



Illinois Department of Transportation

Office of Quality Compliance & Review
2300 South Dirksen Parkway / Springfield, Illinois 62764

April 7, 2014

City of Rochelle
Mr. Bruce McKinney-City Clerk
420 N 6th Street
Rochelle, IL 61068

Dear Mr. McKinney:

Enclosed is a copy of Audit Report No. 02-068, covering the receipt and disbursement of Motor Fuel Tax funds by your City for the period beginning January 1, 2012 and ending December 31, 2012.

This report should be presented to the Board of Trustees at the first regular meeting after the receipt of this letter and then filed as a permanent record in your office.

Thank you for your assistance in this matter. If you have any questions or require additional information, please contact Roseanne Nance at 217-577-1762.

Sincerely,

A handwritten signature in blue ink that reads "WDW CPA CFE".

William D. Winberg, CPA, CFE
Chief, Financial Review & Investigation Section

WDW:RN:pk

Enclosure

cc: IDOT

Paul Loete, Deputy Director of Highways, Region 2 Engineer
James Nelson, BLRS-District 2 Engineer
Local Agency Auditee
Sam Tesreau, City Engineer
Chris Frye, Finance Director



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April 7, 2014

City of Rochelle
Mr. Bruce McKinney-City Clerk
420 N 6th Street
Rochelle, IL 61068

Subject: Motor Fuel Tax Audit for January 1, 2012 to December 31, 2012
Audit Report No.: 02-068

Dear Mr. McKinney:

We have completed an audit of the motor fuel tax records of City of Rochelle (City) for their Calendar year ended December 31, 2012.

The objective of our audit was to provide reasonable assurance the City used Motor Fuel Tax Funds in accordance with the Illinois Highway Code, 605 ILCS /5.

Auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. Auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

The management of the City is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of control procedures. Due to inherent limitations in any system of internal accounting control, errors or irregularities may never less occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

The purpose of our audit was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's use of Motor Fuel Tax funds.

City of Rochelle
April 7, 2014
Page Two

Our audit was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole and would not necessarily disclose all material weaknesses in the system; accordingly, we do not express an opinion on the system of internal accounting controls of the City.

OPINION

Based on our audit, it is our opinion that the City used its Motor Fuel Tax Funds in accordance with applicable requirements of the Illinois Highway Code.

If you have any questions, please contact me at 217-785-4593.



William D. Winberg, CPA, CFE
Chief, FRI Section

Supporting financial information has not been subjected to audit procedures in accordance with Government Accountability Office's Government Auditing Standards,

Therefore, no representation of accuracy is being made.



**Illinois Department
of Transportation**

Auditor's Comments

CITY OF ROCHELLE

Audit Report No. 68

Audit Period: Jan. 1, 2012 to Dec. 31, 2012

Purpose of Audit: To determine the status of Motor Fuel Tax Funds as of Dec. 31, 2012

The other receipts to the Motor Fuel Tax Fund were \$ 582,436.44 received as follows:

Interest 2012	\$	290.40
High Growth Cities Allotments	\$	7,999.00
IDOT EDP Grants	\$	533,222.04
Illinois Jobs Now! Capital Bill	\$	40,925.00
<u>Total received:</u>	\$	<u>582,436.44</u>

Scope of the Audit

All allotments and supplemental payments, sent by IDOT were compared to the MFT ledger and/or bank account(s). All receipts were verified, unless stated otherwise in this report. All disbursements were tested with the results analyzed on a spreadsheet. All cancelled checks were chosen to be tested to verify MFT Funds were paid to the vendors. All disbursements were reviewed to determine MFT eligibility, per State Statutes, and IDOT policy.

All project numbers (section) #'s listed on the "Summary of Motor Fuel Tax Fund Transactions By Section & Categories" page of the Audit were examined for proper appropriation, authorization & cost reporting. The Auditor verified that all finished projects, were supported by the required IDOT Forms, per the Bureau Of Local Roads Engineer & the Local Agency in the allotted time period. this report as they have occurred, to be resolved by the District Local Roads Engineer & the Local Agency in the allotted time period. A reconciliation has been made between the calculated ending balance of the Audit with cash assets on hand in bank accounts and/or as accounted for on the MFT ledger.

Claim documentation is excellent.

It should be noted that the City has made excellent progress in closing out old projects (section numbers).

The City uses a dedicated MFT cash holding account. Amounts are periodically transferred to a Capital Improvement Account. The C.I. cash account co-mingles the MFT Fund with other City Funds. This is acceptable only if the City maintains an adequate MFT ledger for the MFT portion of the co-mingled account. The City has met this condition.

The MFT Auditor strongly recommends keeping MFT Funds physically separated from other City Funds.

The MFT Auditor requests that all IDOT MFT funds & grants be deposited into the Illinois Funds account, and then be moved as needed. This will result in higher interest earned for the City, and a better Audit trail.

Final Reports agree with the Audit for:

93-00075-01-FP , 96-00081-00-FP , 99-00085-00-WR , 01-00090-00-PW , 02-00093-00-FP , 05-00096-00-FP

The following items require special attention and need to be completed by the City by October 1 2013:

Section # 05-00095-00-FP needs a Final Report.

The Auditor completed this form for the City to sign and return to IDOT - Dixon.

Section # 09-00106-00-RS needs a Final Report.

The Auditor completed this form for the City to sign and return to IDOT - Dixon.

The 2011 Maintenance Program needs a Resolution for \$239,415.20

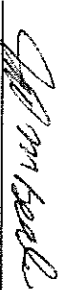
A Maintenance Expenditure Statement is also needed.

The Auditor completed these forms for the City to sign and return to IDOT - Dixon.

The Auditor gave copies of these forms to Mr. Sam Tesreau.

The Auditor wishes to thank Ms. Chris Fye and Mr. Samuel Tesreau, P.E. for their
outstanding courtesy and assistance extended during the Audit.

SIGNED



Auditor



**Illinois Department
of Transportation**

Fund Balance and Bank Reconciliation

CITY OF ROCHELLE

Audit Report No. 68

Audit Period Jan. 1, 2012 - Dec. 31, 2012

Date: July 15, 2013

Fund Balance	Unobligated	Obligated	Total	Outstanding Warrants
Balance Previous Audit	699,199.16	(438,306.07)	260,893.09	
Allotments	233,796.87	0.00	233,796.87	
Total MFT Funds	932,996.03	(438,306.07)	494,689.96	
Approved Authorizations	(1,057,726.81)	1,057,726.81	0.00	
Other Receipts		582,436.44	582,436.44	
Total	(124,730.78)	1,201,857.18	1,077,126.40	
Disbursements		915,850.48	915,850.48	
Surplus (Credits)	645,859.57	(645,859.57)	0.00	
Unexpended Balance	521,128.79	(359,852.87)	161,275.92	
Bank Reconciliation				
Balance in Fund per Bank Certificate Dec. 31, 2012			40,036.95	
Deduct Outstanding Warrants				
Add Outstanding Investments			121,238.97	
Additions				
Subtraction's				
Net Balance in Account Dec. 31, 2012			161,275.92	
			\$ -	\$ -

Certified Correct

[Signature]

Auditor



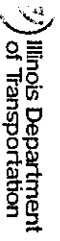
Summary of Motor Fuel Tax Fund Transactions
By Sections and Categories

CITY OF ROCHELLE

Audit Period: January 1, 2012 - December 31, 2012

Audit Report No. 68

Section	Balance Prev. Audit	Total Amount Authorized	Adjustments	Other Receipts	Total Funds Available	Total Disbursements	Surplus to Unobligated Balance (Credits)	Unexpended Balance	Prev. Accumulated Disbursements	Total Accumulated Disbursements	OTHER FUNDS
CONSTRUCTION					0.00			0.00			0.00
93-00075-01FP CONST	(373,948.79)	373,948.79			0.00			0.00	373,948.79	373,948.79	0.00
ROW	(27,561.24)	27,561.24			0.00			0.00	27,561.24	27,561.24	0.00
ENG	(16,172.20)	16,172.20			0.00			0.00	16,172.20	16,172.20	0.00
98-00081-00FP CONST	350,000.00	53,893.00			350,000.00		350,000.00	0.00	0.00	0.00	0.00
ENG	(26,946.50)				26,946.50		26,946.50	0.00	26,946.50	26,946.50	0.00
99-00085-00WR CONST	15,137.30				15,137.30		15,137.30	0.00	139,547.70	139,547.70	0.00
ENG	0.00				0.00		0.00	0.00	0.00	0.00	0.00
01-00090-00PW CONST	146,836.88				146,836.88		146,836.88	0.00	43,172.53	43,172.53	0.00
ENG	15,989.65				15,989.65		15,989.65	0.00	55,598.97	16,000.94	0.00
02-00093-00FP CONST	40,526.40				40,526.40		40,526.40	0.00	237,903.68	237,903.68	0.00
ENG	0.00				0.00		0.00	0.00	68,661.45	68,661.45	0.00
05-00095-00FP CON	0.00				0.00		0.00	0.00	1,950,057.50	1,950,057.50	0.00
ENG	0.00				0.00		0.00	0.00	21,642.50	0.00	0.00
05-00096-00FP CON	0.00				0.00		0.00	0.00	547,081.36	147,256.62	0.00
ENG	(3,354.68)	3,354.68			(3,354.68)		(3,354.68)	0.00	53,354.68	53,354.68	0.00
09-00106-00-RS CONST	(39,200.57)				(39,200.57)		(39,200.57)	0.00	39,200.57	39,200.57	0.00
ENG	0.00				0.00		0.00	0.00	0.00	0.00	0.00
11-00109-00-PV CONST	57,429.45			495,461.78	552,891.23	586,144.50		(33,253.27)	0.00	33,253.27	552,891.23
ENG	0.00			37,760.26	37,760.26	67,882.09		37,760.26	0.00	(37,760.26)	37,760.26
11-00110-00-FP CONST					0.00			(67,882.09)		67,882.09	0.00
ENG	0.00				0.00			0.00	0.00	0.00	0.00



Summary of Motor Fuel Tax Fund Transactions
By Sections and Categories

CITY OF ROCHELLE

Audit Period: January 1, 2012 - December 31, 2012

Audit Report No. 58

Section	Balance Audit	Prev. Audit	Total Amount Authorized	Adjustments	Other Receipts	Total Funds Available	Total Disbursements	Surplus to Unobligated Balance (Credits)	Unexpended Balance	Prev. Accumulated Disbursements	Total Accumulated Disbursements	OTHER FUNDS
MAINTENANCE	0.00					0.00			0.00			
08-00000-00-GM MTN						0.00		0.24	0.00	757,238.04	757,238.04	0.00
ENG						0.00			0.00	143.10	143.10	
09-00000-00-GM MTN	0.24					0.24			0.24	162,756.96	162,756.96	
ENG	0.00					0.00			0.00	187.00	187.00	
10-00000-00-GM MTN	(21,056.40)					(21,056.40)			(21,056.40)	332,944.22	332,944.22	
ENG	0.00					0.00			0.00	0.00	0.00	
11-00000-00-GM MTN	(207,482.21)					(207,482.21)	31,932.99		(239,415.20)	207,482.21	239,415.20	
ENG	0.00		232,796.90			0.00	229,890.90		2,906.00	0.00	229,890.90	
ENG	0.00					0.00			0.00	0.00	0.00	
ILLINOIS JOBS NOW!	0.00					0.00			0.00	0.00	0.00	
SUPPLEMENTAL	0.00					0.00			0.00	0.00	0.00	
ALLOTMENT	0.00					0.00			0.00	0.00	0.00	
FY 13	0.00				40,925.00	40,925.00		40,925.00	0.00	0.00	0.00	
	0.00					0.00			0.00	0.00	0.00	
	0.00					0.00			0.00	0.00	0.00	
INTEREST EARNED	0.00					0.00			0.00	0.00	0.00	
2010	1,171.88					1,171.88		1,171.88	0.00	0.00	0.00	
2011	326.72					326.72		326.72	0.00	0.00	0.00	
2012	0.00				290.40	290.40		290.40	0.00	0.00	0.00	
High Growth Allotment	0.00					0.00			0.00	0.00	0.00	
FY 12	0.00				4,000.00	4,000.00		4,000.00	0.00	0.00	0.00	
FY 13	0.00				3,999.00	3,999.00		3,999.00	0.00	0.00	0.00	
Auditor's Adjustment	0.00		350,000.00			0.00			0.00	0.00	0.00	
11-00000-03-AA	(350,000.00)					0.00			0.00	0.00	0.00	
	0.00					0.00			0.00	0.00	0.00	
						0.00			0.00	0.00	0.00	
						0.00			0.00	0.00	0.00	
TOTALS	(438,306.07)		1,057,726.81	0.00	582,436.44	1,201,857.18	915,850.48	645,859.57	(359,852.87)	5,061,601.20	2,978,677.42	