

CITY OF ROCHELLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2011

Prepared by
Finance Department

Chris Frye
Finance Manager

CITY OF ROCHELLE, ILLINOIS
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998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Rochelle, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois (the City), as of and for the year ended April 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Rochelle, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois, as of April 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the City of Rochelle, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Aurora, Illinois
August 5, 2011

A handwritten signature in black ink, appearing to be 'A. J. P.', written in a cursive style.

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

The management of the City of Rochelle offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending April 30, 2011. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rochelle exceeded its liabilities by \$112,693,828 (net assets). Of this amount, \$17,709,939 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$14,616,496 is restricted for specific purposes (restricted net assets), and \$80,367,393 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$4,512,746. Governmental activities net assets decreased by \$1,506,577, while business-type net assets increased by \$6,019,323.
- The governmental activities net assets decrease of \$1,506,577 is primarily due to increases in cash and investments of \$1,419,736, and increases in capital assets of \$1,252,729 and an increase in total liabilities of \$4,194,319.
- On April 30, 2011, the City's governmental funds reported combined fund balances of \$6,462,272, an increase of \$206,989 from April 30, 2010. Undesignated fund balance was \$2,146,341 at year end, a decrease of \$751,920 over the prior year.
- Revenues for the governmental activities decreased from the previous year by 5%. Expenditures increased by 6%.
- The assets of the Electric Utility exceed its liabilities by \$41,580,647 (net assets). Of this amount, \$11,670,092 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$9,798,107 is restricted for specific purposes (restricted net assets), and \$20,112,448 is invested in capital assets, net of related debt.
- The assets of the Water and Water Reclamation Utility exceeded its liabilities by \$30,227,677 (net assets). Of this amount, \$3,914,560 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$1,681,504 is restricted for specific purposes (restricted net assets), and \$24,631,613 is invested in capital assets, net of related debt.
- Operating revenues for the Electric Utility were down 10% while expenses were down 13%. Operating expenses decreased due to the power costs decreasing. Operating revenues decreased due to wholesale power costs being passed on to our customers.
- Operating revenues for the Water and Water Reclamation Utility were up 1%, while operating expenses remained the same.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of City government, reporting the City's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net Assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 this comparison between governmental funds and governmental activities.

The City maintains 16 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 and the capital improvement fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains eight different types of proprietary funds, six of which are enterprise funds and two of which are internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

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, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Assets and the Statement of Activities. These two statements report the City's net assets and changes therein. It should be noted that the financial position could also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the City's Statement of Net Assets is presented below in Table 1.

**Table 1
Condensed Statements of Net Assets**

	2011 Governmental Activities	2010 Governmental Activities	2011 Business-type Activities	2010 Business-type Activities	2011 Total	2010 Total
Current and Other Assets	\$ 11,276,482	\$ 9,841,469	\$ 31,128,126	\$ 28,162,588	\$ 42,404,608	\$ 38,004,058
Capital Assets	32,486,431	31,233,702	71,012,880	70,228,378	103,499,311	101,462,081
Total Assets	<u>43,762,913</u>	<u>41,075,171</u>	<u>102,141,006</u>	<u>98,390,966</u>	<u>145,903,919</u>	<u>139,466,139</u>
Long-term Liabilities	3,272,421	309,678	23,379,904	25,199,772	26,652,325	25,509,450
Other Liabilities	3,962,649	2,731,073	2,595,117	3,044,532	6,557,766	5,775,605
Total Liabilities	<u>7,235,070</u>	<u>3,040,751</u>	<u>25,975,021</u>	<u>28,244,304</u>	<u>33,210,091</u>	<u>31,285,055</u>
Invested in Capital Assets,						
Net of Related Debt	32,486,431	31,233,702	47,880,962	45,629,528	80,367,393	76,863,231
Restricted	3,136,885	3,497,088	11,479,611	11,451,704	14,616,496	14,948,792
Unrestricted	904,527	3,303,630	16,805,412	13,065,430	17,709,939	16,369,060
Total Net Assets	<u>\$ 36,527,843</u>	<u>\$ 38,034,420</u>	<u>\$ 76,165,985</u>	<u>\$ 70,146,662</u>	<u>\$ 112,693,828</u>	<u>\$ 108,181,082</u>

The largest portion of the City's net assets (71%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any 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 of the City's net assets (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (16%) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

**Table 2
Condensed Statement of Activities**

	2011 Governmental Activities	2010 Governmental Activities	2011 Business-type Activities	2010 Business-type Activities	2011 Total	2010 Total
Revenues:						
Program Revenues						
Charges for Services	\$ 1,677,263	\$ 1,416,683	\$ 31,954,621	\$ 34,489,065	\$ 33,631,884	\$ 35,905,748
Operating Grants and contributions	428,029	243,436	-	20,534	428,029	263,970
General Revenues						
Property Taxes	1,974,363	1,889,327	61,895	-	2,036,258	1,889,327
Other Taxes	4,403,664	4,003,012	-	-	4,403,664	4,003,012
Other	105,144	103,329	228,070	356,180	333,214	459,509
Total Revenues	<u>8,588,463</u>	<u>7,655,787</u>	<u>32,244,586</u>	<u>34,865,779</u>	<u>40,824,402</u>	<u>42,521,568</u>
Expenses:						
General Government	2,196,004	1,950,767	-	-	2,196,004	1,950,767
Public Safety	4,312,468	4,237,541	-	-	4,312,468	4,237,541
Public Works	3,418,490	3,245,912	-	-	3,418,490	3,245,912
Conservation and Development	2,009,540	373,212	-	-	2,009,540	373,212
Public Service Enterprises	123,050	114,165	-	-	123,050	114,165
Landfill	-	-	450,491	392,533	450,491	392,533
Airport	-	-	416,249	327,708	416,249	327,708
Electric	-	-	20,856,403	23,805,717	20,856,403	23,805,717
Water and Water Reclamation	-	-	3,792,934	3,841,246	3,792,934	3,841,246
Communications	-	-	995,213	1,385,080	995,213	1,385,080
Technology Center	-	-	419,894	-	419,894	-
Interest and Fiscal Charges	124,897	-	-	-	124,897	-
Total Expenses	<u>12,184,449</u>	<u>9,921,597</u>	<u>26,931,184</u>	<u>29,752,284</u>	<u>39,115,633</u>	<u>39,673,881</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	(3,595,986)	(2,265,810)	5,313,402	5,113,495	1,717,416	2,847,685
Capital Grants and Contributions	41,255	1,621,522	2,754,075	724,986	2,795,330	2,346,508
Transfers	2,048,154	1,709,418	(2,048,154)	(1,709,418)	-	-
Changes in Net Assets	(1,506,577)	1,065,130	6,019,323	4,129,063	4,512,746	5,194,193
Beginning Net Assets (as restated)	38,034,420	36,969,290	70,146,662	66,017,599	108,181,082	102,986,889
Net Assets End-of-Year	<u>\$ 36,527,843</u>	<u>\$ 38,034,420</u>	<u>\$ 76,165,985</u>	<u>\$ 70,146,662</u>	<u>\$112,693,828</u>	<u>\$108,181,082</u>

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

As previously noted, the Statement of Net Assets shows the change in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Assets as shown above in Table 2.

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net assets by \$1,506,577. This decrease is primarily a result of the following items:

- Infrastructure improvements to commercial developments
- Continuation of improvements to City sidewalks

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net assets by \$6,019,323. This increase is primarily a result of the following items:

- General system upgrades
- Deployment of services to new residential and commercial developments
- Continuation of the fiber deployment to the commercial area

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

The focus of the City of Rochelle's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At April 30, 2011, the City's governmental funds reported combined fund balances of \$6,462,272. Approximately 33% of this amount, \$2,146,341 constitutes unreserved and undesignated fund balance, which is available to meet the City's current and future needs. The remaining \$4,315,931 is reserved for noncurrent asset balances, various capital improvements and tourism/employee benefits.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

General Fund

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$104,960 or 6.2%. Undesignated fund balance increased \$104,960.

Capital Projects Fund

The capital projects fund decreased its fund balance by \$276,255 from \$272,507 at April 30, 2010 to (\$3,748) at April 30, 2011.

Non-major Governmental Funds

Fund balance of all other governmental funds is \$4,656,623 which is designated for future projects and expenditures.

Proprietary Funds

The City of Rochelle's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget had total appropriations of \$7,327,871. Actual expenditures and transfers out were \$7,754,752, resulting in a \$426,881 unfavorable variance.

Total revenues and other sources were \$5,840,375, \$254,285 more than the final budget.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011

CAPITAL ASSETS

At the end fiscal year 2011, the City had invested a total of \$103,499,311 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	2011	2010	2011	2010	2011	2010
	<u>Governmental</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Business-type</u>	<u>2011</u>	<u>2010</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Construction in progress	\$ 6,129,165	\$ 4,617,707	\$ 588,137	\$ 826,293	\$ 6,717,302	\$ 5,444,000
Land and other assets not being depreciated	5,349,644	5,349,644	2,355,315	2,355,315	7,704,959	7,704,959
Buildings and improvements	3,024,893	2,981,958	6,390,234	5,843,675	9,415,127	8,825,633
Machinery and equipment	5,522,467	5,003,315	10,345,195	10,317,711	15,867,662	15,321,026
Infrastructure and utility plant	<u>31,804,837</u>	<u>31,528,060</u>	<u>111,021,586</u>	<u>107,154,884</u>	<u>142,826,423</u>	<u>138,682,944</u>
 Total Capital Assets	 51,831,006	 49,480,684	 130,700,467	 126,497,879	 182,531,473	 175,978,563
 Less: Accumulated Depreciation	 <u>(19,344,575)</u>	 <u>(18,246,982)</u>	 <u>(59,687,587)</u>	 <u>(56,269,500)</u>	 <u>(79,032,162)</u>	 <u>(74,516,482)</u>
 Net Capital Assets	 <u>\$ 32,486,431</u>	 <u>\$ 31,233,702</u>	 <u>\$ 71,012,880</u>	 <u>\$ 70,228,378</u>	 <u>\$ 103,499,311</u>	 <u>\$ 101,462,080</u>

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

- Infrastructure improvements to commercial developments
- Continuation of improvements to City sidewalks
- General system upgrades to electric, water, and waste water
- Continuation of the wireless broadband deployment

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

LONG-TERM DEBT

At April 30, 2011, the City had \$26,194,163 of long-term bonds and loans outstanding. \$17,854,163 of this is revenue debt, \$4,665,000 is debt certificates, \$735,000 is a general obligation bond, and \$2,940,000 is a general obligation tax increment financing bond. All of the debt is payable by the City's enterprise funds/business type activities. The City has no long term debt payable by governmental funds/activities.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2012 City budget. None of these conditions are anticipated to change the overall financial position of the City.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Rochelle, Chris Frye, Finance Manager, 420 N. 6th St., Rochelle, IL 61068 or E-mail cfrye@hub-city.net.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 7,587,764	\$ 13,305,231	\$ 20,892,995
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	1,809,716	64,261	1,873,977
Accounts	375,955	3,247,004	3,622,959
Accrued Interest	4,543	6,193	10,736
Other	34,981	150,988	185,969
Prepaid Expenses	161,119	263,301	424,420
Due from Other Governments	1,034,040	-	1,034,040
Inventory	-	2,102,512	2,102,512
Deposits	-	900,349	900,349
Restricted Assets			
Restricted Cash and Investments	-	8,765,707	8,765,707
Prepaid Bond Principal and Interest	-	1,681,838	1,681,838
Special Assessments	-	468,062	468,062
Deferred Charges	-	172,680	172,680
Net Pension Asset	268,364	-	268,364
Capital Assets			
Not Depreciated	11,478,809	2,943,452	14,422,261
Depreciated (Net of Accumulated Depreciation)	21,007,622	68,069,428	89,077,050
Total Assets	43,762,913	102,141,006	145,903,919
LIABILITIES			
Accounts Payable	1,248,984	1,238,342	2,487,326
Claims Payable	147,205	-	147,205
Accrued Payroll	179,239	112,886	292,125
Accrued Interest Payable	66,097	523,354	589,451
Customer Advances	-	511,243	511,243
Other Payables	61,408	117,655	179,063
Deposits Payable	-	27,376	27,376
Unearned Property Taxes	2,259,716	-	2,259,716
Other Unearned Revenue	-	64,261	64,261
Long-Term Liabilities			
Due Within One Year	153,785	2,180,363	2,334,148
Due in More than One Year	3,118,636	21,199,541	24,318,177
Total Liabilities	7,235,070	25,975,021	33,210,091
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	32,486,431	47,880,962	80,367,393
Restricted for			
Public Safety	325,872	-	325,872
Maintenance of Roadways	231,058	-	231,058
Public Works	2,354,736	-	2,354,736
Tourism	74,632	-	74,632
Public Services Enterprises	150,587	-	150,587
Debt Service	-	11,479,611	11,479,611
Unrestricted	904,527	16,805,412	17,709,939
TOTAL NET ASSETS	\$ 36,527,843	\$ 76,165,985	\$ 112,693,828

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,196,004	\$ 784,120	\$ -	\$ -
Public Safety	4,312,468	571,893	10,071	330
Public Works	3,418,490	277,489	417,958	40,925
Public Service Enterprises	123,050	43,761	-	-
Conservation and Development	2,009,540	-	-	-
Interest	124,897	-	-	-
Total Governmental Activities	12,184,449	1,677,263	428,029	41,255
Business-Type Activities				
Electric	20,856,403	24,929,112	-	-
Water and Water Reclamation	3,792,934	4,740,039	-	2,754,075
Communications	995,213	951,319	-	-
Technology Center	419,894	486,759	-	-
Landfill	450,491	654,873	-	-
Airport	416,249	192,519	-	-
Total Business-Type Activities	26,931,184	31,954,621	-	2,754,075
TOTAL PRIMARY GOVERNMENT	\$ 39,115,633	\$ 33,631,884	\$ 428,029	\$ 2,795,330

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,411,884)	\$ -	\$ (1,411,884)
	(3,730,174)	-	(3,730,174)
	(2,682,118)	-	(2,682,118)
	(79,289)	-	(79,289)
	(2,009,540)	-	(2,009,540)
	(124,897)	-	(124,897)
	(10,037,902)	-	(10,037,902)
	-	4,072,709	4,072,709
	-	3,701,180	3,701,180
	-	(43,894)	(43,894)
	-	66,865	66,865
	-	204,382	204,382
	-	(223,730)	(223,730)
	-	7,777,512	7,777,512
	(10,037,902)	7,777,512	(2,260,390)
General Revenues			
Taxes			
Property and Replacement	1,974,363	61,895	2,036,258
Sales and Use	2,632,904	-	2,632,904
Telecommunications	427,963	-	427,963
Hotel/Motel	182,649	-	182,649
Income	734,758	-	734,758
Utility	366,631	-	366,631
Other	58,759	-	58,759
Investment Income	35,049	195,532	230,581
Miscellaneous	70,095	32,538	102,633
Transfers In (Out)	2,048,154	(2,048,154)	-
Total	8,531,325	(1,758,189)	6,773,136
CHANGE IN NET ASSETS	(1,506,577)	6,019,323	4,512,746
NET ASSETS, MAY 1	38,034,420	70,146,662	108,181,082
NET ASSETS, APRIL 30	\$ 36,527,843	\$ 76,165,985	\$ 112,693,828

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2011

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 993,559	\$ 879,266	\$ 4,881,663	\$ 6,754,488
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	1,262,906	-	546,810	1,809,716
Accounts	157,520	111,537	106,898	375,955
Prepaid Items	-	-	160,533	160,533
Due from Other Governments	793,352	-	240,688	1,034,040
Due from Other Funds	233,294	-	-	233,294
TOTAL ASSETS	\$ 3,440,631	\$ 990,803	\$ 5,936,592	\$ 10,368,026
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 139,267	\$ 544,551	\$ 499,865	\$ 1,183,683
Accrued Payroll	167,653	-	-	167,653
Deposits Payable	61,408	-	-	61,408
Unearned Revenue	1,262,906	450,000	546,810	2,259,716
Due to Other Funds	-	-	233,294	233,294
Total Liabilities	1,631,234	994,551	1,279,969	3,905,754
FUND BALANCES				
Reserved for Prepaid Items	-	-	160,533	160,533
Reserved for Maintenance of Roadways	-	-	231,058	231,058
Reserved for Economic Development	-	-	1,285,461	1,285,461
Reserved for Tourism	-	-	74,632	74,632
Reserved for Stormwater	-	-	303,906	303,906
Reserved for Railroad	-	-	478,785	478,785
Reserved for Capital Improvements	-	-	1,572,045	1,572,045
Reserved for Employee Retirement	-	-	1,416	1,416
Reserved for Public safety	-	-	57,508	57,508
Reserved for Cemetery	150,587	-	-	150,587
Unreserved				
Undesignated - General Fund	1,658,810	-	-	1,658,810
Undesignated - Special Revenue Funds	-	-	394,871	394,871
Undesignated - Capital Projects Funds	-	(3,748)	96,408	92,660
Total Fund Balances	1,809,397	(3,748)	4,656,623	6,462,272
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,440,631	\$ 990,803	\$ 5,936,592	\$ 10,368,026

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

April 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 6,462,272
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	32,486,431
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
General Obligation Tax Increment Financing Bonds	(2,940,000)
Accrued interest payable	(66,097)
Compensated absences payable	(231,159)
Net pension obligation	(66,740)
Other postemployment benefit payable	(22,146)
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	636,918
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>268,364</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 36,527,843</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 4,369,536	\$ -	\$ 2,008,492	\$ 6,378,028
Licenses and Permits	409,189	-	-	409,189
Intergovernmental	30,035	-	283,849	313,884
Charges for Services	737,937	-	324,768	1,062,705
Fines and Forfeitures	126,109	-	-	126,109
Investment Income	13,852	6,729	14,468	35,049
Miscellaneous	153,717	145,329	242	299,288
Total Revenues	5,840,375	152,058	2,631,819	8,624,252
EXPENDITURES				
Current				
General Government	1,804,859	-	173,518	1,978,377
Public Safety	4,036,170	-	249,291	4,285,461
Public Works	1,583,012	-	307,389	1,890,401
Public Service Enterprises	104,594	-	17,205	121,799
Conservation and Development	226,117	-	1,779,531	2,005,648
Capital Outlay	-	2,476,950	593,447	3,070,397
Debt Service				
Interest and fiscal charges	-	-	58,800	58,800
Total Expenditures	7,754,752	2,476,950	3,179,181	13,410,883
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,914,377)	(2,324,892)	(547,362)	(4,786,631)
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	-	-	2,940,000	2,940,000
Proceeds on Sale of Capital Assets	5,466	-	-	5,466
Transfers In	2,148,154	2,048,637	134,283	4,331,074
Transfers (Out)	(134,283)	-	(2,148,637)	(2,282,920)
Total Other Financing Sources (Uses)	2,019,337	2,048,637	925,646	4,993,620
NET CHANGE IN FUND BALANCES	104,960	(276,255)	378,284	206,989
FUND BALANCES, MAY 1	1,704,437	272,507	4,278,339	6,255,283
FUND BALANCES, APRIL 30	\$ 1,809,397	\$ (3,748)	\$ 4,656,623	\$ 6,462,272

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 206,989
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	2,434,545
The proceeds from issuance of bonds are reported as an other financing source in governmental funds but as an increase of principal outstanding on the statement of net assets	(2,940,000)
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(10,472)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(1,171,344)
Change in compensated absences	51,658
Change in net pension obligation	(66,740)
Change in other postemployment benefit obligation	(7,328)
The increase in interest payable is reported as an increase of expense on the statement of activities	(66,097)
The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds	(25,452)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>87,664</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,506,577)</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2011

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT ASSETS			
Cash and Investments	\$ 6,640,590	\$ 4,001,192	\$ 199
Receivables			
Property Taxes	-	-	-
Accounts	2,518,499	621,628	50,453
Accrued Interest	-	1,565	-
Other	142,381	8,157	450
Prepaid Expenses	217,820	33,626	11,855
Inventory	1,998,103	3,480	59,095
Deposits	900,349	-	-
Due from Other Funds	-	-	-
Restricted Assets			
Cash and Investments	8,765,707	-	-
Cash Held at Paying Agent	1,032,400	649,438	-
Total Current Assets	22,215,849	5,319,086	122,052
NONCURRENT ASSETS			
Advance to Other Funds	1,446,308	-	-
Special Assessments	-	468,062	-
Deferred Charges	111,454	27,660	-
Total Noncurrent Assets	1,557,762	495,722	-
CAPITAL ASSETS			
Nondepreciable	879,697	668,462	-
Depreciable	65,839,358	49,968,371	3,021,344
Accumulated Depreciation	(33,310,001)	(21,569,908)	(2,417,407)
Net Capital Assets	33,409,054	29,066,925	603,937
Total Assets	57,182,665	34,881,733	725,989

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 43,935	\$ 2,619,315	\$ 13,305,231	\$ 833,276
-	64,261	64,261	-
7,070	49,354	3,247,004	-
-	4,628	6,193	4,543
-	-	150,988	34,981
-	-	263,301	586
-	41,834	2,102,512	-
-	-	900,349	-
128,990	-	128,990	-
-	-	8,765,707	-
-	-	1,681,838	-
179,995	2,779,392	30,616,374	873,386
-	-	1,446,308	-
-	-	468,062	-
19,313	14,253	172,680	-
19,313	14,253	2,087,050	-
519,453	875,840	2,943,452	-
5,040,952	3,886,990	127,757,015	116,880
(403,923)	(1,986,348)	(59,687,587)	(116,880)
5,156,482	2,776,482	71,012,880	-
5,355,790	5,570,127	103,716,304	873,386

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)
 PROPRIETARY FUNDS

April 30, 2011

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT LIABILITIES			
Accounts Payable	\$ 1,163,568	\$ 37,741	\$ 24,986
Customer Advances	511,243	-	-
Accrued Payroll	70,026	29,151	11,414
Accrued Interest Payable	283,949	63,200	-
Other Payables	117,655	-	-
Unearned Revenue	-	-	-
Deposits Payable	-	25,126	2,250
Claims Payable	-	-	-
Due to other funds	-	-	128,990
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	950,000	605,000	-
Capital Lease Payable	26,271	-	-
IEPA Loans Payable	-	231,047	-
Compensated Absences Payable	103,760	42,290	14,456
Total Current Liabilities	3,226,472	1,033,555	182,096
LONG-TERM LIABILITIES			
Advance from Other Funds	-	-	496,473
Net Pension Obligation	55,211	21,236	8,494
Long-Term Debt, Net of Current Maturities			
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	12,400,000	1,930,000	-
IEPA Loans Payable	-	1,738,115	-
Unamortized Bond Premium/Discount	18,207	18,583	-
Unamortized Loss on Refunding	(97,872)	(87,433)	-
Total Long-Term Liabilities	12,375,546	3,620,501	504,967
Total Liabilities	15,602,018	4,654,056	687,063
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	20,112,448	24,631,613	603,937
Restricted for Debt Service	9,798,107	1,681,504	-
Unrestricted (Deficit)	11,670,092	3,914,560	(565,011)
TOTAL NET ASSETS	\$ 41,580,647	\$ 30,227,677	\$ 38,926

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 5,937	\$ 6,110	\$ 1,238,342	\$ 65,301
-	-	511,243	-
-	2,295	112,886	11,586
164,786	11,419	523,354	-
-	-	117,655	-
-	64,261	64,261	-
-	-	27,376	-
-	-	-	147,205
-	-	128,990	-
175,000	30,000	205,000	-
-	-	1,555,000	-
-	-	26,271	-
-	-	231,047	-
-	2,539	163,045	12,376
345,723	116,624	4,904,470	236,468
949,835	-	1,446,308	-
-	-	84,941	-
4,490,000	705,000	5,195,000	-
-	-	14,330,000	-
-	-	1,738,115	-
-	-	36,790	-
-	-	(185,305)	-
5,439,835	705,000	22,645,849	-
5,785,558	821,624	27,550,319	236,468
491,482	2,041,482	47,880,962	-
-	-	11,479,611	-
(921,250)	2,707,021	16,805,412	636,918
\$ (429,768)	\$ 4,748,503	\$ 76,165,985	\$ 636,918

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
OPERATING REVENUES			
Charges for Services	\$ 24,929,112	\$ 4,740,039	\$ 951,319
Miscellaneous	14,305	18,233	-
Total Operating Revenues	24,943,417	4,758,272	951,319
OPERATING EXPENSES			
Administration	-	-	-
Operations	18,230,580	2,423,648	956,867
Depreciation and Amortization	2,030,735	1,202,138	33,898
Total Operating Expenses	20,261,315	3,625,786	990,765
OPERATING INCOME (LOSS)	4,682,102	1,132,486	(39,446)
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	-	-
Investment Income	173,805	16,624	-
Interest Expense	(595,088)	(167,148)	(4,448)
Total Nonoperating Revenues (Expenses)	(421,283)	(150,524)	(4,448)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	4,260,819	981,962	(43,894)
TRANSFERS			
Transfers In	-	-	497,467
Transfers (Out)	(1,376,321)	(201,833)	-
Total Transfers	(1,376,321)	(201,833)	497,467
CONTRIBUTIONS	-	2,754,075	-
CHANGE IN NET ASSETS	2,884,498	3,534,204	453,573
NET ASSETS (DEFICIT), MAY 1	38,696,149	26,693,473	(414,647)
NET ASSETS (DEFICIT), APRIL 30	\$ 41,580,647	\$ 30,227,677	\$ 38,926

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 486,759	\$ 847,392	\$ 31,954,621	\$ 1,941,222
-	-	32,538	-
486,759	847,392	31,987,159	1,941,222
-	-	-	1,971,867
68,422	723,894	22,403,411	-
143,151	104,032	3,513,954	-
211,573	827,926	25,917,365	1,971,867
275,186	19,466	6,069,794	(30,645)
-	61,895	61,895	-
834	4,269	195,532	5,193
(208,321)	(38,814)	(1,013,819)	-
(207,487)	27,350	(756,392)	5,193
67,699	46,816	5,313,402	(25,452)
-	-	497,467	-
(497,467)	(470,000)	(2,545,621)	-
(497,467)	(470,000)	(2,048,154)	-
-	-	2,754,075	-
(429,768)	(423,184)	6,019,323	(25,452)
-	5,171,687	70,146,662	662,370
\$ (429,768)	\$ 4,748,503	\$ 76,165,985	\$ 636,918

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 25,293,599	\$ 4,796,231	\$ 1,004,864
Receipts from Interfund Services Transactions	-	-	-
Receipts from Employees and Retirees	-	-	-
Payments to Suppliers	(17,866,879)	(890,980)	(496,412)
Payments to Employees	(1,153,935)	(1,024,980)	(399,334)
Payments to Other Funds	(370,350)	(578,243)	(32,062)
Net Cash from Operating Activities	5,902,435	2,302,028	77,056
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	-	-
Repayment from Loans to Other Funds	103,140	-	-
Repayment of Loans from Other Funds	-	-	(52,975)
Interest Paid on Interfund Loans	-	-	(4,448)
Transfers In	-	-	-
Transfers (Out)	(1,376,321)	(201,833)	(62,875)
Net Cash from Noncapital Financing Activities	(1,273,181)	(201,833)	(120,298)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(1,125,465)	(227,685)	(72,160)
Principal Payments on Long-Term Debt	(936,619)	(821,945)	-
Interest Payments on Long-Term Debt	(588,263)	(193,266)	-
Grant Receipts	-	-	-
Net Cash from Capital and Related Financing Activities	(2,650,347)	(1,242,896)	(72,160)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	173,805	16,751	-
Net Cash from Investing Activities	173,805	16,751	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	2,152,712	874,050	(115,402)
CASH AND CASH EQUIVALENTS, MAY 1	13,253,585	3,127,142	115,601
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 15,406,297	\$ 4,001,192	\$ 199

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 479,689	\$ 954,065	\$ 32,528,448	\$ -
-	-	-	1,704,341
-	-	-	234,657
(62,487)	(571,904)	(19,888,662)	(1,603,896)
-	(74,600)	(2,652,849)	(394,610)
-	(100,091)	(1,080,746)	-
417,202	207,470	8,906,191	(59,508)
-	61,825	61,825	-
-	-	103,140	-
(50,165)	-	(103,140)	-
(8,000)	-	(12,448)	-
62,875	-	62,875	-
-	(470,000)	(2,111,029)	-
4,710	(408,175)	(1,998,777)	-
(2,356)	(96,999)	(1,524,665)	-
(170,000)	(15,000)	(1,943,564)	-
(206,455)	(48,672)	(1,036,656)	-
-	98,802	98,802	-
(378,811)	(61,869)	(4,406,083)	-
834	13,382	204,772	774
834	13,382	204,772	774
43,935	(249,192)	2,706,103	(58,734)
-	2,868,507	19,364,835	892,010
\$ 43,935	\$ 2,619,315	\$ 22,070,938	\$ 833,276

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 4,682,102	\$ 1,132,486	\$ (39,446)
Adjustments to Reconcile Operating Income			
(Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	2,030,735	1,202,138	33,898
Changes in Assets and Liabilities			
Accounts Receivable	596,949	2,437	43,287
Other Receivables	(9,191)	(6,377)	9,438
Prepaid Expenses	(18,685)	(4,612)	4,329
Inventory	(905,318)	9,321	19,694
Deposits	(218,344)	1,723	-
Accounts Payable	(264,188)	(111,685)	(5,291)
Customer Advances	(19,232)	-	-
Accrued Payroll	(2,146)	2,514	(405)
Claims Payable	-	-	-
Other Payables	(16,623)	-	821
Unearned Revenue	-	40,177	-
Compensated Absences	(8,835)	12,670	2,237
Net Pension Obligation	55,211	21,236	8,494
NET CASH FROM OPERATING ACTIVITIES	\$ 5,902,435	\$ 2,302,028	\$ 77,056
CASH AND INVESTMENTS			
Cash and Investments	\$ 6,640,590	\$ 4,001,192	\$ 199
Restricted Cash and Investments	8,765,707	-	-
TOTAL CASH AND INVESTMENTS	\$ 15,406,297	\$ 4,001,192	\$ 199
NONCASH TRANSACTIONS			
Contributions	\$ -	\$ 2,754,075	\$ -
Transfer of Capital Assets	-	-	(5,297,277)
TOTAL NONCASH TRANSACTIONS	\$ -	\$ 2,754,075	\$ (5,297,277)

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 275,186	\$ 19,466	\$ 6,069,794	\$ (30,645)
143,151	104,032	3,513,954	-
(7,070)	106,673	742,276	-
-	-	(6,130)	(2,224)
-	-	(18,968)	733
-	(27,896)	(904,199)	-
-	-	(216,621)	-
5,935	4,908	(370,321)	7,482
-	-	(19,232)	-
-	(46)	(83)	430
-	-	-	(35,617)
-	-	(15,802)	-
-	-	40,177	-
-	333	6,405	333
-	-	84,941	-
<u>\$ 417,202</u>	<u>\$ 207,470</u>	<u>\$ 8,906,191</u>	<u>\$ (59,508)</u>
\$ 43,935	\$ 2,619,315	\$ 13,305,231	\$ 833,276
-	-	8,765,707	-
<u>\$ 43,935</u>	<u>\$ 2,619,315</u>	<u>\$ 22,070,938</u>	<u>\$ 833,276</u>
\$ -	\$ -	\$ 2,754,075	\$ 2,754,075
5,297,277	-	-	-
<u>\$ 5,297,277</u>	<u>\$ -</u>	<u>\$ 2,754,075</u>	<u>\$ 2,754,075</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

April 30, 2011

ASSETS	
Cash and Short-Term Investments	\$ 1,234,864
Investments, at Fair Value	
U.S. Treasury Securities	3,017,211
U.S. Agency Securities	2,684,117
Certificates of Deposit	2,123,499
Equity Mutual Funds	3,032,783
Corporate Bonds	290,538
Municipal Bonds	599,395
Equities	4,917,764
Annuity Contracts	296,159
Receivables	
Accrued Interest	<u>67,498</u>
 Total Assets	 <u>18,263,828</u>
LIABILITIES	
None	<u>-</u>
 Total Liabilities	 <u>-</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 18,263,828</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2011

ADDITIONS	
Contributions	
Employer Contributions	\$ 434,899
Employee Contributions	<u>192,190</u>
Total Contributions	<u>627,089</u>
Miscellaneous Income	<u>2,863</u>
Investment Income	
Net Appreciation in Fair Value of Investments	1,221,011
Interest	<u>461,144</u>
Total Investment Income	1,682,155
Less Investment Expense	<u>(91,071)</u>
Net Investment Income	<u>1,591,084</u>
Total Additions	<u>2,221,036</u>
DEDUCTIONS	
Benefits and Refunds	1,223,313
Administrative Expenses	<u>14,928</u>
Total Deductions	<u>1,238,241</u>
NET INCREASE	982,795
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>17,281,033</u>
April 30	<u><u>\$ 18,263,828</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2011

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CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rochelle, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1853 and is a municipal corporation governed by an elected board under the mayor/council form of government. As required by GAAP, these financial statements present the City (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government.

Based on these criteria, the City is not considered a component unit of any other governmental unit, nor does it have any component units.

B. Fund Accounting

The City uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of governmental long-term debt (debt service funds). Permanent funds are used to account for resources when only the interest of the corpus (principal) can be used by the City. The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds which are generally used to account for assets that the City holds in a fiduciary capacity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

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

The City reports the following major governmental funds:

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

The Capital Improvement Fund is used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

The City reports the following major proprietary funds:

The Water and Water Reclamation Fund accounts for the activities of the water and water reclamation system.

The Electric Utility Fund accounts for the activities of the electric system.

The Communications Fund accounts for the activities of the communication system.

The Technology Center Fund accounts for the activities of the technology center.

Additionally, the City reports the following proprietary fund type:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the City's governmental funds/activities.

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for income taxes, sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

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

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity less than one year when purchased are stated at cost or amortized cost. Investments with a maturity of one year or greater when purchased are reported at fair value. All investments of the pension trust funds are reported at fair value. Fair value has been based on quoted market prices at April 30, 2011 for debt and equity securities and contract values for mutual funds.

F. Property Taxes

Property taxes for 2010 are levied in December 2010 and attach as an enforceable lien on the property on January 1, 2010. Tax bills are prepared by the County and issued on or about May 1, 2011 and August 1, 2011, and are due and collectible on or about June 1, 2011 and September 1, 2011. The County collects the taxes and remits them periodically to the City. Those 2010 taxes are intended to finance the 2012 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unearned revenue. The 2011 tax levy has not been recorded as a receivable at April 30, 2011, as the tax attached as a lien on property as of January 1, 2011; however, the tax will not be levied until December 2011 and, accordingly, is not measurable at April 30, 2011.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

Inventory is valued at the lower of cost or market on an average cost basis.

H. Restricted Assets

Certain cash and investments in the Electric Utility Fund and Water and Water Reclamation Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted cash and investments and restrictions of net assets.

I. Deferred Charges

Deferred charges in the proprietary funds and the governmental activities in the government-wide financial statements represents bond issuance costs which are being amortized over the life of the bonds.

J. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Land	\$ -
Vehicles, Machinery, Furniture and Equipment	5,000
Buildings, Land Improvements and Infrastructure (All Systems)	25,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-40
Machinery and Equipment	5-20
Land Improvements	20-30
Utility System	5-77
Infrastructure	10-50

L. Vacation, Sick Pay and Other Employee Benefits

Vested or accumulated vacation related to employees that have retired or terminated at year end but have not yet been paid is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested and accumulated vacation of governmental activities and proprietary funds is recorded as an expense and liability as the benefits accrue to employees. Sick leave does not vest or accumulate and, therefore, no liability has been recorded for sick leave.

M. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

O. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, as well as issuance costs and gains/losses on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and gain/loss on sales.

In the fund financial statements, governmental funds 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 expenditures.

P. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. At April 30, 2011, the City had \$1,190,925 of net assets that were restricted for roadway improvement as a result of enabling legislation adopted by the City. Invested in capital assets, net of related debt, represents the City’s investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

2. CASH 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'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. The investments are governed by three separate investment policies; one policy for the City adopted by the City Council and one policy each for the Police and Firefighters' Pension Funds approved by their respective boards.

In accordance with the City's investment policy, the City's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments 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 and Illinois Funds.

The Police and Firefighters' Pension Funds can invest in the same securities as the City, plus the following: mutual funds, equity securities, corporate debt securities and variable annuities.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance, evidenced by a written collateral agreement with the collateral held by an agent of the City in the City's name.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

City Investments

The following table presents the investments and maturities of the City's debt securities as of April 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 39,371	\$ -	\$ 39,371	\$ -	\$ -
Illinois Funds	3,023,886	3,023,886	-	-	-
Money Market Mutual Funds	8,764,435	8,764,435	-	-	-
TOTAL	\$ 11,827,692	\$ 11,788,321	\$ 39,371	\$ -	\$ -

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. Unless matched to a specific cash flow, the City does not directly invest in securities maturing more than five years from the date of purchase.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government (Treasury obligations) or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government (GNMAs and Federal Home Loan Bank). However, the investment policy is generally silent regarding credit risk. Illinois Funds is rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased. Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

The City's investment policy is silent on concentration of credit risk.

The City's investment policy specifically prohibits the use of or the investment in derivatives, unless separately approved by the City Council.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Police and Firefighters' Pension Funds Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police and Firefighters' Pension Funds' deposits may not be returned to them. The Police and Firefighters' Pension Funds' investment policies do not require pledging of collateral for bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Police and Firefighters' Pension Funds' deposits with financial institutions.

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 2,291,267	\$ 546,032	\$ 1,268,996	\$ 246,482	\$ 229,757
U.S. Agency Obligations	2,063,321	241,661	643,761	-	1,177,899
Corporate Bonds	290,538	-	290,538	-	-
Money Market Mutual Funds	429,986	429,986	-	-	-
Negotiable Certificates of Deposit	78,606	-	78,606	-	-
TOTAL	\$ 5,153,718	\$ 1,217,679	\$ 2,281,901	\$ 246,482	\$ 1,407,656

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Treasury and agency obligations and corporate bonds are rated AAA by Standard and Poor's.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy is silent on limiting exposure to custodial credit risk. In addition, the Police Pension Fund allows the broker purchasing the investment to also serve as custodian over the investment. To limit its exposure, the broker has purchased an excess SIPC policy to cover any investment losses not covered by the limits of SIPC. The mutual funds are not subject to custodial credit risk.

Concentration of credit risk - The Police Pension Fund's investment policy specifies the following preferred asset allocations by investment type:

Diversification by Instrument	Percent of Portfolio
Equities	40%
Mutual Funds/Variable Annuities	5%
Fixed Income	55%

The aggregate of equities, mutual funds and variable annuities cannot exceed 45%. Securities in any one company should not exceed 5% of the total Police Pension Fund, and no more than 10% of the total Police Pension Fund should be invested in any one industry. Individual treasury securities may represent 100% of the total Police Pension Fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Police Pension Fund's aggregate bond position.

Unless a specific type of derivative security is allowed in the investment policy, the Police Pension Fund may not invest in derivatives.

Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 725,944	\$ -	\$ -	\$ -	\$ 725,944
U.S. Agency Obligations	620,796	-	-	-	620,796
State and Local Obligations	599,395	-	-	69,661	529,734
Negotiable Certificates of Deposit	930,340	285,065	645,275	-	-
TOTAL	\$ 2,876,475	\$ 285,065	\$ 645,275	\$ 69,661	\$ 1,876,474

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments (Continued)

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Firefighters' Pension Fund.

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Treasury and agency obligations are rated AAA by Standard and Poor's. The local government bonds are rated from A to AA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy is silent on limiting exposure to custodial credit risk. In addition, the Firefighters' Pension Fund allows the broker purchasing the investment to also serve as custodian over the investment. To limit its exposure, the broker has purchased an excess SIPC policy to cover any investment losses not covered by the limits of SIPC. The mutual funds are not subject to custodial credit risk.

The Firefighters' Pension Fund investment policy is silent on concentration of credit risk, except as follows.

The aggregate of equities, mutual funds and variable annuities cannot exceed 45%. Securities in any one company should not exceed 5% of the total Firefighters' Pension Fund and no more than 10% of the total Firefighters' Pension Fund should be invested in any one industry. Individual treasury securities may represent 100% of the total Firefighters' Pension Fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Firefighters' Pension Fund's aggregate bond position.

Unless a specific type of derivative security is allowed in the investment policy, the Firefighters' Pension Fund may not invest in derivatives.

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 3,010,763	\$ -	\$ -	\$ 3,010,763
Land Right of Way	2,338,881	-	-	2,338,881
Construction in Progress	4,617,707	1,511,458	-	6,129,165
Total Capital Assets not Being Depreciated	<u>9,967,351</u>	<u>1,511,458</u>	<u>-</u>	<u>11,478,809</u>
Capital Assets Being Depreciated				
Buildings	2,981,958	42,935	-	3,024,893
Machinery and Equipment	5,003,315	603,375	84,223	5,522,467
Bridges	3,072,551	-	-	3,072,551
Streets	20,288,473	-	-	20,288,473
Stormwater	4,552,223	-	-	4,552,223
Sidewalks	1,765,518	276,777	-	2,042,295
Railroad Spur	1,535,665	-	-	1,535,665
Street Lights	313,630	-	-	313,630
Total Capital Assets Being Depreciated	<u>39,513,333</u>	<u>923,087</u>	<u>84,223</u>	<u>40,352,197</u>
Less Accumulated Depreciation for				
Buildings	1,417,976	60,968	-	1,478,944
Machinery and Equipment	3,602,621	369,191	73,751	3,898,061
Bridges	718,136	61,451	-	779,587
Streets	8,742,366	473,704	-	9,216,070
Stormwater	3,031,504	113,806	-	3,145,310
Sidewalks	547,569	51,057	-	598,626
Railroad Spur	149,030	30,713	-	179,743
Street Lights	37,780	10,454	-	48,234
Total Accumulated Depreciation	<u>18,246,982</u>	<u>1,171,344</u>	<u>73,751</u>	<u>19,344,575</u>
Total Capital Assets Being Depreciated, Net	<u>21,266,351</u>	<u>(248,257)</u>	<u>10,472</u>	<u>21,007,622</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 31,233,702</u>	<u>\$ 1,263,201</u>	<u>\$ 10,472</u>	<u>\$ 32,486,431</u>

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 70,281
Public Safety	210,842
Public Works	884,364
Public Service Enterprises	<u>5,857</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,171,344</u>

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES

	Beginning Balance	Increases	Decreases	Ending Balance
WATER AND WATER RECLAMATION				
Capital Assets not Being Depreciated				
Land	\$ 262,358	\$ -	\$ -	\$ 262,358
Construction in Progress	808,140	578,915	980,951	406,104
Total Capital Assets not Being Depreciated	1,070,498	578,915	980,951	668,462
Capital Assets Being Depreciated				
Infrastructure	36,391,108	3,413,821	-	39,804,929
Equipment	10,156,908	6,534	-	10,163,442
Total Capital Assets Being Depreciated	46,548,016	3,420,355	-	49,968,371
Less Accumulated Depreciation for				
Infrastructure	15,654,422	955,624	-	16,610,046
Equipment	4,713,348	246,514	-	4,959,862
Total Accumulated Depreciation	20,367,770	1,202,138	-	21,569,908
Total Capital Assets Being Depreciated, Net	26,180,246	2,218,217	-	28,398,463
Total Water And Water Reclamation Capital Assets, Net	27,250,744	2,797,132	980,951	29,066,925
ELECTRIC				
Capital Assets not Being Depreciated				
Land	697,664	-	-	697,664
Construction in Progress	-	599,251	417,218	182,033
Total Capital Assets not Being Depreciated	697,664	599,251	417,218	879,697
Capital Assets Being Depreciated				
Generation	7,420,313	-	-	7,420,313
Transmission	10,379,271	-	-	10,379,271
Distribution	43,647,322	950,369	131,880	44,465,811
General	3,561,731	12,232	-	3,573,963
Total Capital Assets Being Depreciated	65,008,637	962,601	131,880	65,839,358
Less Accumulated Depreciation for				
Generation	6,293,099	97,344	-	6,390,443
Transmission	5,942,004	383,029	-	6,325,033
Distribution	18,634,444	1,479,127	95,867	20,017,704
General	505,586	71,235	-	576,821
Total Accumulated Depreciation	31,375,133	2,030,735	95,867	33,310,001
Total Capital Assets Being Depreciated, Net	33,633,504	(1,068,134)	36,013	32,529,357
Total Electric Capital Assets, Net	34,331,168	(468,883)	453,231	33,409,054

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

	Beginning Balance	Transfers*	Increases	Decreases	Ending Balance
COMMUNICATIONS					
Capital Assets not Being Depreciated					
Land rights	\$ 519,453	\$ (519,453)	\$ -	\$ -	\$ -
Total Capital Assets not Being Depreciated	519,453	(519,453)	-	-	-
Capital Assets Being Depreciated					
Building	4,247,461	(4,247,461)		-	-
General	3,740,319	(791,135)	72,160	-	3,021,344
Total Capital Assets Being Depreciated	7,987,780	(5,038,596)	72,160	-	3,021,344
Less Accumulated Depreciation for					
Building	205,090	(205,090)	-	-	-
General	2,439,191	(55,682)	33,898	-	2,417,407
Total Accumulated Depreciation	2,644,281	(260,772)	33,898	-	2,417,407
Total Capital Assets Being Depreciated, Net	5,343,499	(4,777,824)	38,262	-	603,937
Total Communication Capital Assets, Net	5,862,952	(5,297,277)	38,262	-	603,937
TECHNOLOGY CENTER					
Capital Assets not Being Depreciated					
Land	-	519,453	-	-	519,453
Total Capital Assets not Being Depreciated	-	519,453	-	-	519,453
Capital Assets Being Depreciated					
Building	-	4,247,461	2,356	-	4,249,817
General	-	791,135	-	-	791,135
Total Capital Assets Being Depreciated	-	5,038,596	2,356	-	5,040,952
Less Accumulated Depreciation for					
Building	-	205,090	106,378	-	311,468
General	-	55,682	36,773	-	92,455
Total Accumulated Depreciation	-	260,772	143,151	-	403,923
Total Capital Assets Being Depreciated, Net	-	4,777,824	(140,795)	-	4,637,029
Total Communication Capital Assets, Net	-	5,297,277	(140,795)	-	5,156,482

*Certain assets and associated accumulated depreciation amounts were transferred from the Communications Fund to the Technology Center Fund during the year ended April 30, 2011.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
NONMAJOR ENTERPRISE FUNDS				
Capital Assets not Being Depreciated				
Land	\$ 875,840	\$ -	\$ -	\$ 875,840
Construction in Progress	18,153	-	18,153	-
Total Capital Assets not Being Depreciated	893,993	-	18,153	875,840
Capital Assets Being Depreciated				
Equipment	160,803	20,950	-	181,753
Structures	1,470,828	94,203	-	1,565,031
Improvements	125,386	-	-	125,386
Other	2,014,820	-	-	2,014,820
Total Capital Assets Being Depreciated	3,771,837	115,153	-	3,886,990
Less Accumulated Depreciation for				
Equipment	156,831	2,095	-	158,926
Structures	360,061	49,674	-	409,735
Improvements	125,386	-	-	125,386
Other	1,240,038	52,263	-	1,292,301
Total Accumulated Depreciation	1,882,316	104,032	-	1,986,348
Total Capital Assets Being Depreciated, Net	1,889,521	11,121	-	1,900,642
Total Nonmajor Enterprise Funds Capital Assets, Net	2,783,514	11,121	18,153	2,776,482
TOTAL BUSINESS-TYPE CAPITAL ASSETS, NET	\$ 70,228,378	\$ 2,236,837	\$ 1,452,335	\$ 71,012,880

4. LONG-TERM DEBT

During the fiscal year the following changes occurred in liabilities reported in the governmental activities:

	May 1	Additions	Reductions	April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
GO TIF Bonds	\$ -	\$ 2,940,000	\$ -	\$ 2,940,000	\$ -
Compensated Absences*	294,860	131,069	182,394	243,535	153,785
Net Pension Obligation*	-	66,740	-	66,740	-
Net Other Postemployment Benefit Obligation*	14,818	7,328	-	22,146	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 309,678	\$ 3,145,137	\$ 182,394	\$ 3,272,421	\$ 153,785

*These liabilities are primarily retired by the General Fund.

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Revenue Bonds					
2005 Electric System bonds	\$ 9,435,000	\$ -	\$ -	\$ 9,435,000	\$ -
2008 Refunding Bonds	4,825,000	-	910,000	3,915,000	950,000
2008 Refunding Bonds	3,120,000	-	585,000	2,535,000	605,000
Total Revenue Bonds	17,380,000	-	1,495,000	15,885,000	1,555,000
General Obligation Debt Certificates	4,835,000	-	170,000	4,665,000	175,000
General Obligation Bonds	750,000	-	15,000	735,000	30,000
IEPA Revolving Loans	2,206,107	-	236,944	1,969,163	231,047
Unamortized Discount	(46,740)	-	(2,346)	(44,394)	-
Unamortized Premium	99,898	-	18,714	81,184	-
Unamortized Loss on Refunding	(234,023)	-	(48,719)	(185,304)	-
Capital Lease	52,890	-	26,619	26,271	26,271
Compensated Absences	156,640	163,045	156,640	163,045	163,045
Net Pension Obligation	-	84,941	-	84,941	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 25,199,772	\$ 247,986	\$ 2,067,852	\$ 23,379,906	\$ 2,180,363

Bonds payable and other long-term obligations at April 30, 2011 are comprised of the following, excluding the refunded bonds that are defeased in-substance:

General Obligation Debt

	Total	Current Portion
\$5,000,000 2008 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$350,000 from June 30, 2009 to June 30, 2028, interest at 4.27%, retired by the Technology Center Fund.	\$ 4,665,000	\$ 175,000
\$750,000 General Obligation Bonds, due in annual installments of \$15,000 to \$60,000 from June 30, 2011 to June 30, 2029, interest at 3.90% to 5.20%, retired by the Airport Fund, a nonmajor enterprise fund.	735,000	30,000
TOTAL	\$ 5,400,000	\$ 205,000

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Revenue and Alternate Revenue Source Bonds

	<u>Total</u>	<u>Current Portion</u>
\$2,940,000 Series 2010 General Obligation, Alternate Revenue Source (Tax Increment Financing) Bonds, due in annual installments of \$60,000 to \$805,000, through December 1, 2030, interest from 2.50% to 7.10%. As qualified recovery zone bonds the City is receiving a 45% tax credit on the interest payments. The effective interest rates of the bonds after discount is 1.38% to 3.97%.	\$ 2,940,000	\$ -
TOTAL TIF FUND ALTERNATE REVENUE BONDS	\$ 2,940,000	\$ -
\$9,435,000 Series 2005 Electric System Revenue Bonds, due in annual installments of \$505,000 to \$880,000, through May 1, 2030, interest from 4.00% to 4.75%.	\$ 9,435,000	\$ -
\$5,755,000 Series 2008 Electric System Revenue Refunding Revenue Bonds, due in annual installments of \$565,000 to \$665,000, through May 1, 2016, interest from 3.50% to 4.50%.	3,915,000	950,000
TOTAL ELECTRIC FUND REVENUE BONDS	\$ 13,350,000	\$ 950,000
\$3,685,000 Series 2008 Waterworks and Sewerage Refunding Revenue Bonds, due in annual installments of \$15,000 to \$645,000, through May 1, 2014, interest from 3.00% to 3.75%.	\$ 2,535,000	\$ 605,000
TOTAL WATER AND WATER RECLAMATION FUND REVENUE BONDS	\$ 2,535,000	\$ 605,000

Illinois EPA Loans

	<u>Total</u>	<u>Current Portion</u>
\$3,191,177 Illinois EPA low interest loan related to the Northwest Interceptor Sewer project, due in semiannual installments of \$122,605, through August 2017, interest at 2.89%.	\$ 1,443,651	\$ 204,958
\$600,000 Illinois EPA low interest loan related to the Askvig Subdivision project, due in semiannual installments of \$19,532, through May 2027, interest at 2.50%.	525,512	26,089
TOTAL WATER AND WATER RECLAMATION IEPA LOANS	\$ 1,969,163	\$ 231,047

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, insurance claims and net OPEB obligations) as of April 30, 2011, are as follows:

April 30,	General Obligation Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 205,000	\$ 233,453	\$ 1,555,000	\$ 627,942
2013	215,000	224,811	1,165,000	577,361
2014	220,000	215,741	1,215,000	532,461
2015	230,000	206,459	1,255,000	484,304
2016	240,000	196,748	615,000	445,711
2017-2021	1,385,000	837,985	2,800,000	1,905,003
2022-2026	1,700,000	524,905	3,245,000	1,333,577
2027-2031	1,205,000	113,433	4,035,000	578,025
TOTAL	\$ 5,400,000	\$ 2,553,535	\$ 15,885,000	\$ 6,484,384

April 30,	General Obligation Alternate Revenue Debt		Illinois EPA Loans	
	Principal	Interest	Principal	Interest
2012	\$ -	\$ 167,859	\$ 231,047	\$ 52,867
2013	-	174,148	237,669	46,245
2014	60,000	174,148	244,482	39,432
2015	85,000	172,647	251,490	32,424
2016	110,000	170,098	258,700	25,214
2017-2021	655,000	775,228	512,754	48,582
2022-2026	855,000	571,450	175,859	17,661
2027	1,175,000	257,056	57,162	1,074
TOTAL	\$ 2,940,000	\$ 2,462,634	\$ 1,969,163	\$ 263,499

Revenue Source Bonds

The City issued the Series 2008 Refunding Water and Water Reclamation Alternate Revenue Source Bonds to provide funds for water and water reclamation capital improvements. These bonds are payable from a pledge of the City's water and water reclamation revenues and are being repaid by the Water and Water Reclamation Fund. The bonds are payable solely from water and water reclamation revenues and are payable through 2015. The total principal and interest remaining to be paid on the bonds as of April 30, 2011 is \$2,721,100. Principal and interest paid for the current year was \$682,650 or 29.24% of total customer net revenues of \$2,334,624.

4. LONG-TERM DEBT (Continued)

Revenue Source Bonds (Continued)

The City issued the Series 2005 Electric Revenue Alternate Revenue Source Bonds and the Series 2008 Refunding Electric Alternate Revenue Source Bonds to provide funds for electric capital improvements. These bonds are payable from a pledge of the City's electric revenues and are being repaid by the Electric Fund. The bonds are payable solely from electric revenues and are payable through 2031. The total principal and interest remaining to be paid on the bonds as of April 30, 2011 is \$18,124,532. Principal and interest paid for the current year was \$1,440,598 or 21.49% of total customer net revenues of \$6,704,192.

Advanced Refunding

Electric

On July 22, 2008, revenue bonds in the amount of \$5,755,000 were issued with an average interest rate of 4.14% to advance refund \$5,660,000 of outstanding bonds with an average interest rate of 4.75%. The net proceeds of \$5,749,424 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered to be defeased and the liability for the old bonds has been removed from the statement of net assets. At April 30, 2011, \$4,810,000 of bonds outstanding are considered defeased.

5. INDUSTRIAL REVENUE BONDS

The City has approved the issuance of industrial revenue bonds for the benefit of private business enterprises. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of April 30, 2011, there was one bond outstanding. The aggregate principal amount payable was \$7,000,000.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. REVENUE BONDS

The revenue bond ordinances require that all revenues derived from the operation of the Electric Fund and Water and Sewer Fund be segregated in separate accounts, in the priority indicated by the order of the following:

Account	Amount	Nature of Authorized Expenditures
Operation and Maintenance	Sufficient amount to pay reasonable expenses for one month's operations	Expenses of operating, maintaining and repairing the system
Bond and Interest	Amount sufficient to pay the current bond and interest maturities	Paying principal and interest on bonds
Bond Reserve	\$30,000 per month until account aggregates an amount equal to bond and interest requirements for any succeeding fiscal year	Paying principal and interest on bonds when there are insufficient funds in the bond and interest account
Depreciation, Improvement and Extension	\$20,000 per month until the account aggregates a minimum of \$7,000,000	Cost of extraordinary maintenance, necessary replacement and improvement or extension of the system
Surplus Revenue	The amount remaining after payment into the above four accounts	Making up deficiencies in the aforementioned accounts, paying of junior lien bonds and for any other lawful corporate purpose

The City has complied with all significant limitations, restrictions and bond covenants during the year ended April 30, 2011. The restricted assets and restricted net assets for purposes other than bond proceeds and the expenses of operating, maintaining and repairing the system, is as follows:

RESTRICTED BOND ORDINANCE ACCOUNTS	
Bond and Interest Account	\$ 1,897,988
Bond Reserve Account	2,263,935
Depreciation, Improvement and Extension Account	<u>7,317,688</u>
 TOTAL	 <u><u>\$ 11,479,611</u></u>

7. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an 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. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

A. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rates for 2010 and 2011 were 9.72% and 10.69% of covered payroll, respectively. The employer required contributions for 2010 and 2011 were 11.99% and 12.69% of covered payroll, respectively.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund. At April 30, 2010 (most recent information available), the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	16
Current Employees	
Vested	6
Nonvested	16
	<hr/>
TOTAL	<u>38</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held 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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 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 3.00% of the original pension and 3.00% compounded annually thereafter.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) 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 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. The City made a contribution of \$205,593 for the year ended April 30, 2011, which was approximately 16.79% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund. At April 30, 2010 (most recent information available), the Firefighters' Pension Plan membership consisted of:

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	9
Current Employees	
Vested	4
Nonvested	9
	<hr/>
TOTAL	<u>22</u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 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 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% 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 3.00% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past services cost for the Firefighters' Pension Plan. The City made a contribution of \$229,306 for the year ended April 30, 2011 which was approximately 29.00% of covered payroll.

B. Significant Investments

There are no significant investments (other than U.S. Government obligations) in any one organization that represent 5.0% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for IMRF is not available.

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2008	April 30, 2010	April 30, 2010
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	30 Years, Open	23 Years, Closed	23 Years, Closed

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.5% Compounded Annually	7.5% Compounded Annually	7.5% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.0% Compounded Annually	5.5% Compounded Annually	5.5% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.4% to 10.0%	Not Available	Not Available

Employer annual pension costs (APC), actual contributions and the net pension obligation (asset) (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2009	\$ 471,292	\$ 100,010	\$ 123,450
	2010	462,518	222,795	191,402
	2011	647,651	222,989	124,246
Actual Contributions	2009	\$ 471,292	\$ 147,071	\$ 139,398
	2010	462,518	80,237	118,859
	2011	495,970	205,593	229,306
Percentage of APC Contributed	2009	100.00%	147.06%	112.92%
	2010	100.00%	36.01%	62.10%
	2011	76.58%	92.20%	184.56%
NPO (Asset)	2009	\$ -	\$ (258,777)	\$ (137,024)
	2010	-	(116,219)	(64,481)
	2011	151,681	(98,823)	(169,541)

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO (asset) at April 30, 2011 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 647,651	\$ 227,157	\$ 193,712
Interest on Net Pension Obligation	-	(8,716)	(4,836)
Adjustment to Annual Required Contribution	-	4,548	(64,630)
Annual Pension Cost	647,651	222,989	124,246
Contributions Made	495,970	205,593	229,306
(Increase) Decrease in Net Pension Obligation (Asset)	151,681	17,396	(105,060)
Net Pension Obligation (Asset), Beginning of Year	-	(116,219)	(64,481)
NET PENSION OBLIGATION (ASSET), END OF YEAR	<u>\$ 151,681</u>	<u>\$ (98,823)</u>	<u>\$ (169,541)</u>

D. Funded Status

The funded status of the plans as of December 31, 2010 for IMRF and April 30, 2010 for the Police and Firefighters' Pension Plans (most recent available) based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 7-C except the Police Pension Plan used a 7.25% interest rate assumption:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 17,048,862	\$ 11,528,455	\$ 8,072,700
Actuarial Value of Plan Assets	13,239,161	10,637,699	6,818,820
Unfunded Actuarial Accrued Liability (UAAL)	3,809,701	890,756	1,253,880
Funded Ratio (Actuarial Value of Plan Assets/AAL)	77.65%	92.27%	84.47%
Covered Payroll (Active Plan Members)	\$ 5,211,960	\$ 1,150,635	\$ 740,031
UAAL as a Percentage of Covered Payroll	73.10%	77.41%	169.44%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

E. Summary Financial Information

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
NET ASSETS			
Cash and Short-Term Investments	\$ 931,663	\$ 303,201	\$ 1,234,864
Investments, at Fair Value			
U.S. Treasury Securities	2,291,267	725,944	3,017,211
U.S. Agency Securities	2,063,321	620,796	2,684,117
Certificates of Deposit	206,256	1,917,243	2,123,499
Equity Mutual Funds	259,870	2,772,913	3,032,783
Corporate Bonds	290,538	-	290,538
Municipal Bonds	-	599,395	599,395
Equities	4,917,764	-	4,917,764
Annuity Contracts	-	296,159	296,159
Receivables			
Accrued Interest	43,997	23,501	67,498
Total Assets	11,004,676	7,259,152	18,263,828
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 11,004,676	\$ 7,259,152	\$ 18,263,828

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

E. Summary Financial Information (Continued)

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 205,593	\$ 229,306	\$ 434,899
Employee Contributions	114,779	77,411	192,190
Total Contributions	320,372	306,717	627,089
Miscellaneous Income	2,852	11	2,863
Investment Income			
Net Appreciation in Fair Value of Investments	861,851	359,160	1,221,011
Interest	254,237	206,907	461,144
Total Investment Income	1,116,088	566,067	1,682,155
Less Investment Expense	(85,328)	(5,743)	(91,071)
Net Investment Income	1,030,760	560,324	1,591,084
Total Additions	1,353,984	867,052	2,221,036
DEDUCTIONS			
Benefits and Refunds	796,593	426,720	1,223,313
Administrative Expenses	14,928	-	14,928
Total Deductions	811,521	426,720	1,238,241
NET INCREASE	542,463	440,332	982,795
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	10,462,213	6,818,820	17,281,033
April 30	\$11,004,676	\$ 7,259,152	\$18,263,828

8. RISK MANAGEMENT

The City is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, workers' compensation and employee's health. The City uses a combination of purchased third party indemnity insurance and self-insurance with specific and aggregate stop-loss coverage to limit its exposure to losses. The coverages by area are as follows:

Illinois Municipal League Risk Management Association (the Association)

The Association is an unincorporated and not-for-profit association of participating Illinois municipalities formed to operate as a cooperative program of risk management, loss coverage and claims administration for municipal operations. The program provides for the creation of a self-insurance pool and the purchase of excess insurance with loss coverage for workers' compensation, automobile and general liability, automobile physical damage and property damage with transfer of risk.

For health claims, the uninsured risk of loss is \$60,000 per incident and \$1,940,000 in the aggregate for a policy year per eligible participant for all covered expenses. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the health claims risk management program. Amounts payable to the health insurance fund are based on estimates of the amounts necessary to pay prior year and current year claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and societal factors. Changes in the balances of claims liabilities during the years ended April 30, 2011 and 2010 are as follows:

	2011	2010
CLAIMS PAYABLE, MAY 1	\$ 182,822	\$ 163,005
Add Claims Incurred and Claims Adjustment	1,432,280	1,310,249
Less Claims Paid	1,467,897	1,290,432
CLAIMS PAYABLE, APRIL 30	<u>\$ 147,205</u>	<u>\$ 182,822</u>

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

Amounts received and 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.

C. Northern Illinois Municipal Power Agency

On May 24, 2004, the City entered into a contract with the Cities of Batavia, Geneva and Geneseo to form a municipal power agency called Northern Illinois Municipal Power Agency (NIMPA). NIMPA declared its intent to acquire from Prairie State Generating Company, LLC an undivided ownership interest as a tenant-in-common in an approximately 1,620 mega-watt "mine mouth" coal fired power generating facility located in Washington County, Illinois, along with certain coal reserves, other related tangible and intangible property and related costs. This ownership interest is referred to as the Prairie State Project. On November 4, 2004, the City entered into the Peabody Prairie State Project Committee Agreement along with other NIMPA members for the purpose of allocating the preliminary costs of developing and negotiating the documents and agreements necessary to enable NIMPA to acquire ownership interest in the Prairie State Project. On January 24, 2005, the City agreed to enter into additional agreements with the other NIMPA members in order to participate in the Prairie State Project.

The City entitlement share of the project is 1.90%; therefore, the utilities were required to transfer 1.90%, or \$302,461, of total Prairie State Project fees to NIMPA. The City also entered into an agreement to make monthly transfers to NIMPA to enable NIMPA to meet its payment obligations under the project development agreement. The estimated monthly project cost payments total \$677,492. NIMPA has 120 mega-watts, of which the City has rights to 30 mega-watts. During August 2008, NIMPA issued Bond Anticipation Notes to fund the development costs to date.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

C. Northern Illinois Municipal Power Agency (Continued)

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is \$533 million as of December 31, 2010.

D. Rochelle Waste Disposal

The City signed a host agreement with Rochelle Waste Disposal, L.L.C. (the Operator) for Sanitary Landfill No. 2, effective May 1, 1996. Under this agreement, the Operator is responsible for all closure and postclosure costs, with no liability to the City. The leasing parties are responsible for any remediation costs. The lease will run as long as the capacity permits for the disposal of solid waste remains, or a minimum of 20 years. The Operator paid an initiation fee of \$200,000. The Operator will also pay a base fee of \$75,000 payable in quarterly installments and a usage fee based on a tonnage fee, or 6.1% of gross revenues on the accrual basis, whichever is greater.

E. Ogle-Lee Fire Protection District

The City is engaged in an intergovernmental agreement for fire protection services with Ogle-Lee Fire Protection District (the District). The management board consists of two members appointed by the District and two by the City. The District is required to pay of \$45,000 for fiscal year 2012. The annual payment shall be adjusted annually through April 30, 2015 by the change in the equalized assessed valuation of the District as determined by the County Clerks of Ogle and Lee Counties.

10. INDIVIDUAL FUND DISCLOSURES

A. Due from/to other funds at April 30, 2011 consisted of the following:

	Due From	Due To
General	\$ 233,294	\$ -
Technology Center	128,990	-
Communications	-	128,990
Nonmajor Governmental	-	233,294
	<hr/>	<hr/>
TOTAL	\$ 362,284	\$ 362,284

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. INDIVIDUAL FUND DISCLOSURES (Continued)

A. (Continued)

The purpose of significant due from/due to other funds is as follows:

- \$233,294 due from the Nonmajor Governmental Funds to the General Fund to cover temporary cash deficits. Repayment is expected within one year.
- \$128,990 due from the Communications Fund to the Technology Center Fund to cover temporary cash deficits. Repayment is expected within one year.

B. Advances from/to other funds at April 30, 2011 consisted of the following:

	Advance To	Advance From
Electric Utility	\$ 1,446,308	\$ -
Technology Center	-	949,835
Communications	-	496,473
TOTAL	\$ 1,446,308	\$ 1,446,308

The purposes of the advances from/to other funds are as follows:

- \$1,446,308 advanced from the Electric Utility Fund to the Technology Center and Communications Fund is for funding of capital projects. Repayment is not expected within one year.

C. Interfund transfers during the year ended April 30, 2011 consisted of the following:

	Transfer In	Transfer Out
General	\$ 2,148,154	\$ 134,283
Capital Projects	2,048,637	-
Nonmajor Governmental	134,283	2,148,637
Electric Utility	-	1,376,321
Water and Water Reclamation	-	201,833
Technology Center	-	497,467
Communications	497,467	-
Nonmajor Enterprise	-	470,000
TOTAL	\$ 4,828,541	\$ 4,828,541

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. INDIVIDUAL FUND DISCLOSURES (Continued)

C. (Continued)

The purposes of significant interfund transfers are as follows:

- \$2,148,154 transferred to the General Fund was made up of \$1,376,321 from the Electric Utility Fund, \$201,833 from the Water and Water Reclamation Fund and \$345,000 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and City policies. An additional \$125,000 was transferred from the Nonmajor Enterprise Funds and \$100,000 was transferred from the Ambulance Replacement Fund for additional contributions to the Police and Firefighters' Pension Funds. The transfers will not be repaid.
- \$2,048,637 transferred to the Capital Projects Fund from the Nonmajor Governmental Funds for various capital projects. The transfer will not be repaid.
- \$497,467 transferred to the Communications Fund from the Technology Center Fund to record opening net assets in the Technology Center Fund. The transfer will not be repaid.

D. Fund Balance Deficits

As of April 30, 2011, the Capital Improvement Fund, the Insurance Fund and the IMRF Fund had deficit fund balances of \$3,748, \$50,009 and \$22,732, respectively.

11. RECEIVABLES

The following receivables are included in due from other governments on the statement of net assets at April 30, 2011:

GOVERNMENTAL ACTIVITIES	
Telecommunications tax	\$ 128,886
Income tax	188,482
Use tax	34,896
Sales tax	632,577
Auto rental tax	44
Federal grants	29,705
Motor fuel tax	19,450
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,034,040</u>

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The activity of the plan is reported in the City's governmental activities.

Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through IMRF.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

Membership

At April 30, 2009 (most recent information available), membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	4
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>123</u>
TOTAL	<u><u>127</u></u>
Participating Employers	<u><u>1</u></u>

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ended April 30, 2011, retirees contributed \$33,395 and the City contributed \$16,079. Active employees do not contribute to the plan until retirement.

CITY OF ROCHELLE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009, 2010 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
April 30, 2009	\$ 23,689	\$ 16,079	67.88%	\$ 7,610
April 30, 2010	23,287	16,079	69.05%	14,818
April 30, 2011	23,407	16,079	68.69%	22,146

The net OPEB obligation (NOPEBO) as April 30, 2011 was calculated as follows:

Annual Required Contribution	\$ 23,160
Interest on Net OPEB Obligation	741
Adjustment to Annual Required Contribution	<u>(494)</u>
Annual OPEB Cost	23,407
Contributions Made	<u>16,079</u>
Increase in Net OPEB Obligation	7,328
Net OPEB Obligation, Beginning of Year	<u>14,818</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 22,146</u></u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2009 (most recent information available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 290,707
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	290,707
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 6,948,284
UAAL as a Percentage of Covered Payroll	4.18%

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the April 30, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 5.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% reduced to an ultimate healthcare cost trend rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30-year basis.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 4,155,390	\$ 4,369,536	\$ 214,146
Licenses and Permits	253,500	409,189	155,689
Intergovernmental	-	30,035	30,035
Charges for Services	916,500	737,937	(178,563)
Fines and Forfeitures	161,000	126,109	(34,891)
Investment Income	19,700	13,852	(5,848)
Miscellaneous	80,000	153,717	73,717
Total Revenues	5,586,090	5,840,375	254,285
EXPENDITURES			
Current			
General Government	1,872,141	1,804,859	(67,282)
Public Safety	3,540,439	4,036,170	495,731
Public Works	1,586,783	1,583,012	(3,771)
Public Service Enterprises	113,977	104,594	(9,383)
Conservation and Development	214,531	226,117	11,586
Total Expenditures	7,327,871	7,754,752	426,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,741,781)	(1,914,377)	(172,596)
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	-	5,466	5,466
Transfers In	1,924,888	2,148,154	223,266
Transfers (Out)	(114,000)	(134,283)	(20,283)
Total Other Financing Sources (Uses)	1,810,888	2,019,337	208,449
NET CHANGE IN FUND BALANCE	\$ 69,107	104,960	\$ 35,853
FUND BALANCE, MAY 1		<u>1,704,437</u>	
FUND BALANCE, APRIL 30		<u>\$ 1,809,397</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2005	\$ 12,299,461	\$ 12,617,406	97.48%	\$ 317,945	\$ 4,214,878	7.54%
2006	13,828,205	13,635,061	101.42%	(193,144)	4,402,969	(4.39%)
2007	14,112,377	14,475,003	97.49%	362,626	4,607,784	7.87%
2008	11,875,370	15,034,490	78.99%	3,159,120	4,826,277	65.46%
2009	12,400,486	16,742,139	74.07%	4,341,653	5,331,355	81.44%
2010	13,239,161	17,048,862	77.65%	3,809,701	5,211,960	73.10%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION FUND

April 30, 2011

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2006	\$ 10,330,265	\$ 9,523,137	108.48%	\$ (807,128)	\$ 980,387	(82.33%)
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	11,161,527	10,562,263	105.67%	(599,264)	1,066,104	(56.21%)
2009	9,480,687	10,765,768	88.06%	1,285,081	1,106,415	116.15%
2010	10,637,699	11,528,455	92.27%	890,756	1,150,635	77.41%
2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 FIREFIGHTERS' PENSION FUND

April 30, 2011

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2006	\$ 5,979,719	\$ 6,292,462	95.03%	\$ 312,743	\$ 588,899	53.11%
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	6,742,274	7,030,573	95.90%	288,299	723,769	39.83%
2009	6,028,558	7,557,237	79.77%	1,528,679	677,686	225.57%
2010	6,818,820	8,072,700	84.47%	1,253,880	740,031	169.44%
2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2011

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 290,707	0.00%	\$ 290,707	\$ 6,948,284	4.18%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available.

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 388,342	\$ 388,342	100.00%
2007	400,877	400,877	100.00%
2008	389,963	389,963	100.00%
2009	471,292	471,292	100.00%
2010	462,518	462,518	100.00%
2011	495,970	647,651	76.58%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 150,998	\$ 51,039	295.85%
2007	162,835	N/A	N/A
2008	138,889	73,509	188.94%
2009	147,071	105,177	139.83%
2010	80,237	227,157	35.32%
2011	205,593	227,157	90.51%

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 188,290	\$ 97,224	193.67%
2007	195,788	N/A	N/A
2008	131,521	103,872	126.62%
2009	139,398	126,405	110.28%
2010	118,859	193,712	61.36%
2011	229,306	193,712	118.37%

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 16,079	\$ 23,689	67.88%
2010	16,079	23,160	69.43%
2011	16,079	23,160	69.43%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009.
Information for prior years is not available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2011

1. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the General, Special Revenue, Debt Service and Capital Projects funds except for the Tax Increment Financing Fund, the Foreign Fire Insurance Fund. All annual appropriations lapse at fiscal year end. No supplemental appropriations were made for the current fiscal year.

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

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the City to obtain taxpayer comments.

Subsequently, the budget is legally enacted through passage of an ordinance.

Formal budgetary integration is employed as a management control device during the year for all funds.

Budgets, as described above, are adopted on a basis consistent with generally accepted accounting principles.

The legal level of budgetary control is at the fund level. The City Manager can transfer budgeted amounts between departments; however, any revision altering both revenues and budgeted expenditures for any fund must be approved by a two-thirds council action.

Budgetary authority lapses at year end.

2. INDIVIDUAL FUND DISCLOSURES

The following funds had expenditures/expenses in excess of budget:

Fund	Excess
Audit	\$ 712
Insurance	69,751
Sales Tax	14,842
IMRF	21,499
Social Security	2,162

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property	\$ 957,390	\$ 1,113,641	\$ 156,251
Road and Bridge	123,000	116,820	(6,180)
Income	750,000	734,758	(15,242)
Local Use	115,000	136,546	21,546
Telecommunications	300,000	427,963	127,963
State Sales	1,750,000	1,626,226	(123,774)
Replacement	160,000	213,582	53,582
Total Taxes	4,155,390	4,369,536	214,146
Licenses and Permits			
Licenses			
Amusement	2,500	2,196	(304)
Liquor	20,100	16,725	(3,375)
Franchise	105,000	106,829	1,829
Other	400	99,680	99,280
Permits			
Building	125,500	183,759	58,259
Total Licenses and Permits	253,500	409,189	155,689
Intergovernmental			
Federal Grants	-	29,705	29,705
State Grants	-	330	330
Total Intergovernmental	-	30,035	30,035
Charges for Services			
Fire Protection	45,000	45,000	-
Ambulance Fees	565,000	397,233	(167,767)
Police Services	6,000	3,552	(2,448)
Planning/Zoning Fees	65,000	57,559	(7,441)
Grave Opening Fees	20,500	25,275	4,775
Brush Pick-up Fees	85,500	85,357	(143)
Cemetery Lot Sales	15,000	16,430	1,430
Cemetery Receipts	4,500	2,056	(2,444)
Water Reclamation Solid Waste	110,000	105,475	(4,525)
Total Charges for Services	916,500	737,937	(178,563)

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Fines and Forfeitures			
Circuit Court	\$ 156,000	\$ 123,658	\$ (32,342)
Alarm	5,000	2,451	(2,549)
Total Fines and Forfeitures	161,000	126,109	(34,891)
Investment Income	19,700	13,852	(5,848)
Miscellaneous			
Refunds/Reimbursements	52,000	79,263	27,263
Miscellaneous	28,000	74,454	46,454
Total Miscellaneous	80,000	153,717	73,717
TOTAL REVENUES	<u>\$ 5,586,090</u>	<u>\$ 5,840,375</u>	<u>\$ 254,285</u>

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Mayor and Council			
Salaries	\$ 52,500	\$ 61,795	\$ 9,295
Travel Expenditures and Dues	11,500	4,523	(6,977)
Conferences	3,000	2,263	(737)
Supplies and Equipment	500	538	38
Other Professional Services	200	-	(200)
Printing	200	80	(120)
Publications	200	-	(200)
Community Relations	-	1,184	1,184
Recruitment	-	2,535	2,535
Equipment	3,000	-	(3,000)
Total Mayor and Council	71,100	72,918	1,818
City Clerk			
Salaries	105,771	105,005	(766)
Health Insurance	17,848	23,219	5,371
Data Processing Services	8,500	5,472	(3,028)
Other Professional Services	-	753	753
Postage	7,075	5,489	(1,586)
Publishing	1,250	1,354	104
Printing	600	592	(8)
Travel Expenditures and Dues	4,100	1,991	(2,109)
Tuition and Training	700	135	(565)
Publications	500	30	(470)
Conferences	1,200	120	(1,080)
Office Supplies	1,500	1,339	(161)
Microcomputer Software	300	-	(300)
Maintenance of Equipment	500	-	(500)
Equipment	3,000	1,549	(1,451)
Brush Grove Drainage	2,500	2,500	-
Miscellaneous Charges	5,400	5,776	376
Total City Clerk	160,744	155,324	(5,420)
Municipal Building			
Salaries	45,905	44,904	(1,001)
Health Insurance	11,827	14,910	3,083
Maintenance (Buildings)	15,000	11,295	(3,705)
Maintenance (Grounds)	-	435	435
Maintenance (Other)	2,500	2,317	(183)
Network Administration	205,485	205,485	-
Publishing	400	94	(306)
Other Professional Services	22,500	21,333	(1,167)
Utilities	60,000	50,334	(9,666)
Telephone	4,000	3,950	(50)
Garbage Disposal/Recycling	500	480	(20)

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Municipal Building (Continued)			
Other Contractual Services	\$ 26,000	\$ 25,980	\$ (20)
Property Tax	4,000	2,236	(1,764)
Maintenance Supplies	4,200	1,570	(2,630)
Office Supplies	4,000	2,302	(1,698)
General Supplies	5,000	5,244	244
Buildings	22,850	22,326	(524)
Equipment	17,500	994	(16,506)
Other Improvements	25,000	34,851	9,851
Public Relations	20,000	10,434	(9,566)
Contingency	67,000	-	(67,000)
Miscellaneous Charges	1,000	973	(27)
Administrative Services	191,225	191,225	-
Total Municipal Building	755,892	653,672	(102,220)
City Attorney			
Legal	78,600	107,157	28,557
Conferences	100	-	(100)
Other Professional Services	1,200	350	(850)
Publications and Dues	100	66	(34)
Total City Attorney	80,000	107,573	27,573
City Manager			
Salaries	121,187	153,976	32,789
Health Insurance	17,848	22,614	4,766
Telephone	1,500	923	(577)
Dues	1,000	907	(93)
Travel	1,500	261	(1,239)
Tuition	700	305	(395)
Publications	500	712	212
Conferences	1,000	204	(796)
Office Supplies	1,000	864	(136)
Public Relations	2,000	2,330	330
Equipment	1,000	520	(480)
Total City Manager	149,235	183,616	34,381
Building, Zoning and Engineering			
Salaries	422,594	385,544	(37,050)
Health Insurance	65,966	75,170	9,204
Maintenance (Building)	1,000	294	(706)
Maintenance (Equipment)	2,000	1,575	(425)
Maintenance (Vehicles)	2,300	2,939	639
Engineering	78,000	93,863	15,863
Other Professional Services	13,600	6,437	(7,163)

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Building, Zoning and Engineering (Continued)			
Postage	\$ -	\$ 2	\$ 2
Telephone	4,100	3,556	(544)
Printing	1,150	1,665	515
Dues	1,600	1,160	(440)
Travel	2,100	860	(1,240)
Training	2,200	255	(1,945)
Publications	3,750	4,155	405
Utilities	3,500	3,893	393
Supplies (Equipment)	3,200	3,141	(59)
Office Supplies	2,800	3,373	573
General Supplies	400	444	44
Small Tools	700	1,270	570
Gasoline and Oil	4,200	4,541	341
Capital Improvements	31,160	31,398	238
Software	7,100	4,274	(2,826)
Miscellaneous	1,750	1,947	197
Total Building, Zoning and Engineering	655,170	631,756	(23,414)
Total General Government	1,872,141	1,804,859	(67,282)
PUBLIC SAFETY			
Police Department			
Salaries	1,724,384	1,616,116	(108,268)
Health Insurance	247,423	312,894	65,471
Pension Contribution	-	205,593	205,593
Uniform Allowance	18,750	13,385	(5,365)
Maintenance (Equipment)	22,000	24,213	2,213
Maintenance (Vehicles)	23,000	23,677	677
Medical Services	1,400	1,796	396
Data Processing Services	20,000	21,116	1,116
Other Professional Services	2,000	1,165	(835)
Postage	1,000	513	(487)
Telephone	20,000	15,527	(4,473)
Printing and Publishing	4,500	2,430	(2,070)
Dues	2,400	1,755	(645)
Travel	2,000	1,502	(498)
Training	18,000	4,488	(13,512)
Publications	700	(47)	(747)
Utilities	-	1,182	1,182
Animal Control	7,000	6,128	(872)
Supplies (Equipment)	500	245	(255)
Supplies (Vehicles)	3,000	3,246	246
Office Supplies	8,500	8,837	337
Operating Supplies	10,000	9,503	(497)

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Police Department (Continued)			
Gas and Oil	\$ 53,000	\$ 55,119	\$ 2,119
K9 Supplies	300	220	(80)
Prisoner Supplies	1,000	222	(778)
Capital Improvements	85,000	87,671	2,671
Miscellaneous	2,500	2,234	(266)
Total Police Department	<u>2,278,357</u>	<u>2,420,730</u>	<u>142,373</u>
Fire Department			
Salaries	937,798	1,020,693	82,895
Health Insurance	143,634	179,447	35,813
Pension Contribution	-	229,306	229,306
Uniform Allowance	9,800	10,963	1,163
Maintenance (Building)	8,000	8,738	738
Maintenance (Equipment)	6,000	8,526	2,526
Maintenance (Vehicles)	8,000	7,962	(38)
Medical Services	1,500	1,055	(445)
Legal Services	-	-	-
Other Professional Services	38,000	38,130	130
Postage	200	135	(65)
Telephone	7,000	7,021	21
Printing and Publishing	500	16	(484)
Dues	1,000	1,095	95
Travel	2,500	4,300	1,800
Training	7,500	8,284	784
Tuition Reimbursement	2,500	2,283	(217)
Publications	1,500	775	(725)
Utilities	33,000	26,239	(6,761)
Rentals	100	1,000	900
Supplies (Building)	3,000	3,175	175
Supplies (Equipment)	5,000	5,402	402
Supplies (Vehicles)	4,000	3,632	(368)
Office Supplies	2,500	2,281	(219)
Operating Supplies	9,800	12,213	2,413
Janitorial Supplies	2,500	1,972	(528)
Gas and Oil	11,000	14,089	3,089
Equipment	14,750	16,038	1,288
General Insurance	1,000	670	(330)
Total Fire Department	<u>1,262,082</u>	<u>1,615,440</u>	<u>353,358</u>
Total Public Safety	<u>3,540,439</u>	<u>4,036,170</u>	<u>495,731</u>

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS			
Streets			
Salaries	\$ 704,300	\$ 700,769	\$ (3,531)
Health Insurance	118,483	148,197	29,714
Uniform Allowance	3,000	2,517	(483)
Maintenance (Building)	5,500	3,378	(2,122)
Maintenance (Equipment)	32,500	31,974	(526)
Maintenance (Streets)	25,000	19,577	(5,423)
Maintenance (Snow Removal)	10,000	12,283	2,283
Maintenance (Service Vehicles)	15,000	12,240	(2,760)
Maintenance (Other)	5,000	2,901	(2,099)
Janitorial Services	3,000	2,896	(104)
Other Professional Services	12,500	6,970	(5,530)
Postage	300	61	(239)
Telephone	4,500	4,382	(118)
Printing and Publishing	200	350	150
Travel	1,000	422	(578)
Training	2,000	180	(1,820)
Utilities	18,000	12,703	(5,297)
Street Lighting	148,000	139,737	(8,263)
Lease or Rentals	3,000	1,800	(1,200)
Supplies (Vehicles)	35,000	50,820	15,820
Supplies (Streets)	50,000	48,691	(1,309)
Supplies (Snow Removal)	90,000	90,253	253
Supplies (Safety)	3,500	3,001	(499)
Supplies (Other)	28,500	19,318	(9,182)
Office Supplies	1,500	823	(677)
Operating Supplies	8,000	4,459	(3,541)
Gas and Oil	53,000	65,619	12,619
Capital Outlay	205,500	196,441	(9,059)
Miscellaneous	500	250	(250)
Total Streets	1,586,783	1,583,012	(3,771)
Total Public Works	1,586,783	1,583,012	(3,771)
PUBLIC SERVICE ENTERPRISES			
Cemetery			
Salaries	71,900	67,926	(3,974)
Health Insurance	11,827	14,910	3,083
Uniform Allowance	500	381	(119)
Maintenance (Buildings)	800	-	(800)
Maintenance (Equipment)	2,200	492	(1,708)
Maintenance (Vehicles)	1,000	483	(517)
Other Professional Services	2,000	1,997	(3)
Telephone	1,100	561	(539)
Training	-	40	40

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SERVICE ENTERPRISES (Continued)			
Cemetery (Continued)			
Utilities	\$ 2,200	\$ 2,055	\$ (145)
Supplies (Vehicles)	500	1,333	833
Supplies (Road)	1,000	-	(1,000)
Supplies (Other)	3,450	2,188	(1,262)
Operating Supplies	1,500	642	(858)
Gas and Oil	5,000	3,525	(1,475)
Equipment	8,800	8,061	(739)
Miscellaneous	200	-	(200)
Total Cemetery	<u>113,977</u>	<u>104,594</u>	<u>(9,383)</u>
Total Public Service Enterprises	<u>113,977</u>	<u>104,594</u>	<u>(9,383)</u>
CONSERVATION AND DEVELOPMENT			
Economic Development			
Salaries	168,100	171,729	3,629
Health Insurance	23,856	36,453	12,597
Other Professional Services	3,500	3,369	(131)
Postage	75	63	(12)
Telephone	3,000	2,484	(516)
Dues	500	250	(250)
Travel	3,000	2,250	(750)
Training	1,000	607	(393)
Publications	250	(14)	(264)
Office Supplies	1,500	1,546	46
Operating Supplies	500	495	(5)
Equipment	7,500	6,439	(1,061)
Miscellaneous	1,750	446	(1,304)
Total Economic Development	<u>214,531</u>	<u>226,117</u>	<u>11,586</u>
Total Conservation and Development	<u>214,531</u>	<u>226,117</u>	<u>11,586</u>
TOTAL EXPENDITURES	<u>\$ 7,327,871</u>	<u>\$ 7,754,752</u>	<u>\$ 426,881</u>

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Federal Grants	\$ 2,406,857	\$ -	\$ (2,406,857)
Local Grants	978,108	-	(978,108)
Investment Income	7,700	6,729	(971)
Miscellaneous	-	145,329	145,329
Total Revenues	<u>3,392,665</u>	<u>152,058</u>	<u>(3,240,607)</u>
EXPENDITURES			
Capital Outlay	<u>7,602,653</u>	<u>2,476,950</u>	<u>(5,125,703)</u>
Total Expenditures	<u>7,602,653</u>	<u>2,476,950</u>	<u>(5,125,703)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,209,988)</u>	<u>(2,324,892)</u>	<u>1,885,096</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>3,694,000</u>	<u>2,048,637</u>	<u>(1,645,363)</u>
Total Other Financing Sources (Uses)	<u>3,694,000</u>	<u>2,048,637</u>	<u>(1,645,363)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (515,988)</u>	<u>(276,255)</u>	<u>\$ 239,733</u>
FUND BALANCE, MAY 1		<u>272,507</u>	
FUND BALANCE, APRIL 30		<u>\$ (3,748)</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2011

	Special Revenue					
	Audit	Insurance	Ambulance Replacement	Stormwater	Railroad	Motor Fuel Tax
ASSETS						
Cash and Investments	\$ 28	\$ -	\$ 632,618	\$ 303,906	\$ 515,686	\$ 211,608
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)						
Property Taxes	31,010	151,294	-	-	-	-
Accounts	-	-	-	-	59,587	-
Prepaid Items	-	160,533	-	-	-	-
Due from Other Governments	-	-	-	-	-	19,450
TOTAL ASSETS	\$ 31,038	\$ 311,827	\$ 632,618	\$ 303,906	\$ 575,273	\$ 231,058
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 4,501	\$ -	\$ 96,488	\$ -
Deferred Property Taxes	31,010	151,294	-	-	-	-
Due to Other Funds	-	210,542	-	-	-	-
Total Liabilities	31,010	361,836	4,501	-	96,488	-
FUND BALANCES						
Reserved for Prepaid Items	-	160,533	-	-	-	-
Reserved for Maintenance of Roadways	-	-	-	-	-	231,058
Reserved for Economic Development	-	-	-	-	-	-
Reserved for Tourism	-	-	-	-	-	-
Reserved for Stormwater	-	-	-	303,906	-	-
Reserved for Railroad	-	-	-	-	478,785	-
Reserved for Capital Improvements	-	-	-	-	-	-
Reserved for Employee Retirement	-	-	-	-	-	-
Reserved for Public Safety	-	-	-	-	-	-
Unreserved - Undesignated (Deficit)	28	(210,542)	628,117	-	-	-
Total Fund Balances	28	(50,009)	628,117	303,906	478,785	231,058
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,038	\$ 311,827	\$ 632,618	\$ 303,906	\$ 575,273	\$ 231,058

Utility Tax	Hotel/Motel Tax	Sales Tax	Special Revenue			TIF	Foreign Fire Insurance	Capital Projects	Total
			IMRF Fund	Social Security	Technology Park				
\$ 374,594	\$ 60,961	\$ 942,573	\$ 20	\$ 1,416	\$ 1,682,222	\$ 57,508	\$ 98,523	\$ 4,881,663	
-	-	-	183,091	181,415	-	-	-	546,810	
33,640	13,671	-	-	-	-	-	-	106,898	
-	-	-	-	-	-	-	-	160,533	
-	-	221,238	-	-	-	-	-	240,688	
<u>\$ 408,234</u>	<u>\$ 74,632</u>	<u>\$ 1,163,811</u>	<u>\$ 183,111</u>	<u>\$ 182,831</u>	<u>\$ 1,682,222</u>	<u>\$ 57,508</u>	<u>\$ 98,523</u>	<u>\$ 5,936,592</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,761	\$ -	\$ 2,115	\$ 499,865	
-	-	-	183,091	181,415	-	-	-	546,810	
-	-	-	22,752	-	-	-	-	233,294	
-	-	-	205,843	181,415	396,761	-	2,115	1,279,969	
-	-	-	-	-	-	-	-	160,533	
-	-	-	-	-	-	-	-	231,058	
-	-	-	-	-	1,285,461	-	-	1,285,461	
-	74,632	-	-	-	-	-	-	74,632	
-	-	-	-	-	-	-	-	303,906	
-	-	-	-	-	-	-	-	478,785	
408,234	-	1,163,811	-	-	-	-	-	1,572,045	
-	-	-	-	1,416	-	-	-	1,416	
-	-	-	-	-	-	57,508	-	57,508	
-	-	-	(22,732)	-	-	-	96,408	491,279	
<u>408,234</u>	<u>74,632</u>	<u>1,163,811</u>	<u>(22,732)</u>	<u>1,416</u>	<u>1,285,461</u>	<u>57,508</u>	<u>96,408</u>	<u>4,656,623</u>	
<u>\$ 408,234</u>	<u>\$ 74,632</u>	<u>\$ 1,163,811</u>	<u>\$ 183,111</u>	<u>\$ 182,831</u>	<u>\$ 1,682,222</u>	<u>\$ 57,508</u>	<u>\$ 98,523</u>	<u>\$ 5,936,592</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	Special Revenue					
	Audit	Insurance	Ambulance Replacement	Stormwater	Railroad	Motor Fuel Tax
REVENUES						
Taxes	\$ 32,261	\$ 156,712	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	283,849
Charges For Services	-	-	-	25,048	299,720	-
Investment Income	14	34	2,071	1,068	1,252	458
Miscellaneous	-	242	-	-	-	-
Total Revenues	32,275	156,988	2,071	26,116	300,972	284,307
EXPENDITURES						
Current						
General Government	30,212	58,150	-	-	-	-
Public Safety	-	168,636	-	-	-	-
Public Works	-	58,150	-	-	38,849	-
Public Service Enterprises	-	5,815	-	-	-	-
Conservation and Development	-	-	-	-	-	-
Capital Outlay	-	-	144,530	193,780	93,205	-
Debt Service	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	30,212	290,751	144,530	193,780	132,054	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,063	(133,763)	(142,459)	(167,664)	168,918	284,307
OTHER FINANCING SOURCES (USES)						
Issuance of Bonds	-	-	-	-	-	-
Transfers In	-	-	114,000	-	-	-
Transfers (Out)	-	-	(100,000)	-	(65,227)	(372,145)
Total Other Financing Sources (Uses)	-	-	14,000	-	(65,227)	(372,145)
NET CHANGE IN FUND BALANCES	2,063	(133,763)	(128,459)	(167,664)	103,691	(87,838)
FUND BALANCES (DEFICIT), MAY 1	(2,035)	83,754	756,576	471,570	375,094	318,896
FUND BALANCES (DEFICIT), APRIL 30	\$ 28	\$ (50,009)	\$ 628,117	\$ 303,906	\$ 478,785	\$ 231,058

Utility Tax	Hotel/Motel Tax	Special Revenue					Foreign Fire Insurance	Capital Projects	Total
		Sales Tax	IMRF Fund	Social Security	TIF	Technology Park			
\$ 366,631	\$ 182,649	\$ 870,133	\$ 173,147	\$ 168,200	\$ -	\$ 58,759	\$ -	\$ 2,008,492	
-	-	-	-	-	-	-	-	283,849	
-	-	-	-	-	-	-	-	324,768	
711	176	3,180	77	136	1,952	3,081	258	14,468	
-	-	-	-	-	-	-	-	242	
367,342	182,825	873,313	173,224	168,336	1,952	61,840	258	2,631,819	
-	-	14,842	37,525	32,789	-	-	-	173,518	
-	-	-	29,625	36,432	-	14,598	-	249,291	
-	-	-	106,649	92,903	-	-	10,838	307,389	
-	-	-	5,925	5,465	-	-	-	17,205	
-	150,937	-	17,775	14,573	1,596,246	-	-	1,779,531	
-	-	-	-	-	-	10,017	151,915	593,447	
-	-	-	-	-	58,800	-	-	58,800	
-	150,937	14,842	197,499	182,162	1,655,046	24,615	162,753	3,179,181	
367,342	31,888	858,471	(24,275)	(13,826)	(1,653,094)	37,225	(162,495)	(547,362)	
-	-	-	-	-	2,940,000	-	-	2,940,000	
-	-	-	-	-	-	20,283	-	134,283	
(296,598)	-	(1,314,667)	-	-	-	-	-	(2,148,637)	
(296,598)	-	(1,314,667)	-	-	2,940,000	20,283	-	925,646	
70,744	31,888	(456,196)	(24,275)	(13,826)	1,286,906	57,508	(162,495)	378,284	
337,490	42,744	1,620,007	1,543	15,242	(1,445)	-	258,903	4,278,339	
\$ 408,234	\$ 74,632	\$ 1,163,811	\$ (22,732)	\$ 1,416	\$ 1,285,461	\$ 57,508	\$ 96,408	\$ 4,656,623	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AUDIT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 32,010	\$ 32,261	\$ 251
Investment Income	25	14	(11)
	<hr/>		
Total Revenues	32,035	32,275	240
	<hr/>		
EXPENDITURES			
Current			
General Government			
Contractual Services	29,500	30,212	712
	<hr/>		
Total Expenditures	29,500	30,212	712
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ 2,535</u>	2,063	<u>\$ (472)</u>
FUND BALANCE, MAY 1		<u>(2,035)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ 28</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INSURANCE FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 155,443	\$ 156,712	\$ 1,269
Investment Income	7,000	34	(6,966)
Miscellaneous Income	-	242	242
	<hr/>		
Total Revenues	162,443	156,988	(5,455)
<hr/>			
EXPENDITURES			
Current			
General Government			
Contractual Services	44,686	58,150	13,464
Public Safety			
Contractual Services	128,379	168,636	40,257
Public Works			
Contractual Services	45,062	58,150	13,088
Public Service Enterprises			
Contractual Services	2,873	5,815	2,942
	<hr/>		
Total Expenditures	221,000	290,751	69,751
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (58,557)</u>	(133,763)	<u>\$ (75,206)</u>
FUND BALANCE, MAY 1		<u>83,754</u>	
FUND BALANCE, APRIL 30		<u><u>\$ (50,009)</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AMBULANCE REPLACEMENT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 9,500	\$ 2,071	\$ (7,429)
Total Revenues	9,500	2,071	(7,429)
EXPENDITURES			
Current			
Capital Outlay	150,000	144,530	(5,470)
Total Expenditures	150,000	144,530	(5,470)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(140,500)	(142,459)	(1,959)
OTHER FINANCING SOURCES (USES)			
Transfers In	114,000	114,000	-
Transfers (Out)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	14,000	14,000	-
NET CHANGE IN FUND BALANCE	\$ (126,500)	(128,459)	\$ (1,959)
FUND BALANCE, MAY 1		<u>756,576</u>	
FUND BALANCE, APRIL 30		<u>\$ 628,117</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORMWATER FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges For Services	\$ 66,300	\$ 25,048	\$ (41,252)
Investment Income	6,000	1,068	(4,932)
Total Revenues	<u>72,300</u>	<u>26,116</u>	<u>(46,184)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	8,000	-	(8,000)
Capital Outlay	498,000	193,780	(304,220)
Total Expenditures	<u>506,000</u>	<u>193,780</u>	<u>(312,220)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (433,700)</u></u>	<u>(167,664)</u>	<u><u>\$ 266,036</u></u>
FUND BALANCE, MAY 1		<u>471,570</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 303,906</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RAILROAD FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges For Services	\$ 281,000	\$ 299,720	\$ 18,720
Investment Income	2,800	1,252	(1,548)
Total Revenues	<u>283,800</u>	<u>300,972</u>	<u>17,172</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	34,000	38,849	4,849
Capital Outlay	247,000	93,205	(153,795)
Total Expenditures	<u>281,000</u>	<u>132,054</u>	<u>(148,946)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,800</u>	<u>168,918</u>	<u>166,118</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(120,000)	(65,227)	54,773
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(65,227)</u>	<u>54,773</u>
NET CHANGE IN FUND BALANCE	<u>\$ (117,200)</u>	103,691	<u>\$ 220,891</u>
FUND BALANCE, MAY 1		<u>375,094</u>	
FUND BALANCE, APRIL 30		<u>\$ 478,785</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 242,400	\$ 283,849	\$ 41,449
Other Intergovernmental	100,000	-	(100,000)
Investment Income	13,800	458	(13,342)
Total Revenues	<u>356,200</u>	<u>284,307</u>	<u>(71,893)</u>
EXPENDITURES			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>356,200</u>	<u>284,307</u>	<u>(71,893)</u>
OTHER FINANCING (USES)			
Transfers (Out)	(628,000)	(372,145)	255,855
Total Other Financing (Uses)	<u>(628,000)</u>	<u>(372,145)</u>	<u>255,855</u>
NET CHANGE IN FUND BALANCE	<u>\$ (271,800)</u>	<u>(87,838)</u>	<u>\$ 183,962</u>
FUND BALANCE, MAY 1		<u>318,896</u>	
FUND BALANCE, APRIL 30		<u>\$ 231,058</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UTILITY TAX FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Utility Taxes	\$ 335,000	\$ 366,631	\$ 31,631
Investment Income	2,000	711	(1,289)
	<hr/>		
Total Revenues	337,000	367,342	30,342
	<hr/>		
EXPENDITURES			
None	-	-	-
	<hr/>		
Total Expenditures	-	-	-
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	337,000	367,342	30,342
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(620,000)	(296,598)	323,402
	<hr/>		
Total Other Financing Sources (Uses)	(620,000)	(296,598)	323,402
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (283,000)</u>	70,744	<u>\$ 353,744</u>
FUND BALANCE, MAY 1		<u>337,490</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 408,234</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Hotel/Motel Tax	\$ 185,000	\$ 182,649	\$ (2,351)
Investment Income	200	176	(24)
Total Revenues	<u>185,200</u>	<u>182,825</u>	<u>(2,375)</u>
EXPENDITURES			
Current			
Conservation and Development			
Contractual Services	159,050	146,231	(12,819)
Miscellaneous	5,750	4,706	(1,044)
Total Expenditures	<u>164,800</u>	<u>150,937</u>	<u>(13,863)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 20,400</u>	31,888	<u>\$ 11,488</u>
FUND BALANCE, MAY 1		<u>42,744</u>	
FUND BALANCE, APRIL 30		<u>\$ 74,632</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Sales Tax	\$ 888,000	\$ 870,133	\$ (17,867)
Investment Income	5,000	3,180	(1,820)
Total Revenues	<u>893,000</u>	<u>873,313</u>	<u>(19,687)</u>
EXPENDITURES			
Current			
General Government	-	14,842	14,842
Total Expenditures	<u>-</u>	<u>14,842</u>	<u>14,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>893,000</u>	<u>858,471</u>	<u>(34,529)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	<u>(2,326,000)</u>	<u>(1,314,667)</u>	<u>1,011,333</u>
Total Other Financing Sources (Uses)	<u>(2,326,000)</u>	<u>(1,314,667)</u>	<u>1,011,333</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,433,000)</u></u>	<u>(456,196)</u>	<u><u>\$ 976,804</u></u>
FUND BALANCE, MAY 1		<u>1,620,007</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 1,163,811</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
IMRF FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 140,165	\$ 141,292	\$ 1,127
Replacement Taxes	30,899	31,855	956
Investment Income	200	77	(123)
Total Revenues	171,264	173,224	1,960
EXPENDITURES			
Current			
General Government			
Pension Contributions	31,680	37,525	5,845
Public Safety			
Pension Contributions	26,400	29,625	3,225
Public Works			
Pension Contributions	88,000	106,649	18,649
Public Service Enterprises			
Pension Contributions	15,840	5,925	(9,915)
Conservation and Development			
Pension Contributions	14,080	17,775	3,695
Total Expenditures	176,000	197,499	21,499
NET CHANGE IN FUND BALANCE	\$ (4,736)	(24,275)	\$ (19,539)
FUND BALANCE, MAY 1		<u>1,543</u>	
FUND BALANCE, APRIL 30		<u>\$ (22,732)</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SECURITY FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 166,840	\$ 168,200	\$ 1,360
Investment Income	400	136	(264)
	<hr/>		
Total Revenues	167,240	168,336	1,096
<hr/>			
EXPENDITURES			
Current			
General Government			
Payroll Taxes	29,214	32,789	3,575
Public Safety			
Payroll Taxes	51,264	36,432	(14,832)
Public Works			
Payroll Taxes	79,740	92,903	13,163
Public Service Enterprises			
Payroll Taxes	7,020	5,465	(1,555)
Conservation and Development			
Payroll Taxes	12,762	14,573	1,811
	<hr/>		
Total Expenditures	180,000	182,162	2,162
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (12,760)</u>	(13,826)	<u>\$ (1,066)</u>
FUND BALANCE, MAY 1		<u>15,242</u>	
FUND BALANCE, APRIL 30		<u>\$ 1,416</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TECHNOLOGY PARK FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 1,000	\$ 258	\$ (742)
Total Revenues	<u>1,000</u>	<u>258</u>	<u>(742)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	5,000	10,838	5,838
Capital Outlay	<u>83,900</u>	<u>151,915</u>	<u>68,015</u>
Total Expenditures	<u>88,900</u>	<u>162,753</u>	<u>73,853</u>
NET CHANGE IN FUND BALANCE	<u>\$ (87,900)</u>	(162,495)	<u>\$ (74,595)</u>
FUND BALANCE, MAY 1		<u>258,903</u>	
FUND BALANCE, APRIL 30		<u>\$ 96,408</u>	

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

CITY OF ROCHELLE, ILLINOIS
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS

April 30, 2011

	Landfill	Airport	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ 2,539,929	\$ 79,386	\$ 2,619,315
Receivables			
Property Taxes	-	64,261	64,261
Accounts	46,470	2,884	49,354
Accrued Interest	4,628	-	4,628
Inventory	-	41,834	41,834
Total Current Assets	<u>2,591,027</u>	<u>188,365</u>	<u>2,779,392</u>
NONCURRENT ASSETS			
Deferred Charges	-	14,253	14,253
Total Noncurrent Assets	<u>-</u>	<u>14,253</u>	<u>14,253</u>
CAPITAL ASSETS			
Nondepreciable	319,896	555,944	875,840
Depreciable	277,730	3,609,260	3,886,990
Accumulated Depreciation	(277,730)	(1,708,618)	(1,986,348)
Total Capital Assets	<u>319,896</u>	<u>2,456,586</u>	<u>2,776,482</u>
Total Assets	<u>2,910,923</u>	<u>2,659,204</u>	<u>5,570,127</u>
CURRENT LIABILITIES			
Accounts Payable	2,946	3,164	6,110
Accrued Payroll	-	2,295	2,295
Accrued Interest Payable	-	11,419	11,419
Unearned Revenue	-	64,261	64,261
General Obligation Bonds Payable	-	30,000	30,000
Compensated Absences Payable	-	2,539	2,539
Total Current Liabilities	<u>2,946</u>	<u>113,678</u>	<u>116,624</u>
LONG-TERM LIABILITIES			
General Obligation Bonds Payable	-	705,000	705,000
Total Long-Term Liabilities	<u>-</u>	<u>705,000</u>	<u>705,000</u>
Total Liabilities	<u>2,946</u>	<u>818,678</u>	<u>821,624</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	319,896	1,721,586	2,041,482
Unrestricted	2,588,081	118,940	2,707,021
TOTAL NET ASSETS	<u>\$ 2,907,977</u>	<u>\$ 1,840,526</u>	<u>\$ 4,748,503</u>

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2011

	Landfill	Airport	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 654,873	\$ 192,519	\$ 847,392
Total Operating Revenues	654,873	192,519	847,392
OPERATING EXPENSES			
Personal Services	-	74,887	74,887
Commodities	-	113,346	113,346
Contractual Services	450,491	63,458	513,949
Equipment and Improvements	-	21,712	21,712
Depreciation/Amortization	-	104,032	104,032
Total Operating Expenses	450,491	377,435	827,926
OPERATING INCOME (LOSS)	204,382	(184,916)	19,466
OTHER INCOME (EXPENSE)			
Taxes	-	61,895	61,895
Investment Income	3,789	480	4,269
Interest Expense	-	(38,814)	(38,814)
Total Other Income (Expense)	3,789	23,561	27,350
NET INCOME BEFORE TRANSFERS	208,171	(161,355)	46,816
TRANSFERS (OUT)			
General Fund	(470,000)	-	(470,000)
Total Transfers (Out)	(470,000)	-	(470,000)
CHANGE IN NET ASSETS	(261,829)	(161,355)	(423,184)
NET ASSETS, MAY 1	3,169,806	2,001,881	5,171,687
NET ASSETS, APRIL 30	\$ 2,907,977	\$ 1,840,526	\$ 4,748,503

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2011

	Landfill	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 761,546	\$ 192,519	\$ 954,065
Payments to Suppliers	(362,188)	(209,716)	(571,904)
Payments to Employees	-	(74,600)	(74,600)
Payments to Other Funds	(85,357)	(14,734)	(100,091)
Net Cash from Operating Activities	314,001	(106,531)	207,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	61,825	61,825
Transfers to Other Funds	(470,000)	-	(470,000)
Net Cash from Noncapital Financing Activities	(470,000)	61,825	(408,175)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	-	(96,999)	(96,999)
Principal Payments on Long-Term Debt	-	(15,000)	(15,000)
Interest Payments on Long-Term Debt	-	(48,672)	(48,672)
Grant Receipts	-	98,802	98,802
Net Cash from Capital and Related Financing Activities	-	(61,869)	(61,869)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	12,902	480	13,382
Net Cash from Investing Activities	12,902	480	13,382
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(143,097)	(106,095)	(249,192)
CASH AND CASH EQUIVALENTS, MAY 1	2,683,026	185,481	2,868,507
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,539,929	\$ 79,386	\$ 2,619,315
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 204,382	\$ (184,916)	\$ 19,466
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation and amortization	-	104,032	104,032
Changes in Assets and Liabilities			
Accounts Receivables	106,673	-	106,673
Inventory	-	(27,896)	(27,896)
Accounts Payable	2,946	1,962	4,908
Accrued Payroll	-	(46)	(46)
Compensated Absences	-	333	333
NET CASH FROM OPERATING ACTIVITIES	\$ 314,001	\$ (106,531)	\$ 207,470
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 2,539,929	\$ 79,386	\$ 2,619,315
TOTAL CASH AND INVESTMENTS	\$ 2,539,929	\$ 79,386	\$ 2,619,315

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

April 30, 2011

	Health Insurance	Administrative Services	Total
CURRENT ASSETS			
Cash and Investments	\$ 749,409	\$ 83,867	\$ 833,276
Receivables			
Accrued Interest	4,543	-	4,543
Other	-	34,981	34,981
Prepaid Expenses	-	586	586
Total Current Assets	753,952	119,434	873,386
CAPITAL ASSETS			
Depreciable Capital assets	-	116,880	116,880
Accumulated Depreciation	-	(116,880)	(116,880)
Total Capital Assets	-	-	-
Total Assets	753,952	119,434	873,386
CURRENT LIABILITIES			
Accounts Payable	-	65,301	65,301
Accrued Payroll	-	11,586	11,586
Claims Payable	147,205	-	147,205
Compensated Absences Payable	-	12,376	12,376
Total Liabilities	147,205	89,263	236,468
NET ASSETS			
Unrestricted	606,747	30,171	636,918
TOTAL NET ASSETS	\$ 606,747	\$ 30,171	\$ 636,918

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2011

	Health Insurance	Administrative Services	Total
OPERATING REVENUES			
Charges for Services			
Contributions			
City	\$ 1,196,522	\$ 510,043	\$ 1,706,565
Employee	201,262	-	201,262
Retiree	33,395	-	33,395
Total Contributions	1,431,179	510,043	1,941,222
Total Operating Revenues	1,431,179	510,043	1,941,222
OPERATING EXPENSES			
Administration			
Personnel	-	395,373	395,373
Commodities	-	8,740	8,740
Contractual Services	-	58,789	58,789
Claims and Premiums	1,491,995	-	1,491,995
Equipment	-	5,810	5,810
Other	-	11,160	11,160
Total Operating Expenses	1,491,995	479,872	1,971,867
OPERATING INCOME (LOSS)	(60,816)	30,171	(30,645)
NONOPERATING REVENUES			
Investment Income	5,193	-	5,193
Total Nonoperating Revenues	5,193	-	5,193
CHANGE IN NET ASSETS	(55,623)	30,171	(25,452)
NET ASSETS, MAY 1	662,370	-	662,370
NET ASSETS, APRIL 30	\$ 606,747	\$ 30,171	\$ 636,918

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2011

	Health Insurance	Administrative Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 1,196,522	\$ 507,819	\$ 1,704,341
Receipts from Employees and Retirees	234,657	-	234,657
Payments to Suppliers	(1,527,612)	(76,284)	(1,603,896)
Payments to Employees	-	(394,610)	(394,610)
Net Cash from Operating Activities	<u>(96,433)</u>	<u>36,925</u>	<u>(59,508)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	774	-	774
Net Cash from Investing Activities	<u>774</u>	<u>-</u>	<u>774</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(95,659)	36,925	(58,734)
CASH AND CASH EQUIVALENTS, MAY 1	845,068	46,942	892,010
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 749,409</u>	<u>\$ 83,867</u>	<u>\$ 833,276</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (60,816)	\$ 30,171	\$ (30,645)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Other Receivables	-	(2,224)	(2,224)
Prepaid Expenses	-	733	733
Accounts Payable	-	7,482	7,482
Accrued payroll	-	430	430
Compensated Absences	-	333	333
Claims Payable	(35,617)	-	(35,617)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (96,433)</u>	<u>\$ 36,925</u>	<u>\$ (59,508)</u>
CASH AND INVESTMENTS			
Cash and Cash Equivalents	<u>\$ 749,409</u>	<u>\$ 83,867</u>	<u>\$ 833,276</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 749,409</u>	<u>\$ 83,867</u>	<u>\$ 833,276</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

April 30, 2011

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 931,663	\$ 303,201	\$ 1,234,864
Investments, at Fair Value			
U.S. Treasury Securities	2,291,267	725,944	3,017,211
U.S. Agency Securities	2,063,321	620,796	2,684,117
Certificates of Deposit	206,256	1,917,243	2,123,499
Equity Mutual Funds	259,870	2,772,913	3,032,783
Corporate Bonds	290,538	-	290,538
Municipal Bonds	-	599,395	599,395
Equities	4,917,764	-	4,917,764
Annuity Contracts	-	296,159	296,159
Receivables			
Accrued Interest	43,997	23,501	67,498
Total Assets	11,004,676	7,259,152	18,263,828
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 11,004,676	\$ 7,259,152	\$ 18,263,828

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2011

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 205,593	\$ 229,306	\$ 434,899
Employee Contributions	114,779	77,411	192,190
Total Contributions	320,372	306,717	627,089
Miscellaneous Income	2,852	11	2,863
Investment Income			
Net Appreciation in Fair Value of Investments	861,851	359,160	1,221,011
Interest	254,237	206,907	461,144
Total Investment Income	1,116,088	566,067	1,682,155
Less Investment Expense	(85,328)	(5,743)	(91,071)
Net Investment Income	1,030,760	560,324	1,591,084
Total Additions	1,353,984	867,052	2,221,036
DEDUCTIONS			
Benefits and Refunds	796,593	426,720	1,223,313
Administrative Expenses	14,928	-	14,928
Total Deductions	811,521	426,720	1,238,241
NET INCREASE	542,463	440,332	982,795
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	10,462,213	6,818,820	17,281,033
April 30	\$ 11,004,676	\$ 7,259,152	\$ 18,263,828

(See independent auditor's report.)