	322,871	297,506	235,558	1,246,577	335,162
Deferred Items - RBP	302,386	264,841	224,776	236,811	1,028,814	279,371
Unamortized Asset Retirement Obligation	3,092,800	16,909,704	—	—	20,002,504	—
Loss on Refunding	—	1,746	—	—	1,746	—
Total Deferred Outflows of Resources	3,785,828	17,499,162	522,282	472,369	22,279,641	614,533
Total Assets and Deferred Outflows of Resources	41,117,405	101,843,551	17,697,986	7,158,397	167,817,339	11,656,578

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise					Governmental
	Waterworks	Wastewater	Park and	Nonmajor	Totals	Internal
		Treatment	Recreation			Service
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 821,887	192,413	256,874	344,543	1,615,717	691,791
Accrued Payroll	59,009	46,440	54,215	36,468	196,132	54,211
Accrued Interest Payable	129,942	156,521	3,129	345	289,937	654
Claims Payable	—	—	—	—	—	1,917,895
Due to Other Funds	—	1,839,557	1,140,986	1,045,567	4,026,110	2,653,240
Advances from Other Funds	—	—	296,656	—	296,656	—
Other Payables	49,907	194,553	98,763	25,600	368,823	—
Current Portion of Long-Term Debt	1,461,751	4,154,124	301,504	116,748	6,034,127	324,277
Total Current Liabilities	2,522,496	6,583,608	2,152,127	1,569,271	12,827,502	5,642,068
Noncurrent Liabilities						
Compensated Absences Payable	29,576	30,989	71,140	22,121	153,826	57,590
Net Pension Liability - IMRF	246,165	203,459	187,475	148,438	785,537	211,204
Total OPEB Liability - RBP	1,298,026	1,136,820	964,885	1,016,524	4,416,255	1,199,187
Line of Credit	—	—	1,442,459	—	1,442,459	—
General Obligation Bonds Payable - Net	1,166,683	15,663,787	1,060,844	295,991	18,187,305	316,655
IEPA Loans Payable	18,515,963	25,528,570	—	—	44,044,533	—
Asset Retirement Obligation	3,436,444	18,788,560	—	—	22,225,004	—
Total Noncurrent Liabilities	24,692,857	61,352,185	3,726,803	1,483,074	91,254,919	1,784,636
Total Liabilities	27,215,353	67,935,793	5,878,930	3,052,345	104,082,421	7,426,704
DEFERRED INFLOWS OF RESOURCES						
Deferred Items - IMRF	4,063	3,358	3,094	2,450	12,965	3,486
Deferred Items - RBP	387,108	339,043	287,753	303,159	1,317,063	357,644
Total Deferred Inflows of Resources	391,171	342,401	290,847	305,609	1,330,028	361,130
Total Liabilities and Deferred Inflows of Resources	27,606,524	68,278,194	6,169,777	3,357,954	105,412,449	7,787,834
NET POSITION						
Net Investment in Capital Assets	11,547,926	36,847,898	11,557,577	2,911,007	62,864,408	7,584,501
Unrestricted (Deficit)	1,962,955	(3,282,541)	(29,368)	889,436	(459,518)	(3,715,757)
Total Net Position	13,510,881	33,565,357	11,528,209	3,800,443	62,404,890	3,868,744
Total Liabilities, Deferred Inflows of Resources, and Net Position	41,117,405	101,843,551	17,697,986	7,158,397	167,817,339	11,656,578

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Reconciliation of Total Enterprise Fund Balance to Net Position - Business-Type Activities
December 31, 2024**

Total Enterprise Fund Balances	\$ 62,404,890
Amounts reported for business-type activities in the Statement of Net Position are different because:	
Adjustment to reflect the consolidation of the Hydro-Electric Plant - Internal Service Fund activities which are related solely to business-type activities	<u>(412,309)</u>
Net Position of Business-Type Activities	<u><u>61,992,581</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2024**

See Following Page

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2024**

	<u>Waterworks</u>
Operating Revenues	
Charges for Services	\$ 9,424,469
Interfund Services	—
Sales of Merchandise	—
Other	517,390
Total Operating Revenues	<u>9,941,859</u>
Operating Expenses	
Operations	8,899,366
Depreciation and Amortization	1,097,337
Total Operating Expenses	<u>9,996,703</u>
Operating Income (Loss)	<u>(54,844)</u>
Nonoperating Revenues (Expenses)	
Intergovernmental	—
Property Taxes	—
Contributions	—
Investment Income	116,361
Other Income	6,289
Interest Expense	(385,311)
Disposal of Capital Assets	—
	<u>(262,661)</u>
Income (Loss) before Contributions and Transfers	<u>(317,505)</u>
Transfers In	—
Transfers Out	—
	<u>—</u>
Change in Net Position	(317,505)
Net Position - Beginning	<u>13,828,386</u>
Net Position - Ending	<u><u>13,510,881</u></u>

The notes to the financial statements are an integral part of this statement.

Business-Type Activities - Enterprise				Governmental Activities
Wastewater Treatment	Park and Recreation	Nonmajor	Totals	Internal Service
10,411,278	3,026,825	4,931,200	27,793,772	—
—	—	—	—	15,294,227
—	1,016,359	3,370	1,019,729	—
28,583	292,875	15,442	854,290	102,030
10,439,861	4,336,059	4,950,012	29,667,791	15,396,257
5,523,708	6,525,672	5,323,869	26,272,615	13,462,645
2,936,463	485,353	112,516	4,631,669	763,373
8,460,171	7,011,025	5,436,385	30,904,284	14,226,018
1,979,690	(2,674,966)	(486,373)	(1,236,493)	1,170,239
—	579,162	32,547	611,709	—
—	2,443,619	—	2,443,619	—
—	53,586	—	53,586	—
—	—	89,968	206,329	122,250
160	18,199	1,973	26,621	73,584
(1,164,276)	(116,433)	(4,294)	(1,670,314)	(18,837)
40	—	—	40	(970,918)
(1,164,076)	2,978,133	120,194	1,671,590	(793,921)
815,614	303,167	(366,179)	435,097	376,318
—	579,783	—	579,783	166,219
—	(548,491)	—	(548,491)	—
—	31,292	—	31,292	166,219
815,614	334,459	(366,179)	466,389	542,537
32,749,743	11,193,750	4,166,622	61,938,501	3,326,207
33,565,357	11,528,209	3,800,443	62,404,890	3,868,744

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position to the Statement of Activities - Business-Type Activities

For the Fiscal Year Ended December 31, 2024

Net Change in Net Position - Total Enterprise Funds	\$ 466,389
Amounts reported for business-type activities in the Statement of Activities are different because:	
Adjustment to reflect the consolidation of the Hydro-Electric Plant - Internal Service Fund activities which are related solely to business-type activities	<u>101,494</u>
Changes in Net Position of Business-Type Activities	<u><u>567,883</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2024**

See Following Page

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2024**

	<u>Waterworks</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 11,406,719
Interfund Services Provided (Used)	(580,788)
Payments to Suppliers	(6,076,668)
Payments to Employees	(1,702,234)
	<u>3,047,029</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,040,398)
Disposal of Capital Assets	—
Principal Retirement	(1,286,645)
Interest Expense	(385,311)
	<u>(2,712,354)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	—
Transfers Out	—
	<u>—</u>
Cash Flows from Investing Activities	
Investment Income (Loss)	116,361
	<u>116,361</u>
Net Change in Cash and Cash Equivalents	451,036
Cash and Cash Equivalents - Beginning	<u>88,126</u>
Cash and Cash Equivalents - Ending	<u><u>539,162</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	(54,844)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	1,097,337
Other Income (Expense)	6,289
(Increase) Decrease in Current Assets	1,458,571
Increase (Decrease) in Current Liabilities	539,676
	<u>539,676</u>
Net Cash Provided by Operating Activities	<u><u>3,047,029</u></u>

The notes to the financial statements are an integral part of this statement.

Business-Type Activities - Enterprise				Governmental Activities
Wastewater Treatment	Park and Recreation	Nonmajor	Totals	Internal Service
10,847,334	7,310,930	4,653,820	34,218,803	175,614
(561,955)	(540,670)	(1,461,735)	(3,145,148)	15,797,604
(3,714,579)	(3,040,857)	(2,649,951)	(15,482,055)	(12,074,548)
(1,395,837)	(2,567,600)	(1,030,546)	(6,696,217)	(1,621,311)
5,174,963	1,161,803	(488,412)	8,895,383	2,277,359
(95,793)	(659,268)	(112,189)	(1,907,648)	(2,952,406)
40	—	—	40	17,321
(3,914,934)	(417,394)	(3,684)	(5,622,657)	(95,000)
(1,164,276)	(116,433)	(4,294)	(1,670,314)	(18,837)
(5,174,963)	(1,193,095)	(120,167)	(9,200,579)	(3,048,922)
—	579,783	—	579,783	166,219
—	(548,491)	—	(548,491)	—
—	31,292	—	31,292	166,219
—	—	89,968	206,329	122,250
—	—	(518,611)	(67,575)	(483,094)
—	7,250	2,016,771	2,112,147	2,590,825
—	7,250	1,498,160	2,044,572	2,107,731
1,979,690	(2,674,966)	(486,373)	(1,236,493)	1,170,239
2,936,463	485,353	112,516	4,631,669	763,373
160	3,094,566	34,520	3,135,535	73,584
407,313	(119,695)	(330,712)	1,415,477	503,377
(148,663)	376,545	181,637	949,195	(233,214)
5,174,963	1,161,803	(488,412)	8,895,383	2,277,359

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2024**

	Pension Trust	Custodial Section 125 Cafeteria Plan
ASSETS		
Cash and Cash Equivalents	\$ 1,394,451	—
Investments		
Illinois Police Officers' Pension Investment Fund	46,953,605	—
Illinois Firefighters' Pension Investment Fund	30,113,731	—
Due from Other Funds	150,265	—
Prepays	3,743	—
Total Assets	<u>78,615,795</u>	<u>—</u>
LIABILITIES		
Accounts Payable	<u>5,818</u>	<u>—</u>
NET POSITION		
Net Position Restricted	<u><u>78,609,977</u></u>	<u><u>—</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2024**

	Pension Trust	Custodial Section 125 Cafeteria Plan
Additions		
Contributions		
Employer	\$ 11,098,994	—
Plan Members	1,074,427	—
Dependent Care	—	—
Medical Reimbursement	—	—
Total Contributions	<u>12,173,421</u>	<u>—</u>
Investment Earnings		
Interest Earned	822,075	—
Net Change in Fair Value	6,066,155	—
	<u>6,888,230</u>	<u>—</u>
Less Investment Expenses	(59,600)	—
Net Investment Income	<u>6,828,630</u>	<u>—</u>
Total Additions	<u>19,002,051</u>	<u>—</u>
Deductions		
Administration	148,432	—
Benefits and Refunds	11,978,331	—
Services	—	—
Total Deductions	<u>12,126,763</u>	<u>—</u>
Change in Fiduciary Net Position	<u>6,875,288</u>	<u>—</u>
Net Position Restricted for Pensions and Others		
Beginning	71,734,689	44,642
Restatement - Error Correction	—	(44,642)
Beginning As Restated	<u>71,734,689</u>	<u>—</u>
Ending	<u>78,609,977</u>	<u>—</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rock Island, Illinois (the City), is a municipal corporation governed by a City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City provides public safety (police and fire), streets, cultural-recreation, public improvements, and planning and zoning services. The City also operates municipal water, wastewater, recreation, stormwater, marina, and parking systems facilities.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

REPORTING ENTITY

The City is a municipal corporation governed by an elected mayor and seven-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the City as pension trust funds and there are two discretely component units to include in the reporting entity.

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and 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. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the City Mayor, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 but do not meet the criteria for blending.

Martin Luther King Center (the Center)

The City is considered to be financially accountable for the Martin Luther King Center (the Center). The Center has a December 31st year-end and accounts for revenues and tax-exempt expenses of various programs including the Department of Alcohol and Substance Abuse Program. The Center meets the component unit criteria because a voting majority of the Center's governing board is appointed by the City, and the Center is fiscally dependent on the City as the City has the authority to determine the Center's budget and approve and modify the budget. The Center is considered a discretely presented component unit as the two Boards are not substantially the same and the services provided by the Center are not entirely for the benefit of the City. Complete financial statements for the component unit may be obtained at the City of Rock Island, 1528 Third Avenue, Rock Island, Illinois 61201.

Rock Island Public Library Foundation (the Foundation)

The Rock Island Public Library Foundation (the Foundation) is a legally separate, tax-exempt component unit of the City. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the City in support of its Library. The board of the Foundation is self-perpetuating. Although the City does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the City's Library by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the City's Library, the Foundation is considered a component unit of the City and is discretely presented in the City's financial statements.

During the year ended December 31, 2024, the Foundation distributed \$33,708 to the City. The Foundation is presented as an enterprise fund type. Separate audited financial statements as of December 31, 2024 are available from the Foundation Office at 401 19th Street, Rock Island, Illinois 61201.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire, electrical maintenance, municipal vehicle parking system, highways and streets, libraries, and general administrative services are classified as governmental activities. The City's waterworks, wastewater treatment, park and recreation, stormwater, solid waste, sunset marina, housing and community development loan, and hydro-electric plant services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, police and fire, highways and streets, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, fines, permits and charges, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION

Fund Financial Statements - Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is a primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund is the general operating fund of the City. It accounts for all revenues and expenditures of the City which are not accounted for in other funds. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains 15 special revenue funds. The Public Library Fund, a major fund, is used to account for monies from contributions, grants, and a tax levy restricted to services related to the operation of the City Library. The Tax Increment Financing (TIF) District Fund, a major fund, is used to account for monies from the state of Illinois to be applied to specific areas for rehabilitation of property. The Riverboat Gaming Fund, a major fund, is used to account for revenue and expenditures from riverboat gaming. The Community/Economic Development Fund, a major fund, is used to account for contributions and grants which support outside agencies and special economic development activities. The ARPA Fund, also a major fund, is used to account for the funds received by the City from the American Rescue Plan Act of 2021 during the COVID-19 pandemic.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for monies restricted, committed or assigned to pay for principal and interest payments on the City's debt obligations.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is treated as a major fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise funds account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains seven enterprise funds. The Waterworks Fund, a major fund, is used to account for the revenue and expenses of the department responsible for providing a safe potable water supply and an adequate water supply for fire protection, domestic usage, and industrial usage. The Wastewater Treatment Fund, also a major fund, is used to account for the revenue and expenses of the department responsible for maintaining a dependable system for collecting and treating the wastewater of the City. The Park and Recreation Fund, also a major fund, is used to account for revenue and expenses associated with operating the recreation programs, park programs, fitness center, and golf courses of the City.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains four internal services funds. The Equipment Maintenance Fund is used to account for the maintenance, repair, and purchase of vehicles used in the operation of City services. Revenue is from rental charges to user departments. Expenses include cost of labor, materials, supplies, and services. Replacement of equipment is part of the rental rate for equipment. The Engineering Fund is used to account for engineering services for all capital and major infrastructure maintenance projects. The Self Insurance Fund is used to account for premium and claim payments for workers' compensation, general liability, and property insurance for most of the City. Stop-loss insurance is also purchased. The Employee Health Benefit Fund is used to account for premium and claim payments for the self-insured group health insurance plan for City employees. Stop-loss insurance is also purchased. The Hydro-Electric Plant Fund is used to account for charges and expenses of the Hydro-Electric Plant to the City's departments.

The City's internal service funds are presented in the proprietary funds' financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements, except for the Hydro-Electric Plant Fund which services the business-type activities. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, police and fire, highways and streets, etc.).

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

The City's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and fiduciary funds utilize an "economic resources" measurement focus. The accounting objectives of the "economic resources" measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, utility taxes, hotel/motel taxes, fines, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds and of the City’s internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Cash and Investments - Continued

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the 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.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report charges for services as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepays/Inventories - Assets Held for Resale

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 or more (depending on asset class), are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized/amortized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized/amortized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION - Continued**

Capital Assets - Continued

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation/amortization on all assets is computed and recorded using the straight-line method of depreciation/amortization over the following estimated useful lives:

Buildings and Improvements	10 - 40 Years
Machinery and Equipment	3 - 20 Years
Infrastructure (1969 to Present)	50 Years
Infrastructure (Before 1969)	100 Years
Subscription Assets - Software	2 - 5 Years

Deferred Outflows/Inflows of Resources

Deferred outflows represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that future time. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

Compensated Absences

All full-time, regular personnel shall accumulate paid vacation leave at a rate of 3.1 hours to 6.2 hours per pay period based on their length of service with the City. Part-time employees shall earn a pro-rated amount of vacation leave according to their average hours worked per pay period. No employee shall accumulate vacation leave in excess of one and one-half times his or her annual rate of accrual as of the end of the pay period, which is paid, on the last payday in March of each fiscal year. Any non-affiliated employee may “sell” back accumulated vacation leave for cash at a rate of 20 hours to 40 hours per year based on their length of service with the City.

All full-time, regular personnel shall accumulate paid sick leave benefits at the rate of 3.7 hours per pay period. Part-time employees shall earn a pro-rated amount of paid sick leave benefits according to their average number of hours worked per pay period. Paid sick leave may be accumulated without limit for those employees hired prior to February 17, 1992. Those employees hired after February 17, 1992 shall accumulate sick leave benefits up to 1,040 hours.

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION - 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 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 at the time of issuance.

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.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements. At least 45 days prior to December 31, the City Manager submits to the City Council a proposed operating budget for all funds for the fiscal year commencing January 1. The operating budget includes proposed expenditures and transfers to other funds and the means of financing them.

A public hearing is conducted to obtain citizen comments on the proposed budget. Prior to December 31, the budget is legally adopted for the general, special revenue, capital projects, and debt service funds through passage of a budget ordinance by the City Council.

The legal level of budgetary control is at the fund level but management control is exercised at the department level. Reported budget amounts represent the adopted budget as adjusted. Due to the City's power as a home rule unit and its ordinance establishing budget policies and procedures, an individual fund's total expenditures and transfers to other funds can exceed the budgeted amount without violating any state laws; however, such budget overages must be approved by the City Manager. Spending and administrative control of expenditures and transfers to other funds is monitored during the year through detailed line items of departmental budgets.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are re-appropriated for the following fiscal year. Budgets are prepared using the same accounting basis and practices used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. During the year, several supplementary appropriations were necessary.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year:

Fund	Excess
Debt Service	\$ 4,377
Capital Projects	737,331
Drug Prevention	16,662
Solid Waste	129,852
Engineering	43,134
Self Insurance	73,238
Employee Health Benefit	145,847
Hydro-Electric Plan	12
Police Pension	374,421
Firefighters' Pension	59,601

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
Housing and Community Development	\$ 235,456
Martin Luther King Community Center Operations	146,644
Federal Programs	4,580
Solid Waste	206,191
Sunset Marina	488,174
Engineering	2,696,683
Self Insurance	262,480
Employee Health Benefit	33,541
Hydro-Electric Plan	412,309

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, Illinois Metropolitan Investment Fund, and Illinois Trust.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The Illinois Trust 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 Laws of the State of Illinois. Participation in the Illinois Trust is voluntary. The Illinois Trust is not registered with the SEC as an Investment Company. Investments in the Illinois Trust are valued at the share price, the price for which the investment could be sold.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type totaled \$12,769,820 and the bank balances totaled \$13,457,617.

Investments. At year-end, the City has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Municipal Bonds	\$ 1,179,108	1,179,108	—	—	—
Illinois Funds	12,636,523	12,636,523	—	—	—
IMET	8,730,652	8,730,652	—	—	—
Illinois Trust	7,151,233	7,151,233	—	—	—
Totals	29,697,516	29,697,516	—	—	—

The City has the following recurring fair value measurements as of December 31, 2024:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Municipal Bonds	\$ 1,179,108	—	1,179,108	—
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	12,636,523			
IMET	8,730,652			
Illinois Trust	7,151,233			
Total Investments at the (NAV)	28,518,408			
Total Investments Measured at Fair Value	29,697,516			

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Investments - Continued. Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, maturities of investments of all funds shall not exceed five years and the majority of the funds would normally be invested with a life less than three years. The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that may be reasonably anticipated in any City fund.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City may invest in any type of security allowed by law as set out in The Public Funds Investment Act of the State of Illinois. In addition, the investment policy states that the City may invest in short-term obligations of corporations (commercial paper) organized in the United States with assets exceeding \$500,000,000 if 1) such obligations are rated at the time of purchase at the highest classification established by at least two standard rating services and which mature no later than 180 days from the date of purchase, 2) no more than 10 percent of City funds are invested in such obligations at any time, and 3) such purchases do not exceed 10 percent of the City's outstanding obligations. At year-end, the City's investment in the Illinois Funds was rated AAmmf by Fitch. The Illinois Metropolitan Investment Trust Convenience Fund is not rated. The City's investment in the Illinois Trust was rated AAAm by Standard & Poor's. The municipal bonds are not rated.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires the amount of collateral provided will not be less than 110 percent of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed quarterly and additional collateral will be requested when the ratio declines below the level required. Pledged collateral will be held by the City of Rock Island or in safekeeping and evidenced by a safekeeping agreement. If collateral is held in safekeeping, it may be held by a third party or by an escrow agent of the pledging institution. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the City of Rock Island. Substitution or exchange of securities held in safekeeping cannot be done without prior approval of the City. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

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. It is the policy of the City to require that funds on deposit with banks and savings and loans in excess of FDIC or SAIF insurance limits be secured by some form of collateral. The City will accept any of the following assets as collateral: U.S. Government Securities, Obligations of Federal Agencies, Obligations of Federal Instrumentalities, Obligations of the State of Illinois, and Obligations of the City of Rock Island. The City's investments in the Illinois Funds, the IMET Fund and the Illinois Trust are not subject to custodial credit risk.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. In order to reduce the risk of default, the investment portfolio of the City shall not exceed the following diversification limits: No financial institution shall hold more than 20 percent of the City of Rock Island's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping unless specifically authorized by Council. Commercial paper shall not exceed 10 percent of the City's investment portfolio. Illinois Public Treasurer's Investment Pool shall not exceed 25 percent of the investment portfolio. Investments may be purchased with maturities to match future project or liability requirements. However, any investments purchased with a maturity longer than two years must be supported by written documentation explaining the reason for the purchase and must be specifically pre-authorized by the Finance Director. Notwithstanding, no investment in any fund shall have a maturity longer than five years and must be supported by written documentation explaining the reason for the purchase and must be specifically preauthorized by the Finance Director. The City's investments in the external pools are not subject to concentration of credit risk. The U.S. Government Obligations are explicitly guaranteed by the U.S. Government. At year-end, the City has no investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Police Pension Fund

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual comprehensive financial report. For additional information on IPOPIF's investments, please refer to their annual comprehensive financial report, which can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$674,934 and the bank balances totaled \$674,934.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires that all investments be properly collateralized and/or insured or guaranteed, where applicable. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Continued

Custodial Credit Risk - Continued. For investments, the Fund's investment policy limits its exposure by requiring that all investments will be in the name of the Fund. Investments of the Fund will be held in a designated custodial account. Safekeeping account receipts, including statements from custodial accounts, will be held by the City's finance department. The money market mutual funds and mutual funds are not subject to custodial credit risk.

Investments. At year-end the Fund has \$46,953,605 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

Investment Policy. IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual comprehensive financial report. For additional information on IFPIF's investments, please refer to their annual comprehensive financial report, which can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$719,517 and the bank balances totaled \$718,955.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment police requires that all investments be properly collateralized and/or insured or guaranteed, where applicable. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance. For investments, the Fund's investment policy limits its exposure by requiring that all investments will be in the name of the Fund. Investments of the Fund will be held in a designated custodial account. Safekeeping account receipts, including statements from custodial accounts, will be held by the City's finance department. The money market mutual funds and mutual funds are not subject to custodial credit risk

Investments. At year-end the Fund has \$30,113,731 invested in IFPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy. IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Rock Island Public Library Foundation

Management of the Rock Island Public Library Foundation (the Foundation) believes the credit risk associated with these stocks, funds, and bonds is minimal. The Foundation maintains its cash at several financial institutions. It maintains its operating cash balances at one bank and the balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The remaining cash is maintained in money market accounts at various financial institutions and these balances are uninsured. The financial institutions each have a strong credit rating and management believes that credit risk related to cash is minimal. The Foundation's investments at fair value as of December 31, 2024, are as follows:

Investments	
Equity Mutual Funds	\$ 1,615,224
Fixed Income Mutual Funds	<u>633,904</u>
	<u>2,249,128</u>

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$796,802.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Rock Island County and are payable in two installments, on or about June 1 and August 1 during the following year. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience.

NOTES RECEIVABLE

As of December 31, 2024, the governmental activities and business-type activities had the following notes receivables, net of allowance for uncollectible:

Governmental Funds

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	\$ 2,343,305
Less: Allowance for Uncollectible Amounts	<u>(1,819,018)</u>
Total Governmental Funds	<u><u>524,287</u></u>

Enterprise Funds

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	660,258
Notes issued to residents with maturities ranging from 1 to 10 years; interest on notes ranging from 3% to 5%, collateralized by first or second mortgages on the borrowers'	850
Less: Allowance for Uncollectible Amounts	<u>(184,690)</u>
Total Enterprise Funds	<u><u>476,418</u></u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LEASES RECEIVABLE

The City is a lessor on the following lease at year end:

Lease	Start Date	End Date	Payments	Interest
38th and 31st Avenue Cell Tower	1/1/2022	12/31/2037	\$3,322 per Month	3.00%
24th and 31st Avenue Cell Tower	2/1/2022	12/31/2037	\$2,848 - \$5,501 per Month	4.00%

During the fiscal year, the City has recognized \$66,771 of lease revenue. There were no variable or other payments not previously included in the measurement of the lease receivable recognized in the current year.

The future principal and interest lease payments as of the year-end were as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2025	\$ 56,703	25,677
2026	58,418	23,962
2027	60,185	22,195
2028	61,886	20,495
2029	63,878	18,503
2030	65,810	16,571
2031	67,800	14,581
2032	69,775	12,605
2033	71,960	10,419
2034	74,137	8,243
2035	76,380	6,001
2036	78,665	3,716
2037	81,068	1,313
Totals	<u>886,665</u>	<u>184,281</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND BALANCES

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Tax Increment Financing	\$ 60,764
General	Community/Economic Development	118,572
General	Nonmajor Governmental	618,066
General	Parks and Recreation	1,140,986
General	Internal Service	2,653,240
Waterworks	Wastewater Treatment	1,839,557
Waterworks	Nonmajor Business-Type	493,930
Nonmajor Business-Type	Nonmajor Business-Type	551,637
Police Pension	General	97,024
Firefighters' Pension	General	53,241
		<u>7,627,017</u>

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. Also, interfund balances are advances in anticipation of receipts to cover temporary cash shortages.

INTERFUND ADVANCES

Interfund advances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Parks and Recreation	<u>\$ 296,656</u>

Interfund advances represent additional funds needed to start up capital projects in the Parks and Recreation Fund. These amounts will be paid over several years.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	ARPA	\$ 6,175,750 (1)
General	Capital Projects	98,923 (1)
General	Park and Recreation	480,272 (1)
Public Library	General	215,000 (3)
Community/Economic Development	General	643,870 (3)
ARPA	General	498,033 (3)
Debt Service	Riverboat Gaming	3,765,742 (2)
Capital Projects	General	2,006,072 (3)
Capital Projects	Nonmajor Governmental	543,304 (1)
Nonmajor Governmental	General	204,876 (3)
Park and Recreation	General	579,783 (3)
Internal Service	General	98,000 (3)
Internal Service	Park and Recreation	<u>68,219 (1)</u>
		<u><u>15,377,844</u></u>

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, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 8,444,605	—	—	8,444,605
Construction in Progress	1,798,291	7,372,519	1,918,416	7,252,394
	<u>10,242,896</u>	<u>7,372,519</u>	<u>1,918,416</u>	<u>15,696,999</u>
Depreciable/Amortizable Capital Assets				
Buildings and Improvements	51,488,285	—	106,967	51,381,318
Machinery and Equipment	16,762,209	3,679,441	3,011,569	17,430,081
Infrastructure	77,401,265	3,939,914	355,598	80,985,581
Subscription Assets - Software	851,659	932,250	—	1,783,909
	<u>146,503,418</u>	<u>8,551,605</u>	<u>3,474,134</u>	<u>151,580,889</u>
Less Accumulated Depreciation/Amortization				
Buildings and Improvements	18,867,802	1,146,125	63,775	19,950,152
Machinery and Equipment	9,147,149	931,048	2,023,330	8,054,867
Infrastructure	35,781,060	1,721,179	27,801	37,474,438
Subscription Assets - Software	198,175	496,970	—	695,145
	<u>63,994,186</u>	<u>4,295,322</u>	<u>2,114,906</u>	<u>66,174,602</u>
Total Net Depreciable/Amortizable Capital Assets	<u>82,509,232</u>	<u>4,256,283</u>	<u>1,359,228</u>	<u>85,406,287</u>
Total Net Capital Assets	<u>92,752,128</u>	<u>11,628,802</u>	<u>3,277,644</u>	<u>101,103,286</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 811,092
Police and Fire	663,894
Highways and Streets	1,925,545
Libraries	125,087
Internal Service	<u>769,704</u>
	<u>4,295,322</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,712,026	—	—	1,712,026
Construction in Progress	4,264,322	732,779	3,627,024	1,370,077
	<u>5,976,348</u>	<u>732,779</u>	<u>3,627,024</u>	<u>3,082,103</u>
Depreciable Capital Assets				
Buildings and Improvements	58,514,763	60,530	—	58,575,293
Machinery and Equipment	2,214,140	339,600	—	2,553,740
Infrastructure	154,811,812	4,401,763	—	159,213,575
	<u>215,540,715</u>	<u>4,801,893</u>	<u>—</u>	<u>220,342,608</u>
Less Accumulated Depreciation				
Land Improvements	13,529,238	1,369,865	—	14,899,103
Machinery and Equipment	1,753,530	57,442	—	1,810,972
Infrastructure	71,930,530	2,887,950	—	74,818,480
	<u>87,213,298</u>	<u>4,315,257</u>	<u>—</u>	<u>91,528,555</u>
Total Net Depreciable Capital Assets	<u>128,327,417</u>	<u>486,636</u>	<u>—</u>	<u>128,814,053</u>
Total Net Capital Assets	<u>134,303,765</u>	<u>1,219,415</u>	<u>3,627,024</u>	<u>131,896,156</u>

Depreciation expense was charged to business-type activities as follows:

Waterworks	\$ 1,026,820
Wastewater Treatment	2,669,522
Stormwater	85,452
Solid Waste	6,719
Sunset Marina	24,464
Parks and Recreation	<u>502,280</u>
	<u>4,315,257</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$9,585,000 General Obligation Bonds of 2014A - Due in annual installments of \$375,000 to \$645,000 plus interest at 3.00% to 4.00% through December 1, 2034.	Debt Service	\$ 5,970,000	—	460,000	5,510,000
\$15,865,000 General Obligation Taxable Bonds of 2014B - Due in annual installments of \$475,000 to \$1,145,000 plus interest at 2.19% to 4.25% through December 1, 2034.	Debt Service	10,415,000	—	785,000	9,630,000
\$6,075,000 General Obligation Bonds of 2015A - Due in annual installments of \$165,000 to \$460,000 plus interest at 2.00% to 4.00% through December 1, 2035.	Debt Service	2,830,000	—	445,000	2,385,000

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$4,175,000 General Obligation Refunding Bonds of 2015B - Due in annual installments of \$230,000 to \$665,000 plus interest at 2.00% to 4.00% through December 1, 2026.	Wastewater Treatment	\$ 665,000	—	215,000	450,000
\$3,505,000 General Obligation Taxable Bonds of 2016A - Due in annual installments of \$125,000 to \$245,000 plus interest at 2.00% to 4.00% through December 1, 2036.	Debt Service	2,565,000	—	155,000	2,410,000
\$1,885,000 General Obligation Taxable Refunding Bonds of 2016C - Due in one installment of \$1,885,000 plus interest at 4.375% through December 1, 2035.	Debt Service	1,885,000	—	—	1,885,000
\$4,840,000 General Obligation Refunding Bonds of 2017A - Due in annual installments of \$150,000 to \$425,000 plus interest at 2.00% to 4.00% through December 1, 2036.	Debt Service	2,005,000	—	120,000	1,885,000
	Park and Recreation	210,000	—	210,000	—
	Hydro-Electric Plant	475,000	—	95,000	380,000
\$4,125,000 General Obligation Refunding Bonds of 2019A - Due in annual installments of \$285,000 to \$450,000 plus interest at 4.00% through December 1, 2030.	Waterworks	852,000	—	108,000	744,000
	Wastewater Treatment	1,988,000	—	252,000	1,736,000

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,360,000 General Obligation Refunding Bonds of 2019B - Due in annual installments of \$255,000 to \$285,000 plus interest at 2.10% to 2.35% through December 1, 2024.	Debt Service	\$ 285,000	—	285,000	—
\$3,845,000 General Obligation Refunding Bonds of 2019C - Due in annual installments of \$1,890,000 to \$1,955,000 plus interest at 3.70% to 3.75% through December 1, 2037.	Debt Service	3,845,000	—	—	3,845,000
\$1,980,000 General Obligation Refunding Bonds of 2019D - Due in annual installments of \$125,000 to \$180,000 plus interest at 2.625% to 4.00% through December 1, 2037.	Debt Service	1,980,000	—	—	1,980,000
	Debt Service	3,565,000	—	155,000	3,410,000
	Waterworks	450,000	—	20,000	430,000
\$12,355,000 General Obligation Bonds of 2020 - Due in annual installments of \$355,000 to \$850,000 plus interest at 4.00% through December 1, 2040.	Wastewater Treatment	6,075,000	—	255,000	5,820,000
	Park and Recreation	1,015,000	—	45,000	970,000

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$6,590,000 General Obligation Refunding Bonds of 2021A - Due in annual installments of \$0 to \$605,000 plus interest at 4.00% through December 1, 2040.	Debt Service Sunset Marina	\$ 6,160,920	—	81,315	6,079,605
		279,081	—	3,684	275,397
\$8,815,000 General Obligation Refunding Bonds of 2021B - Due in annual installments of \$545,000 to \$905,000 plus interest at 4.00% through December 1, 2033.	Wastewater Treatment	7,655,000	—	640,000	7,015,000
		61,170,001	—	4,329,999	56,840,002

IEPA Loans Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$532,456 IEPA Loan Payable of 2011 - Store/Treat Basins Modifications - Due in semi-annual installments of \$11,924, plus interest at 1.25%, through December 6, 2030.	Wastewater Treatment	\$ 160,362	—	22,061	138,301
\$20,000,000 IEPA Loan Payable of 2011 - Mill Street Wastewater Treatment Plant Expansion - Due in semi-annual installments of \$510,765, plus interest at 1.25%, through December 31, 2032.	Wastewater Treatment	8,724,083	—	921,733	7,802,350

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

IEPA Loans Payable - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$10,034,628 IEPA Loan Payable of 2013 - Mill Street Wastewater Treatment Plant Expansion Phase 3 - Due in semi-annual installments of \$340,796, plus interest at 1.93%, through August 6, 2034.	Wastewater Treatment	\$ 6,790,927	—	559,792	6,231,135
\$10,941,066 IEPA Loan Payable of 2014 - Wastewater Project - Due in semi-annual installments of \$338,288, plus interest at 1.995%, through July 21, 2035.	Wastewater Treatment	7,188,516	—	535,823	6,652,693
\$4,506,250 IEPA Loan Payable of 2016 - Farmall Storage Tank Wastewater Project - Due in semi-annual installments of \$135,049, plus interest at 2.21%, through January 1, 2035.	Wastewater Treatment	2,864,670	—	210,934	2,653,736
\$22,947,946 IEPA Loan Payable of 2017 - Drinking Water Project - Due in semi-annual installments, plus interest at 1.64%, through August 2, 2039.	Wastewater Treatment	19,375,511	—	1,068,263	18,307,248
\$8,368,016 IEPA Loan Payable of 2018 - Wastewater Project - Due in semi-annual installments of \$354,953, plus interest at 1.75%, through December 31, 2038.	Wastewater Treatment	6,426,240	—	392,973	6,033,267
		<u>51,530,309</u>	<u>—</u>	<u>3,711,579</u>	<u>47,818,730</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Subscription Based Information Technology Arrangements (SBITAs)

The City has the following Subscription Arrangements at year end:

<u>Subscription Arrangements</u>	<u>Start Date</u>	<u>End Date</u>	<u>Payments</u>	<u>Interest Rate</u>
Cradlepoint NetCloud	5/31/2023	12/31/2027	\$3.410 per Year	2.45%
SeeClickFix Pro	5/26/2023	12/31/2024	\$26,851 per Year	2.61%
AutoCAD License	3/1/2022	12/31/2024	\$21,790 per Year	2.85%
Vector LMS	1/31/2023	12/31/2025	\$5,858 per Year	2.80%
Axon License	8/21/2021	12/31/2026	\$163,014 per Year	2.82%
Pro Suite Base	2/1/2021	12/31/2025	\$36,060 per Year	2.80%
Tyler Software	4/1/2024	12/31/2027	\$196,762 per Year	2.77%

The future principal and interest subscription arrangement payments as of the year-end were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 374,932	30,172
2026	343,094	20,092
2027	189,640	10,532
2028	191,466	5,297
	<u>1,099,132</u>	<u>66,093</u>

Line of Credit

The City has established a \$2,100,000 revolving line of credit with American Bank and Trust for their Parks and Recreation Clubhouse Project. As of December 31, 2024, the line of credit has a balance of \$1,442,459.

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the City's water towers and stand pipes at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells are 36 years.

CITY OF ROCK ISLAND, ILLINOIS

**Notes to the Financial Statements
December 31, 2024**

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences					
General	\$ 4,856,372	370,166	740,332	4,486,206	3,337,657
Internal Service	208,222	33,440	16,720	224,942	167,352
Net Pension Liability - IMRF					
General	1,332,809	—	177,130	1,155,679	—
Internal Service	262,826	—	51,622	211,204	—
Net Pension Liability - Police Pension	74,189,992	—	2,513,812	71,676,180	—
Net Pension Liability - Firefighters' Pension	60,898,456	692,283	—	61,590,739	—
Total OPEB Liability - RBP					
General	16,128,723	—	71,267	16,057,456	757,717
Internal Service	1,185,352	13,835	—	1,199,187	61,925
General Obligation Bonds	41,505,920	—	2,486,315	39,019,605	2,325,000
Plus: Unamortized Premium	1,668,609	—	145,903	1,522,706	—
Asset Retirement Obligation	46,950	—	—	46,950	—
Subscription Arrangements	614,555	932,251	447,674	1,099,132	374,932
	<u>202,898,786</u>	<u>2,041,975</u>	<u>6,650,775</u>	<u>198,289,986</u>	<u>7,024,583</u>
Business-Type Activities					
Compensated Absences	609,431	8,590	17,180	600,841	447,015
Net Pension Liability - IMRF	941,235	—	155,698	785,537	—
Total OPEB Liability - RBP	4,447,050	—	30,795	4,416,255	227,915
Line of Credit	1,604,853	—	162,394	1,442,459	—
General Obligation Bonds	19,664,081	—	1,843,684	17,820,397	1,680,000
Plus: Unamortized Premium	2,610,852	—	247,289	2,363,563	—
IEPA Loans	51,530,309	—	3,711,579	47,818,730	3,774,197
Asset Retirement Obligation	22,225,004	—	—	22,225,004	—
	<u>103,632,815</u>	<u>8,590</u>	<u>6,168,619</u>	<u>97,472,786</u>	<u>6,129,127</u>

For the governmental activities, payments on the compensated absences, the net pension liabilities the total OPEB liability, the subscription arrangements, and the asset retirement obligation are made by the General Fund, Equipment Maintenance Fund or Engineering Fund. Payments on general obligation bonds are being liquidated by the Debt Service Fund. 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.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity - Continued

Additionally, for the business-type activities, the compensated absences, the net pension liability, and the total OPEB liability are being liquidated by the Waterworks Fund, the Wastewater Treatment Fund, the Park and Recreation Fund, the Stormwater Fund, the Solid Waste Fund, the Sunset Marina Fund, and the Hydro-Electric Plan Fund. The Park and Recreation Fund makes payments on the line of credit. The general obligation bonds are being liquidated by the Waterworks Fund, the Wastewater Treatment Fund, the Park and Recreation Fund, the Sunset Marina Fund, and the Hydro-Electric Plant Fund. The IEPA Loans Payable are being liquidated by the Wastewater Treatment Fund. The asset retirement obligation is being liquidated by the Waterworks Fund and the Wastewater Treatment Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation		General Obligation		IEPA	
	Bonds		Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,325,000	1,489,622	1,680,000	702,244	3,774,197	800,902
2026	2,357,649	1,415,026	1,757,351	635,044	3,837,906	737,193
2027	2,446,999	1,331,855	1,593,001	565,054	3,902,724	672,375
2028	2,531,349	1,243,541	1,648,651	501,652	3,968,671	606,428
2029	2,635,699	1,149,169	1,614,301	439,842	4,035,766	539,333
2030	2,740,049	1,048,103	1,674,951	375,622	4,104,031	471,068
2031	2,844,182	944,357	1,275,818	308,992	4,149,417	401,685
2032	2,963,316	831,237	1,326,684	258,348	4,219,781	331,321
2033	3,077,666	713,865	1,372,334	205,690	3,260,254	262,935
2034	3,206,799	590,905	493,201	151,224	3,320,173	203,457
2035	3,317,666	461,729	507,334	131,944	2,689,711	145,091
2036	3,247,466	324,216	532,534	112,076	1,783,924	101,436
2037	2,906,599	208,784	548,401	91,328	1,813,839	71,521
2038	800,732	98,632	579,268	69,968	1,592,395	41,106
2039	839,649	66,006	595,351	47,394	1,365,941	18,031
2040	778,785	31,794	621,217	24,205	—	—
Totals	39,019,605	11,948,841	17,820,397	4,620,627	47,818,730	5,403,882

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Industrial Revenue Bonds

The City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there was one series of Industrial Revenue Bonds outstanding. The original issue amounts totaled \$8,650,000 includes refinancing of Series 2004 \$4,160,300 and \$4,489,700 for facility improvements. The aggregate principal amount outstanding was \$5,060,889.

Tax Abatements

The City of Rock Island through its Tax Incremental Financing (TIF) Districts has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the Development or Redevelopment Agreements as authorized by the City Council and executed by the City Manager. The developers are reimbursed for TIF eligible expenditures as outlined by the agreements through one-time payments or are entitled to future incentive payments that directly correlate to the taxes paid after meeting the criteria established in the development agreements. All agreements include recapture provisions through a Default and Remedies clause.

For the year ended December 31, 2024, the City abated \$1,831,492 of property tax under agreements as follows:

Agreement Description	Calculation Method	Developer Commitment	Abatement
2004 - Casino Rock Island	75% of the property tax increment for a 13 year period.	Rock Island Boatworks to develop \$150 million casino complex known as Jumers with casino, hotel, parking structure and conference/meeting/theatre center.	\$ 1,605,738
2013 - Blackhawk Commons	\$700,000 payment for infrastructure work, \$1,752,000 for building construction plus 90% of increment the first five years and 80% thereafter for a period no longer than twenty years to a maximum of \$2 million.	11th Street Development Partners to develop site construction and installation of new buildings, improvements to streets, sanitary sewer and water mains for an approximate total project cost of \$6.8 million.	95,192
2012 - The Locks	\$2.1 million payment plus rebate for a 10 year period of 100% of property tax in excess of a base amount that ranges from \$40,000 in Year 1 to \$62,053 in Year 10 payable from increment.	Rock Island Economic Growth Corporation to develop a new multi-unit residential housing development with 34 units at a cost estimated to exceed \$6 million.	107,562
2015 - Jesse Mart	The City agrees to rebate 100% of the increase in property taxes over the taxes paid as of the date of the agreement until 2023 (the end date of the North 11th Street TIF).	Redeveloped property at 722 11th Street which included a commercial gas station, convenience store and laundromat. The total cost was estimated at \$800,000.	23,000
			1,831,492

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2024:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 101,103,286
Less Capital Related Debt:	
General Obligation Bonds	(39,019,605)
Unamortized Premium	(1,522,706)
Subscription Arrangements	<u>(1,099,132)</u>
Net Investment in Capital Assets	<u>59,461,843</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	131,896,156
Plus:	
Unamortized Loss on Refunding	1,746
Less Capital Related Debt:	
Line of Credit	(1,442,459)
General Obligation Bonds	(17,820,397)
Unamortized Premium	(2,363,563)
IEPA Loans Payable	<u>(47,818,730)</u>
Net Investment in Capital Assets	<u>62,452,753</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

REPORTING UNITS AFFECTED BY RESTATEMENTS OF BEGINNING BALANCES

Change in Accounting Principles. The City implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As a result of implementing this standard, beginning net position has been restated to reflect the cumulative effect of this change in accounting principle.

Error Correction. The City identified an error in the prior year’s financial statements related to the classification of custodial funds in accordance with GASB Statement No. 84, *Fiduciary Activities*. Upon review, it was determined that the activities of the custodial fund did not meet the criteria for reporting as fiduciary and should have been reported within the General Fund. As a result, beginning net position/fund balance have been restated to reclassify the custodial fund into the General Fund.

The following is a summary of net position/fund balance as previously reported and as restated:

	Primary Government		
	<u>Governmental</u>	<u>Governmental</u>	<u>Fiduciary</u>
	Activities	General	Custodial
Beginning Net Position/Fund Balance as Previously Reported	\$ (83,533,194)	24,755,643	44,642
Change in Accounting Principles			
Compensated Absences	(2,080,183)	—	—
Error Correction			
Custodial Funds	44,642	44,642	(44,642)
	<u>(2,035,541)</u>	<u>44,642</u>	<u>(44,642)</u>
Beginning Net Position/Fund Balance as Restated	<u>(85,568,735)</u>	<u>24,800,285</u>	<u>—</u>

CITY OF ROCK ISLAND, ILLINOIS

**Notes to the Financial Statements
December 31, 2024**

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue									
	General	Tax			Community/ Economic Development	ARPA	Debt Service	Capital Projects	Nonmajor	Totals
		Public Library	Increment Financing District	Riverboat Gaming						
Fund Balances										
Nonspendable										
Prepays										
Assets Held for Resale	\$ 24,556	—	—	—	—	—	—	—	—	24,556
Advances to Other Funds	296,656	—	—	—	—	—	—	—	—	296,656
	<u>321,212</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>321,212</u>
Restricted										
Police Services	260,782	—	—	—	—	—	—	—	—	260,782
Public Library	—	1,932,215	—	—	—	—	—	—	—	1,932,215
Capital Improvements	—	—	7,783,966	—	—	—	—	—	—	7,783,966
Debt Service	—	—	—	—	—	—	247,812	—	—	247,812
Motor Fuel Taxes	—	—	—	—	—	—	—	—	833,300	833,300
Fire Services	6,742	—	—	—	—	—	—	—	262,633	269,375
Community Development	2,689	—	—	1,750,446	—	—	—	—	1,807,368	3,560,503
Drug Prevention	—	—	—	—	—	—	—	—	201,003	201,003
	<u>270,213</u>	<u>1,932,215</u>	<u>7,783,966</u>	<u>1,750,446</u>	<u>—</u>	<u>—</u>	<u>247,812</u>	<u>—</u>	<u>3,104,304</u>	<u>15,088,956</u>
Committed										
Community/Economic Development	—	—	—	—	6,188,858	2,102,332	—	—	482,784	8,773,974
Capital Projects	—	—	—	—	—	—	—	614,050	—	614,050
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,188,858</u>	<u>2,102,332</u>	<u>—</u>	<u>614,050</u>	<u>482,784</u>	<u>9,388,024</u>
Unassigned	<u>24,028,442</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(386,680)</u>	<u>23,641,762</u>
Total Fund Balances	<u>24,619,867</u>	<u>1,932,215</u>	<u>7,783,966</u>	<u>1,750,446</u>	<u>6,188,858</u>	<u>2,102,332</u>	<u>247,812</u>	<u>614,050</u>	<u>3,200,408</u>	<u>48,439,954</u>

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the City Council intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the City Council itself or by a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City’s highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The City’s fund balance policy for the General Fund requires unassigned fund balance to be maintained at a minimum of 25% current year expenditures, effective for the fiscal year 2013 budget, with the minimum increasing 1% annually until the minimum reaches 35%. Any fund balance in the General Fund in excess of the minimum can be assigned for other purposes.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The City has established two internal service funds for self-insurance to meet potential losses from general liability, workers’ compensation, property and casualty claims, and medical and other risks. The City carries stop-loss insurance as well. There have been no significant changes in insurance coverage purchased compared to the prior year. For those exposures covered by insurance policies, settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal periods. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and number of payouts, and other economic and social factors. Changes in the balances of claims payable are as follows:

	Self Insurance		Employee Health Benefit	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Claims Payable - Beginning	\$ 1,794,970	1,493,971	494,712	270,777
Incurred Claims	347,546	783,027	5,828,160	7,100,691
Claims Paid	(541,150)	(482,028)	(6,006,343)	(6,876,756)
Claims Payable - Ending	<u>1,601,366</u>	<u>1,794,970</u>	<u>316,529</u>	<u>494,712</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

From time to time, the City is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

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.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is also a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The Police and Firefighters' Pension Plans also issue separate reports that may be obtained by writing the City at 1528 Third Avenue, Rock Island, IL 61201. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized by the City for the pension plans are:

	Pension Expenses	Net Pension Liabilities	Deferred Outflows	Deferred (Inflows)
IMRF				
City	\$ 3,772,244	2,152,420	3,415,703	(35,522)
Police Pension	1,232,934	71,676,180	1,631,130	(11,683,375)
Firefighters' Pension	2,454,905	61,590,739	1,425,031	(7,890,172)
	<u>7,460,083</u>	<u>135,419,339</u>	<u>6,471,864</u>	<u>(19,609,069)</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	346
Inactive Plan Members Entitled to but not yet Receiving Benefits	193
Active Plan Members	<u>239</u>
Total	<u><u>778</u></u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership - Continued. A detailed breakdown of IMRF membership for inactive members for the City and the MLK Center is unavailable. The above numbers include all members.

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% 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. For the year-ended December 31, 2024, the City's and MLK Center's contribution was 5.72% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

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.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. 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	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	5.20%
Domestic Equities	34.50%	4.35%
International Equities	18.00%	5.40%
Real Estate	10.50%	6.40%
Blended	11.50%	4.85% - 6.25%
Cash and Cash Equivalents	1.00%	3.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, 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 period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/ (asset) of the City calculated using the discount rate as well as what the City's net pension/liability/ (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$ 14,759,555	2,152,420	(8,051,986)
MLK Center	866,373	126,347	(472,645)
Net Pension Liability/(Asset)	<u>15,625,928</u>	<u>2,278,767</u>	<u>(8,524,631)</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	City	MLK Center	Totals
Total Pension Liability			
Service Cost	\$ 1,260,123	73,968	1,334,091
Interest	8,191,663	498,144	8,689,807
Differences Between Expected and Actual Experience	911,285	53,492	964,777
Change of Assumptions	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(7,549,103)	(443,126)	(7,992,229)
Net Change in Total Pension Liability	2,813,968	182,478	2,996,446
Total Pension Liability - Beginning	119,942,353	3,246,127	123,188,480
Total Pension Liability - Ending	122,756,321	3,428,605	126,184,926
Plan Fiduciary Net Position			
Contributions - Employer	848,714	49,819	898,533
Contributions - Members	663,697	38,958	702,655
Net Investment Income	11,469,575	673,254	12,142,829
Benefit Payments, Including Refunds of Member Contributions	(7,549,103)	(443,126)	(7,992,229)
Other (Net Transfer)	(2,234,465)	(131,161)	(2,365,626)
Net Change in Plan Fiduciary Net Position	3,198,418	187,744	3,386,162
Plan Net Position - Beginning	117,405,483	3,114,514	120,519,997
Plan Net Position - Ending	120,603,901	3,302,258	123,906,159
Employer's Net Pension Liability	2,152,420	126,347	2,278,767

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of \$3,772,244, and the MLK Center recognized pension expense of \$193,117, for a total expense of \$3,965,361. At December 31, 2024, the City and the MLK Center reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	City		MLK Center		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 668,505	—	39,241	—	707,746
Change in Assumptions	—	(35,522)	—	(2,085)	(37,607)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,747,198	—	161,258	—	2,908,456
Total Deferred Amounts Related to IMRF	3,415,703	(35,522)	200,499	(2,085)	3,578,595

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:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources		
	City	MLK Center	Totals
2025	\$ 1,720,249	100,977	1,821,226
2026	3,941,512	231,363	4,172,875
2027	(1,578,348)	(92,648)	(1,670,996)
2028	(703,232)	(41,278)	(744,510)
2029	—	—	—
Thereafter	—	—	—
Totals	3,380,181	198,414	3,578,595

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2024, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	108
Inactive Plan Members Entitled to but not yet Receiving Benefits	25
Active Plan Members	<u>79</u>
Total	<u><u>212</u></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 older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly 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 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 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 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent 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 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the preceding calendar year.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2024, the City's contribution was 93.42% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Graded by Years of Service
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates are based on the PubS-2010 base rated projected generationally with Scale MP2021.

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, 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 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 period of projected benefit payments to determine the total pension liability.

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 net pension liability of the City calculated using the discount rate 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 or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 87,489,413	71,676,180	58,708,067

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 117,999,247	43,809,255	74,189,992
Changes for the Year:			
Service Cost	1,251,527	—	1,251,527
Interest on the Total Pension Liability	8,007,966	—	8,007,966
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	252,566	—	252,566
Changes of Assumptions	(1,440,868)	—	(1,440,868)
Contributions - Employer	—	6,059,065	(6,059,065)
Contributions - Employees	—	599,945	(599,945)
Net Investment Income	—	4,001,959	(4,001,959)
Benefit Payments, Including Refunds of Employee Contributions	(6,668,750)	(6,668,750)	—
Other (Net Transfer)	—	(75,966)	75,966
Net Changes	1,402,441	3,916,253	(2,513,812)
Balances at December 31, 2024	119,401,688	47,725,508	71,676,180

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of \$1,232,934. At December 31, 2024, 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	Totals
Difference Between Expected and Actual Experience	\$ 1,160,295	—	1,160,295
Change in Assumptions	—	(11,683,375)	(11,683,375)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	470,835	—	470,835
 Total Deferred Amounts Related to Police Pension	 <u>1,631,130</u>	 <u>(11,683,375)</u>	 <u>(10,052,245)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2025	\$ (5,722,166)
2026	(1,914,928)
2027	(2,031,838)
2028	(383,313)
2029	—
Thereafter	—
 Total	 <u><u>(10,052,245)</u></u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2024, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	92
Inactive Plan Members Entitled to but not yet Receiving Benefits	16
Active Plan Members	<u>57</u>
Total	<u><u>165</u></u>

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 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 older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter 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 percent of the original pension and 3 percent compounded annually thereafter.

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 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 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent 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. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2024, the City's contribution was 98.61% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Graded by Years of Service
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates are based on the PubS-2010(A) adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, 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 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 period of projected benefit payments to determine the total pension liability.

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - 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 net pension liability of the City calculated using the discount rate 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 or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 73,151,358	61,590,739	52,037,981

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 88,823,890	27,925,434	60,898,456
Changes for the Year:			
Service Cost	1,238,944	—	1,238,944
Interest on the Total Pension Liability	6,016,402	—	6,016,402
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual			
Experience of the Total Pension Liability	922,958	—	922,958
Changes of Assumptions	782,595	—	782,595
Contributions - Employer	—	5,039,929	(5,039,929)
Contributions - Employees	—	474,482	(474,482)
Net Investment Income	—	2,826,671	(2,826,671)
Benefit Payments, Including Refunds of Employee Contributions	(5,309,581)	(5,309,581)	—
Other (Net Transfer)	—	(72,466)	72,466
Net Changes	3,651,318	2,959,035	692,283
Balances at December 31, 2024	92,475,208	30,884,469	61,590,739

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of \$2,454,905. At December 31, 2024, 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	Totals
Difference Between Expected and Actual Experience	\$ 692,437	(11,702)	680,735
Change in Assumptions	587,132	(7,878,470)	(7,291,338)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	145,462	—	145,462
 Total Deferred Amounts Related to Firefighters' Pension	 <u>1,425,031</u>	 <u>(7,890,172)</u>	 <u>(6,465,141)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2025	\$ (4,196,620)
2026	(1,058,990)
2027	(1,037,698)
2028	(171,833)
2029	—
Thereafter	—
 Total	 <u>(6,465,141)</u>

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. RBP provides healthcare insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100 percent of health insurance premiums for non-Medicare-and Medicare-eligible retirees.

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	280
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>350</u>
Total	<u><u>630</u></u>

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.28%
Healthcare Cost Trend Rates	6.00% to an ultimate rate of 4.50% for 2039 and later years.
Retirees' Share of Benefit-Related Costs	45% of projected health insurance premiums for retirees.

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2024.

Mortality rates for IMRF employees and retirees were based on the PubG.H-2010(B) Mortality Table with future mortality improvements using Scale MP 2021. Police and Firefighters' employees and retiree rates were based on the PubS.H-2010 Mortality Table with mortality improvements using Scale MP-2020.

Change in the Total OPEB Liability

	City	MLK Center	Totals
Balances at December 31, 2023	\$ 21,761,125	223,181	21,984,306
Changes for the Year:			
Service Cost	616,565	6,597	623,162
Interest on the Total OPEB Liability	839,221	18,649	857,870
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience	1,364,014	14,595	1,378,609
Changes of Assumptions or Other Inputs	(1,844,330)	(19,735)	(1,864,065)
Benefit Payments	(1,063,697)	(11,382)	(1,075,079)
Other Changes	—	—	—
Net Changes	(88,227)	8,724	(79,503)
Balances at December 31, 2024	21,672,898	231,905	21,904,803

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 4.28%, while the prior valuation used 4.00%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
City	\$ 24,094,372	21,672,898	19,614,027
MLK Center	257,816	231,905	209,875
Total OPEB	24,352,188	21,904,803	19,823,902

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
City	\$ 20,115,091	21,672,898	23,551,284
MLK Center	215,237	231,905	252,005
Total OPEB	20,330,328	21,904,803	23,803,289

CITY OF ROCK ISLAND, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$859,989, and the MLK Center recognized pension expense of \$19,521, for a total expense of \$879,510. At December 31, 2024, the City and the MLK Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		MLK Center		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 2,482,863	(339,857)	26,567	(3,637)	2,165,936
Change in Assumptions	2,318,287	(5,806,463)	24,806	(62,131)	(3,525,501)
Net Difference Between Projected and Actual Earnings	—	—	—	—	—
Total Deferred Amounts Related to OPEB	<u>4,801,150</u>	<u>(6,146,320)</u>	<u>51,373</u>	<u>(65,768)</u>	<u>(1,359,565)</u>

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources		
	City	MLK Center	Totals
2025	\$ (684,852)	(7,328)	(692,180)
2026	(451,066)	(4,827)	(455,893)
2027	(171,335)	(1,833)	(173,168)
2028	(2,111)	(23)	(2,134)
2029	(35,806)	(384)	(36,190)
Thereafter	—	—	—
Totals	<u>(1,345,170)</u>	<u>(14,395)</u>	<u>(1,359,565)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule Employer Contributions - Last Ten Fiscal Years
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Fiscal Years
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Investment Returns - Last Ten Fiscal Years
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan

- Budgetary Comparison Schedules
 - General Fund
 - Public Library - Special Revenue Fund
 - TIF - Special Revenue Fund
 - Riverboat Gaming - Special Revenue Fund
 - Community/Economic Development - Special Revenue Fund
 - ARPA- Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF ROCK ISLAND, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2024**

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	Totals	\$ 1,566,015	\$ 1,565,936	\$ (79)	\$ 13,773,220	11.37%
12/31/16	Totals	1,535,820	1,535,820	—	13,315,779	11.53%
12/31/17	Totals	1,493,817	1,493,817	—	13,325,749	11.21%
12/31/18	Totals	1,591,625	2,065,221	473,596	13,375,003	15.44%
12/31/19	Totals	1,208,494	1,213,587	5,093	13,442,643	9.03%
12/31/20	Totals	1,598,210	1,398,795	(199,415)	13,825,347	10.12%
12/31/21	Totals	1,482,510	1,489,241	6,731	13,213,098	11.27%
12/31/22	Totals	1,815,212	1,815,212	—	13,765,528	13.19%
12/31/23	Totals	714,486	712,026	(2,460)	14,762,107	4.82%
12/31/24	City	848,714	848,714	—	14,837,667	5.72%
	MLK Center	49,819	49,819	—	870,958	5.72%
	Totals	898,533	898,533	—	15,708,625	5.72%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

CITY OF ROCK ISLAND, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions - Last Ten Fiscal Years

December 31, 2024

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 2,687,850	\$ 2,687,850	\$ —	\$ 6,106,347	44.02%
12/31/16	2,893,079	2,893,929	850	6,225,778	46.48%
12/31/17	3,210,078	3,210,742	664	6,088,056	52.74%
12/31/18	3,384,157	3,384,517	360	6,216,240	54.45%
12/31/19	3,543,398	3,543,398	—	6,234,010	56.84%
12/31/20	3,772,591	3,772,591	—	6,031,945	62.54%
12/31/21	4,241,391	4,241,391	—	5,395,131	78.62%
12/31/22	4,440,359	4,440,359	—	5,362,860	82.80%
12/31/23	4,701,935	4,701,935	—	5,703,861	82.43%
12/31/24	5,900,753	6,059,065	158,312	6,485,486	93.42%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	Graded by Years of Service
Investment Rate of Return	7.00%
Retirement Age	50 - 65
Mortality	PubS-2010 base rates projected generationally with Scale MP2021.

CITY OF ROCK ISLAND, ILLINOIS

**Firefighters' Pension Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2024**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 2,676,324	\$ 2,676,324	\$ —	\$ 4,338,290	61.69%
12/31/16	2,803,150	2,803,551	401	4,455,246	62.93%
12/31/17	3,059,212	3,059,559	347	4,455,406	68.67%
12/31/18	3,280,309	3,280,309	—	4,540,219	72.25%
12/31/19	3,290,679	3,290,679	—	4,824,068	68.21%
12/31/20	3,443,224	3,443,224	—	4,789,832	71.89%
12/31/21	3,793,261	3,793,261	—	4,836,859	78.42%
12/31/22	4,079,988	4,084,852	4,864	4,809,674	84.93%
12/31/23	4,510,003	4,510,003	—	5,216,884	86.45%
12/31/24	5,128,598	5,039,929	(88,669)	5,111,166	98.61%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	Graded by Years of Service
Investment Rate of Return	7.00%
Retirement Age	50 - 65
Mortality	PubS-2010 base rated projected generationally with Scale MP2021.

CITY OF ROCK ISLAND, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Fiscal Years

December 31, 2024

	12/31/15	12/31/16	12/31/17	12/31/18
	Totals	Totals	Totals	Totals
Total Pension Liability				
Service Cost	\$ 1,446,195	1,444,884	1,360,413	1,299,642
Interest	7,012,972	7,330,485	7,543,312	7,469,703
Changes in Benefit Terms	—	—	—	—
Differences Between Expected and Actual Experience	928,010	(494,373)	(1,134,673)	450,570
Change of Assumptions	230,551	(232,038)	(3,057,119)	2,849,299
Benefit Payments, Including Refunds of Member Contributions	(4,840,911)	(5,403,551)	(5,457,197)	(5,868,784)
Net Change in Total Pension Liability	4,776,817	2,645,407	(745,264)	6,200,430
Total Pension Liability - Beginning	95,203,656	99,980,473	102,625,880	101,880,616
Total Pension Liability - Ending	99,980,473	102,625,880	101,880,616	108,081,046
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,565,936	1,529,941	1,493,817	2,065,221
Contributions - Members	659,458	598,667	617,966	612,684
Net Investment Income	450,101	6,050,403	16,613,180	(5,972,516)
Benefit Payments, Including Refunds of Member Contributions	(4,840,911)	(5,403,551)	(5,457,197)	(5,868,784)
Other (Net Transfer)	215,976	(505,957)	(3,230,575)	1,389,138
Net Change in Plan Fiduciary Net Position	(1,949,440)	2,269,503	10,037,191	(7,774,257)
Plan Net Position - Beginning	91,328,014	89,378,574	91,648,077	101,685,268
Plan Net Position - Ending	89,378,574	91,648,077	101,685,268	93,911,011
Employer's Net Pension Liability/(Asset)	\$ 10,601,899	10,977,803	195,348	14,170,035
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.40%	89.30%	99.81%	86.89%
Covered Payroll	\$ 13,773,220	13,773,220	13,325,749	13,375,003
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	76.97%	79.70%	1.47%	105.94%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2022. Changes in assumptions related to the demographics were made in 2017.

12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24		
Totals	Totals	Totals	Totals	Totals	City	MLK Center	Totals
1,355,681	1,370,864	1,258,538	1,269,460	1,286,456	1,260,123	73,968	1,334,091
7,665,581	7,924,666	8,104,295	8,256,783	8,544,244	8,191,663	498,144	8,689,807
—	—	—	—	—	—	—	—
705,657	323,524	(339,860)	1,775,642	10,386	911,285	53,492	964,777
—	(614,770)	—	—	(104,463)	—	—	—
(6,053,465)	(6,268,396)	(6,672,569)	(7,177,712)	(7,513,108)	(7,549,103)	(443,126)	(7,992,229)
3,673,454	2,735,888	2,350,404	4,124,173	2,223,515	2,813,968	182,478	2,996,446
108,081,046	111,754,500	114,490,388	116,840,792	120,964,965	119,942,353	3,246,127	123,188,480
111,754,500	114,490,388	116,840,792	120,964,965	123,188,480	122,756,321	3,428,605	126,184,926
1,213,587	1,398,795	1,489,241	1,185,211	712,026	848,714	49,819	898,533
654,921	622,140	596,697	638,802	663,192	663,697	38,958	702,655
18,109,201	15,682,614	20,533,438	(18,095,551)	12,596,036	11,469,575	673,254	12,142,829
(6,053,465)	(6,268,396)	(6,672,569)	(7,177,712)	(7,513,108)	(7,549,103)	(443,126)	(7,992,229)
24,398	67,220	(367,108)	269,400	2,299,976	(2,234,465)	(131,161)	(2,365,626)
13,948,642	11,502,373	15,579,699	(23,179,850)	8,758,122	3,198,418	187,744	3,386,162
93,911,011	107,859,653	119,362,026	134,941,725	111,761,875	117,405,483	3,114,514	120,519,997
107,859,653	119,362,026	134,941,725	111,761,875	120,519,997	120,603,901	3,302,258	123,906,159
3,894,847	(4,871,638)	(18,100,933)	9,203,090	2,668,483	2,152,420	126,347	2,278,767
96.51%	96.51%	115.49%	92.39%	97.83%	98.25%	96.31%	98.19%
13,442,643	13,825,347	13,213,098	13,765,528	14,762,107	14,837,667	870,958	15,708,625
28.97%	(35.24%)	(136.99%)	66.86%	18.08%	14.51%	14.51%	14.51%