

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2011



Certified Public Accountants & Advisors

ROCHELLE MUNICIPAL UTILITIES  
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 Rochelle Municipal Utilities (proprietary funds of the City of Rochelle, Illinois) as of and for the year ended April 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Rochelle and the Rochelle Municipal Utilities management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

As discussed in Note 1, the financial statements present only the funds comprising the Rochelle Municipal Utilities and are not intended to present fairly the financial position of the City of Rochelle, Illinois and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Rochelle Municipal Utilities, as of April 30, 2011, and the respective changes in financial position and 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 listed in the table of contents is not a required part of the 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 Rochelle Municipal Utilities financial statements. The supplemental information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements of the Rochelle Municipal Utilities. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the 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.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

Management of the City of Rochelle's Department of Utilities, Rochelle Municipal Utilities (RMU) offers all persons interested in the financial position of RMU this narrative overview and analysis of the utilities' financial performance during the fiscal years ending April 30, 2011, 2010 and 2009. You are invited to read this narrative in conjunction with the financial statements.

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### **FINANCIAL HIGHLIGHTS**

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- The assets of the Electric Utility exceed its liabilities by \$41,580,647. 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 exceed its liabilities by \$30,227,677. 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.
- The assets of the Communication Utility exceed its liabilities by \$38,926. Of this amount, \$(565,011) (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors and \$603,937 is invested in capital assets, net of related debt.
- The liabilities of the Technology Center Utility exceed its assets by \$429,768. Of this amount (\$921,250) (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors and \$491,482 is invested in capital assets, net of related debt.
- Operating revenues for the Electric Utility were down 10% while operating expenses were down 13%. Operating expenses decreased due to the lower power costs and 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.
- Operating revenues for the Communication Utility were down 19%, and operating expenses decreased 18%. The decreases in revenues and expenses were due to the separation of the Technology Center out of the Communication Utility into its own utility fund.

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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The purpose of this discussion and analysis is an introduction to RMU's basic financial statements. Enclosed are two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic statements provide individual fund statements that demonstrate the financial strength of the utility.

- For each of the reporting funds provided there will be a Statement of Assets and Liabilities (Balance Sheet); next the Statement of Revenues, Expenses and Changes in Net Assets, followed by a Statement of Cash Flows.
- The remaining notes provide detailed information about the methods of asset and liability valuations and other supplemental information critical to a proper analysis of the financial statements.

### **STATEMENTS**

The utility-wide statements report information about RMU as a whole using accounting methods similar to those used by private-sector utilities. The Balance Sheet includes all of the utilities' assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets regardless of when cash is received or paid.

The utility-wide statements report RMU's net assets and how they have changed. Net Assets – the difference between assets and liabilities – is one way to measure financial health, or position. Over time, increases or decreases in RMU's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of RMU, it is necessary to review and consider non-financial factors as well, such as changes in utility rates and the condition of utility plant in service.

The Statement of Revenues, Expenses and Changes in Net Assets presents information demonstrating how the 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, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

*Notes to Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the utility-wide financial statements.

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### FINANCIAL ANALYSIS OF RMU

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A summary of RMU's Statement of Net Assets is presented below.

**Table 1**  
**Condensed Statements of Net Assets**

#### Electric Utility

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 23,773,611	\$ 21,168,229	\$ 18,210,065
Capital Assets	<u>33,409,054</u>	<u>34,331,168</u>	<u>35,673,757</u>
Total Assets	<b><u>57,182,665</u></b>	<b><u>55,499,397</u></b>	<b><u>53,883,822</u></b>
Long-term Liabilities	12,375,546	13,260,935	14,214,424
Other Liabilities	<u>3,226,472</u>	<u>3,542,313</u>	<u>3,961,154</u>
Total Liabilities	<b><u>15,602,018</u></b>	<b><u>16,803,248</u></b>	<b><u>18,176,378</u></b>
Invested in Capital Assets, Net of Related Debt	20,112,448	20,107,343	20,274,845
Restricted	9,798,107	9,782,399	9,556,259
Unrestricted	<u>11,670,092</u>	<u>8,806,407</u>	<u>5,876,340</u>
Total Net Assets	<b><u>\$ 41,580,647</u></b>	<b><u>\$ 38,696,149</u></b>	<b><u>\$ 35,707,444</u></b>

# ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011, 2010, and 2009

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## FINANCIAL ANALYSIS OF RMU (cont.)

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**Table 2**  
**Condensed Statements of Net Assets**

**Water and Water Reclamation Utility**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 5,814,808	\$ 4,979,826	\$ 5,654,917
Capital Assets	<u>29,066,925</u>	<u>27,250,744</u>	<u>26,642,893</u>
<b>Total Assets</b>	<b><u>34,881,733</u></b>	<b><u>32,230,570</u></b>	<b><u>32,297,810</u></b>
Long-term Liabilities	3,620,501	4,424,698	5,186,687
Other Liabilities	<u>1,033,555</u>	<u>1,112,399</u>	<u>1,150,375</u>
<b>Total Liabilities</b>	<b><u>4,654,056</u></b>	<b><u>5,537,097</u></b>	<b><u>6,337,062</u></b>
Invested in Capital Assets, Net of Related Debt	24,631,613	22,016,437	20,672,854
Restricted	1,681,504	1,669,305	626,688
Unrestricted	<u>3,914,560</u>	<u>3,007,731</u>	<u>4,661,206</u>
<b>Total Net Assets</b>	<b><u>\$ 30,227,677</u></b>	<b><u>\$ 26,693,473</u></b>	<b><u>\$ 25,960,748</u></b>

## ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011, 2010, and 2009

### FINANCIAL ANALYSIS OF RMU (cont.)

**Table 3**  
**Condensed Statements of Net Assets**

**Communications Utility**

	2011*	2010	2009
Current and Other Assets	\$ 122,052	\$ 334,640	\$ 2,432,497
Capital Assets	603,937	5,862,952	5,508,182
Total Assets	<b>725,989</b>	<b>6,197,592</b>	<b>7,940,679</b>
Long-term Liabilities	504,967	6,214,447	5,384,237
Other Liabilities	182,096	397,792	2,932,010
Total Liabilities	<b>687,063</b>	<b>6,612,239</b>	<b>8,316,247</b>
Invested in Capital Assets, Net of Related Debt	603,937	1,135,000	615,230
Restricted	-	-	-
Unrestricted	(565,011)	(1,549,647)	(990,798)
Total Net Assets	<b>\$ (38,926)</b>	<b>\$ (414,647)</b>	<b>\$ (375,568 )</b>

\*2011 was the first year that the Technology Center was separated into another fund

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### FINANCIAL ANALYSIS OF RMU (cont.)

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**Table 4**  
**Condensed Statements of Net Assets**

**Technology Center Utility**

	<u>2011*</u>
Current and Other Assets	\$ 199,308
Capital Assets	<u>5,156,482</u>
<b>Total Assets</b>	<b><u>5,355,790</u></b>
Long-term Liabilities	5,439,835
Other Liabilities	<u>345,723</u>
<b>Total Liabilities</b>	<b><u>5,785,558</u></b>
Invested in Capital Assets, Net of Related Debt	491,482
Restricted	-
Unrestricted	<u>(921,250)</u>
<b>Total Net Assets</b>	<b><u><u>\$ (429,768)</u></u></b>

\*2011 was the first year that the Technology Center was separated into another fund

The largest portion of RMU's net assets **64%** 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. RMU employs these capital assets to provide electric, water, water reclamation, and communication services to our service area. Consequently, these assets are restricted for future spending. Although the utility's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the associated debt must be provided from other cash generating sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of RMU's net assets **16%** represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets **20%** may be used to meet the utilities' ongoing obligations to rate payers and creditors.

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### **FINANCIAL ANALYSIS OF RMU (cont.)**

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#### ***ELECTRIC OPERATIONS***

Electric operations increased the 2011 utility's net assets by \$2,884,498. This increase is primarily a result of the following item:

- General system upgrades

#### ***WATER/WATER RECLAMATION OPERATIONS***

Water/Water Reclamation operations increased the 2011 utility's net assets by \$3,534,204. This increase is primarily a result of the following items:

- General system upgrades
- RMU has received capital contributions for the following projects:
  - Deployment of water and sewer mains to commercial developments

#### ***COMMUNICATION OPERATIONS***

Communication operations increased the 2011 utility's net assets by \$453,573. This increase is primarily a result of the following items:

- Continued fiber deployment to the Rochelle commercial area
- Electronic systems enhancement
- Separation of the Technology Center operations into its own utility fund

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### FINANCIAL ANALYSIS OF RMU (cont.)

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The Statement of Revenues, Expenses and Changes in Net Assets provides an indication of the utilities' financial health.

**Table 5**  
**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Assets**

	<b>Electric Utility</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$24,943,417	\$ 27,744,600	\$ 25,117,931
Non-operating revenues	<u>173,805</u>	<u>216,732</u>	<u>235,534</u>
<b>Total Revenues</b>	<u>25,117,222</u>	<u>27,961,332</u>	<u>25,353,465</u>
Depreciation expense	2,030,735	2,009,562	1,629,824
Other operating expenses	18,230,580	21,156,966	19,336,740
Non-operating expenses	<u>595,088</u>	<u>639,189</u>	<u>738,214</u>
<b>Total Expenses</b>	<u>20,856,403</u>	<u>23,805,717</u>	<u>21,704,778</u>
Income Before Capital		4,155,615	3,648,687
Contributions and Transfers	4,260,819		
Capital contributions	-	-	6,324
Transfers	<u>(1,376,321)</u>	<u>(1,166,910)</u>	<u>(1,224,152)</u>
<b>Changes in Net Assets</b>	<u>2,884,498</u>	<u>2,988,705</u>	<u>2,430,859</u>

# ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011, 2010, and 2009

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## FINANCIAL ANALYSIS OF RMU (cont.)

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**Table 6**  
**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Assets**

**Water and Water Reclamation Utility**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 4,758,272	\$ 4,730,110	\$ 4,259,594
Non-operating revenues	<u>16,624</u>	<u>41,369</u>	<u>240,093</u>
Total Revenues	<u>4,774,896</u>	<u>4,771,479</u>	<u>4,499,687</u>
Depreciation expense	1,202,138	1,201,452	1,118,577
Other operating expenses	2,423,648	2,431,717	2,375,816
Non-operating expenses	<u>167,148</u>	<u>208,077</u>	<u>371,209</u>
Total Expenses	<u>3,792,934</u>	<u>3,841,246</u>	<u>3,865,602</u>
Income Before Capital Contributions and Transfers	981,962	930,233	634,085
Capital contributions	2,754,075	-	514,394
Transfers	<u>(201,833)</u>	<u>(197,508)</u>	<u>(184,000)</u>
Changes in Net Assets	3,534,204	732,725	964,479

## ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011, 2010, and 2009

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### FINANCIAL ANALYSIS OF RMU (cont.)

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**Table 7**  
**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Assets**

**Communications Utility**

	<u>2011*</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 951,319	\$ 1,176,630	\$ 868,496
Non-operating revenues	<u>-</u>	<u>22,258</u>	<u>117,797</u>
Total Revenues	<u>951,319</u>	<u>1,198,888</u>	<u>986,293</u>
Depreciation expense	33,898	302,464	226,273
Other operating expenses	956,867	898,555	850,207
Non-operating expenses	<u>4,448</u>	<u>184,061</u>	<u>226,477</u>
Total Expenses	<u>995,213</u>	<u>1,385,080</u>	<u>1,302,957</u>
Income Before Capital Contributions and Transfers	(43,894)	(186,192)	(316,664)
Capital contributions	-	-	345,602
Transfers	<u>497,647</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	453,753	(186,192)	28,938

\*2011 was the first year that the Technology Center was separated into another fund

# ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011, 2010, and 2009

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## FINANCIAL ANALYSIS OF RMU (cont.)

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**Table 8**  
**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Assets**

**Technology Center Utility**

	<u>2011*</u>
Operating revenues	\$ 486,759
Non-operating revenues	<u>834</u>
Total Revenues	<u>487,593</u>
Depreciation expense	143,151
Other operating expenses	68,422
Non-operating expenses	<u>208,321</u>
Total Expenses	<u>419,894</u>
Income Before Capital Contributions and Transfers	67,699
Capital contributions	-
Transfers	<u>(497,647)</u>
Changes in Net Assets	(429,768)

\*2011 was the first year that the Technology Center was separated into another fund

# ROCHELLE MUNICIPAL UTILITIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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### **RMU BUDGETARY HIGHLIGHTS**

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The final Electric Fund revenue budget, including other non-operating income, totaled \$24,806,149. Actual revenues, including non-operating income were \$25,108,577. Total budgeted expenditures were \$24,614,107. The Electric Fund's actual expenditures totaled \$20,856,403 including non-operating expenses. This provided income before contributions and transfers of \$4,252,174.

The final Water/Water Reclamation Fund revenue budget totaled \$7,921,356 with actual revenues of \$7,528,971. The Water/Water Reclamation Fund's budgeted expenditures were \$7,784,920, while actual expenditures totaled \$3,994,767.

The final Communications Fund expenditure budget totaled \$881,131. The total for services budgeted, including other non-operating income, was \$916,002. The Communications Fund's actual expenditures totaled \$995,213, while actual income totaled \$951,319.

The final Technology Center Fund expenditure budget totaled \$475,895 while the revenue budget was \$486,760. The actual expenditures totaled \$917,361 while total revenues were \$487,593. This is the first year of the Technology Center Fund. Prior to 2011, it was included as part of the Communications Fund.

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### **LONG-TERM DEBT**

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At April 30, 2011, the Electric fund had \$13,350,000 of long-term bonds outstanding. According to the ordinances authorizing the issuance of the Series 2005 and 2008 Electric System Revenue Bonds, RMU will provide net revenues in each fiscal year in the amount equal to not less than 1.2 times the principal and interest requirements coming due during the current year with respect to outstanding bonds. RMU – Electric Fund had net revenues of \$6,704,192 and the fiscal year 2011 revenue bond debt service amounted to \$1,440,598 resulting in a debt service coverage ratio of 4.65.

At April 30, 2011, the Water and Water Reclamation fund had \$2,535,000 of long-term bonds and \$1,969,163 of long-term loans outstanding. According to the ordinances authorizing the issuance of the Series 2008 Waterworks and Sewerage Refunding Revenue Bonds, RMU will provide net revenues in each fiscal year in the amount to not less than 1.2 times the principal and interest requirements coming due during the current year with respect to outstanding bonds. RMU – Water and Water Reclamation Fund had net revenues of \$2,334,624 and the fiscal year 2011 revenue bond debt service amounted to \$682,650 resulting in a debt service coverage ratio of 3.42.

The repayment of bonds and loans are covered from operating revenues.

On May 1, 2008 the utility currently refunded \$3,685,000 of water and water reclamation debt at interest rates ranging from 3.00% - 3.75%. The refunded debt is payable over a 6 year period with the final payment commencing in 2014.

## ROCHELLE MUNICIPAL UTILITIES

### MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2011, 2010, and 2009

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#### **LONG-TERM DEBT** (cont.)

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The repayment of bonds and loans are covered from operating revenues.

On May 1, 2008 the utility currently refunded \$3,685,000 of water and water reclamation debt at interest rates ranging from 3.00% - 3.75%. The refunded debt is payable over a 6 year period with the final payment commencing in 2014.

On June 30, 2008 the utility issued \$5,000,000 of general obligation limited tax debt to finance the construction of a new building for a communications crisis management center. The debt is payable over 20 years and bears an interest rate of 4.27%.

On July 1, 2008 the utility currently refunded \$5,755,000 of electric revenue debt at interest rates ranging from 3.5% - 4.5%. The refunded debt is payable over 8 years with the final payment commencing in 2016.

## **ROCHELLE MUNICIPAL UTILITIES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** April 30, 2011, 2010, and 2009

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#### **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

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

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#### **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need any additional information, contact Rochelle Municipal Utilities, Chris Frye, Finance Manager, 420 N. 6<sup>th</sup> St., Rochelle, IL 61068 or E-mail [cfrye@hub-city.net](mailto:cfrye@hub-city.net).

## **BASIC FINANCIAL STATEMENTS**

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Electric	Water and Reclamation	Communications	Technology Center	Total
<b>CAPITAL ASSETS</b>					
Depreciable - Plant in Service	\$ 65,839,358	\$ 49,968,371	\$ 3,021,344	\$ 5,040,952	\$ 123,870,025
Accumulated Depreciation	(33,310,001)	(21,569,908)	(2,417,407)	(403,923)	(57,701,239)
Nondepreciable	879,697	668,462	-	519,453	2,067,612
Net Capital Assets	33,409,054	29,066,925	603,937	5,156,482	68,236,398
<b>CURRENT ASSETS</b>					
Cash and Investments	6,640,590	4,001,192	199	43,935	10,685,916
Receivables					
Accounts	2,518,499	621,628	50,453	7,070	3,197,650
Accrued Interest	-	1,565	-	-	1,565
Other	142,381	8,157	450	-	150,988
Prepaid Expenses	217,820	33,626	11,855	-	263,301
Inventory	1,998,103	3,480	59,095	-	2,060,678
Deposits	900,349	-	-	-	900,349
Due from Other Funds	-	-	-	128,990	128,990
Restricted Assets					
Cash and Investments	8,765,707	-	-	-	8,765,707
Cash Held at Paying Agent	1,032,400	649,438	-	-	1,681,838
Total Current Assets	22,215,849	5,319,086	122,052	179,995	27,836,982
<b>NONCURRENT ASSETS</b>					
Advances to Other Funds	1,446,308	-	-	-	1,446,308
Special Assessments	-	468,062	-	-	468,062
Deferred Charges	111,454	27,660	-	19,313	158,427
Total Noncurrent Assets	1,557,762	495,722	-	19,313	2,072,797
<b>TOTAL ASSETS</b>	<b>\$ 57,182,665</b>	<b>\$ 34,881,733</b>	<b>\$ 725,989</b>	<b>\$ 5,355,790</b>	<b>\$ 98,146,177</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)

April 30, 2011

	Electric	Water and Reclamation	Communications	Technology Center	Total
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 20,112,448	\$ 24,631,613	\$ 603,937	\$ 491,482	\$ 45,839,480
Restricted for Debt Service	9,798,107	1,681,504	-	-	11,479,611
Unrestricted (Deficit)	11,670,092	3,914,560	(565,011)	(921,250)	14,098,391
<b>Total Net Assets</b>	<b>41,580,647</b>	<b>30,227,677</b>	<b>38,926</b>	<b>(429,768)</b>	<b>71,417,482</b>
<b>LONG-TERM LIABILITIES</b>					
General Obligation Bonds Payable	-	-	-	4,490,000	4,490,000
Revenue Bonds Payable	12,400,000	1,930,000	-	-	14,330,000
IEPA Loans Payable	-	1,738,115	-	-	1,738,115
Unamortized Bond Premium/Discount	18,207	18,583	-	-	36,790
Unamortized Loss on Refunding	(97,872)	(87,433)	-	-	(185,305)
Net Pension Obligation	55,211	21,236	8,494	-	84,941
Advance from Other Funds	-	-	496,473	949,835	1,446,308
<b>Total Long-Term Liabilities</b>	<b>12,375,546</b>	<b>3,620,501</b>	<b>504,967</b>	<b>5,439,835</b>	<b>21,940,849</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	1,163,568	37,741	24,986	5,937	1,232,232
Customer Advances	511,243	-	-	-	511,243
Accrued Payroll	70,026	29,151	11,414	-	110,591
Accrued Interest Payable	283,949	63,200	-	164,786	511,935
Other Payables	117,655	25,126	2,250	-	145,031
Unearned Revenue	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Funds	-	-	128,990	-	128,990
General Obligation Debt Payable	-	-	-	175,000	175,000
Revenue Bonds Payable	950,000	605,000	-	-	1,555,000
IEPA Loans Payable	-	231,047	-	-	231,047
Capital Lease Payable	26,271	-	-	-	26,271
Compensated Absences Payable	103,760	42,290	14,456	-	160,506
<b>Total Current Liabilities</b>	<b>3,226,472</b>	<b>1,033,555</b>	<b>182,096</b>	<b>345,723</b>	<b>4,787,846</b>
<b>Total Liabilities</b>	<b>15,602,018</b>	<b>4,654,056</b>	<b>687,063</b>	<b>5,785,558</b>	<b>26,728,695</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>\$ 57,182,665</b>	<b>\$ 34,881,733</b>	<b>\$ 725,989</b>	<b>\$ 5,355,790</b>	<b>\$ 98,146,177</b>

See accompanying notes to financial statements.

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Electric	Water and Reclamation	Communications	Technology Center	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 24,929,112	\$ 4,740,039	\$ 951,319	\$ 486,759	\$ 31,107,229
Miscellaneous	14,305	18,233	-	-	32,538
<b>Total Operating Revenues</b>	<b>24,943,417</b>	<b>4,758,272</b>	<b>951,319</b>	<b>486,759</b>	<b>31,139,767</b>
<b>OPERATING EXPENSES</b>					
Operations	18,230,580	2,423,648	956,867	68,422	21,679,517
Depreciation and Amortization	2,030,735	1,202,138	33,898	143,151	3,409,922
<b>Total Operating Expenses</b>	<b>20,261,315</b>	<b>3,625,786</b>	<b>990,765</b>	<b>211,573</b>	<b>25,089,439</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,682,102</b>	<b>1,132,486</b>	<b>(39,446)</b>	<b>275,186</b>	<b>6,050,328</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	173,805	16,624	-	834	191,263
Interest Expense	(595,088)	(167,148)	(4,448)	(208,321)	(975,005)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(421,283)</b>	<b>(150,524)</b>	<b>(4,448)</b>	<b>(207,487)</b>	<b>(783,742)</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>4,260,819</b>	<b>981,962</b>	<b>(43,894)</b>	<b>67,699</b>	<b>5,266,586</b>
<b>TRANSFERS</b>					
Transfers In	-	-	497,467	-	497,467
Transfers (Out)	-	-	-	(497,467)	(497,467)
Transfers to the City	(1,376,321)	(201,833)	-	-	(1,578,154)
<b>Total Transfers</b>	<b>(1,376,321)</b>	<b>(201,833)</b>	<b>497,467</b>	<b>(497,467)</b>	<b>(1,578,154)</b>
<b>CONTRIBUTIONS</b>	<b>-</b>	<b>2,754,075</b>	<b>-</b>	<b>-</b>	<b>2,754,075</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,884,498</b>	<b>3,534,204</b>	<b>453,573</b>	<b>(429,768)</b>	<b>6,442,507</b>
<b>NET ASSETS (DEFICIT), MAY 1</b>	<b>38,696,149</b>	<b>26,693,473</b>	<b>(414,647)</b>	<b>-</b>	<b>64,974,975</b>
<b>NET ASSETS (DEFICIT), APRIL 30</b>	<b>\$ 41,580,647</b>	<b>\$ 30,227,677</b>	<b>\$ 38,926</b>	<b>\$ (429,768)</b>	<b>\$ 71,417,482</b>

See accompanying notes to financial statements.

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2011

	Electric	Water and Reclamation	Communications	Technology Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 25,293,599	\$ 4,796,231	\$ 1,004,864	\$ 479,689	\$ 31,574,383
Payments to Suppliers	(17,866,879)	(890,980)	(496,412)	(62,487)	(19,316,758)
Payments to Employees	(1,153,935)	(1,024,980)	(399,334)	-	(2,578,249)
Payments to Other Funds	(370,350)	(578,243)	(32,062)	-	(980,655)
<b>Net Cash from Operating Activities</b>	<b>5,902,435</b>	<b>2,302,028</b>	<b>77,056</b>	<b>417,202</b>	<b>8,698,721</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayments from Loans to Other Funds	103,140	-	-	-	103,140
Repayment of Loans from Other Funds	-	-	(52,975)	(50,165)	(103,140)
Interest Paid on Interfund Loans	-	-	(4,448)	(8,000)	(12,448)
Transfers In	-	-	-	62,875	62,875
Transfers (Out)	-	-	(62,875)	-	(62,875)
Transfers to the City	(1,376,321)	(201,833)	-	-	(1,578,154)
<b>Net Cash from Noncapital Financing Activities</b>	<b>(1,273,181)</b>	<b>(201,833)</b>	<b>(120,298)</b>	<b>4,710</b>	<b>(1,590,602)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Assets Purchased	(1,125,465)	(227,685)	(72,160)	(2,356)	(1,427,666)
Principal Payments on Long-Term Debt	(936,619)	(821,945)	-	(170,000)	(1,928,564)
Interest Payments on Long-Term Debt	(588,263)	(193,266)	-	(206,455)	(987,984)
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(2,650,347)</b>	<b>(1,242,896)</b>	<b>(72,160)</b>	<b>(378,811)</b>	<b>(4,344,214)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received on Investments	173,805	16,751	-	834	191,390
<b>Net Cash from Investing Activities</b>	<b>173,805</b>	<b>16,751</b>	<b>-</b>	<b>834</b>	<b>191,390</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,152,712</b>	<b>874,050</b>	<b>(115,402)</b>	<b>43,935</b>	<b>2,955,295</b>
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<b>13,253,585</b>	<b>3,127,142</b>	<b>115,601</b>	<b>-</b>	<b>16,496,328</b>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b>\$ 15,406,297</b>	<b>\$ 4,001,192</b>	<b>\$ 199</b>	<b>\$ 43,935</b>	<b>\$ 19,451,623</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2011

	Electric	Water and Reclamation	Communications	Technology Center	Total
<b>RECONCILIATION OF OPERATING INCOME</b>					
<b>(LOSS) TO NET CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 4,682,102	\$ 1,132,486	\$ (39,446)	\$ 275,186	\$ 6,050,328
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	2,030,735	1,202,138	33,898	143,151	3,409,922
Changes in Assets and Liabilities					
Accounts Receivable	596,949	2,437	43,287	(7,070)	635,603
Other Receivables	(9,191)	(6,377)	9,438	-	(6,130)
Prepaid Expenses	(18,685)	(4,612)	4,329	-	(18,968)
Inventory	(905,318)	9,321	19,694	-	(876,303)
Deposits	(218,344)	1,723	-	-	(216,621)
Accounts Payable	(264,188)	(111,685)	(5,291)	5,935	(375,229)
Customer Advances	(19,232)	-	-	-	(19,232)
Accrued Payroll	(2,146)	2,514	(405)	-	(37)
Other Payables	(16,623)	-	821	-	(15,802)
Unearned Revenue	-	40,177	-	-	40,177
Compensated Absences	(8,835)	12,670	2,237	-	6,072
Net Pension Obligation	55,211	21,236	8,494	-	84,941
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 5,902,435</b>	<b>\$ 2,302,028</b>	<b>\$ 77,056</b>	<b>\$ 417,202</b>	<b>\$ 8,698,721</b>
<b>CASH AND INVESTMENTS</b>					
Cash and Cash Investments	\$ 6,640,590	\$ 4,001,192	\$ 199	\$ 43,935	\$ 10,685,916
Restricted Assets					
Cash and Investments	8,765,707	-	-	-	8,765,707
<b>TOTAL CASH AND INVESTMENTS</b>	<b>\$ 15,406,297</b>	<b>\$ 4,001,192</b>	<b>\$ 199</b>	<b>\$ 43,935</b>	<b>\$ 19,451,623</b>
<b>NONCASH TRANSACTIONS</b>					
Contributions	\$ -	\$ 2,754,075	\$ -	\$ -	\$ 2,754,075
Transfer of Capital Assets	-	-	(5,297,277)	5,297,277	-
<b>TOTAL NONCASH TRANSACTIONS</b>	<b>\$ -</b>	<b>\$ 2,754,075</b>	<b>\$ (5,297,277)</b>	<b>\$ 5,297,277</b>	<b>\$ 2,754,075</b>

See accompanying notes to financial statements.

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rochelle Municipal Utilities (RMU) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units and regulated enterprises (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 RMU's accounting policies are described below.

A. Reporting Entity

Rochelle Municipal Utilities (RMU) is comprised of certain proprietary funds of the City of Rochelle, Illinois (the City). RMU is accounted for as a distinct and separate departmental entity of the City and includes the City's Electric Fund, the Water and Water Reclamation Fund, the Communications Fund and the Technology Center Fund.

The Electric Utility Fund accounts for the activities of the electric system. The Electric Fund's present generation capacity consists of ten diesel generating units (with an aggregate a nameplate rating of 23,318 KW), and one solar gas turbine generator unit (with a nameplate rating of 4,200 KW).

The Water and Water Reclamation Fund accounts for the activities of the water and water reclamation system. The water and water reclamation system provides water supply to residents and businesses in the City and operates and maintains sanitary sewers and wastewater treatment facilities. Water is obtained from seven deep wells with a combined capacity of approximately 10.5 million gallons per day, compared to a daily demand of 3.4 million gallons in the service area. A 4.5 million gallon per day sewerage plant provides primary, secondary and tertiary treatment for the 3.3 million gallons per day wastewater flow discharge from the plant.

The Communications Fund accounts for the activities of a fiber optic network that provides internet and high-speed data transfer services to customers in the City and the surrounding area.

The Technology Center Fund accounts for the activities of the RMU Technology Center that accounts for revenue received for rack space, collocation space, and dark fiber and expenses associated with the construction of the Technology Center, debt service and fiber infrastructure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

RMU 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. RMU's funds are classified as proprietary funds.

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.

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

RMU's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. 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.

RMU 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 RMU 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 RMU has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, RMU considers 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. Fair value has been based on quoted market prices at April 30, 2011 for debt and equity securities and contract values for mutual funds.

E. Materials and Supplies Inventory

Electric Fund - Inventory consisting of natural gas, diesel fuel and materials and supplies are generally used for construction or operations, not for resale. They are valued at average cost and charged to construction or expense when used.

Water and Water Reclamation Fund - Inventory consisting of materials and supplies are generally used for construction or operations, not for resale. Inventory is valued at average cost and is charged to system improvements or expense when used.

Communications Fund - Inventory consisting of fiber optic cable and materials and supplies, are used in the course of operation. They are valued at average cost and are charged to system improvements or expense when used.

F. Restricted Assets

Certain cash and investments of RMU 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.

G. Deferred Charges

Deferred charges in the financial statements represents bond issuance costs which are being amortized over the life of the bonds.

ROCHELLE MUNICIPAL UTILITIES  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. Capital Assets

Capital assets are defined by RMU 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.

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
Utilities System	5-77
Infrastructure	10-50

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Vacation, Sick Pay and Other Employee Benefits

Vested and accumulated vacation 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.

K. Interfund Transactions

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

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

L. 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.”

M. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable 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.

N. Net Assets

Restricted net assets are legally restricted by outside parties for a specific purpose. None of RMU’s restricted net assets result from enabling legislation adopted by the City. Invested in capital assets, net of related debt, represents RMU’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 RMU’s policy to use restricted resources first, then unrestricted resources as they are needed.

ROCHELLE MUNICIPAL UTILITIES  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS

RMU participates in a cash and investment pool maintained by the City. The investments are governed by an investment policy for the City adopted by the City Council.

In accordance with the City's investment policy, 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.

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.

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.

Investments

The following table presents the investments and maturities of RMU'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
Money Market Mutual Funds	\$ 8,764,435	\$ 8,764,435	\$ -	\$ -	\$ -
TOTAL	\$ 8,764,435	\$ 8,764,435	\$ -	\$ -	\$ -

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.

ROCHELLE MUNICIPAL UTILITIES  
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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.

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. 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.

3. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ELECTRIC</b>				
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

ROCHELLE MUNICIPAL UTILITIES  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ELECTRIC (Continued)</b>				
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	<u>31,375,133</u>	<u>2,030,735</u>	<u>95,867</u>	<u>33,310,001</u>
 Total Capital Assets Being Depreciated, Net	 <u>33,633,504</u>	 <u>(1,068,134)</u>	 <u>36,013</u>	 <u>32,529,357</u>
 <b>TOTAL ELECTRIC CAPITAL ASSETS, NET</b>	 <u><b>\$ 34,331,168</b></u>	 <u><b>\$ (468,883)</b></u>	 <u><b>\$ 453,231</b></u>	 <u><b>\$ 33,409,054</b></u>
 <b>WATER AND WATER RECLAMATION</b>				
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	<u>1,070,498</u>	<u>578,915</u>	<u>980,951</u>	<u>668,462</u>
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	<u>46,548,016</u>	<u>3,420,355</u>	<u>-</u>	<u>49,968,371</u>
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	<u>20,367,770</u>	<u>1,202,138</u>	<u>-</u>	<u>21,569,908</u>
 Total Capital Assets Being Depreciated, Net	 <u>26,180,246</u>	 <u>2,218,217</u>	 <u>-</u>	 <u>28,398,463</u>
 <b>TOTAL WATER AND WATER RECLAMATION CAPITAL ASSETS, NET</b>	 <u><b>\$ 27,250,744</b></u>	 <u><b>\$ 2,797,132</b></u>	 <u><b>\$ 980,951</b></u>	 <u><b>\$ 29,066,925</b></u>

ROCHELLE MUNICIPAL UTILITIES  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balance, Restated	Transfers	Increases	Decreases	Ending Balance
<b>COMMUNICATIONS</b>					
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
<b>TOTAL COMMUNICATION CAPITAL ASSETS, NET</b>	<b>\$ 5,862,952</b>	<b>\$ (5,297,277)</b>	<b>\$ 38,262</b>	<b>\$ -</b>	<b>\$ 603,937</b>
	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
<b>TECHNOLOGY CENTER</b>					
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	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
<b>TOTAL TECHNOLOGY CENTER CAPITAL ASSETS, NET</b>	<b>\$ -</b>	<b>\$ 5,297,277</b>	<b>\$ (140,795)</b>	<b>\$ -</b>	<b>\$ 5,156,482</b>

ROCHELLE MUNICIPAL UTILITIES  
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

	May 1	Additions	Reductions	April 30	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>					
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
<b>Total Revenue Bonds</b>	<b>17,380,000</b>	<b>-</b>	<b>1,495,000</b>	<b>15,885,000</b>	<b>1,555,000</b>
General Obligation Debt					
Certificates	4,835,000	-	170,000	4,665,000	175,000
IEPA Revolving Loans	2,206,107	-	236,944	1,969,163	231,047
Unamortized Discount	(46,740)	-	(2,347)	(44,393)	-
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	154,434	160,506	154,434	160,506	160,506
Net Pension Obligation	-	84,941	-	84,941	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 24,447,566</b>	<b>\$ 245,447</b>	<b>\$ 2,050,645</b>	<b>\$ 22,642,368</b>	<b>\$ 2,147,824</b>

Bonds payable 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 Communications Fund	\$ 4,665,000	\$ 175,000
<b>TOTAL</b>	<b>\$ 4,665,000</b>	<b>\$ 175,000</b>

ROCHELLE MUNICIPAL UTILITIES  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Revenue and Alternate Revenue Source Bonds

	<u>Total</u>	<u>Current Portion</u>
\$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%.	<u>3,915,000</u>	<u>950,000</u>
<b>TOTAL ELECTRIC SYSTEM REVENUE BONDS</b>	<b><u>\$ 13,350,000</u></b>	<b><u>\$ 950,000</u></b>
\$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%.	<u>\$ 2,535,000</u>	<u>\$ 605,000</u>
<b>TOTAL WATER AND WATER RECLAMATION FUND REVENUE BONDS</b>	<b><u>\$ 2,535,000</u></b>	<b><u>\$ 605,000</u></b>

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%.	<u>525,512</u>	<u>26,089</u>
<b>TOTAL WATER AND WATER RECLAMATION IEPA LOANS</b>	<b><u>\$ 1,969,163</u></b>	<b><u>\$ 231,047</u></b>

ROCHELLE MUNICIPAL UTILITIES  
 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) as of April 30, 2011, are as follows (in thousands of dollars):

April 30,	GO Debt Certificates		Revenue Bonds		Illinois EPA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 175,000	\$ 199,196	\$ 1,555,000	\$ 627,942	\$ 231,047	\$ 52,867
2013	185,000	191,723	1,165,000	577,361	237,669	46,245
2014	190,000	183,824	1,215,000	532,461	244,482	39,432
2015	200,000	175,711	1,255,000	484,304	251,490	32,424
2016	210,000	167,171	615,000	445,711	258,700	25,214
2017-2021	1,200,000	710,727	2,800,000	1,905,003	512,754	48,582
2022-2026	1,470,000	444,718	3,245,000	1,333,577	175,859	17,661
2027-2031	1,035,000	95,493	4,035,000	578,025	57,162	1,074
<b>TOTAL</b>	<b>\$ 4,665,000</b>	<b>\$ 2,168,563</b>	<b>\$ 15,885,000</b>	<b>\$ 6,484,384</b>	<b>\$ 1,969,163</b>	<b>\$ 263,499</b>

The bonds of several issues are subject to redemption and payment prior to their maturity, at the option of the City.

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 \$2,721,200. Principal and interest paid for the current year was \$682,650 or 29.24% of total customer net revenues of \$2,334,624.

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.

ROCHELLE MUNICIPAL UTILITIES  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

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. 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

ROCHELLE MUNICIPAL UTILITIES  
NOTES TO FINANCIAL STATEMENTS (Continued)

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5. REVENUE BONDS (Continued)

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>\$ 11,479,611</u>

6. PENSION PLAN

Participating and nonparticipating employees are covered by the Illinois Municipal Retirement Fund (IMRF) and by Social Security, respectively. Contributions are paid by the City, and are reimbursed by the RMU. Additional information on the IMRF plan, including funding requirements and the actuarial accrual liability is presented in the annual financial report of the City.

7. RISK MANAGEMENT

RMU 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. RMU mitigates these risks through participation in city-wide risk management programs. 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. Additional information on the City's risk management program can be found in the City's annual financial report.

8. 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.

8. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

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's entitlement share of the project is 1.90%; therefore, RMU 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 megawatts, of which the City has rights to 30 megawatts. During August 2008, NIMPA issued Bond Anticipation Notes to fund the development costs to date.

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.

ROCHELLE MUNICIPAL UTILITIES  
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ACCOUNTS

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

	Advance To	Advance From
Electric	\$ 1,446,308	\$ -
Communications	-	496,473
Technology Center	-	949,835
<b>TOTAL</b>	<b>\$ 1,446,308</b>	<b>\$ 1,446,308</b>

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

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

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

	Transfer In	Transfer Out
City - General Fund	\$ 1,578,154	\$ -
Electric Utility	-	1,376,321
Water and Water Reclamation	-	201,833
Communications	497,467	-
Technology Center	-	497,467
<b>TOTAL</b>	<b>\$ 2,075,621</b>	<b>\$ 2,075,621</b>

The purposes of significant interfund transfers are as follows:

- \$1,578,154 transferred to the City - General Fund was made up of \$1,376,321 from the Electric Fund and \$201,833 from the Water and Water Reclamation Fund for annual transfers as permitted under bond ordinances. The transfers 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.

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan 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. Additional information regarding this plan can be found in the City's annual financial report.

## **SUPPLEMENTAL INFORMATION**

ELECTRIC FUND

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS  
ELECTRIC FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>CAPITAL ASSETS</b>		
Depreciable - Plant in Service	\$ 65,839,358	\$ 65,008,637
Accumulated Depreciation	(33,310,001)	(31,375,133)
Nondepreciable	879,697	697,664
Net Capital Assets	33,409,054	34,331,168
<b>CURRENT ASSETS</b>		
Cash and Investments	6,640,590	4,481,786
Receivables		
Accounts	2,518,499	3,115,448
Accrued Interest	-	4,955
Other	142,381	133,190
Prepaid Expenses	217,820	199,135
Inventory	1,998,103	1,092,785
Deposits	900,349	682,005
Restricted Assets		
Cash and Investments	8,765,707	8,771,799
Cash Held at Paying Agent	1,032,400	1,010,600
Total Current Assets	22,215,849	19,491,703
<b>NONCURRENT ASSETS</b>		
Advance to Other Funds	1,446,308	1,549,447
Deferred Charges	111,454	127,079
Total Noncurrent Assets	1,557,762	1,676,526
<b>TOTAL ASSETS</b>	<b>\$ 57,182,665</b>	<b>\$ 55,499,397</b>

(This page is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)  
ELECTRIC FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 20,112,448	\$ 20,107,343
Restricted for Debt Service	9,798,107	9,782,399
Unrestricted	11,670,092	8,806,407
Total Net Assets	41,580,647	38,696,149
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable	12,400,000	13,350,000
Capital Lease Payable	-	26,619
Unamortized Bond Premium/Discount	18,207	28,381
Unamortized Loss on Refunding	(97,872)	(117,446)
Net Pension Obligation	55,211	-
Total Long-Term Liabilities	12,375,546	13,287,554
<b>CURRENT LIABILITIES</b>		
Accounts Payable	1,163,568	1,427,754
Customer Advances	511,243	530,475
Accrued Payroll	70,026	72,172
Accrued Interest Payable	283,949	302,149
Other Payables	117,655	134,278
Revenue Bonds Payable	950,000	910,000
Capital Lease Payable	26,271	26,271
Compensated Absences Payable	103,760	112,595
Total Current Liabilities	3,226,472	3,515,694
Total Liabilities	15,602,018	16,803,248
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>\$ 57,182,665</b>	<b>\$ 55,499,397</b>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
ELECTRIC FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>OPERATING REVENUES</b>		
Charges for Services		
Residential	\$ 5,041,547	\$ 5,220,579
Commercial	4,234,625	5,444,466
Industrial	14,851,073	16,200,981
Public Street Lighting	137,340	143,981
Interdepartmental	458,005	540,184
Other Operating Revenue	206,522	163,093
Miscellaneous	14,305	31,316
	24,943,417	27,744,600
<b>OPERATING EXPENSES</b>		
Operations		
Purchased Power	13,740,529	17,099,348
Generation	1,200,287	852,044
Transmission and Distribution	1,998,860	2,032,571
Customer Accounts	323,800	334,483
Administration and General	967,104	838,520
Depreciation	2,030,735	2,009,562
	20,261,315	23,166,528
	4,682,102	4,578,072
<b>OPERATING INCOME</b>		
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	173,805	216,732
Interest Expense	(595,088)	(639,189)
	(421,283)	(422,457)
<b>NET INCOME BEFORE TRANSFERS</b>	<b>4,260,819</b>	<b>4,155,615</b>
<b>TRANSFERS</b>		
Transfers to the City	(1,376,321)	(1,166,910)
	(1,376,321)	(1,166,910)
<b>CHANGE IN NET ASSETS</b>	<b>2,884,498</b>	<b>2,988,705</b>
<b>NET ASSETS, MAY 1</b>	<b>38,696,149</b>	<b>35,707,444</b>
<b>NET ASSETS, APRIL 30</b>	<b>\$ 41,580,647</b>	<b>\$ 38,696,149</b>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS  
ELECTRIC FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 25,293,599	\$ 27,860,404
Payments to Suppliers	(17,866,879)	(20,805,110)
Payments to Employees	(1,153,935)	(992,172)
Payments to Other Funds	(370,350)	(992,172)
	5,902,435	6,063,122
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment from Loans to Other Funds	103,140	(1,000,000)
Transfers to the City	(1,376,321)	(1,166,910)
	(1,273,181)	(2,166,910)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(1,125,465)	(686,637)
Principal Payments on Long-Term Debt	(936,619)	(1,217,378)
Interest Payments on Long-Term Debt	(588,263)	(613,711)
	(2,650,347)	(2,517,726)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	173,805	226,441
	173,805	226,441
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,152,712	1,604,927
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	13,253,585	11,648,658
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 15,406,297	\$ 13,253,585

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
ELECTRIC FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	<u>2011</u>	<u>2010</u>
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 4,682,102	\$ 4,578,072
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation and Amortization	2,030,735	2,009,562
Changes in Assets and Liabilities		
Accounts Receivable	596,949	121,685
Other Receivables	(9,191)	40,455
Prepaid Expenses	(18,685)	(6,201)
Inventory	(905,318)	130,435
Deposits	(218,344)	(682,005)
Accounts Payable	(264,188)	(91,867)
Customer Advances	(19,232)	(37,560)
Accrued Payroll	(2,146)	15,769
Other Payables	(16,623)	(6,446)
Unearned Revenue	-	(8,777)
Compensated Absences	(8,835)	-
Net Pension Obligation	55,211	(8,777)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 5,902,435</u>	<u>\$ 6,063,122</u>
<b>CASH AND INVESTMENTS</b>		
Cash and Investments	\$ 6,640,590	\$ 4,481,786
Restricted Assets		
Cash and Investments	8,765,707	8,771,799
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 15,406,297</u>	<u>\$ 13,253,585</u>
<b>NONCASH TRANSACTIONS</b>		
None	\$ -	\$ -
<b>TOTAL NONCASH TRANSACTIONS</b>	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

WATER AND WATER RECLAMATION FUND

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS  
WATER AND WATER RECLAMATION FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>CAPITAL ASSETS</b>		
Depreciable - Plant in Service	\$ 49,968,371	\$ 46,548,016
Accumulated Depreciation	(21,569,908)	(20,367,770)
Nondepreciable	668,462	1,070,498
Net Capital Assets	29,066,925	27,250,744
<b>CURRENT ASSETS</b>		
Cash and Investments	4,001,192	3,127,142
Receivables		
Accounts	621,628	624,065
Accrued Interest	1,565	1,692
Other	8,157	1,780
Prepaid Expenses	33,626	29,014
Inventory	3,480	12,801
Restricted Assets		
Cash Held at Paying Agent	649,438	638,213
Total Current Assets	5,319,086	4,434,707
<b>NONCURRENT ASSETS</b>		
Special Assesments	468,062	508,239
Deferred Charges	27,660	36,880
Total Noncurrent Assets	495,722	545,119
<b>TOTAL ASSETS</b>	<b>\$ 34,881,733</b>	<b>\$ 32,230,570</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)  
WATER AND WATER RECLAMATION FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 24,631,613	\$ 22,016,437
Restricted for Debt Service	1,681,504	1,669,305
Unrestricted (Deficit)	3,914,560	3,007,731
Total Net Assets	30,227,677	26,693,473
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable	1,930,000	2,535,000
IEPA Loans Payable	1,738,115	1,981,498
Unamortized Bond Premium/Discount	18,583	24,777
Unamortized Loss on Refunding	(87,433)	(116,577)
Net Pension Obligation	21,236	-
Total Long-Term Liabilities	3,620,501	4,424,698
<b>CURRENT LIABILITIES</b>		
Accounts Payable	37,741	149,428
Accrued Payroll	29,151	26,637
Accrued Interest Payable	63,200	73,702
Deposits Payable	25,126	23,403
Revenue Bonds Payable	605,000	585,000
IEPA Loans Payable	231,047	224,609
Compensated Absences Payable	42,290	29,620
Total Current Liabilities	1,033,555	1,112,399
Total Liabilities	4,654,056	5,537,097
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>\$ 34,881,733</b>	<b>\$ 32,230,570</b>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
WATER AND WATER RECLAMATION FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>OPERATING REVENUES</b>		
Water		
Charges for Services		
Residential	\$ 728,542	\$ 733,089
Commercial	506,638	501,877
Industrial	552,347	567,113
Interdepartmental	14,853	13,875
Rental	75,508	71,064
Other Operating Revenue	24,885	1,408
Miscellaneous	5,418	9,965
	1,908,191	1,898,391
Total Water		
Water Reclamation		
Charges for Services		
Residential	995,192	951,942
Commercial	853,538	867,703
Industrial	954,383	961,772
Interdepartmental	4,174	4,847
Other Operating Revenue	29,979	24,104
Miscellaneous	12,815	21,351
	2,850,081	2,831,719
Total Water Reclamation		
Total Operating Revenues		
	4,758,272	4,730,110
<b>OPERATING EXPENSES</b>		
Operations		
Water Source of Supply	244,262	276,260
Water Treatment	140,864	131,279
Transmission, Distribution and Collection	530,053	601,013
Water Reclamation Operations	957,236	939,737
Administration and General	491,686	424,744
Taxes	59,547	58,684
Depreciation	1,202,138	1,201,452
	3,625,786	3,633,169
Total Operating Expenses		
OPERATING INCOME		
	1,132,486	1,096,941

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS (Continued)  
WATER AND WATER RECLAMATION FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	<u>2011</u>	<u>2010</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	\$ 16,624	\$ 41,369
Interest Expense	(167,148)	(208,077)
Total Nonoperating Revenues (Expenses)	<u>(150,524)</u>	<u>(166,708)</u>
NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	<u>981,962</u>	<u>930,233</u>
TRANSFERS		
Transfers (Out)	<u>(201,833)</u>	<u>(197,508)</u>
Total Transfers	<u>(201,833)</u>	<u>(197,508)</u>
CONTRIBUTIONS	<u>2,754,075</u>	<u>-</u>
CHANGE IN NET ASSETS	3,534,204	732,725
NET ASSETS, MAY 1	<u>26,693,473</u>	<u>25,960,748</u>
NET ASSETS, APRIL 30	<u>\$ 30,227,677</u>	<u>\$ 26,693,473</u>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS  
WATER AND WATER RECLAMATION FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 4,796,231	\$ 4,612,912
Payments to Suppliers	(890,980)	(806,439)
Payments to Employees	(1,024,980)	(1,009,506)
Payments to Other Funds	(578,243)	(651,866)
Net Cash from Operating Activities	2,302,028	2,145,101
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Reimbursements/Refunds	-	40,451
Transfers to the City	(201,833)	(197,508)
Net Cash from Noncapital Financing Activities	(201,833)	(157,057)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(227,685)	(1,821,232)
Principal Payments on Long-Term Debt	(821,945)	(783,352)
Interest Payments on Long-Term Debt	(193,266)	(180,518)
Net Cash from Capital and Related Financing Activities	(1,242,896)	(2,785,102)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	16,751	45,254
Net Cash from Investing Activities	16,751	45,254
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	874,050	(751,804)
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	3,127,142	3,878,946
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 4,001,192	\$ 3,127,142

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
WATER AND WATER RECLAMATION FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 1,132,486	\$ 1,096,941
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation and Amortization	1,202,138	1,201,452
Changes in Assets and Liabilities		
Accounts Receivable	2,437	(118,010)
Other Receivables	(6,377)	(632)
Prepaid Expenses	(4,612)	(101)
Inventory	9,321	-
Deposits	1,723	-
Accounts Payable	(111,685)	(32,796)
Accrued Payroll	2,514	(3,197)
Other Payables	-	1,444
Unearned Revenue	40,177	-
Compensated Absences	12,670	-
Net Pension Obligation	21,236	-
	<b>\$ 2,302,028</b>	<b>\$ 2,145,101</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
 <b>CASH AND INVESTMENTS</b>		
Cash and Investments	\$ 4,001,192	\$ 3,127,142
 <b>TOTAL CASH AND INVESTMENTS</b>		
	<b>\$ 4,001,192</b>	<b>\$ 3,127,142</b>
 <b>NONCASH TRANSACTIONS</b>		
Contributions	\$ 2,754,075	\$ -
 <b>TOTAL NONCASH TRANSACTIONS</b>		
	<b>\$ 2,754,075</b>	<b>\$ -</b>

(See independent auditor's report.)

COMMUNICATIONS FUND

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS  
COMMUNICATIONS FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>CAPITAL ASSETS</b>		
Depreciable - Plant in Service	\$ 3,021,344	\$ 7,987,780
Accumulated Depreciation	(2,417,407)	(2,644,281)
Nondepreciable	-	519,453
	603,937	5,862,952
<b>CURRENT ASSETS</b>		
Cash and Investments	199	115,601
Receivables		
Accounts	50,453	93,740
Other	450	9,888
Prepaid Expenses	11,855	16,184
Inventory	59,095	78,789
	122,052	314,202
<b>NONCURRENT ASSETS</b>		
Deferred Charges	-	20,438
	-	20,438
<b>TOTAL ASSETS</b>	<b>\$ 725,989</b>	<b>\$ 6,197,592</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)  
COMMUNICATIONS FUND

April 30, 2011  
(with comparative totals)

	2011	2010
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 603,937	\$ 1,135,000
Unrestricted (Deficit)	(565,011)	(1,549,647)
<b>TOTAL NET ASSETS</b>	38,926	(414,647)
<b>LONG-TERM LIABILITIES</b>		
Advance from Other Funds	496,473	1,549,447
Net Pension Obligation	8,494	-
Long-Term Debt, Net of Current Maturities		
General Obligation Debt Payable	-	4,665,000
<b>Total Long-Term Liabilities</b>	504,967	6,214,447
<b>CURRENT LIABILITIES</b>		
Accounts Payable	24,986	30,280
Accrued Payroll	11,414	11,819
Accrued Interest Payable	-	172,045
Deposits Payable	2,250	1,429
Due to Technology Center Fund	128,990	-
General Obligation Debt Payable	-	170,000
Compensated Absences Payable	14,456	12,219
<b>Total Current Liabilities</b>	182,096	397,792
<b>Total Liabilities</b>	687,063	6,612,239
<b>TOTAL NET ASSETS AND LIABILITIES</b>	\$ 725,989	\$ 6,197,592

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
COMMUNICATIONS FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>OPERATING REVENUES</b>		
Charges for Services		
Dial-Up Internet Access	\$ 30,172	\$ 39,571
Activation Fee	-	50
Wireless Internet Access	137,238	149,680
Network Internet Access	20,396	20,396
Fiber Internet Access	130,518	133,844
Web Site Host	9,078	9,181
Web Site Development	98	162
Data Services	81,042	62,997
VOIP Services	38,553	28,929
Network Administration Fees	430,739	435,549
Wireless Installation	61	749
Mailboxes	2,574	2,165
Network and Hardware Support	7,853	7,344
Telecommunications Lease	-	55,672
Fiber Lease	-	222,545
Other Operating Revenues	62,997	7,796
<b>Total Operating Revenues</b>	<b>951,319</b>	<b>1,176,630</b>
<b>OPERATING EXPENSES</b>		
Operations		
Personnel	301,108	305,713
Insurance Benefits	77,943	66,940
Pension Benefits	62,671	47,545
Contractual Services	492,674	459,584
Commodities	22,471	18,773
Depreciation and Amortization	33,898	302,464
<b>Total Operating Expenses</b>	<b>990,765</b>	<b>1,201,019</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(39,446)</b>	<b>(24,389)</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS (Continued)  
COMMUNICATIONS FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	<u>2011</u>	<u>2010</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	\$ -	\$ 1,724
Interest Expense	(4,448)	(184,061)
Grant Revenue	-	20,534
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(4,448)	(161,803)
	<hr/>	<hr/>
NET INCOME (LOSS) BEFORE TRANSFERS	(43,894)	(186,192)
	<hr/>	<hr/>
TRANSFERS		
Transfer from Technology Center	497,467	-
	<hr/>	<hr/>
Total Transfers	497,467	-
	<hr/>	<hr/>
CHANGE IN NET ASSETS	453,573	(186,192)
	<hr/>	<hr/>
NET ASSETS (DEFICIT), MAY 1	(414,647)	(228,455)
	<hr/>	<hr/>
NET ASSETS (DEFICIT), APRIL 30	<u>\$ 38,926</u>	<u>\$ (414,647)</u>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS  
COMMUNICATIONS FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 1,004,864	\$ 1,128,783
Payments to Suppliers	(496,412)	(371,099)
Payments to Employees	(399,334)	(421,443)
Payments to Other Funds	(32,062)	(33,889)
Net Cash from Operating Activities	77,056	302,352
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of Loans from Other Funds	(52,975)	1,000,000
Interest Paid on Interfund Loans	(4,448)	(12,015)
Transfers (Out)	(62,875)	-
Net Cash from Noncapital Financing Activities	(120,298)	987,985
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(72,160)	(3,035,710)
Principal Payments on Long-Term Debt	-	(165,000)
Interest Payments on Long-Term Debt	-	(213,293)
Grants Received	-	20,534
Net Cash from Capital and Related Financing Activities	(72,160)	(3,393,469)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	-	1,724
Net Cash from Investing Activities	-	1,724
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(115,402)</b>	<b>(2,101,408)</b>
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<b>115,601</b>	<b>2,217,009</b>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b>\$ 199</b>	<b>\$ 115,601</b>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
COMMUNICATIONS FUND

For the Year Ended April 30, 2011  
(with comparative totals)

	2011	2010
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>(LOSS) TO NET CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (39,446)	\$ (24,389)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	33,898	302,464
Changes in Assets and Liabilities		
Accounts Receivable	43,287	(38,765)
Other Receivables	9,438	(9,000)
Prepaid Expenses	4,329	9,929
Inventory	19,694	33,160
Accounts Payable	(5,291)	30,280
Accrued Payroll	(405)	(1,245)
Compensated Absences	2,237	-
Other Payables	821	(82)
Net Pension Obligation	8,494	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 77,056</b>	<b>\$ 302,352</b>
<b>CASH AND INVESTMENTS</b>		
Cash and Investments	\$ 199	\$ 115,601
<b>NONCASH TRANSACTIONS</b>		
Transfer of Capital Assets	\$ (5,297,277)	\$ -

(See independent auditor's report.)

TECHNOLOGY CENTER FUND

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS  
TECHNOLOGY CENTER FUND

April 30, 2011

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CAPITAL ASSETS	
Depreciable - Plant in Service	\$ 5,040,952
Accumulated Depreciation	(403,923)
Nondepreciable	<u>519,453</u>
Net Capital Assets	<u>5,156,482</u>
CURRENT ASSETS	
Cash and Investments	43,935
Receivables	
Accounts	7,070
Due from Other Funds	<u>128,990</u>
Total Current Assets	<u>179,995</u>
NONCURRENT ASSETS	
Deferred Charges	<u>19,313</u>
Total Noncurrent Assets	<u>19,313</u>
TOTAL ASSETS	<u>\$ 5,355,790</u>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)  
TECHNOLOGY CENTER FUND

April 30, 2011

---

NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 491,482
Unrestricted (Deficit)	<u>(921,250)</u>
TOTAL NET ASSETS	<u>(429,768)</u>
LONG-TERM LIABILITIES	
Advance from Other Funds	949,835
Long-Term Debt, Net of Current Maturities General Obligation Debt Payable	<u>4,490,000</u>
Total Long-Term Liabilities	<u>5,439,835</u>
CURRENT LIABILITIES	
Accounts Payable	5,937
Accrued Interest Payable	164,786
General Obligation Debt Payable	<u>175,000</u>
Total Current Liabilities	<u>345,723</u>
Total Liabilities	<u>5,785,558</u>
TOTAL NET ASSETS AND LIABILITIES	<u>\$ 5,355,790</u>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
TECHNOLOGY CENTER FUND

For the Year Ended April 30, 2011

---

OPERATING REVENUES	
Charges for Services	
Telecommunications Leases	\$ 77,760
Commercial Fiber Leases	309,000
Internal Colocation Leases	<u>99,999</u>
Total Operating Revenues	<u>486,759</u>
OPERATING EXPENSES	
Operations	
Contractual Services	6,998
Commodities	61,424
Depreciation and Amortization	<u>143,151</u>
Total Operating Expenses	<u>211,573</u>
OPERATING INCOME	<u>275,186</u>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS (Continued)  
TECHNOLOGY CENTER FUND

For the Year Ended April 30, 2011

---

NONOPERATING REVENUES (EXPENSES)	
Investment Income	\$ 834
Interest Expense	<u>(208,321)</u>
Total Nonoperating Revenues (Expenses)	<u>(207,487)</u>
NET INCOME BEFORE TRANSFERS	<u>67,699</u>
TRANSFERS	
Transfer from Technology Center	<u>(497,467)</u>
Total Transfers	<u>(497,467)</u>
CHANGE IN NET ASSETS	(429,768)
NET ASSETS (DEFICIT), MAY 1	<u>-</u>
NET ASSETS (DEFICIT), APRIL 30	<u><u>\$ (429,768)</u></u>

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS  
TECHNOLOGY CENTER FUND

For the Year Ended April 30, 2011

---

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 479,689
Payments to Suppliers	<u>(62,487)</u>
Net Cash from Operating Activities	<u>417,202</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Repayment of Loans from Other Funds	(50,165)
Interest Paid on Interfund Loans	(8,000)
Transfers In	<u>62,875</u>
Net Cash from Noncapital Financing Activities	<u>4,710</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Assets Purchased	(2,356)
Principal Payments on Long-Term Debt	(170,000)
Interest Payments on Long-Term Debt	<u>(206,455)</u>
Net Cash from Capital and Related Financing Activities	<u>(378,811)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	<u>834</u>
Net Cash from Investing Activities	<u>834</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,935
CASH AND CASH EQUIVALENTS, MAY 1	<u>-</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 43,935</u></u>

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES  
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
TECHNOLOGY CENTER FUND

For the Year Ended April 30, 2011

---

RECONCILIATION OF OPERATING INCOME	
TO NET CASH FLOWS FROM	
OPERATING ACTIVITIES	
Operating Income	\$ 275,186
Adjustments to Reconcile Operating Income	
to Net Cash from Operating Activities	
Depreciation and Amortization	143,151
Changes in Assets and Liabilities	
Accounts Receivable	(7,070)
Accounts Payable	5,935
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 417,202</u>
CASH AND INVESTMENTS	
Cash and Investments	<u>\$ 43,935</u>
NONCASH TRANSACTIONS	
Transfer of capital assets	<u>\$ 5,297,277</u>

(See independent auditor's report.)