

City of Rochelle, Illinois

Comprehensive Annual Financial Report
For the Year Ended
December 31, 2018



Prepared by:
Finance Department

Chris Cardott
Finance Director

CITY OF ROCHELLE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2018

Prepared by
Finance Department

Chris Cardott
Finance Director

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CITY OF ROCHELLE, ILLINOIS

List of Elected and Appointed Officers and Officials

December 31, 2018

Mayor

Chet Olson

City Council

Don Burke

John Bearrows

Bil Hayes

Kathryn Shaw-Dickey

Dan McDermott

Tom McDermott

City Clerk

Sue Messer

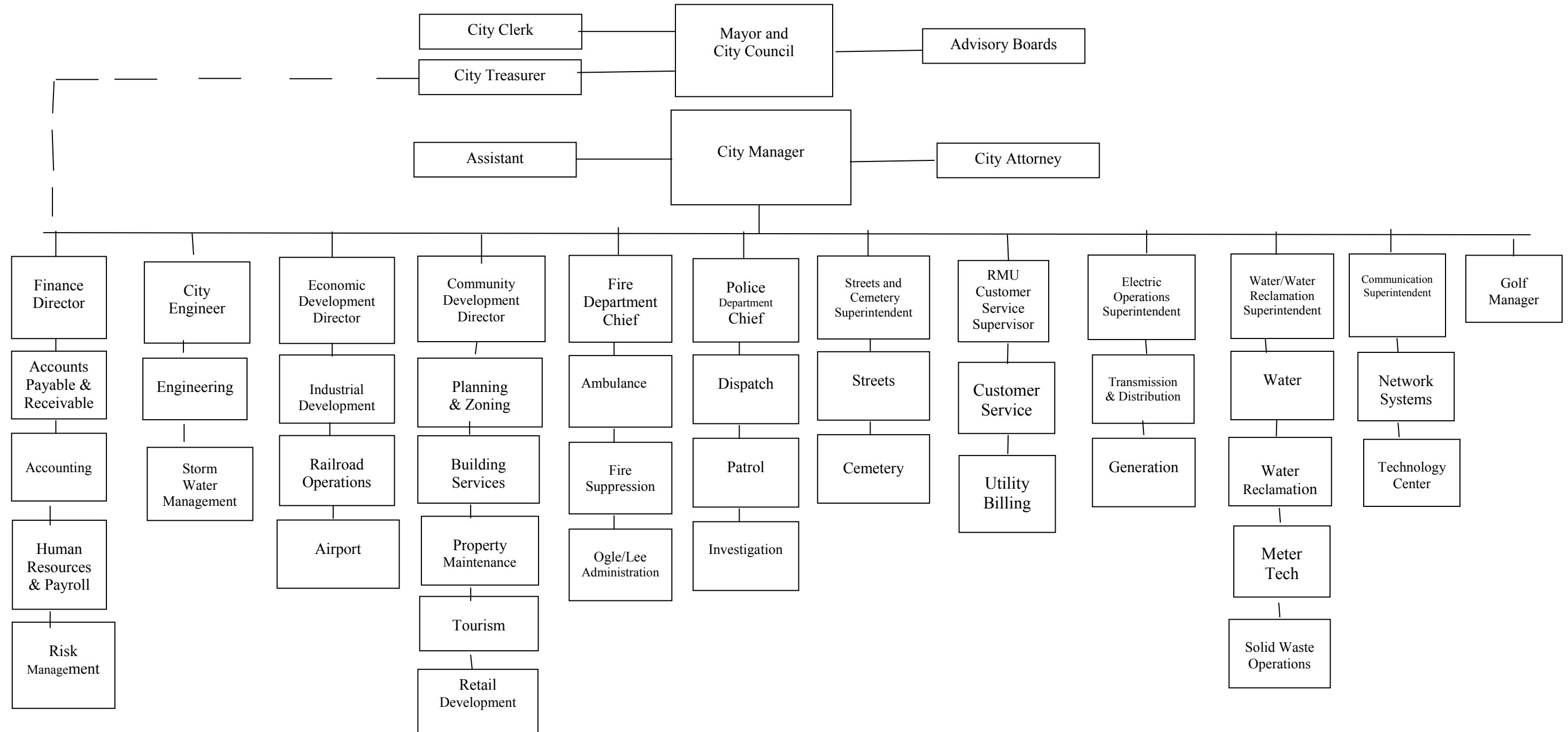
City Manager

Jeff Fiegenschuh

Finance Director

Chris Cardott

CITY OF ROCHELLE
Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rochelle
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



July 16, 2019

Mayor John Bearrows & Rochelle City Council
Citizens of Rochelle

Submitted for your review and consideration is the Comprehensive Annual Financial Report (CAFR) of the City of Rochelle, for the calendar year ended December 31, 2018. Illinois State Statute requires that municipal governments, following the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report was prepared by the City's Administrative Services Department and is issued by the City of Rochelle in response to this requirement.

We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and capital assets of the City. All disclosures needed to enable the reader to understand the City's financial activities have been included. The organization and content of the report follows the standards for annual financial reporting promulgated by the Governmental Accounting Standards Board (GASB).

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework to protect the assets of the City and to compile sufficiently reliable information for the preparation of the City of Rochelle's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control framework has been designated to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Rochelle for the calendar year ended December 31, 2018, are free from material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation.

The independent auditors concluded, based on their audit procedures, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the calendar year ended December 31, 2018, are presented fairly and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board Statement Number 34 requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF ROCHELLE

The City of Rochelle, a non-home rule community as defined by the Illinois Constitution, was founded in 1853 and is located 80 miles west of Chicago, with quick access to state and interstate highways. Population as reported by the 2010 census is 9,491. The total population decreased 3.2% between 2010 and 2016 but is projected to increase 3.0% between 2016 and 2021. The fastest-growing age group in Rochelle was those 65 years of age and older. The median age in Rochelle (36.3) was lower than in Ogle County (41.1). The City of Rochelle is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done as economic development warrants.

The employment sectors with the largest share of employment for Rochelle residents included manufacturing, health care, and social assistance. The employment sectors with the highest projected growth in Rochelle are retail trade and transportation/warehousing.

The City of Rochelle operates under the Council-Manager form of government that was approved by public referendum in 1994. This form of government combines the strong political leadership of elected officials with the strong managerial experience of an appointed city manager. All power and authority to set policy rests with an elected governing body which includes a mayor or chairperson and members of the council. The governing body hires a nonpartisan manager who has very broad authority to run the organization in a transparent, responsive, and accountable structure. The City Manager prepares a budget for the Council's consideration; recruits, hires, terminates, and supervises government staff; serves as the Council's chief advisor; and carries out the Council's policies and the City's adopted Strategic Plan and Performance Measures.

Rochelle Municipal Utilities (RMU) (circa 1896) provides reliable and cost-effective electric, water, water reclamation, and advanced communication services. The Rochelle Municipal Airport and City Industrial Short Line Railroad (CIR) are additional enterprises. Beyond these general activities, the Police and Fire Pension Plans have also been included in the reporting entity in accordance with GAAP.

The City Council is required to adopt an initial budget for the calendar year no later than December 31 preceding the beginning of the calendar year on January 1. This annual budget together with the Strategic Plan serve as the foundation for the City's financial plan and organizational strategy. The budget is prepared by fund and department. Department heads may transfer resources within a department as they deem necessary. The City Manager may transfer resources between departments; however, transfers between funds require approval by the City Council.

MISSION, VISION, AND GOALS

Mission. To provide a safe, connected and innovative community with professional, personalized and impartial services.

Vision. A vibrant community where all can thrive.

Values. The City of Rochelle's Strategic Plan is guided by three fundamental elements: our mission, our vision, and our core values. Our Mission Statement is based on the principles of high quality and continuous improvement. Our Vision Statement presents a compelling future toward which our Strategic Plan is directed. Both our mission and our vision are founded on the following basic values that guide all our actions and that reflect what we expect from our employees and elected officials. Single words are used to further explain our commitments.

Economic and Business Development means we create a simplified range of opportunities for all types of business recruitment and retention. We value strong collaborations with elected officials and regional economic development organizations to promote and market the region for industrial and commercial growth. (Capable, Business-friendly, Growing, Intentional)

Financial Management and Stability means we believe integrity, fiscal responsibility, and the prudent stewardship of public funds is essential for citizen confidence in government. We are committed to attainable performance measures based on a secure strategic plan. (Transparent, Stable, Accountable, Stewards)

Community Inclusivity and Engagement means we value the cultural and social diversity that is reflected in our community. We welcome the changes and new perspectives that this diversity brings. (Individuals, Respectful, Compassionate, Ethical)

Infrastructure Effectiveness and Improvement means we provide a maintained and reliable infrastructure for all members of the community while continuing to find innovative ways to improve the delivery of services. (Affordable, Local, Sustainable, Strategic Planners)

Core Service Delivery means we encourage employees to exercise independent judgment in meeting customer needs through professional behavior. We support continuing education and training for all staff members. (Proactive, Servants, Best Practices, Dedicated) To achieve these goals department-wide performance measures are in the process of being created in 2019.

MAJOR CITY INITIATIVES

The City staff, following specific directives from the City Council and City Manager, has been involved in a variety of projects and initiatives throughout the 2018 Calendar Year. The most significant of these projects and initiatives are identified below:

Strategic Priorities. The City of Rochelle engaged the Center for Governmental Studies (CGS) at Northern Illinois University (NIU) to facilitate a strategic planning process and workshop with Council and senior staff. Prior to the workshop sessions, several community stakeholder focus groups were held to gather input on their vision for Rochelle to lay the foundation for executive-level planning. Five Strategic Priority Areas were adopted: Economic and Business Development, Financial Management and Stability, Community Inclusivity and Engagement, and Core Service Delivery which became the City's values.

Strategic Goals. Another outcome of the process was the creation of key organizational goals helping ensure that employees and other stakeholders are working toward common strategic priorities. Participants were asked to classify a list of goals according to a matrix model of time and complexity. The goals were classified as short or long-term and as complex or routine. In total the group developed 13 short-term routine goals, 5 short-term complex goals, 5 long-term routine goals, and 13 long-term complex goals. Following the classification exercise, the Council was asked to delineate, via an online ranking exercise, which goals should be given a higher priority than others. The top goals based on the Council's average scores from each category represent the most important strategic goals or priority areas for the Council and staff to address in the next 2-7 years.

Sale of Transmission Assets to NextEra Energy Transmission (NEET). Rochelle Municipal Utilities (RMU) and NextEra Energy Transmission (NEET) have created a partnership that is expected to enhance the transmission of electricity to residents, businesses, and industries within the RMU service territory. Through a competitive bidding process, NextEra Energy Transmission was selected as the best entity to enter the sale with RMU of approximately 20 miles of 138 kV transmission lines and an associated substation. After the sale agreement was completed, Commonwealth Edison (ComEd) intervened to block the deal. ComEd's action has delayed the close of the transaction. After testimony by city officials and community stakeholders before Illinois House and Senate Committees, the sale is now in the hands of the Illinois Commerce Commission.

Radium. Radium levels exceeding the standard limit set by the Illinois Environmental Protection Agency (IEPA) is an ongoing issue in Rochelle. Recently, Rochelle Municipal Utilities (RMU) constructed the City's first radium removal plant at Well 11. The \$2.7 million plant is the culmination of a two-year project to rid Rochelle's water supply of excess radium. The plant utilizes state-of-the-art technology and supervisory control and data acquisition (SCADA) safety measures to communicate to plant operators electronically and to immediately alert staff of any potential problems. The project was financed through the low-interest Illinois Environmental Protection Agency Loan Program which offered forgiveness of \$500,000 of the project.

The City contracted with Illinois State University to conduct a research study to evaluate groundwater in the community.

Infrastructure Improvements. The City of Rochelle extended \$4.5 million of general obligation bonds to fund top infrastructure projects throughout the community. The transaction did not affect property tax rates as the bond payment is tied to sale tax revenues. The City was able to take advantage of a low interest rate of 3.5%. Improvements include but are not limited to 2nd Avenue street urbanization and drainage improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, general street improvements including curb and gutter, stormwater, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees.

Automated Industrial Expansion. Americold, the global leader in temperature-controlled warehousing and logistics to the foods industry, broke ground at its Rochelle campus for a new 15.5 million cubic foot automated facility to network and further increase its worldwide capacity. This addition will bring 57,600 more pallet positions and extensive German automation storage and retrieval capabilities boosting available capacity for Americold's customers in the Chicago, Illinois market.

Downtown Redevelopment. The City is committed to upgrading street lights, wayfinding, utilities, and infrastructure in anticipation of new downtown commercial and retail growth. Private development is occurring with the opening of the largest craft distillery and brewery in Illinois, a quaint artists' boutique, and a yoga/wellness studio. Several properties have been purchased or are under contract by local developers and entrepreneurs. A Tax Increment Financing (TIF) District was created and a Historic District designation received to help incentivize private sector growth.

Inclusivity. With the launch of the City's new website, a tool was added for ease in translation into multiple languages. Using Google Translate, the site may be translated into over 100 different languages. The City Clerk's Office remodified the municipal codebook through MuniCode, a service that publishes legal documents for municipalities throughout the U.S. The codebook also includes a search feature which makes finding specific areas of the codebook easy for visitors to the site. 24.3% of the population in Rochelle is recognized as Hispanic/Latino.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment in which the City operates.

Local Economy. Rochelle, Illinois is home to several Fortune 500 Companies (Walmart, Allstate, Tyson Foods, CHS, Union Pacific, NextEra Energy, Aramark, ConAgra Brands, Hormel Foods, Murphy USA, Frontier Communications, Edward Jones Financial, Casey's General Store, TreeHouse Foods, Northern Trust, etc.), two hydroponic greenhouses (MightyVine and BrightFarms), industries, commercial, retail, and small entrepreneurial businesses, and a variety of community not-for-profits. The City of Rochelle boasts a rich transportation, cold storage and food distribution heritage; two Class 1 Railroads (Union Pacific and Burlington Northern Santa Fe); Union Pacific Global III, two Interstates (I-39 and I-88); two State Highways (Routes 38 and 251); its own Short Line Railroad – City Industrial Rail (CIR); and Rochelle Municipal Airport (Koritz Field).

Over \$1.5B of capital investment has been made in Rochelle since 1989; \$60M in public infrastructure improvements, 6M square feet of industrial space added, a 1,000-acre industrial park, 15 new industries, and well over 2,500 jobs have been created. National commercial and retail development is on the rise at the northern and southern gateways.

Pension and Other Post-Employment Benefits. The City of Rochelle recognizes that increased annual pension obligations are a major factor affecting financial condition. That additional expense would cause a reduction in critical services to the citizens. To address this issue, the City researched offering pension obligation bonds to fully fund the unfunded liabilities and presented that to the City Council. Council acknowledged that pension obligations are a major factor that affects the City finances and the property tax rate but did not approve the issuance of the bonds. City staff will look for other ways such as allocating General Fund revenues and gaming revenue to pay down the unfunded liability. The city relies on allocations of Local Government Distributive Fund (LGDF) from the State of Illinois. Income tax, use tax, and motor fuel tax is allocated on a per capita basis. With citizens moving out of Illinois and the possibility of a lower 2020 census, the City may see a reduction in these General Services revenues. The City has implemented an early separation incentive to reduce salary and benefit cost. To date, nine employees have taken advantage of this program while many of those positions have been absorbed by existing staff.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The Standard and Poor's Bond Rating for the City of Rochelle is A+ with an AA rating with insurance.

Acknowledgements. The preparation of this report was a team effort and could not have been accomplished without the efficient and dedicated services of the entire Finance Team. We would like to express our appreciation to members of the Finance Department who assisted and contributed to the preparation of this report.

On behalf of the Finance Department, we would like to thank the Mayor and City Council and TEAM Rochelle for their commitment to addressing the financial and infrastructure challenges facing this community.

Submitted by:



Jeff Fiegenschuh
City Manager



Chris Cardott
Finance Director

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SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois (the City) as of and for the year ended December 31, 2018 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 13 to the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
July 15, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Rochelle offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2018. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Rochelle exceeded its liabilities and deferred inflows of resources by \$142,699,539 (net position). Of this amount, \$5,091,999 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$17,886,341 is restricted for specific purposes (restricted net position), and \$119,721,199 is the net investment in capital assets.
- The City's total net position increased by \$6,304,583. Governmental activities net position increased by \$2,881,912, while business-type net position increased by \$3,422,671.
- The increase in net position for governmental activities of \$2,881,912 is primarily due to an accumulation of funds restricted for future capital projects.
- On December 31, 2018, the City's governmental funds reported combined fund balances of \$13,901,919, an increase of \$6,841,111 from December 31, 2017. Unassigned fund balance was \$2,343,534 at year end.
- Revenues for the governmental activities increased from the previous year by 24%. Expenses increased by 23%. The increases were due to grant funding for capital projects.
- The assets and deferred outflows of resources of the Electric Utility exceed its liabilities and deferred inflows of resources by \$47,299,398 (net position). Of this amount, \$10,540,860 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$8,009,471 is restricted for debt service (restricted net position), and \$28,749,067 is the net investment in capital assets.
- The assets and deferred outflows of resources of the Water and Water Reclamation Utility exceeded its liabilities and deferred inflows of resources by \$41,884,032 (net position). Of this amount, \$7,813,274 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$555,194 is restricted for debt service (restricted net position), and \$33,515,564 is the net investment in capital assets.
- Operating revenues for the Electric Utility did not change significantly while expenses were down 3%. The decrease in expenses are due to a lower purchase power cost.
- Operating revenues for the Water and Water Reclamation Utility were flat, while operating expenses were up 21%. The increase in is due to higher materials and supplies expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and railroad fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget as well as information concerning the City's funding of pension benefit obligations to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

**Table 1
Condensed Statements of Net Position**

| | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 |
|-------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Governmental Activities | Business-type Activities | Business-type Activities | Total | Total |
| Current Assets | \$ 18,907,635 | \$ 10,774,967 | \$ 35,106,008 | \$ 32,193,139 | \$ 54,013,643 | \$ 42,968,106 |
| Capital Assets | 53,237,806 | 51,171,529 | 92,801,096 | 90,983,062 | 146,038,902 | 142,154,591 |
| Total Assets | <u>72,145,441</u> | <u>65,428,559</u> | <u>127,907,104</u> | <u>125,169,241</u> | <u>200,052,545</u> | <u>190,597,800</u> |
| Deferred Outflows of Resources | <u>4,677,316</u> | <u>3,482,063</u> | <u>982,332</u> | <u>1,993,040</u> | <u>5,659,648</u> | <u>5,475,103</u> |
| Long-term Liabilities | 23,890,638 | 17,939,144 | 26,197,243 | 27,576,882 | 50,087,881 | 45,516,026 |
| Other Liabilities | <u>2,464,794</u> | <u>1,054,789</u> | <u>4,026,599</u> | <u>4,022,489</u> | <u>6,491,393</u> | <u>5,077,278</u> |
| Total Liabilities | <u>26,355,432</u> | <u>22,526,732</u> | <u>30,223,842</u> | <u>31,676,112</u> | <u>56,579,274</u> | <u>54,202,844</u> |
| Deferred Inflows of Resources | <u>4,683,586</u> | <u>3,532,799</u> | <u>1,749,794</u> | <u>76,741</u> | <u>6,433,380</u> | <u>3,609,540</u> |
| Net investment in capital assets | 51,569,571 | 49,454,386 | 68,151,628 | 66,624,091 | 119,721,199 | 116,078,477 |
| Restricted | 9,321,676 | 3,603,895 | 8,564,665 | 7,581,483 | 17,886,341 | 11,185,378 |
| Unrestricted (Deficit) | <u>(15,107,508)</u> | <u>(10,156,454)</u> | <u>20,199,507</u> | <u>19,287,555</u> | <u>5,091,999</u> | <u>9,131,101</u> |
| Total Net Position | <u>\$ 45,783,739</u> | <u>\$ 42,901,827</u> | <u>\$ 96,915,800</u> | <u>\$ 93,493,129</u> | <u>\$ 142,699,539</u> | <u>\$ 136,394,956</u> |

The largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (3%) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the City as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY (cont.)

**Table 2
Condensed Statement of Activities**

| | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 |
|------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| | Governmental | Governmental | Business-type | Business-type | 12/31/18 | 12/31/17 |
| | Activities | Activities | Activities | Activities | Total | Total |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 3,864,313 | \$ 3,611,337 | \$ 47,628,254 | \$ 47,568,357 | \$ 51,533,305 | \$ 51,179,694 |
| Operating Grants and contributions | 383,263 | 354,304 | - | - | 383,263 | 354,304 |
| Capital Grants and Contributions | 1,788,889 | 5,606 | 905,050 | 1,881 | 2,693,939 | 7,487 |
| General Revenues | | | | | | |
| Property Taxes | 3,455,154 | 3,376,985 | 19,287 | 61,739 | 3,474,441 | 3,438,724 |
| Other Taxes | 5,474,579 | 5,051,688 | - | - | 5,474,579 | 5,051,688 |
| Other | 795,007 | 189,631 | 551,929 | 450,140 | 1,346,936 | 189,631 |
| Total Revenues | <u>15,761,205</u> | <u>12,589,551</u> | <u>49,104,520</u> | <u>48,082,117</u> | <u>64,865,725</u> | <u>60,671,668</u> |
| Expenses: | | | | | | |
| General Government | 2,625,102 | 2,223,886 | - | - | 2,625,102 | 2,223,886 |
| Public Safety | 7,114,566 | 6,178,925 | - | - | 7,114,566 | 6,178,925 |
| Public Works | 3,890,595 | 3,476,945 | - | - | 3,890,595 | 3,476,945 |
| Conservation and Development | 657,933 | 726,054 | - | - | 657,933 | 726,054 |
| Public Service Enterprises | 230,942 | 119,565 | - | - | 230,942 | 119,565 |
| Landfill | - | - | 379,612 | 567,450 | 379,612 | 567,450 |
| Airport | - | - | 641,746 | 583,104 | 641,746 | 583,104 |
| Electric | - | - | 35,119,696 | 36,247,916 | 35,119,696 | 36,247,916 |
| Water and Water Reclamation | - | - | 5,624,050 | 4,682,269 | 5,624,050 | 4,682,269 |
| Communications | - | - | - | - | - | - |
| Technology Center | - | - | 1,149,385 | 1,184,320 | 1,149,385 | 1,184,320 |
| Interest and Fiscal Charges | 141,853 | 134,347 | - | - | 141,853 | 134,347 |
| Total Expenses | <u>14,660,991</u> | <u>12,859,722</u> | <u>42,914,489</u> | <u>43,265,059</u> | <u>57,575,480</u> | <u>56,124,781</u> |
| Income (Loss) Before Transfers | 1,110,214 | (270,171) | 6,190,031 | 4,817,058 | 7,330,983 | 4,546,887 |
| Transfers | <u>2,076,297</u> | <u>2,353,969</u> | <u>(2,076,297)</u> | <u>(2,353,969)</u> | <u>-</u> | <u>-</u> |
| Changes in Net Position | <u>3,176,511</u> | <u>2,083,798</u> | <u>4,113,734</u> | <u>2,463,089</u> | <u>7,330,983</u> | <u>4,546,887</u> |
| Net Position, January 1 | 42,901,827 | 41,195,552 | 93,493,129 | 91,687,111 | 136,394,956 | 132,882,663 |
| Prior Period Adjustment | (294,599) | (377,523) | (691,063) | (657,071) | (985,662) | (1,034,594) |
| Net Position, January 1, Restated | <u>42,607,228</u> | <u>40,818,029</u> | <u>92,802,066</u> | <u>91,030,040</u> | <u>135,409,294</u> | <u>131,848,069</u> |
| Net Position, December 31 | <u>45,783,739</u> | <u>42,901,827</u> | <u>96,915,800</u> | <u>93,493,129</u> | <u>142,740,277</u> | <u>136,394,956</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As previously noted, the Condensed Statements of Net Position (Table 1) shows the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Condensed Statement of Activities as shown above in Table 2.

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by \$3,176,511. This increase is primarily a result of the following item:

- Grant funds for South Main Street project.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$4,113,734. This increase is primarily a result of the following items:

- Stable purchase power costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2018, the City's governmental funds reported combined fund balances of \$13,901,919. Approximately 33% of this amount, \$4,521,985, constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$9,379,934 is nonspendable in form (prepaid items), restricted or assigned for various capital improvements, tourism/employee benefits, and other specific purposes.

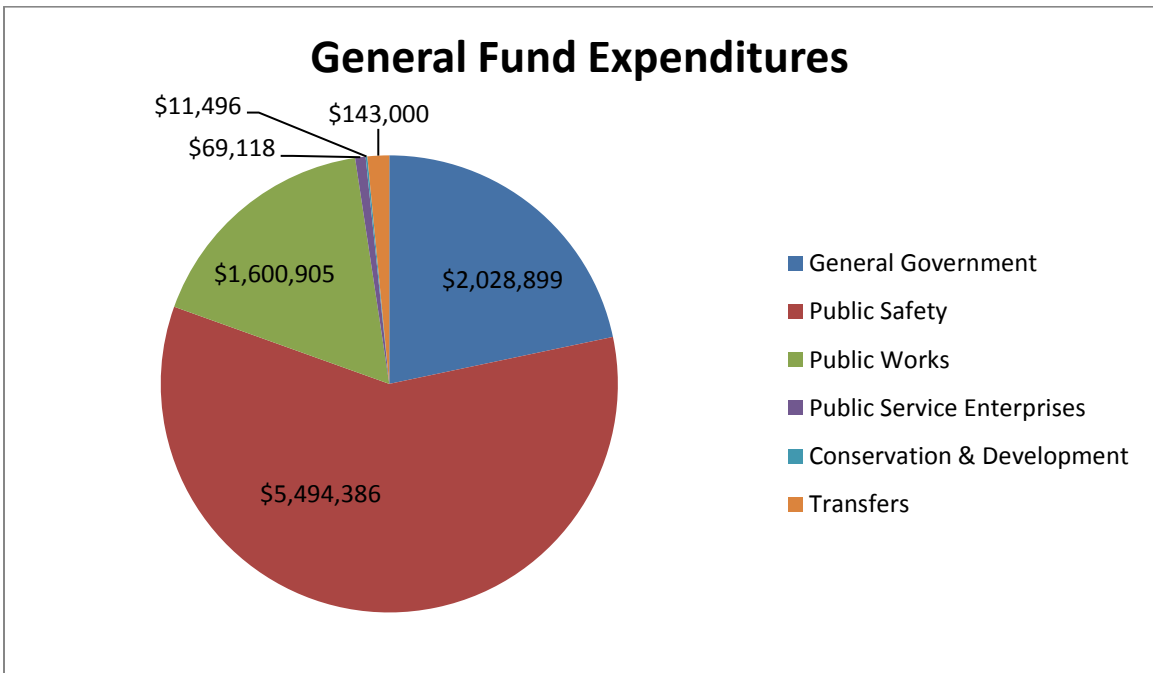
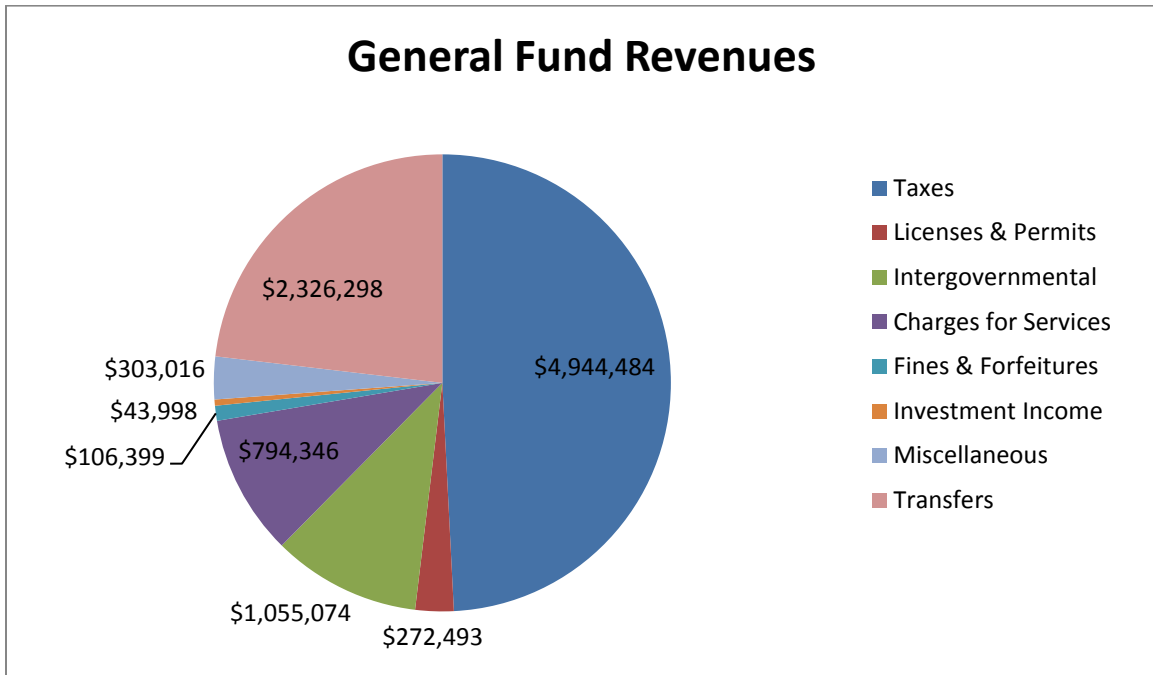
General Fund

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$675,767. Unrestricted, unassigned fund balance increased \$654,816. The increase is attributable primarily to higher than anticipated taxes while expenditures came in slightly under budgeted amounts.

Railroad Fund

Fund balance in the railroad fund decreased by \$77,052, which included a planned drawdown of fund balance for ongoing capital projects.

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



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

GOVERNMENTAL FUNDS (cont.)

Non-major Governmental Funds

Fund balance of all other governmental funds is \$9,295,504, of which all but \$13,581 (nonspendable prepaid items) and \$303,391 (unassigned deficit) are restricted or assigned for future projects and expenditures.

Proprietary Funds

The City of Rochelle's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities. The City's three major enterprise funds include electric, water and and technology center. The total net position of the electric fund is \$47,299,398. Of that, \$8,009,471 is restricted for debt service and \$28,749,067 is the net investment of capital assets. The water and water reclamation net position is \$41,884,032. That includes \$555,194 restricted for debt service and \$33,515,564 for the net investment in capital assets. The net position of the technology center is \$558,667 and includes \$2,033,006 for the net investment in capital assets. Additional information on the major proprietary funds is as follows:

Electric Operations

Electric operations increased the 2018 utility's net position by \$2,342,284. This increase is primarily a result of the following items:

- Stability of purchased power costs
- Continuation of the 5kV conversion
- Increase of FERC tariff revenue stream

Water/Water Reclamation Operations

Water/Water Reclamation operations increased the 2018 utility's net position by \$1,108,281. This increase is primarily a result of the following items:

- Construction of a radium removal plant
- Improvements at the wastewater treatment plant
- Sewer lining project

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Technology Center

Technology Center and Communication operations increased the 2018 utility's net position by \$247,317. This decrease is the result of the following item:

- Increase in fiber customers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget had total appropriations of \$9,467,566. Actual expenditures, including transfers out were \$9,347,804, resulting in a \$119,762 favorable variance.

Total revenues and other sources were \$10,023,571, \$486,434 higher than the final budget.

CAPITAL ASSETS

**Table 3
Capital Assets**

| | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 | 12/31/18 | 12/31/17 |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Governmental | Governmental | Business-type | Business-type | 12/31/18 | 12/31/17 |
| | Activities | Activities | Activities | Activities | Total | Total |
| Construction in progress | \$ 3,553,712 | \$ 1,069,680 | \$ 12,078,234 | \$ 7,249,094 | \$ 15,631,946 | \$ 8,318,774 |
| Land and other assets not being depreciated | 6,264,134 | 5,552,030 | 3,397,940 | 3,397,940 | 9,662,074 | 8,949,970 |
| Buildings and improvements | 3,384,315 | 3,437,697 | 7,261,376 | 7,260,948 | 10,645,691 | 10,698,645 |
| Machinery and equipment | 8,164,893 | 8,072,233 | 10,784,817 | 10,766,577 | 18,949,710 | 18,838,810 |
| Infrastructure and utility plant | 64,364,556 | 63,719,464 | 150,113,872 | 148,081,785 | 214,478,428 | 211,801,249 |
| Total Capital Assets | 85,731,610 | 81,851,104 | 183,636,239 | 176,756,344 | 269,367,849 | 258,607,448 |
| Less: Accumulated Depreciation | (32,493,804) | (30,679,575) | (90,835,143) | (85,773,282) | (123,328,947) | (116,452,857) |
| Net Capital Assets | \$ 53,237,806 | \$ 51,171,529 | \$ 92,801,096 | \$ 90,983,062 | \$ 146,038,902 | \$ 142,154,591 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS (cont.)

At the end fiscal year 2018, the City had invested a total of \$142,154,591 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

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

- Improvements to City sidewalks, streets, and alleys
- General system upgrades and extensions to electric, water, and waste water
- Continuation of the 5kV conversion
- Wastewater treatment plant upgrades
- Construction of a radium removal plant
- Extension of the rail system

See note 3 on pages 37-38 for more information on the City's capital assets.

LONG-TERM DEBT

At December 31, 2018, the City had business-type activities debt including \$26,197,243 of long-term debt outstanding. \$13,895,000 of this is revenue debt, \$6,394,567 is IEPA loans, \$3,075,000 is debt certificates, \$550,000 is a general obligation bond, and \$2,282,676 of other long-term debt (net pension liability, unamortized premium, and compensated absences). The City also has governmental activities debt outstanding of \$23,890,638. The amount of \$8,312,793 is in the form of general obligation tax increment financing bond, installment purchase contract, and debt certificates, while \$15,577,845 is made up of net pension liabilities, unamortized premium, compensated absences, and the net other postemployment benefit obligation. The debt is payable either through the City's enterprise funds/business type activities, the TIF, or tax levy. See notes 4-6 on pages 38-44 for more information on the City's long-term debt.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2019 City budget. None of these conditions are anticipated to significantly change the overall financial position of the City.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Rochelle, Chris Cardott, Finance Director, 420 N. 6th St., Rochelle, IL 61068 or e-mail ccardott@rochelleil.us.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2018

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------|
| ASSETS | | | |
| Cash and Investments | \$ 12,471,483 | \$ 18,326,395 | \$ 30,797,878 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | |
| Property Taxes | 2,637,789 | 61,146 | 2,698,935 |
| Accounts | 926,867 | 5,760,990 | 6,687,857 |
| Accrued Interest | - | 378 | 378 |
| Other | 61,270 | 191,685 | 252,955 |
| Prepaid Expenses | 27,880 | 12,328 | 40,208 |
| Deposits | - | 300,000 | 300,000 |
| Due from Other Governments | 2,821,937 | 293,981 | 3,115,918 |
| Due to/from Other Funds | (39,591) | 39,591 | - |
| Inventory | - | 1,299,941 | 1,299,941 |
| Restricted Assets | | | |
| Restricted Cash and Investments | - | 8,564,665 | 8,564,665 |
| Cash Held at Paying Agent | - | 48,953 | 48,953 |
| Special Assessments | - | 205,955 | 205,955 |
| Capital Assets | | | |
| Not Depreciated | 9,817,846 | 15,476,174 | 25,294,020 |
| Depreciated (Net of Accumulated Depreciation) | 43,419,960 | 77,324,922 | 120,744,882 |
| Total Assets | 72,145,441 | 127,907,104 | 200,052,545 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Items | 4,677,316 | 625,110 | 5,302,426 |
| Unamortized Loss on Refunding | - | 357,222 | 357,222 |
| Total Deferred Outflows of Resources | 4,677,316 | 982,332 | 5,659,648 |
| Total Assets and Deferred Outflows of Resources | 76,822,757 | 128,889,436 | 205,712,193 |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2018

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| LIABILITIES | | | |
| Accounts Payable | \$ 1,925,539 | \$ 3,752,795 | \$ 5,678,334 |
| Accrued Payroll | 409,706 | 13,743 | 423,449 |
| Accrued Interest Payable | 24,537 | 113,174 | 137,711 |
| Other Payables | - | 82,366 | 82,366 |
| Deposits Payable | 89,173 | 64,521 | 153,694 |
| Unearned Revenue | 15,839 | - | 15,839 |
| Long-Term Liabilities | | | |
| Due Within One Year | 697,491 | 1,451,392 | 2,148,883 |
| Due in More than One Year | 23,193,147 | 24,745,851 | 47,938,998 |
| Total Liabilities | 26,355,432 | 30,223,842 | 56,579,274 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Items | 2,034,763 | 1,673,092 | 3,707,855 |
| OPEB Items | 11,034 | 15,556 | 26,590 |
| Deferred Property Taxes | 2,637,789 | 61,146 | 2,698,935 |
| Total Deferred Inflows of Resources | 4,683,586 | 1,749,794 | 6,433,380 |
| Total Liabilities and Deferred Inflows of Resources | 31,039,018 | 31,973,636 | 63,012,654 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 51,569,571 | 68,151,628 | 119,721,199 |
| Restricted for | | | |
| Audit | 3,662 | - | 3,662 |
| Maintenance of Roadways | 586,421 | - | 586,421 |
| Tourism | 174,498 | - | 174,498 |
| Employee Retirement | 30,475 | - | 30,475 |
| Capital Improvements | 7,773,430 | - | 7,773,430 |
| Economic Development | 579,373 | - | 579,373 |
| Public Safety | 55,262 | - | 55,262 |
| Cemetery | 118,555 | - | 118,555 |
| Debt Service | - | 8,564,665 | 8,564,665 |
| Unrestricted (Deficit) | (15,107,508) | 20,199,507 | 5,091,999 |
| TOTAL NET POSITION | \$ 45,783,739 | \$ 96,915,800 | \$ 142,699,539 |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General Government | \$ 2,625,102 | \$ 2,536,084 | \$ - | \$ - |
| Public Safety | 7,114,566 | 690,712 | - | - |
| Public Works | 3,890,595 | 423,402 | 383,263 | 1,788,889 |
| Public Service Enterprises | 230,942 | 48,720 | - | - |
| Conservation and Development | 657,933 | 165,395 | - | - |
| Interest | 141,853 | - | - | - |
| Total Governmental Activities | 14,660,991 | 3,864,313 | 383,263 | 1,788,889 |
| Business-Type Activities | | | | |
| Electric | 35,119,696 | 39,026,749 | - | - |
| Water and Water Reclamation | 5,624,050 | 6,183,478 | - | 724,344 |
| Technology Center | 1,149,385 | 1,394,169 | - | - |
| Landfill | 379,612 | 656,506 | - | - |
| Airport | 641,746 | 367,352 | - | 180,706 |
| Total Business-Type Activities | 42,914,489 | 47,628,254 | - | 905,050 |
| TOTAL PRIMARY GOVERNMENT | \$ 57,575,480 | \$ 51,492,567 | \$ 383,263 | \$ 2,693,939 |

| | Net (Expense) Revenue and Change in Net Position | | |
|--|---|----------------------|-----------------------|
| | Primary Government | | |
| | Governmental | Business-Type | |
| | Activities | Activities | Total |
| | \$ (89,018) | \$ - | \$ (89,018) |
| | (6,423,854) | - | (6,423,854) |
| | (1,295,041) | - | (1,295,041) |
| | (182,222) | - | (182,222) |
| | (492,538) | - | (492,538) |
| | (141,853) | - | (141,853) |
| | (8,624,526) | - | (8,624,526) |
| | - | 3,907,053 | 3,907,053 |
| | - | 1,283,772 | 1,283,772 |
| | - | 244,784 | 244,784 |
| | - | 276,894 | 276,894 |
| | - | (93,688) | (93,688) |
| | - | 5,618,815 | 5,618,815 |
| | (8,624,526) | 5,618,815 | (3,005,711) |
| General Revenues | | | |
| Taxes | | | |
| Property and Replacement | 3,455,154 | 19,287 | 3,474,441 |
| Sales and Use | 3,379,510 | - | 3,379,510 |
| Telecommunications | 304,444 | - | 304,444 |
| Hotel/Motel | 252,426 | - | 252,426 |
| Utility | 444,058 | - | 444,058 |
| Other | 177,277 | - | 177,277 |
| Shared Income Tax | 916,864 | - | 916,864 |
| Intergovernmental - Unrestricted | 369,607 | - | 369,607 |
| Investment Income | 123,024 | 301,569 | 424,593 |
| Miscellaneous | 133,531 | 250,360 | 383,891 |
| Gain on Sale of Capital Assets | 168,845 | - | 168,845 |
| Transfers In (Out) | 2,076,297 | (2,076,297) | - |
| Total | 11,801,037 | (1,505,081) | 10,295,956 |
| CHANGE IN NET POSITION | 3,176,511 | 4,113,734 | 7,290,245 |
| NET POSITION, JANUARY 1 | 42,901,827 | 93,493,129 | 136,394,956 |
| Change in accounting principle | (294,599) | (691,063) | (985,662) |
| NET POSITION, JANUARY 1, RESTATED | 42,607,228 | 92,802,066 | 135,409,294 |
| NET POSITION, DECEMBER 31 | \$ 45,783,739 | \$ 96,915,800 | \$ 142,699,539 |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

| | General | Railroad | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--|---|
| ASSETS | | | | |
| Cash and Investments | \$ 2,309,062 | \$ 990,794 | \$ 9,171,627 | \$ 12,471,483 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | | |
| Property Taxes | 1,932,625 | - | 705,164 | 2,637,789 |
| Accounts | 175,120 | 311,233 | 440,514 | 926,867 |
| Prepaid Items | - | - | 13,581 | 13,581 |
| Due from Other Governments | 749,988 | 1,788,889 | 283,060 | 2,821,937 |
| Due from Other Funds | 187,285 | - | - | 187,285 |
| Advance to Other Funds | 44,677 | - | - | 44,677 |
| TOTAL ASSETS | \$ 5,398,757 | \$ 3,090,916 | \$ 10,613,946 | \$ 19,103,619 |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)

December 31, 2018

| | General | Railroad | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|--|---|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 230,099 | \$ 1,294,658 | \$ 306,855 | \$ 1,831,612 |
| Accrued Payroll | 406,376 | - | 337 | 406,713 |
| Deposits Payable | 19,500 | - | 69,673 | 89,173 |
| Due to Other Funds | - | - | 175,897 | 175,897 |
| Advance from Other Funds | - | - | 44,677 | 44,677 |
| Unearned Revenue | - | - | 15,839 | 15,839 |
| Total Liabilities | 655,975 | 1,294,658 | 613,278 | 2,563,911 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Property Taxes | 1,932,625 | - | 705,164 | 2,637,789 |
| Total Liabilities and Deferred Inflows of Resources | 2,588,600 | 1,294,658 | 1,318,442 | 5,201,700 |
| FUND BALANCES | | | | |
| Nonspendable Prepaid Items | - | - | 13,581 | 13,581 |
| Nonspendable Advance to Other Funds | 44,677 | - | - | 44,677 |
| Restricted for Audit | - | - | 3,662 | 3,662 |
| Restricted for Maintenance of Roadways | - | - | 586,421 | 586,421 |
| Restricted for Tourism | - | - | 174,498 | 174,498 |
| Restricted for Employee Retirement | - | - | 30,475 | 30,475 |
| Restricted for Capital Improvements | - | - | 7,773,430 | 7,773,430 |
| Restricted for Economic Development | - | - | 579,373 | 579,373 |
| Restricted for Public Safety | - | - | 55,262 | 55,262 |
| Restricted for Cemetery | 118,555 | - | - | 118,555 |
| Unrestricted | - | - | - | - |
| Assigned for Ambulance Replacement | - | - | 205,079 | 205,079 |
| Assigned for Stormwater | - | - | 128,646 | 128,646 |
| Assigned for Railroad | - | 1,796,258 | - | 1,796,258 |
| Assigned for Capital Purposes | - | - | 48,468 | 48,468 |
| Unassigned | 2,646,925 | - | (303,391) | 2,343,534 |
| Total Fund Balances | 2,810,157 | 1,796,258 | 9,295,504 | 13,901,919 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| | \$ 5,398,757 | \$ 3,090,916 | \$ 10,613,946 | \$ 19,103,619 |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

December 31, 2018

| | |
|--|-----------------------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 13,901,919 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 53,237,806 |
| Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position | (743,439) |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position | 2,200,329 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position | 1,185,663 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Other Postemployment Benefit Plan are recognized as deferred outflows and inflows of resources on the statement of net position | (11,034) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | |
| General Obligation Tax Increment Financing Bonds | (2,300,000) |
| General Obligation Bonds | (4,500,000) |
| General Obligation Debt Certificates | (1,490,000) |
| Installment Purchase Contract | (22,793) |
| Accrued interest payable | (24,537) |
| Unamortized bond premium | (202,686) |
| Compensated absences payable | (511,655) |
| Net pension liability - IMRF | (386,967) |
| Net pension liability - Police Pension | (8,203,889) |
| Net pension liability - Firefighters' Pension | (5,849,873) |
| Other postemployment benefit liability | (390,877) |
| The net position of the internal service fund are included in the governmental activities in the statement of net position | (104,228) |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 45,783,739</u> |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | General | Railroad | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--|---|
| REVENUES | | | | |
| Taxes | \$ 4,944,484 | \$ - | \$ 2,967,607 | \$ 7,912,091 |
| Licenses and Permits | 272,493 | - | 38,902 | 311,395 |
| Intergovernmental | 1,055,074 | 1,788,889 | 614,660 | 3,458,623 |
| Charges for Services | 999,020 | 1,994,982 | 213,233 | 3,207,235 |
| Fines and Forfeitures | 106,399 | - | - | 106,399 |
| Investment Income | 43,998 | 20,449 | 58,577 | 123,024 |
| Miscellaneous | 262,278 | 8,082 | 203,233 | 473,593 |
| Total Revenues | 7,683,746 | 3,812,402 | 4,096,212 | 15,592,360 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 2,028,899 | - | 444,249 | 2,473,148 |
| Public Safety | 5,494,386 | - | 262,813 | 5,757,199 |
| Public Works | 1,600,905 | 331,930 | 189,952 | 2,122,787 |
| Public Service Enterprises | 69,118 | - | 51,741 | 120,859 |
| Conservation and Development | 11,496 | - | 614,832 | 626,328 |
| Capital Outlay | - | 3,077,832 | 1,051,591 | 4,129,423 |
| Debt Service | | | | |
| Principal | - | - | 309,668 | 309,668 |
| Interest and Fiscal Charges | - | - | 133,468 | 133,468 |
| Total Expenditures | 9,204,804 | 3,409,762 | 3,058,314 | 15,672,880 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,521,058) | 402,640 | 1,037,898 | (80,520) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 2,326,298 | - | 1,207,557 | 3,533,855 |
| Transfers (Out) | (143,000) | (479,692) | (834,866) | (1,457,558) |
| Bonds Issued | - | - | 4,500,000 | 4,500,000 |
| Premium on Bonds Issued | - | - | 128,005 | 128,005 |
| Proceeds from Sale of Capital Assets | 13,527 | - | 203,802 | 217,329 |
| Total Other Financing Sources (Uses) | 2,196,825 | (479,692) | 5,204,498 | 6,921,631 |
| NET CHANGE IN FUND BALANCES | 675,767 | (77,052) | 6,242,396 | 6,841,111 |
| FUND BALANCES, JANUARY 1 | 2,134,390 | 1,873,310 | 3,053,108 | 7,060,808 |
| FUND BALANCES, DECEMBER 31 | \$ 2,810,157 | \$ 1,796,258 | \$ 9,295,504 | \$ 13,901,919 |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | |
|---|---------------------|
| NET CHANGE IN FUND BALANCES - | |
| TOTAL GOVERNMENTAL FUNDS | \$ 6,841,111 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities | 3,977,307 |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Depreciation | (1,862,546) |
| Change in compensated absences | (8,841) |
| Proceeds from the disposal of capital assets are recognized in governmental funds but the loss is recognized on the statement of activities | (48,484) |
| The amortizations of premiums is reported as interest expense on the statement of activities | 4,870 |
| The issuance of long-term debt is reported as an other financing source when due in governmental funds but as an increase in principal outstanding on the statement of activities | |
| General obligation bonds payable | (4,500,000) |
| Premium on bonds payable | (128,005) |
| The change in interest payable is reported as an increase of expense on the statement of activities | (13,255) |
| The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal on the government-wide financial statements | 309,668 |
| The change in the Illinois Municipal Retirement Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resources | (285,083) |
| The change in the Police Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource | (365,875) |
| The change in the Firefighters' Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resources | (700,006) |
| The change in the Other Postemployment Benefit liability and deferred outflows/inflows of resources is not a source or use of a financial resources | 88,329 |
| The addition (reduction) in net position of certain activities of Internal Service Funds is included in governmental funds | (132,679) |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 3,176,511</u> |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

December 31, 2018

| | <u>Business-Type Activities</u> | |
|---|---------------------------------|--|
| | <u>Electric Utility</u> | <u>Water and Water Reclamation</u> |
| CURRENT ASSETS | | |
| Cash and Investments | \$ 7,701,657 | \$ 7,025,480 |
| Receivables | | |
| Property Taxes | - | - |
| Accounts | 4,521,828 | 899,378 |
| Accrued Interest | - | 378 |
| Other | 174,630 | 17,055 |
| Prepaid Expenses | 2,350 | 1,945 |
| Deposits | 300,000 | - |
| Inventory | 1,278,485 | - |
| Due from Other Governments | - | 293,981 |
| Due from Other Funds | - | 39,591 |
| Restricted Assets | | |
| Cash and Investments | 8,009,471 | 555,194 |
| Cash Held at Paying Agent | - | - |
| | <hr/> | <hr/> |
| Total Current Assets | 21,988,421 | 8,833,002 |
| NONCURRENT ASSETS | | |
| Advance to Other Funds | 409,044 | 1,345,736 |
| Special Assessments | - | 205,955 |
| | <hr/> | <hr/> |
| Subtotal Noncurrent Assets | 409,044 | 1,551,691 |
| CAPITAL ASSETS | | |
| Nondepreciable | 7,329,315 | 5,467,246 |
| Depreciable | 86,302,679 | 67,271,456 |
| Accumulated Depreciation | (50,312,065) | (32,828,571) |
| | <hr/> | <hr/> |
| Net Capital Assets | 43,319,929 | 39,910,131 |
| | <hr/> | <hr/> |
| Total Noncurrent Assets | 43,728,973 | 41,461,822 |
| | <hr/> | <hr/> |
| Total Assets | 65,717,394 | 50,294,824 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension Items - IMRF | 370,321 | 174,836 |
| Unamortized Loss on Refunding | 239,212 | - |
| | <hr/> | <hr/> |
| Total Deferred Outflows of Resources | 609,533 | 174,836 |
| | <hr/> | <hr/> |
| Total Assets and Deferred Outflows of Resources | 66,326,927 | 50,469,660 |

| Business-Type Activities | | | Governmental |
|---------------------------------|----------------------------------|---------------|-------------------------------|
| Technology Center | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$ 320,850 | \$ 3,278,408 | \$ 18,326,395 | \$ - |
| - | 61,146 | 61,146 | - |
| 135,121 | 204,663 | 5,760,990 | - |
| - | - | 378 | - |
| - | - | 191,685 | 61,270 |
| 7,520 | 513 | 12,328 | 14,299 |
| - | - | 300,000 | - |
| - | 21,456 | 1,299,941 | - |
| - | - | 293,981 | - |
| - | - | 39,591 | - |
| - | - | 8,564,665 | - |
| - | 48,953 | 48,953 | - |
| 463,491 | 3,615,139 | 34,900,053 | 75,569 |
| - | - | 1,754,780 | - |
| - | - | 205,955 | - |
| - | - | 1,960,735 | - |
| 519,453 | 2,160,160 | 15,476,174 | - |
| 9,218,544 | 5,367,386 | 168,160,065 | 116,880 |
| (4,547,522) | (3,146,985) | (90,835,143) | (116,880) |
| 5,190,475 | 4,380,561 | 92,801,096 | - |
| 5,190,475 | 4,380,561 | 94,761,831 | - |
| 5,653,966 | 7,995,700 | 129,661,884 | 75,569 |
| 66,419 | 13,534 | 625,110 | - |
| 94,580 | 23,430 | 357,222 | - |
| 160,999 | 36,964 | 982,332 | - |
| 5,814,965 | 8,032,664 | 130,644,216 | 75,569 |

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

December 31, 2018

| | Business-Type Activities | |
|--|---------------------------------|--|
| | Electric Utility | Water and Water Reclamation |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 2,240,225 | \$ 1,298,205 |
| Accrued Payroll | 8,589 | 4,043 |
| Accrued Interest Payable | 98,273 | 5,948 |
| Other Payables | 82,366 | - |
| Due to Other Funds | - | - |
| Deposits Payable | - | 61,783 |
| General Obligation Debt Payable | - | - |
| Revenue Bonds Payable | 630,000 | - |
| IEPA Loans Payable | - | 165,458 |
| OPEB Liability | 94,101 | 43,556 |
| Compensated Absences Payable | 128,092 | 46,802 |
| Total Current Liabilities | 3,281,646 | 1,625,795 |
| LONG-TERM LIABILITIES | | |
| Advance from Other Funds | - | - |
| Net Pension Liability | 320,083 | 154,008 |
| OPEB Liability | 235,556 | 109,028 |
| Long-Term Debt, Net of Current Maturities | | |
| General Obligation Debt Payable | - | - |
| Revenue Bonds Payable | 14,180,074 | - |
| IEPA Loans Payable | - | 6,229,109 |
| Total Long-Term Liabilities | 14,735,713 | 6,492,145 |
| Total Liabilities | 18,017,359 | 8,117,940 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Items - IMRF | 1,000,863 | 463,380 |
| OPEB Items | 9,307 | 4,308 |
| Deferred Property Taxes | - | - |
| Total Deferred Inflows of Resources | 1,010,170 | 467,688 |
| Total Liabilities and Deferred Inflows of Resources | 19,027,529 | 8,585,628 |
| NET POSITION | | |
| Net Investment in Capital Assets | 28,749,067 | 33,515,564 |
| Restricted for Debt Service | 8,009,471 | 555,194 |
| Unrestricted (Deficit) | 10,540,860 | 7,813,274 |
| TOTAL NET POSITION (DEFICIT) | \$ 47,299,398 | \$ 41,884,032 |

| Business-Type Activities | | | Governmental |
|---------------------------------|-------------------|---------------|---------------------|
| Technology | Nonmajor | | Activities |
| Center | Enterprise | Total | Internal |
| | Funds | | Service |
| | | | Funds |
| \$ 42,703 | \$ 171,662 | \$ 3,752,795 | \$ 93,927 |
| 690 | 421 | 13,743 | 2,993 |
| - | 8,953 | 113,174 | - |
| - | - | 82,366 | - |
| - | - | - | 50,979 |
| 2,738 | - | 64,521 | - |
| 270,000 | 40,000 | 310,000 | - |
| - | - | 630,000 | - |
| - | - | 165,458 | - |
| 16,132 | 3,495 | 157,284 | - |
| 8,247 | 5,509 | 188,650 | 31,898 |
| 340,510 | 230,040 | 5,477,991 | 179,797 |
| 1,754,780 | - | 1,754,780 | - |
| 59,880 | 11,513 | 545,484 | - |
| 40,382 | 8,749 | 393,715 | - |
| 2,887,469 | 510,000 | 3,397,469 | - |
| - | - | 14,180,074 | - |
| - | - | 6,229,109 | - |
| 4,742,511 | 530,262 | 26,500,631 | - |
| 5,083,021 | 760,302 | 31,978,622 | 179,797 |
| 171,682 | 37,167 | 1,673,092 | - |
| 1,595 | 346 | 15,556 | - |
| - | 61,146 | 61,146 | - |
| 173,277 | 98,659 | 1,749,794 | - |
| 5,256,298 | 858,961 | 33,728,416 | 179,797 |
| 2,033,006 | 3,853,991 | 68,151,628 | - |
| - | - | 8,564,665 | - |
| (1,474,339) | 3,319,712 | 20,199,507 | (104,228) |
| \$ 558,667 | \$ 7,173,703 | \$ 96,915,800 | \$ (104,228) |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | <u>Business-Type Activities</u> | |
|--|---------------------------------|--|
| | <u>Electric Utility</u> | <u>Water and Water Reclamation</u> |
| OPERATING REVENUES | | |
| Charges for Services | \$ 39,026,749 | \$ 6,183,478 |
| Miscellaneous | 233,026 | 17,334 |
| Total Operating Revenues | <u>39,259,775</u> | <u>6,200,812</u> |
| OPERATING EXPENSES | | |
| Administration | - | - |
| Operations | 31,598,241 | 3,811,732 |
| Depreciation and Amortization | 2,983,020 | 1,713,851 |
| Total Operating Expenses | <u>34,581,261</u> | <u>5,525,583</u> |
| OPERATING INCOME (LOSS) | <u>4,678,514</u> | <u>675,229</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Taxes | - | - |
| Investment Income | 179,232 | 86,445 |
| Interest Expense | (538,435) | (98,467) |
| Total Non-Operating Revenues (Expenses) | <u>(359,203)</u> | <u>(12,022)</u> |
| NET INCOME BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS | <u>4,319,311</u> | <u>663,207</u> |
| TRANSFERS | | |
| Transfers In | - | - |
| Transfers (Out) | (1,977,027) | (279,270) |
| Total Transfers | <u>(1,977,027)</u> | <u>(279,270)</u> |
| CAPITAL GRANTS AND CONTRIBUTIONS | <u>-</u> | <u>724,344</u> |
| CHANGE IN NET POSITION | 2,342,284 | 1,108,281 |
| NET POSITION, JANUARY 1 | <u>45,370,570</u> | <u>40,967,122</u> |
| Change in Accounting Principle | (413,456) | (191,371) |
| NET POSITION, JANUARY 1, RESTATED | <u>44,957,114</u> | <u>40,775,751</u> |
| NET POSITION, DECEMBER 31 | <u>\$ 47,299,398</u> | <u>\$ 41,884,032</u> |

| Business-Type Activities | | | Governmental |
|---------------------------------|-------------------|---------------|---------------------|
| Technology | Nonmajor | | Internal |
| Center | Enterprise | Total | Service |
| | Funds | | Funds |
| \$ 1,394,169 | \$ 1,023,858 | \$ 47,628,254 | \$ 977,764 |
| - | - | 250,360 | 45 |
| 1,394,169 | 1,023,858 | 47,878,614 | 977,809 |
| - | - | - | 813,970 |
| 827,465 | 822,773 | 37,060,211 | 296,518 |
| 206,331 | 178,369 | 5,081,571 | - |
| 1,033,796 | 1,001,142 | 42,141,782 | 1,110,488 |
| 360,373 | 22,716 | 5,736,832 | (132,679) |
| - | 19,287 | 19,287 | - |
| 2,533 | 33,359 | 301,569 | - |
| (115,589) | (20,216) | (772,707) | - |
| (113,056) | 32,430 | (451,851) | - |
| 247,317 | 55,146 | 5,284,981 | (132,679) |
| - | 190,000 | 190,000 | - |
| - | (10,000) | (2,266,297) | - |
| - | 180,000 | (2,076,297) | - |
| - | 180,706 | 905,050 | - |
| 247,317 | 415,852 | 4,113,734 | (132,679) |
| 382,229 | 6,773,208 | 93,493,129 | 28,451 |
| (70,879) | (15,357) | (691,063) | - |
| 311,350 | 6,757,851 | 92,802,066 | 28,451 |
| \$ 558,667 | \$ 7,173,703 | \$ 96,915,800 | \$ (104,228) |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

| | <u>Business-Type Activities</u> | |
|---|---------------------------------|--|
| | <u>Electric Utility</u> | <u>Water and Water Reclamation</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Customers and Users | \$ 39,683,087 | \$ 6,701,483 |
| Receipts from Interfund Services Transactions | - | - |
| Payments to Suppliers | (29,683,760) | (1,426,271) |
| Payments to Employees | (1,209,259) | (1,552,223) |
| Payments to Other Funds | (469,476) | (438,712) |
| | <u>8,320,592</u> | <u>3,284,277</u> |
| Net Cash from Operating Activities | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Receipts from Property Taxes | - | - |
| Receipts of Loans from Other Funds | 49,389 | - |
| Repayment of Loans to Other Funds | - | - |
| Loans Provided to Other Funds | - | (305,177) |
| Transfers In | - | - |
| Transfers (Out) | (1,977,027) | (279,270) |
| | <u>(1,927,638)</u> | <u>(584,447)</u> |
| Net Cash from Noncapital Financing Activities | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital Assets Purchased | (2,810,932) | (4,243,675) |
| Issuance of Long-Term Debt | - | 2,073,609 |
| Principal Payments on Long-Term Debt | (615,000) | (733,237) |
| Interest Payments on Long-Term Debt | (594,521) | (93,578) |
| Grant Receipts | - | 724,344 |
| | <u>(4,020,453)</u> | <u>(2,272,537)</u> |
| Net Cash from Capital and Related Financing Activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received on Investments | 179,232 | 86,460 |
| | <u>179,232</u> | <u>86,460</u> |
| Net Cash from Investing Activities | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,551,733 | 513,753 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 13,159,395 | 7,066,921 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 15,711,128 | \$ 7,580,674 |

| Business-Type Activities | | | Governmental Activities |
|--------------------------|---------------------------|---------------|-------------------------|
| Technology Center | Nonmajor Enterprise Funds | Total | Internal Service |
| \$ 1,243,177 | \$ 1,025,125 | \$ 48,652,872 | \$ - |
| 67,223 | - | 67,223 | 1,067,292 |
| (178,957) | (634,554) | (31,923,542) | (421,421) |
| (224,329) | (149,940) | (3,135,751) | (676,109) |
| (380,494) | (20,117) | (1,308,799) | - |
| 526,620 | 220,514 | 12,352,003 | (30,238) |
| - | 19,287 | 19,287 | - |
| 265,586 | - | 314,975 | 50,979 |
| (49,389) | - | (49,389) | (35,201) |
| - | - | (305,177) | - |
| - | 180,000 | 180,000 | - |
| - | - | (2,256,297) | - |
| 216,197 | 199,287 | (2,096,601) | 15,778 |
| - | (116,036) | (7,170,643) | - |
| - | - | 2,073,609 | - |
| (305,000) | (45,000) | (1,698,237) | - |
| (119,500) | (13,085) | (820,684) | - |
| - | 79,993 | 804,337 | - |
| (424,500) | (94,128) | (6,811,618) | - |
| 2,533 | 33,359 | 301,584 | - |
| 2,533 | 33,359 | 301,584 | - |
| 320,850 | 359,032 | 3,745,368 | (14,460) |
| - | 2,919,376 | 23,145,692 | 14,460 |
| \$ 320,850 | \$ 3,278,408 | \$ 26,891,060 | \$ - |

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2018

| | <u>Business-Type Activities</u> | |
|--|---------------------------------|---------------------|
| | <u>Electric</u> | <u>Water and</u> |
| | <u>Utility</u> | <u>Water</u> |
| | | <u>Reclamation</u> |
| RECONCILIATION OF OPERATING INCOME | | |
| (LOSS) TO NET CASH FLOWS FROM | | |
| OPERATING ACTIVITIES | | |
| Operating Income (Loss) | \$ 4,678,514 | \$ 675,229 |
| Adjustments to Reconcile Operating Income | | |
| (Loss) to Net Cash from Operating Activities | | |
| Depreciation and Amortization | 2,983,020 | 1,713,851 |
| Changes in Assets and Liabilities | | |
| Accounts Receivable | 296,952 | 415,661 |
| Other Receivables | 126,360 | 41,021 |
| Prepaid Expenses | 67,303 | - |
| Deposits | - | 14,579 |
| Inventory | 102,706 | - |
| Special Assessments | - | 29,410 |
| Pension Items - IMRF | 240,432 | 111,286 |
| OPEB Items | (74,492) | (34,479) |
| Accounts Payable | (79,803) | 330,354 |
| Accrued Payroll | 8,829 | 4,043 |
| Other Payables | (28,096) | - |
| Compensated Absences | (1,133) | (16,678) |
| NET CASH FROM OPERATING ACTIVITIES | <u>\$ 8,320,592</u> | <u>\$ 3,284,277</u> |
| CASH AND INVESTMENTS | | |
| Cash and Investments | \$ 7,701,657 | \$ 7,025,480 |
| Restricted Cash and Investments | 8,009,471 | 555,194 |
| TOTAL CASH AND INVESTMENTS | <u>\$ 15,711,128</u> | <u>\$ 7,580,674</u> |
| NONCASH TRANSACTIONS | | |
| Illinois EPA Loan Receivable | \$ - | \$ 79,977 |
| Illinois EPA Loan Payable | - | (79,977) |
| Issuance of Refunding Bonds | - | - |
| TOTAL NONCASH TRANSACTIONS | <u>\$ -</u> | <u>\$ -</u> |

| Business-Type Activities | | | Governmental |
|--------------------------|---------------------|----------------------|--------------------|
| Nonmajor | | | Activities |
| Technology Center | Enterprise Funds | Total | Internal Service |
| \$ 360,373 | \$ 22,716 | \$ 5,736,832 | \$ (132,679) |
| 206,331 | 178,369 | 5,081,571 | - |
| (83,769) | 1,267 | 630,111 | 89,483 |
| - | - | 167,381 | - |
| (164) | - | 67,139 | 10,287 |
| - | - | 14,579 | - |
| - | 18,649 | 121,355 | - |
| - | - | 29,410 | - |
| 41,217 | 8,930 | 401,865 | - |
| (12,770) | (2,767) | (124,508) | - |
| 29,280 | (7,808) | 272,023 | (5,363) |
| 690 | 398 | 13,960 | 2,993 |
| - | - | (28,096) | - |
| (14,568) | 760 | (31,619) | 5,041 |
| <u>\$ 526,620</u> | <u>\$ 220,514</u> | <u>\$ 12,352,003</u> | <u>\$ (30,238)</u> |
| \$ 320,850 | \$ 3,278,408 | \$ 18,326,395 | \$ - |
| - | - | 8,564,665 | - |
| <u>\$ 320,850</u> | <u>\$ 3,278,408</u> | <u>\$ 26,891,060</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ 79,977 | \$ - |
| - | - | (79,977) | - |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

December 31, 2018

ASSETS

| | |
|---------------------------------|-----------------------|
| Cash and Short-Term Investments | \$ 588,830 |
| Investments, at Fair Value | |
| U.S. Treasury Securities | 1,698,423 |
| U.S. Agency Securities | 3,645,930 |
| Equity Mutual Funds | 3,392,778 |
| Fixed Income Mutual Funds | 1,030,332 |
| Corporate Bonds | 2,364,591 |
| Municipal Bonds | 713,342 |
| Equities | 5,279,375 |
| Annuity Contracts | 187,736 |
| Receivables | |
| Accrued Interest | <u>67,905</u> |
| Total Assets | <u>18,969,242</u> |

LIABILITIES

| | |
|-----------------------|--------------|
| None | <u>-</u> |
| Total Liabilities | <u>-</u> |

NET POSITION RESTRICTED FOR PENSIONS \$ 18,969,242

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For the Year Ended December 31, 2018

ADDITIONS

| | |
|---|------------------|
| Contributions | |
| Employer Contributions | \$ 1,020,524 |
| Employee Contributions | <u>244,195</u> |
| Total Contributions | <u>1,264,719</u> |
| Investment Income | |
| Net Depreciation in Fair Value of Investments | (1,489,467) |
| Interest | <u>681,671</u> |
| Total Investment Income | (807,796) |
| Less Investment Expense | <u>(43,866)</u> |
| Net Investment Income | <u>(851,662)</u> |
| Total Additions | <u>413,057</u> |

DEDUCTIONS

| | |
|-------------------------|------------------|
| Benefits and Refunds | 1,616,258 |
| Administrative Expenses | <u>44,368</u> |
| Total Deductions | <u>1,660,626</u> |

NET DECREASE (1,247,569)

NET POSITION RESTRICTED FOR PENSIONS

| | |
|-------------|-----------------------------|
| January 1 | <u>20,216,811</u> |
| December 31 | <u><u>\$ 18,969,242</u></u> |

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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CITY OF ROCHELLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated in 1853 and is a municipal corporation governed by an elected board under the mayor/council form of government. The City is considered to be a primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and 34*, since its council is separately elected and fiscally independent. In accordance with these pronouncements, the basic financial statements include all funds for which the City is financially accountable.

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

Pension Trust Funds

The City's financial statements include the Police Pension Plan and Firefighters' Pension Plan as pension trust funds. The City's sworn police and firefighter employees participate in these pension trust funds which function for the benefit of those employees and are each governed by a five-member pension board. Two members appointed by the Mayor, one elected pension beneficiary, and two elected police officers and firefighters constitute the individual pension boards. The City and the pension plan participants are obligated to fund all pension plan costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the contribution levels.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Pension Trust Funds (Continued)

The pension plans are reported as pension trust funds because of the City's fiduciary responsibility. Separate financial statements are not available for the Police Pension Plan and Firefighters' Pension Plan.

B. Fund Accounting

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

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

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major governmental funds:

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

The Railroad Fund is used to account for resources restricted, committed or assigned by the City for construction or major capital items specific to the City railroad.

The City reports the following major proprietary funds:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following proprietary fund type:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the City's governmental funds/activities. The Administrative Services Fund is used to allocate administrative costs to other city funds. The Network Administration Fund is used to allocate network administration costs to other city funds.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

E. Cash and Investments

Cash and Cash Equivalents

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

F. Property Taxes

Property taxes for 2017 are levied in December 2017 and attach as an enforceable lien on the property on January 1, 2017. Tax bills are prepared by the County and issued on or about May 1, 2018 and August 1, 2018, and are due and collectible on or about June 1, 2018 and September 1, 2018. The County collects the taxes and remits them periodically to the City. Those 2017 taxes were intended to finance the year ending December 31, 2018. The 2018 levy, which attached as a lien on property as January 1, 2018, is intended to finance the 2019 fiscal year and is not considered available or earned for current operations and, therefore, is reported as deferred/unavailable revenue at December 31, 2018.

G. Inventory

Inventory is valued at average cost on a first-in/first-out (FIFO) method.

H. Restricted Assets

Certain cash and investments in the Electric Utility Fund and Water and Water Reclamation Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds or loans issued by the Illinois Environmental Protection Agency (IEPA). Cash held with paying agent is held for payment of the Series 2009 General Obligation Bonds and the General Obligation Refunding Bonds, Series 2017 (Airport). These assets are reflected as restricted cash and investments.

I. 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 and are accounted for using the consumption method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

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

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

K. Vacation, Sick Pay and Other Employee Benefits

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

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

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

M. Interfund Receivables/Payables

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

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

N. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as any gains/losses on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Manager and Finance Director through the City's Fund Balance Policy. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The City has a policy to maintain unassigned fund balance in the General Fund at a target level of 10% to 40% of annual budgeted expenditures. Balances in excess of 40% of annual budgeted expenditures may be transferred to the Capital Improvement Fund to support future capital projects.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance/Net Position (Continued)

At December 31, 2018, the City had \$1,209,833 of net position and fund balances that were restricted for capital improvements and maintenance of roadways as a result of enabling legislation adopted by the City.

Q. Use of Estimates

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

2. CASH AND INVESTMENTS

The City, Police Pension Fund and Firefighters' Pension Fund categorize the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds. The investments are governed by three separate investment policies; one policy for the City adopted by the City Council and one policy each for the Police Pension Fund and Firefighters' Pension Fund approved by their respective boards.

In accordance with the City's investment policy, the City's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds. Investments in the The Illinois Funds are valued at the share price, the price for which the investment could be sold.

2. CASH AND INVESTMENTS (Continued)

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

City Deposits with Financial Institutions

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

City Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

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 Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

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

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

The City does not hold any investments required to be reported at fair value.

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

3. CAPITAL ASSETS

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

| | Beginning Balances | Increases/ Transfers | Decreases/ Transfers | Ending Balances |
|--|-----------------------|-------------------------|-------------------------|--------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 3,213,149 | \$ - | \$ - | \$ 3,213,149 |
| Land Right of Way | 2,338,881 | 712,104 | - | 3,050,985 |
| Construction in Progress | 1,069,680 | 2,944,707 | 460,675 | 3,553,712 |
| Total Capital Assets not Being Depreciated | 6,621,710 | 3,656,811 | 460,675 | 9,817,846 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 3,437,697 | - | 53,382 | 3,384,315 |
| Machinery and Equipment | 8,072,233 | 136,079 | 43,419 | 8,164,893 |
| Bridges | 10,515,760 | - | - | 10,515,760 |
| Streets | 32,220,163 | 460,675 | - | 32,680,838 |
| Stormwater | 4,701,899 | - | - | 4,701,899 |
| Sidewalks | 3,278,604 | 184,417 | - | 3,463,021 |
| Railroad Spur | 12,689,408 | - | - | 12,689,408 |
| Street Lights | 313,630 | - | - | 313,630 |
| Total Capital Assets Being Depreciated | 75,229,394 | 781,171 | 96,801 | 75,913,764 |
| GOVERNMENTAL ACTIVITIES | | | | |
| Less Accumulated Depreciation for | | | | |
| Buildings | 1,932,936 | 77,193 | 4,898 | 2,005,231 |
| Machinery and Equipment | 6,204,555 | 377,479 | 43,419 | 6,538,615 |
| Bridges | 1,985,858 | 210,315 | - | 2,196,173 |
| Streets | 13,988,165 | 783,513 | - | 14,771,678 |
| Stormwater | 3,978,126 | 57,547 | - | 4,035,673 |
| Sidewalks | 1,031,187 | 91,991 | - | 1,123,178 |
| Railroad Spur | 1,440,783 | 254,054 | - | 1,694,837 |
| Street Lights | 117,965 | 10,454 | - | 128,419 |
| Total Accumulated Depreciation | 30,679,575 | 1,862,546 | 48,317 | 32,493,804 |
| Total Capital Assets being Depreciated, Net | 44,549,819 | (1,081,375) | 48,484 | 43,419,960 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | | | | |
| | \$ 51,171,529 | \$ 2,575,436 | \$ 509,159 | \$ 53,237,806 |

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

3. CAPITAL ASSETS (Continued)

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

| | |
|---|----------------------------|
| GOVERNMENTAL ACTIVITIES | |
| General Government | \$ 93,128 |
| Public Safety | 204,880 |
| Public Works | 1,545,913 |
| Public Service Enterprises | <u>18,625</u> |
| TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES | <u>\$ 1,862,546</u> |

| | Beginning Balances | Increases/ Transfers | Decreases/ Transfers | Ending Balances |
|---|-----------------------|-------------------------|-------------------------|----------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 3,397,940 | \$ - | \$ - | \$ 3,397,940 |
| Construction in Progress | 7,249,094 | 7,038,838 | 2,209,698 | 12,078,234 |
| Total Capital Assets not being Depreciated | <u>10,647,034</u> | <u>7,038,838</u> | <u>2,209,698</u> | <u>15,476,174</u> |
| Capital Assets Being Depreciated | | | | |
| Infrastructure | 56,136,860 | 748,588 | - | 56,885,448 |
| Equipment | 10,766,577 | 18,240 | - | 10,784,817 |
| Other Tangible Assets | 2,134,356 | - | - | 2,134,356 |
| Structures and Improvements | 2,811,526 | - | - | 2,811,526 |
| Building | 4,449,422 | 428 | - | 4,449,850 |
| General | 8,457,993 | - | 428 | 8,457,565 |
| Generation | 14,406,195 | 100,359 | - | 14,506,554 |
| Transmission | 15,979,852 | 75,405 | - | 16,055,257 |
| Distribution | 50,966,529 | 1,127,872 | 19,709 | 52,074,692 |
| Total Capital Assets Being Depreciated | <u>166,109,310</u> | <u>2,070,892</u> | <u>20,137</u> | <u>168,160,065</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Less Accumulated Depreciation for | | | | |
| Infrastructure | 24,445,543 | 1,449,084 | - | 25,894,627 |
| Equipment | 6,912,325 | 288,568 | - | 7,200,893 |
| Other Tangible Assets | 1,637,836 | 46,640 | - | 1,684,476 |
| Structures and Improvements | 1,064,940 | 107,928 | - | 1,172,868 |
| Building | 1,024,454 | 104,208 | - | 1,128,662 |
| General | 4,399,718 | 175,891 | 428 | 4,575,181 |
| Generation | 7,103,215 | 316,301 | - | 7,419,516 |
| Transmission | 9,083,718 | 577,427 | - | 9,661,145 |
| Distribution | 30,101,533 | 2,015,951 | 19,709 | 32,097,775 |
| Total Accumulated Depreciation | <u>85,773,282</u> | <u>5,081,998</u> | <u>20,137</u> | <u>90,835,143</u> |
| Total Capital Assets Being Depreciated, Net | <u>80,336,028</u> | <u>(3,011,106)</u> | <u>-</u> | <u>77,324,922</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | <u>\$ 90,983,062</u> | <u>\$ 4,027,732</u> | <u>\$ 2,209,698</u> | <u>\$ 92,801,096</u> |

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

4. LONG-TERM DEBT

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

| | Balances January 1, as restated | Additions | Reductions | Balances December 31 | Current Portion |
|---|---------------------------------------|---------------------|---------------------|-------------------------|--------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| GO TIF Bonds | \$ 2,435,000 | \$ - | \$ 135,000 | \$ 2,300,000 | \$ 140,000 |
| GO Bonds | - | 4,500,000 | - | 4,500,000 | - |
| GO Debt Certificates | 1,660,000 | - | 170,000 | 1,490,000 | 170,000 |
| Unamortized Bond Premium | 79,551 | 128,005 | 4,870 | 202,686 | - |
| Installment Purchase Contract | 27,461 | - | 4,668 | 22,793 | 4,137 |
| Compensated Absences* | 529,670 | 278,719 | 264,836 | 543,553 | 271,777 |
| Net Pension Liability - IMRF* | 1,943,333 | - | 1,556,366 | 386,967 | - |
| Net Pension Liability - Police* | 5,986,220 | 2,217,669 | - | 8,203,889 | - |
| Net Pension Liability - Firefighters’* | 5,082,268 | 767,605 | - | 5,849,873 | - |
| Other Postemployment Benefit Liability* | 490,240 | - | 99,363 | 390,877 | 111,577 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 18,233,743 | \$ 7,891,998 | \$ 2,235,103 | \$ 23,890,638 | \$ 697,491 |

*These liabilities are primarily retired by the General Fund.

Beginning balances were restated to restate the Other Postemployment Benefit Liability in accordance with GASB Statement No. 75.

During the fiscal period, the following changes occurred in liabilities reported in the business-type activities:

| | Balances January 1, as restated | Additions | Reductions/ Refundings | Balances December 31 | Current Portion |
|--|---------------------------------------|---------------------|---------------------------|-------------------------|---------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Revenue Bonds | | | | | |
| 2014 Electric System Bonds | \$ 5,905,000 | \$ - | \$ 90,000 | \$ 5,815,000 | \$ 95,000 |
| 2015 Electric System Bonds | 8,605,000 | - | 525,000 | 8,080,000 | 535,000 |
| Total Revenue Bonds | 14,510,000 | - | 615,000 | 13,895,000 | 630,000 |
| General Obligation Debt Certificates | 3,380,000 | - | 305,000 | 3,075,000 | 270,000 |
| General Obligation Bonds | 595,000 | - | 45,000 | 550,000 | 40,000 |
| IEPA Revolving Loans | 5,054,195 | 2,073,609 | 733,237 | 6,394,567 | 165,458 |
| Unamortized Premium | 1,078,020 | - | 80,477 | 997,543 | - |
| Compensated Absences | 220,269 | 188,650 | 220,269 | 188,650 | 188,650 |
| Net Pension Liability - IMRF | 2,739,398 | - | 2,193,914 | 545,484 | - |
| Other Postemployment Benefit Liability | 691,063 | - | 140,064 | 550,999 | 157,284 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 28,267,945 | \$ 2,262,259 | \$ 4,332,961 | \$ 26,197,243 | \$ 1,451,392 |

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

4. LONG-TERM DEBT (Continued)

Bonds payable and other long-term obligations at December 31, 2018 are comprised of the following, excluding the refunded bonds that are defeased in-substance:

General Obligation Debt

| | <u>Total</u> | <u>Current</u> |
|---|---------------------|-------------------|
| \$750,000 2009 General Obligation Bonds, due in annual installments of \$15,000 to \$60,000 from June 30, 2011 to June 30, 2029, interest at 3.90% to 5.20%, retired by the Airport Fund, a nonmajor enterprise fund. These bonds were partially refunded by the 2017B General Obligation Bonds. The remaining balance of \$110,000 is due in annual installments of principal on January 1 in varying amounts ranging from \$35,000 to \$40,000, with interest payable semiannually at 3.90% to 4.75% maturing on January 1, 2020. | \$ 75,000 | \$ 35,000 |
| \$2,000,000 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$170,000 from June 1, 2016 to June 1, 2027, interest at 2.00% to 4.50%, retired by the Capital Improvements Fund, a governmental fund. | 1,490,000 | 170,000 |
| \$3,140,000 2017A Limited Tax Refunding Debt Certificates, due in annual installments of \$65,000 to \$350,000 from June 30, 2018 to June 30, 2028, interest at 2% to 4%, retired by the Technology Center Fund. | 3,075,000 | 270,000 |
| \$485,000 2017B General Obligation Refunding Bonds, due in annual installments of \$5,000 to \$60,000 from January 1, 2018 to January 1, 2029, interest at 2.000% to 3.125%, retired by the Airport Fund, a nonmajor enterprise fund. | 475,000 | 5,000 |
| \$4,500,000 2018 General Obligation Bonds, due in annual installments of \$485,000 to \$640,000 from January 1, 2020 to January 1, 2027, interest at 3% to 4%, retired by the Capital Improvements Fund, a governmental fund. | <u>4,500,000</u> | <u>-</u> |
| TOTAL GENERAL OBLIGATION DEBT | <u>\$ 9,615,000</u> | <u>\$ 480,000</u> |
| | | |
| \$2,955,000 Series 2013 General Obligation Refunding (Tax Increment Financing Alternate Revenue Source) Bonds, due in annual installments of \$60,000 to \$260,000, through December 1, 2030, interest from 2% to 4%. | <u>\$ 2,300,000</u> | <u>\$ 140,000</u> |
| TOTAL TIF FUND ALTERNATE REVENUE BONDS | <u>\$ 2,300,000</u> | <u>\$ 140,000</u> |

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

4. LONG-TERM DEBT (Continued)

Revenue Bonds

| | <u>Total</u> | <u>Current</u> |
|---|-----------------------------|--------------------------|
| \$6,000,000 Series 2014 Electric System Revenue Bonds due in annual installments of \$95,000 to \$1,215,000, through May 1, 2034, interest from 2% to 5%. | \$ 5,815,000 | \$ 95,000 |
| \$9,110,000 Series 2015 Electric System Revenue Refunding Revenue Bonds, due in annual installments of \$505,000 to \$830,000, through May 1, 2030, interest from 3% to 4%. | <u>8,080,000</u> | <u>535,000</u> |
| TOTAL ELECTRIC FUND REVENUE BONDS | <u>\$ 13,895,000</u> | <u>\$ 630,000</u> |

Revenue and Alternate Revenue Source Bonds Illinois EPA Loans

| | <u>Total</u> | <u>Current</u> |
|--|----------------------------|--------------------------|
| \$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%. | \$ 297,472 | \$ 31,045 |
| \$4,879,732 Illinois EPA low interest loan related to the Well #12 Project, due in semiannual installments of \$94,545 through November 2036, interest at 1.86%. | 3,437,261 | 133,633 |
| \$3,345,195 Illinois EPA low interest loan related to the Well #11 Project, through June 2038, interest at 1.32%.* | <u>2,659,834</u> | <u>-</u> |
| TOTAL WATER AND WATER RECLAMATION IEPA LOANS | <u>\$ 6,394,567</u> | <u>\$ 164,678</u> |

*This loan was not fully drawn at December 31, 2018. Therefore, a debt service to maturity schedule is not available.

Installment Purchase Contract

| | <u>Total</u> | <u>Current</u> |
|---|-------------------------|------------------------|
| \$27,461 Installment Purchase Contract related to the purchase of a Kubota Tractor for the golf course, due in annual installments of \$5,681, through May 2023, interest at 6.55%. | \$ 22,793 | \$ 4,137 |
| TOTAL INSTALLMENT PURCHASE CONTRACT | <u>\$ 22,793</u> | <u>\$ 4,137</u> |

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

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, net pension liabilities and OPEB liabilities) as of December 31, 2018, are as follows:

| Fiscal Year Ending December 31, | Business-Type Activities General Obligation Debt | | Governmental Activities General Obligation Debt | |
|---------------------------------------|---|-------------------|--|---------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$ 310,000 | \$ 114,875 | \$ 170,000 | \$ 146,140 |
| 2020 | 320,000 | 104,794 | 650,000 | 201,975 |
| 2021 | 330,000 | 94,694 | 680,000 | 182,025 |
| 2022 | 335,000 | 84,719 | 695,000 | 161,193 |
| 2023 | 350,000 | 74,444 | 715,000 | 136,881 |
| 2024-2028 | 1,920,000 | 171,409 | 3,080,000 | 254,301 |
| 2029-2033 | 60,000 | 937 | - | - |
| TOTAL | \$ 3,625,000 | \$ 645,872 | \$ 5,990,000 | \$ 1,082,515 |

| Fiscal Year Ending December 31, | Revenue Bonds | | General Obligation Alternate Revenue Debt | |
|---------------------------------------|----------------------|---------------------|--|-------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$ 630,000 | \$ 580,190 | \$ 140,000 | \$ 76,905 |
| 2020 | 650,000 | 558,240 | 145,000 | 73,405 |
| 2021 | 675,000 | 532,740 | 150,000 | 69,635 |
| 2022 | 700,000 | 506,240 | 160,000 | 65,735 |
| 2023 | 730,000 | 478,140 | 170,000 | 61,575 |
| 2024-2028 | 4,105,000 | 1,919,945 | 1,030,000 | 217,887 |
| 2029-2033 | 5,190,000 | 963,590 | 505,000 | 30,600 |
| 2034-2038 | 1,215,000 | 30,375 | - | - |
| TOTAL | \$ 13,895,000 | \$ 5,569,460 | \$ 2,300,000 | \$ 595,742 |

| Fiscal Year Ending December 31, | Installment Purchase Contract | | Illinois EPA Loans | |
|---------------------------------------|-------------------------------|-----------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$ 4,137 | \$ 1,544 | \$ 194,228 | \$ 70,060 |
| 2020 | 4,408 | 1,273 | 198,064 | 66,224 |
| 2021 | 4,697 | 985 | 201,976 | 62,312 |
| 2022 | 5,004 | 677 | 205,966 | 58,322 |
| 2023 | 4,547 | 349 | 210,036 | 54,252 |
| 2024-2028 | - | - | 1,054,826 | 208,738 |
| 2029-2033 | - | - | 1,014,376 | 113,544 |
| 2034-2037 | - | - | 655,261 | 21,492 |
| TOTAL | \$ 22,793 | \$ 4,828 | \$ 3,734,733 | \$ 654,944 |

4. LONG-TERM DEBT (Continued)

Revenue Source Bonds

The City issued the Series 2014 Electric Revenue Alternate Revenue Source Bonds and the Series 2015 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 2034. The total principal and interest remaining to be paid on the bonds as of December 31, 2018 is \$19,464,460. Principal and interest paid for the current year was \$1,213,865 or 15.85% of total customer net revenues of \$7,656,460.

5. INDUSTRIAL REVENUE BONDS

The City has approved the issuance of industrial revenue bonds for the benefit of private business enterprises. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2018, there was one bond outstanding. The aggregate principal amount payable was \$3,850,000.

6. REVENUE BONDS

The revenue bond ordinances require that all revenues derived from the operation of the Electric Utility Fund and Water and Water Reclamation 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 |

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

6. REVENUE BONDS (Continued)

| Account | Amount | Nature of Authorized Expenditures |
|---|---|---|
| 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 |
| Capital Improvement | \$120,000 per month until the account aggregates a minimum of \$1,500,000 | Capital improvements and repairs to or extensions of the system and any extraordinary repairs or replacements |
| Surplus Revenue | The amount remaining after payment into the above four accounts | Making up deficiencies in the aforementioned accounts, paying of junior lien bonds and for any other lawful corporate purpose |

The City has complied with all significant limitations, restrictions and bond covenants during the year ended December 31, 2018. The restricted assets and restricted net position 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 | \$ 775,593 |
| Bond Reserve Account | 1,316,114 |
| Capital Improvement Account | 1,591,759 |
| Depreciation, Improvement and Extension Account | <u>4,326,005</u> |
| TOTAL | <u><u>\$ 8,009,471</u></u> |

7. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imfr.org. The total pension liability for all plans was \$14,986,213 at December 31, 2018. Pension expense for all plans totaled \$3,477,473 for the year ended December 31, 2018.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police Pension Plan and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2017, the latest actuarial valuation date, IMRF membership consisted of:

| | |
|---|---------|
| Inactive Employees or their Beneficiaries | |
| Currently Receiving Benefits | 108 |
| Inactive Employees Entitled to but not yet Receiving Benefits | 32 |
| Active Employees | 89 |
| TOTAL | 229 |

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for calendar years 2017 and 2018 was 11.94% and 11.34% of covered payroll, respectively.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

| | |
|---------------------------|-------------------|
| Actuarial Valuation Date | December 31, 2017 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 3.39% to 14.25% |
| Interest Rate | 7.50% |
| Cost of Living Adjustment | 3.50% |
| Asset Valuation Method | Market Value |

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension (Asset) Liability |
|--|--------------------------------------|--|--|
| BALANCES AT JANUARY 1, 2017 | \$ 39,392,187 | \$ 34,709,456 | \$ 4,682,731 |
| Changes for the Period | | | |
| Service Cost | 645,899 | - | 645,899 |
| Interest | 2,904,572 | - | 2,904,572 |
| Difference Between Expected and Actual Experience | 174,541 | - | 174,541 |
| Changes in Assumptions | (1,220,831) | - | (1,220,831) |
| Employer Contributions | - | 768,001 | (768,001) |
| Employee Contributions | - | 289,447 | (289,447) |
| Net Investment Income | - | 6,163,738 | (6,163,738) |
| Benefit Payments and Refunds | (1,975,021) | (1,975,021) | - |
| Administrative Expense | - | - | - |
| Other (Net Transfer) | - | (966,725) | 966,725 |
| Net Changes | 529,160 | 4,279,440 | (3,750,280) |
| BALANCES AT DECEMBER 31, 2017 | \$ 39,921,347 | \$ 38,988,896 | \$ 932,451 |

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the City recognized pension expense of \$1,391,070.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 352,461 | \$ 20,350 |
| Changes in Assumption | 11,983 | 973,077 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 1,866,560 |
| Contributions After Measurement Date | 704,122 | - |
| | <hr/> | <hr/> |
| TOTAL | \$ 1,068,566 | \$ 2,859,987 |

\$704,122 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement period ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | |
|-------------------------------------|----------------|
| 2019 | \$ (304,130) |
| 2020 | (482,856) |
| 2021 | (942,077) |
| 2022 | (766,480) |
| | <hr/> |
| TOTAL | \$ (2,495,543) |

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.50% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability (Asset) | \$ 5,754,603 | \$ 932,451 | \$ (3,079,273) |

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership

At December 31, 2018, the valuation date, membership consisted of:

| | |
|---|-------------------------|
| Inactive Plan Members Currently Receiving Benefits | 18 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | - |
| Active Plan Members | <u>19</u> |
| TOTAL | <u><u>37</u></u> |

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive 2.50% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. For the year ended December 31, 2018, the City's contribution was 40.26% of covered payroll.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, repurchase agreements, commercial paper rates within the three highest classifications by at least two standard rating services, the The Illinois Funds, mutual funds, equity securities, corporate debt securities and variable annuities.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|------------------|--------|--|
| Equity | 53.00% | 8.20% |
| Fixed Income | 45.00% | 4.00% |
| Cash Equivalents | 2.00% | 1.10% |

The long-term expected real rates of return are net of a 3.30% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation are listed in the table above.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Investments in the The Illinois Funds are valued at the share price, the price for which the investment could be sold.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Investment Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (5.70%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 Fund's deposits may not be returned to them. The Fund's investment policy does not require pledging of collateral for bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2018:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------|---------------------|----------------------------------|---------------------|-------------------|-------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Obligations | \$ 1,174,532 | \$ 453,168 | \$ 523,189 | \$ 198,175 | \$ - |
| U.S. Agency Obligations | 614,615 | 29,773 | 114,095 | 39,159 | 431,588 |
| Corporate Bonds | 1,887,662 | 72,115 | 1,074,443 | 677,860 | 63,244 |
| Municipal Bonds | 10,070 | - | 10,070 | - | - |
| TOTAL | \$ 3,686,879 | \$ 555,056 | \$ 1,721,797 | \$ 915,194 | \$ 494,832 |

The Fund has the following recurring fair value measurements as of December 31, 2018: the U.S. Treasury obligations, equity mutual funds, and equities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, municipal obligations, and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate bonds rated within the four highest ratings categories at the time of purchase by a national rating agency. The corporate bonds are rated AA+ to BBB- by Standard and Poor's. The municipal bonds are rated AA+ by Standard and Poor's.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2019, for fiscal year ended December 31, 2018, using the following actuarial methods and assumptions.

| | |
|----------------------------|-------------------|
| Actuarial Valuation Date | January 1, 2019 |
| Measurement Date | December 31, 2018 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 2.50% to 17.91% |
| Interest Rate | 6.75% |
| Cost of Living Adjustments | 3.00% |
| Asset Valuation Method | Market |

Mortality rates were based on the RP-2014 Mortality Table, adjusted for Plan Status, Collar and Illinois Public Pension Data, as appropriate. Other demographic assumption rates are based on a review of assumptions in the actuary's 2016 study for Illinois Police Officers.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension Liability |
|--|--------------------------------------|--|--|
| BALANCES AT JANUARY 1, 2018 | \$ 17,264,571 | \$ 11,278,351 | \$ 5,986,220 |
| Changes for the Period | | | |
| Service Cost | 368,621 | - | 368,621 |
| Interest | 1,135,689 | - | 1,135,689 |
| Difference Between Expected and Actual Experience | 788,319 | - | 788,319 |
| Changes in Assumptions | - | - | - |
| Employer Contributions | - | 556,593 | (556,593) |
| Employee Contributions | - | 142,282 | (142,282) |
| Net Investment Income | - | (601,025) | 601,025 |
| Benefit Payments and Refunds | (879,106) | (879,106) | - |
| Administrative Expense | - | (22,890) | 22,890 |
| Net Changes | 1,413,523 | (804,146) | 2,217,669 |
| BALANCES AT DECEMBER 31, 2018 | \$ 18,678,094 | \$ 10,474,205 | \$ 8,203,889 |

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the City recognized police pension expense of \$1,256,597.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the fund from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 842,927 | \$ 114,185 |
| Changes in Assumption | 599,557 | 232,150 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,104,180 | - |
| TOTAL | <u>\$ 2,546,664</u> | <u>\$ 346,335</u> |

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

| <u>Year Ending December 31,</u> | |
|-------------------------------------|---------------------|
| 2019 | \$ 626,114 |
| 2020 | 492,758 |
| 2021 | 409,180 |
| 2022 | 471,533 |
| 2023 | 121,877 |
| Thereafter | <u>78,867</u> |
| TOTAL | <u>\$ 2,200,329</u> |

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 10,959,982 | \$ 8,203,889 | \$ 5,964,442 |

Firefighters' Pension Plan

Plan Administration

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

Plan Membership

At December 31, 2018, the valuation date, membership consisted of:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 11 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | - |
| Active Plan Members | <u>13</u> |
| TOTAL | <u><u>24</u></u> |

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. For the year ended December 31, 2018, the City's contribution was 45.19% of covered payroll.

Investment Policy

Permitted Deposits and Investments - Statutes and the Firefighter's Pension Fund's (the Fund) investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, repurchase agreements, commercial paper rates within the three highest classifications by at least two standard rating services, the The Illinois Funds, mutual funds, equity securities, corporate debt securities and variable annuities.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|---------------------------|--------|--|
| Large Cap Domestic Equity | 31.50% | 6.70% |
| Small Cap Domestic Equity | 9.00% | 8.60% |
| International Equity | 4.50% | 6.50% |
| Fixed Income | 55.00% | 1.50% |

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected real rates of return are net of a 2.90% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using the Morningstar Analyst Research Center – SBBI Data for the period of December 31, 1925 through December 31, 2017. The long-term expected rate of return on the International Equity class was based on the MCSI EAFE index for the period of December 31, 1969 through December 31, 2017. The long-term expected rates of return are the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major assets class. Best estimates or geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table on the previous page.

Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 Fund's deposits may not be returned to them. The Fund's investment policy does not require pledging of collateral for bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2018:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------|---------------------|----------------------------------|---------------------|---------------------|-------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Obligations | \$ 523,891 | \$ 74,430 | \$ 372,610 | \$ 76,851 | \$ - |
| U.S. Agency Obligations | 3,031,315 | 49,550 | 820,520 | 2,148,967 | 12,278 |
| Corporate Bonds | 476,929 | 99,480 | 203,838 | 173,611 | - |
| State and Local Obligations | 703,272 | - | 185,511 | 195,384 | 322,377 |
| TOTAL | \$ 4,735,407 | \$ 223,460 | \$ 1,582,479 | \$ 2,594,813 | \$ 334,655 |

The Fund has the following recurring fair value measurements as of December 31, 2018: the U.S. Treasury obligations, and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, annuity contracts, and the corporate and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and state and local obligations rated within the four highest ratings categories at the time of purchase by a national rating agency. The state and local obligations are rated from A- to AAA by Standard and Poor's. The corporate bonds are rated from BBB to AA+.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy is silent on limiting exposure to custodial credit risk. To limit its exposure, the manager has purchased an excess SIPC policy to cover any investment losses not covered by the limits of SIPC.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2019, for fiscal year ended December 31, 2018, using the following actuarial methods and assumptions.

| | |
|----------------------------|-------------------|
| Actuarial Valuation Date | January 1, 2019 |
| Measurement Date | December 31, 2018 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 2.50% to 17.64% |
| Interest Rate | 6.75% |
| Cost of Living Adjustments | 3.00% |
| Asset Valuation Method | Market |

Mortality rates were based on the RP-2014 Mortality Table, adjusted for Plan Status, Collar and Illinois Public Pension Data, as appropriate. Other demographic assumptions rates are based on a review of assumptions in the actuary's 2016 study for Illinois Firefighters.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension Liability |
|--|--------------------------------------|--|--|
| BALANCES AT JANUARY 1, 2018 | \$ 14,020,728 | \$ 8,938,460 | \$ 5,082,268 |
| Changes for the Period | | | |
| Service Cost | 261,695 | - | 261,695 |
| Interest | 921,520 | - | 921,520 |
| Difference Between Expected and Actual Experience | (121,881) | - | (121,881) |
| Changes in Assumptions | - | - | - |
| Employer Contributions | - | 463,931 | (463,931) |
| Employee Contributions | - | 101,913 | (101,913) |
| Net Investment Income | - | (250,637) | 250,637 |
| Benefit Payments and Refunds | (737,152) | (737,152) | - |
| Administrative Expense | - | (21,478) | 21,478 |
| Net Changes | 324,182 | (443,423) | 767,605 |
| BALANCES AT DECEMBER 31, 2018 | \$ 14,344,910 | \$ 8,495,037 | \$ 5,849,873 |

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the City recognized firefighters' pension expense of \$829,806.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 472,702 | \$ 248,177 |
| Changes in Assumption | 558,218 | 253,356 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 656,276 | - |
| TOTAL | \$ 1,687,196 | \$ 501,533 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters' pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | |
|-------------------------------------|---------------------|
| 2019 | \$ 323,866 |
| 2020 | 254,006 |
| 2021 | 209,718 |
| 2022 | 269,762 |
| 2023 | 100,269 |
| Thereafter | 28,042 |
| TOTAL | \$ 1,185,663 |

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 7,883,780 | \$ 5,849,873 | \$ 4,189,460 |

B. Schedule of Fiduciary Net Position

| | Police Pension | Firefighters' Pension | Total |
|---|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and Short-Term Investments | \$ 440,793 | \$ 148,037 | \$ 588,830 |
| Investments, at Fair Value | | | |
| U.S. Treasury Securities | 1,174,532 | 523,891 | 1,698,423 |
| U.S. Agency Securities | 614,615 | 3,031,315 | 3,645,930 |
| Equity Mutual Funds | - | 3,392,778 | 3,392,778 |
| Fixed Income Mutual Funds | 1,030,332 | - | 1,030,332 |
| Corporate Bonds | 1,887,662 | 476,929 | 2,364,591 |
| Municipal Bonds | 10,070 | 703,272 | 713,342 |
| Equities | 5,279,375 | - | 5,279,375 |
| Annuity Contracts | - | 187,736 | 187,736 |
| Receivables | | | |
| Accrued Interest | 36,826 | 31,079 | 67,905 |
| Total Assets | 10,474,205 | 8,495,037 | 18,969,242 |
| LIABILITIES | | | |
| None | - | - | - |
| Total Liabilities | - | - | - |
| NET POSITION RESTRICTED FOR PENSIONS | \$ 10,474,205 | \$ 8,495,037 | \$ 18,969,242 |

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Schedule of Changes in Fiduciary Net Position

| | Police Pension | Firefighters' Pension | Total |
|---|-------------------|--------------------------|---------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer Contributions | \$ 556,593 | \$ 463,931 | \$ 1,020,524 |
| Employee Contributions | 142,282 | 101,913 | 244,195 |
| Total Contributions | 698,875 | 565,844 | 1,264,719 |
| INVESTMENT INCOME | | | |
| Net (Depreciation) on Fair Value of Investments | | | |
| | (912,029) | (577,438) | (1,489,467) |
| Interest Earned | 335,792 | 345,879 | 681,671 |
| Less Investment Expense | (24,788) | (19,078) | (43,866) |
| Net Investment Income | (601,025) | (250,637) | (851,662) |
| Total Additions | 97,850 | 315,207 | 413,057 |
| DEDUCTIONS | | | |
| Benefits and Refunds | 879,106 | 737,152 | 1,616,258 |
| Administrative Expenses | 22,890 | 21,478 | 44,368 |
| Total Deductions | 901,996 | 758,630 | 1,660,626 |
| NET DECREASE | (804,146) | (443,423) | (1,247,569) |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| January 1 | 11,278,351 | 8,938,460 | 20,216,811 |
| December 31 | \$ 10,474,205 | \$ 8,495,037 | \$ 18,969,242 |

8. RISK MANAGEMENT

The City is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, workers' compensation and employee's health. The City purchases third party indemnity insurance to limit its exposure to losses. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the two prior fiscal years.

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grants

Amounts received and receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Northern Illinois Municipal Power Agency

Northern Illinois Municipal Power Agency (NIMPA) is a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. NIMPA was created by contract under Illinois' municipal joint action agency statutes as of May 24, 2004 for the purpose of effecting the joint development of electric energy resources for the production, transmission and distribution of electric power and energy. NIMPA's members currently consist of three Illinois municipalities, the Cities of Batavia, Geneva and Rochelle.

The City currently purchases power and energy from NIMPA under a power sales agreement, under which the City is allocated a percentage entitlement to NIMPA's 120 MW ownership interest in the Prairie State project. The Prairie State project is an approximately 1,620 MW "mine mouth" coal fired power generating facility located in Washington County, Illinois. The City's entitlement share of the Prairie State project is 25% or 30 MW.

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

C. Northern Illinois Municipal Power Agency (Continued)

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is \$465 million as of December 31, 2018.

D. Rochelle Waste Disposal

The City signed a host agreement with Rochelle Waste Disposal, LLC (the Operator) for Sanitary Landfill No. 2, effective May 1, 1996. Under this agreement, the Operator is responsible for all closure and post-closure costs, with no liability to the City. The leasing parties are responsible for any remediation costs. The lease will run as long as the capacity permits for the disposal of solid waste remains, or a minimum of 20 years. The Operator paid an initiation fee of \$200,000. The Operator will also pay a base fee of \$75,000 payable in quarterly installments and a usage fee based on a tonnage fee, or 6.10% of gross revenues on the accrual basis, whichever is greater.

E. Ogle-Lee Fire Protection District

The City is engaged in an intergovernmental agreement for fire protection services with Ogle-Lee Fire Protection District (the District). The management board consists of two members appointed by the District and two by the City. The District is required to pay \$86,500 per year through September 30, 2022. The payments provided shall be increased at the rate of 3% per annum beginning with the payment due May 1, 2018.

F. Tax Abatements

The City abates property taxes to stimulate commercial and industrial development within the City under certain circumstances. The terms of these abatement arrangements are specified within written agreements with the businesses concerned.

For the fiscal year ended December 31, 2018, the City abated 45% of the City's portion of the property tax extension for a dealership who constructed a new automobile showroom at 1260 North 7th Street, Rochelle, Illinois. The abatement for the year amounted to \$4,438. In addition, the City abated ½ of the 1% portion of sales tax attributable to sales and services rendered at the new showroom. The sales tax abatement amounted to \$40,428. Under the terms of the agreement, the dealership is required to employ a minimum of 25 full-time equivalent employees for at least five years. The agreement expired December 31, 2018.

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

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

F. Tax Abatements (Continued)

For the fiscal year ended December 31, 2018, the City abated ½ of the 1% portion of sales tax attributable to sales and services rendered for a dealership who renovated their building at 620 South 7th Street, Rochelle, Illinois. The sales tax abatement amounted to \$50,770. A portion of the property taxes attributable to any new improvements added to the property (30% to 90%) will be rebated by the City related to this agreement starting in fiscal year 2018 (2017 tax levy). Under the terms of the agreement, the dealership is required to employ a minimum of 19 full-time equivalent employees for at least five years. The agreement expires December 31, 2022.

10. INDIVIDUAL FUND DISCLOSURES

A. Due From/To Other Funds

Due from/to other funds at December 31, 2018 consisted of the following:

| Fund | Due From | Due To |
|--|-------------------|-------------------|
| General | \$ 187,285 | \$ - |
| Internal Service Fund | - | 11,388 |
| Nonmajor Governmental Communications Fund | - | 175,897 |
| Nonmajor Proprietary | 39,591 | - |
| | - | 39,591 |
| TOTAL | \$ 226,876 | \$ 226,876 |

Due from/to amounts are to cover temporary cash deficits. Repayment is expected within one year.

B. Advances From/To Other Funds

Advances from/to other funds at December 31, 2018 consisted of the following:

| Fund | Advance From | Advance To |
|-----------------------------|---------------------|---------------------|
| Electric Utility | \$ 409,044 | \$ - |
| Water and Water Reclamation | 1,345,736 | - |
| Technology Center | - | 1,754,780 |
| General | 44,677 | - |
| Nonmajor Special Revenue | - | 44,677 |
| TOTAL | \$ 1,799,457 | \$ 1,799,457 |

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

B. Advances From/To Other Funds (Continued)

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

- \$409,044 advanced from the Electric Utility Fund to the Technology Center Funds is for funding of cash shortfalls. Repayment is not expected within one year.
- \$1,345,736 advanced from the Water and Water Reclamation Fund to the Technology Center Funds is for funding of cash shortfalls. Repayment is not expected within one year.
- \$44,677 advanced from the General Fund to the Nonmajor Special Revenue Funds is for funding of cash shortfalls. Repayment is not expected within one year.

C. Interfund Transfers

Interfund transfers during the twelve months ended December 31, 2018 consisted of the following:

| | Transfer In | Transfer Out |
|-----------------------------|---------------------|---------------------|
| | <u> </u> | <u> </u> |
| General | \$ 2,326,298 | \$ 143,000 |
| Electric | - | 1,977,027 |
| Water and Water Reclamation | - | 279,271 |
| Railroad | - | 60,000 |
| Nonmajor Governmental | 1,207,557 | 1,254,557 |
| Nonmajor Enterprise | 190,000 | 10,000 |
| | <u> </u> | <u> </u> |
| TOTAL | <u>\$ 3,723,855</u> | <u>\$ 3,723,855</u> |

The purposes of significant interfund transfers are as follows:

- \$2,326,298 transferred to the General Fund was made up of \$1,977,027 from the Electric Utility Fund, \$279,271 from the Water and Water Reclamation Fund, \$60,000 from the Railroad Fund, \$10,000 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and city policies. The transfers will not be repaid.

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

C. Interfund Transfers (Continued)

- \$989,558 transferred to the Capital Improvement Fund (Nonmajor Governmental Fund) from Nonmajor Governmental Funds (Utility Tax Fund \$34,174, Motor Fuel Tax Fund \$98,957, Railroad Fund \$229,692 and Sales Tax Fund \$626,735) for various CIP projects. These transfers will not be repaid.

D. Fund Balance/Net Position Deficits

As of December 31, 2018, the IMRF Fund, Northern Gateway TIF Fund, Downtown TIF Fund, Administrative Services Fund and Network Administration Fund had deficit fund balances/net position of \$16,150, \$44,677, \$159,747, \$52,507 and \$51,721 respectively.

11. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at December 31, 2018:

GOVERNMENTAL ACTIVITIES

| | |
|------------------------|---------------|
| Telecommunications Tax | \$ 84,288 |
| Use Tax | 89,072 |
| Sales Tax | 789,135 |
| Auto Rental Tax | 152 |
| Video Gaming Tax | 26,512 |
| Grants | 1,811,984 |
| Motor Fuel Tax | <u>20,794</u> |

TOTAL GOVERNMENTAL ACTIVITIES \$ 2,821,937

BUSINESS-TYPE ACTIVITIES

| | |
|-----------|----------------|
| IEPA Loan | \$ 79,977 |
| Grants | <u>214,004</u> |

TOTAL BUSINESS-TYPE ACTIVITIES \$ 293,981

12. OTHER POSTEMPLOYMENT BENEFITS

A. 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.

B. Benefits Provided

The City provides OPEB to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. The City also offers an early retirement incentive in which the City will pay two years of insurance premiums up to the coverage level held at the time of agreement for participating employees. For certain disabled employees who qualify under the Public Safety Employee Benefits Act (PSEBA), the City is required to pay 100% of the cost of basic health insurance for retirees and their dependents for their lifetime. The City must contribute the amount beyond fund member payments necessary to fund the actuarial liability for OPEB. The City may change inactive fund member payment requirements through its collective bargaining agreements and employee compensation plans.

C. Membership

At December 31, 2018, the measurement date, membership consisted of:

| | |
|---|----------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 12 |
| Terminated Employees Entitled to Benefits but not yet Receiving Them | - |
| Active Employees | <u>116</u> |
| TOTAL | <u>128</u> |

D. Total OPEB Liability

The City's total OPEB liability of \$941,876 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2018, as determined by an actuarial valuation as of January 1, 2018 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2018, including updating the discount rate at December 31, 2018, as noted below.

| | |
|-----------------------------|---------------------------------|
| Actuarial Cost Method | Entry-Age Normal |
| Actuarial Value of Assets | Market Value |
| Salary Increases | 2.50% |
| Discount Rate | 4.10% |
| Healthcare Cost Trend Rates | 6.00% Initial 5.00% Ultimate |

The discount rate was based on the Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

F. Changes in the Total OPEB Liability

| | |
|-------------------------------|---------------------------------|
| | <u>Total OPEB Liability</u> |
| BALANCES AT DECEMBER 31, 2018 | <u>\$ 1,181,303</u> |
| Changes for the Period | |
| Service Cost | 22,383 |
| Interest | 36,035 |
| Changes in Assumptions | (28,984) |
| Benefit Payments | <u>(268,861)</u> |
| Net Changes | <u>(239,427)</u> |
| BALANCES AT DECEMBER 31, 2018 | <u>\$ 941,876</u> |

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

G. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 4.10% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate:

| | 1% Decrease (3.10%) | Current Discount Rate (4.10%) | 1% Increase (5.10%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 986,659 | \$ 941,876 | \$ 901,203 |

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 6% to 5% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5% to 4%) or 1 percentage point higher (7% to 6%) than the current rate:

| | 1% Decrease (5% to 4%) | Current Healthcare Rate (6% to 5%) | 1% Increase (7% to 6%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB Liability | \$ 880,627 | \$ 941,876 | \$ 1,012,904 |

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

For the year ended December 31, 2018, the City recognized OPEB expense of 56,024. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and actual Experience | \$ - | \$ - |
| Changes in Assumptions | - | 26,590 |
| TOTAL | \$ - | \$ 26,590 |

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

| <u>Year Ending</u> <u>December 31,</u> | |
|---|------------------------|
| 2019 | \$ (2,394) |
| 2020 | (2,394) |
| 2021 | (2,394) |
| 2022 | (2,394) |
| 2023 | (2,394) |
| Thereafter | <u>(14,620)</u> |
| TOTAL | <u>\$ (26,590)</u> |

13. CHANGE IN ACCOUNTING PRINCIPLE

The City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. The implementation of this guidance resulted in changes to the OPEB related liability, revenue, expense, notes presented in the notes to financial statements and to the required supplementary information. The data of the December 31, 2017 fiscal year end was not restated as the required information was not available. Our opinion is not modified with respect to this matter.

GOVERNMENTAL ACTIVITIES

| | |
|--|---------------------------------|
| BEGINNING NET POSITION, AS PREVIOUSLY REPORTED | <u>\$ 42,901,827</u> |
| Change in Accounting Principle | |
| To Write-off the City OPEB Obligation | 195,641 |
| To Record the City OPEB Liability | <u>(490,240)</u> |
| Total Change in Accounting Principle | <u>(294,599)</u> |
| BEGINNING NET POSITION, RESTATED | <u><u>\$ 42,607,228</u></u> |

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

13. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

BUSINESS-TYPE ACTIVITIES (IN TOTAL)

| | |
|--|----------------------|
| BEGINNING NET POSITION, AS PREVIOUSLY REPORTED | \$ 93,493,129 |
| Change in Accounting Principle | |
| To Record the City OPEB Liability | <u>(691,063)</u> |
| Total Change in Accounting Principle | <u>(691,063)</u> |
| BEGINNING NET POSITION, RESTATED | <u>\$ 92,802,066</u> |

BUSINESS-TYPE ACTIVITIES (BY MAJOR FUND OPINION UNIT)

Electric

| | |
|--|----------------------|
| BEGINNING NET POSITION, AS PREVIOUSLY REPORTED | \$ 45,370,570 |
| Change in Accounting Principle | |
| To Record the City OPEB Liability | <u>(413,456)</u> |
| Total Change in Accounting Principle | <u>(413,456)</u> |
| BEGINNING NET POSITION, RESTATED | <u>\$ 44,957,114</u> |

Water and Water Reclamation

| | |
|--|----------------------|
| BEGINNING NET POSITION, AS PREVIOUSLY REPORTED | \$ 40,967,122 |
| Change in Accounting Principle | |
| To Record the City OPEB Liability | <u>(191,371)</u> |
| Total Change in Accounting Principle | <u>(191,371)</u> |
| BEGINNING NET POSITION, RESTATED | <u>\$ 40,775,751</u> |

Technology Center

| | |
|--|-------------------|
| BEGINNING NET POSITION, AS PREVIOUSLY REPORTED | \$ 382,229 |
| Change in Accounting Principle | |
| To Record the City OPEB Liability | <u>(70,879)</u> |
| Total Change in Accounting Principle | <u>(70,879)</u> |
| BEGINNING NET POSITION, RESTATED | <u>\$ 311,350</u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | \$ 4,676,692 | \$ 4,944,484 | \$ 267,792 |
| Licenses and Permits | 254,000 | 272,493 | 18,493 |
| Intergovernmental | 1,030,517 | 1,055,074 | 24,557 |
| Charges for Services | 926,130 | 999,020 | 72,890 |
| Fines and Forfeitures | 102,500 | 106,399 | 3,899 |
| Investment Income | 25,000 | 43,998 | 18,998 |
| Miscellaneous | 65,000 | 262,278 | 197,278 |
| Total Revenues | 7,079,839 | 7,683,746 | 603,907 |
| EXPENDITURES | | | |
| Current | | | |
| General Government | 2,063,118 | 2,028,899 | (34,219) |
| Public Safety | 5,463,483 | 5,494,386 | 30,903 |
| Public Works | 1,684,699 | 1,600,905 | (83,794) |
| Public Service Enterprises | 98,766 | 69,118 | (29,648) |
| Conservation and Development | 14,500 | 11,496 | (3,004) |
| Total Expenditures | 9,324,566 | 9,204,804 | (119,762) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,244,727) | (1,521,058) | 723,669 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 2,457,298 | 2,326,298 | (131,000) |
| Transfers (Out) | (143,000) | (143,000) | - |
| Proceeds from Sale of Asset | - | 13,527 | 13,527 |
| Total Other Financing Sources (Uses) | 2,314,298 | 2,196,825 | (117,473) |
| NET CHANGE IN FUND BALANCE | \$ 69,571 | 675,767 | \$ 606,196 |
| FUND BALANCE, JANUARY 1 | | 2,134,390 | |
| FUND BALANCE, DECEMBER 31 | | \$ 2,810,157 | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

| MEASUREMENT DATE DECEMBER 31, | 2018 |
|---|--------------------------|
| TOTAL OPEB LIABILITY | |
| Service Cost | \$ 22,383 |
| Interest | 36,035 |
| Changes of Assumptions | (28,984) |
| Benefit Payments, Including Refunds of Member Contributions | <u>(268,861)</u> |
| Net Change in Total OPEB Liability | (239,427) |
| Total OPEB Liability - Beginning | <u>1,181,303</u> |
| TOTAL OPEB LIABILITY - ENDING | <u>\$ 941,876</u> |
| Covered Payroll | \$ 7,728,322 |
| Employer's Total OPEB Liability as a Percentage of Covered Payroll | 12.19% |

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

There were changes in assumptions related to the discount rate and health care trend rate.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Fiscal Years

| FISCAL YEAR ENDED | April 30, | | December 31, | |
|--|------------------|--------------|---------------------|--------------|
| | 2016 | 2016* | 2017 | 2018 |
| Actuarially Determined Contribution | \$ 683,782 | \$ 491,358 | \$ 768,000 | \$ 704,122 |
| Contributions in Relation to the Actuarially Determined Contribution | 683,782 | 491,358 | 768,000 | 704,122 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 6,035,344 | \$ 4,153,491 | \$ 6,432,161 | \$ 6,209,189 |
| Contributions as a Percentage of Covered Payroll | 11.33% | 11.83% | 11.94% | 11.34% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was at five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases of 3.39% to 14.25% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

CITY OF ROCHELLE

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Five Fiscal Years

| FISCAL YEAR ENDED | April 30, | | December 31, | | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| Actuarially Determined Contribution | \$ 263,541 | \$ 366,575 | \$ 389,808 | \$ 499,765 | \$ 557,874 |
| Contributions in Relation to the Actuarially Determined Contribution | 276,905 | 360,627 | 388,135 | 497,804 | 556,593 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ (13,364) | \$ 5,948 | \$ 1,673 | \$ 1,961 | \$ 1,281 |
| Covered Payroll | \$ 1,586,341 | \$ 1,349,905 | \$ 1,212,418 | \$ 1,882,279 | \$ 1,382,454 |
| Contributions as a Percentage of Covered Payroll | 17.46% | 26.71% | 32.01% | 26.45% | 40.26% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1/January 1 of the prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 23 years; the asset valuation method was market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 2.50% to 17.91% plus 2.50% for inflation compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

| FISCAL YEAR ENDED | April 30, | | December 31, | | |
|--|-------------------|------------------|---------------------|-----------------|-----------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| Actuarially Determined Contribution | \$ 273,650 | \$ 337,824 | \$ 345,086 | \$ 444,861 | \$ 464,988 |
| Contributions in Relation to the Actuarially Determined Contribution | 278,524 | 306,002 | 345,372 | 443,122 | 463,931 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ (4,874) | \$ 31,822 | \$ (286) | \$ 1,739 | \$ 1,057 |
| Covered Payroll | \$ 909,588 | \$ 924,791 | \$ 666,530 | \$ 1,034,788 | \$ 1,026,548 |
| Contributions as a Percentage of Covered Payroll | 30.62% | 33.09% | 51.82% | 42.82% | 45.19% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1/January 1 of the prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 23 years; the asset valuation method was market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 2.50% to 17.64% plus 2.50% for inflation compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2015 | 2016 | 2017 |
|---|----------------------|----------------------|----------------------|
| TOTAL PENSION LIABILITY | | | |
| Service Cost | \$ 633,562 | \$ 642,258 | \$ 645,899 |
| Interest | 2,620,202 | 2,791,955 | 2,904,572 |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 803,929 | (40,100) | 174,541 |
| Changes of Assumptions | 43,813 | (90,079) | (1,220,831) |
| Benefit Payments, Including Refunds of Member Contributions | (1,693,209) | (1,832,637) | (1,975,021) |
| Net Change in Total Pension Liability | 2,408,297 | 1,471,397 | 529,160 |
| Total Pension Liability - Beginning | 35,512,493 | 37,920,790 | 39,392,187 |
| TOTAL PENSION LIABILITY - ENDING | \$ 37,920,790 | \$ 39,392,187 | \$ 39,921,347 |
| PLAN FIDUCIARY NET POSITION | | | |
| Contributions - Employer | \$ 687,703 | \$ 725,858 | \$ 768,001 |
| Contributions - Member | 280,253 | 343,977 | 289,447 |
| Net Investment Income | 165,264 | 2,260,861 | 6,163,738 |
| Benefit Payments, Including Refunds of Member Contributions | (1,693,209) | (1,832,637) | (1,975,021) |
| Other (Net Transfer) | 2,251 | 353,618 | (966,725) |
| Net Change in Plan Fiduciary Net Position | (557,738) | 1,851,677 | 4,279,440 |
| Plan Fiduciary Net Position - Beginning | 33,415,517 | 32,857,779 | 34,709,456 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 32,857,779 | \$ 34,709,456 | \$ 38,988,896 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 5,063,011 | \$ 4,682,731 | \$ 932,451 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.65% | 88.11% | 97.66% |
| Covered Payroll | \$ 6,035,344 | \$ 6,126,370 | \$ 6,432,163 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 83.89% | 76.44% | 14.50% |

Changes in assumptions related to salary rates, inflation rates, and mortality were made since the prior measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Five Fiscal Years

| MEASUREMENT DATE | April 30, | | December 31, | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| TOTAL PENSION LIABILITY | | | | | |
| Service Cost | \$ 285,666 | \$ 280,429 | \$ 228,616 | \$ 244,048 | \$ 368,621 |
| Interest | 971,183 | 996,514 | 734,327 | 1,090,246 | 1,135,689 |
| Differences Between Actual and Expected Experience | - | (203,820) | (17,329) | 240,607 | 788,319 |
| Changes in Assumptions | - | 1,183,719 | (367,219) | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (925,616) | (837,526) | (565,736) | (924,236) | (879,106) |
| Net Change in Total Pension Liability | 331,233 | 1,419,316 | 12,659 | 650,665 | 1,413,523 |
| Total Pension Liability - Beginning | 14,850,698 | 15,181,931 | 16,601,247 | 16,613,906 | 17,264,571 |
| TOTAL PENSION LIABILITY - ENDING | \$ 15,181,931 | \$ 16,601,247 | \$ 16,613,906 | \$ 17,264,571 | \$ 18,678,094 |
| PLAN FIDUCIARY NET POSITION | | | | | |
| Contributions - Employer | \$ 276,905 | \$ 360,627 | \$ 388,135 | \$ 497,804 | \$ 556,593 |
| Contributions - Member | 138,909 | 137,476 | 90,544 | 140,386 | 142,282 |
| Net Investment Income | 504,446 | (283,084) | 328,130 | 1,200,675 | (601,025) |
| Benefit Payments, Including Refunds of Member Contributions | (925,616) | (837,526) | (565,736) | (924,236) | (879,106) |
| Administrative Expense | (17,065) | (18,984) | (17,314) | (20,897) | (22,890) |
| Net Change in Plan Fiduciary Net Position | (22,421) | (641,491) | 223,759 | 893,732 | (804,146) |
| Plan Fiduciary Net Position - Beginning | 10,824,772 | 10,802,351 | 10,160,860 | 10,384,619 | 11,278,351 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 10,802,351 | \$ 10,160,860 | \$ 10,384,619 | \$ 11,278,351 | \$ 10,474,205 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 4,379,580 | \$ 6,440,387 | \$ 6,229,287 | \$ 5,986,220 | \$ 8,203,889 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 71.15% | 61.21% | 62.51% | 65.33% | 56.08% |
| Covered Payroll | \$ 1,586,341 | \$ 1,349,905 | \$ 1,212,418 | \$ 1,882,279 | \$ 1,382,454 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 276.08% | 477.10% | 513.79% | 318.03% | 593.43% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

2016 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

Last Five Fiscal Years

| MEASUREMENT DATE | April 30, | | December 31, | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| TOTAL PENSION LIABILITY | | | | | |
| Service Cost | \$ 215,229 | \$ 217,247 | \$ 157,858 | \$ 168,513 | \$ 261,695 |
| Interest | 741,514 | 753,420 | 606,381 | 890,290 | 921,520 |
| Differences Between Actual and Expected Experience | - | 663,185 | (193,311) | 78,353 | (121,881) |
| Changes in Assumptions | - | 900,875 | (352,959) | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (498,763) | (554,623) | (395,431) | (611,828) | (737,152) |
| Net Change in Total Pension Liability | 457,980 | 1,980,104 | (177,462) | 525,328 | 324,182 |
| Total Pension Liability - Beginning | 11,234,778 | 11,692,758 | 13,672,862 | 13,495,400 | 14,020,728 |
| TOTAL PENSION LIABILITY - ENDING | \$ 11,692,758 | \$ 13,672,862 | \$ 13,495,400 | \$ 14,020,728 | \$ 14,344,910 |
| PLAN FIDUCIARY NET POSITION | | | | | |
| Contributions - Employer | \$ 278,524 | \$ 306,002 | \$ 345,372 | \$ 443,122 | \$ 463,931 |
| Contributions - Member | 91,671 | 93,373 | 62,958 | 98,666 | 101,913 |
| Net Investment Income | 520,913 | 12,259 | 283,880 | 871,095 | (250,637) |
| Benefit Payments, Including Refunds of Member Contributions | (498,763) | (554,623) | (395,431) | (611,828) | (737,152) |
| Administrative Expense | (16,044) | (21,062) | (11,138) | (16,019) | (21,478) |
| Net Change in Plan Fiduciary Net Position | 376,301 | (164,051) | 285,641 | 785,036 | (443,423) |
| Plan Fiduciary Net Position - Beginning | 7,655,533 | 8,031,834 | 7,867,783 | 8,153,424 | 8,938,460 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 8,031,834 | \$ 7,867,783 | \$ 8,153,424 | \$ 8,938,460 | \$ 8,495,037 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 3,660,924 | \$ 5,805,079 | \$ 5,341,976 | \$ 5,082,268 | \$ 5,849,873 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.69% | 57.54% | 60.42% | 63.75% | 59.22% |
| Covered Payroll | \$ 909,588 | \$ 942,791 | \$ 666,530 | \$ 1,034,788 | \$ 1,026,548 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 402.48% | 615.73% | 801.46% | 491.14% | 569.86% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

2016 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Five Fiscal Years

| FISCAL YEAR ENDED | April 30, | | December 31, | | |
|--|------------------|-------------|---------------------|-------------|-------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 4.74% | (2.66%) | 3.27% | 11.91% | (5.70%) |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Five Fiscal Years

| FISCAL YEAR ENDED | April 30, | | December 31, | | |
|--|------------------|-------------|---------------------|-------------|-------------|
| | 2015 | 2016 | 2016* | 2017 | 2018 |
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 0.70% | (0.45%) | 3.37% | 8.86% | 0.13% |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

1. BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual budgets are adopted for the General, Special Revenue, Debt Service and Capital Projects Funds. All annual appropriations lapse at fiscal year end.

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

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

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

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

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

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

2. INDIVIDUAL FUND DISCLOSURES

The following funds had expenditures in excess of budget:

| <u>Fund</u> | <u>Excess</u> |
|--------------|---------------|
| IMRF | \$ 5,017 |
| Downtown TIF | 532 |

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

MAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|-------------------------------|--------------------------------------|------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property | \$ 1,781,035 | \$ 1,776,122 | \$ (4,913) |
| Road and Bridge | 170,000 | 188,764 | 18,764 |
| Local Use | 236,478 | 281,241 | 44,763 |
| Telecommunications | 315,000 | 304,444 | (10,556) |
| State Sales | 1,900,000 | 2,065,411 | 165,411 |
| Replacement | 149,179 | 182,791 | 33,612 |
| Video Gaming | 125,000 | 145,711 | 20,711 |
| Total Taxes | <u>4,676,692</u> | <u>4,944,484</u> | <u>267,792</u> |
| Licenses and Permits | | | |
| Licenses | | | |
| Amusement | 2,000 | 3,578 | 1,578 |
| Liquor | 25,000 | 32,800 | 7,800 |
| Franchise | 125,000 | 121,805 | (3,195) |
| Other | - | 260 | 260 |
| Permits | | | |
| Building | 102,000 | 114,050 | 12,050 |
| Total Licenses and Permits | <u>254,000</u> | <u>272,493</u> | <u>18,493</u> |
| Intergovernmental | | | |
| Shared Income Tax | 856,873 | 916,864 | 59,991 |
| Federal Grants | 173,644 | 138,210 | (35,434) |
| Total Intergovernmental | <u>1,030,517</u> | <u>1,055,074</u> | <u>24,557</u> |
| Charges for Services | | | |
| Fire Protection | 88,230 | 88,230 | - |
| Ambulance Fees | 375,000 | 437,731 | 62,731 |
| Police Services | 75,000 | 58,351 | (16,649) |
| Planning/Zoning Fees | 205,000 | 226,628 | 21,628 |
| Grave Opening Fees | 20,500 | 29,550 | 9,050 |
| Rental Income | 14,400 | 9,635 | (4,765) |
| Cemetery Lot Sales | 15,000 | 17,500 | 2,500 |
| Cemetery Receipts | 3,000 | 1,670 | (1,330) |
| Water Reclamation Solid Waste | 130,000 | 129,725 | (275) |
| Total Charges for Services | <u>926,130</u> | <u>999,020</u> | <u>72,890</u> |

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|-----------------------------|--------------------------------------|---------------------|--------------------------------------|
| REVENUES (Continued) | | | |
| Fines and Forfeitures | | | |
| Circuit Court | \$ 100,000 | \$ 104,524 | \$ 4,524 |
| Alarm | 2,500 | 1,875 | (625) |
| Total Fines and Forfeitures | 102,500 | 106,399 | 3,899 |
| Investment Income | 25,000 | 43,998 | 18,998 |
| Miscellaneous | | | |
| Refunds/Reimbursements | - | 99,927 | 99,927 |
| Miscellaneous | 65,000 | 162,351 | 97,351 |
| Total Miscellaneous | 65,000 | 262,278 | 197,278 |
| TOTAL REVENUES | \$ 7,079,839 | \$ 7,683,746 | \$ 603,907 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--------------------------------|--------------------------------------|----------------|--------------------------------------|
| GENERAL GOVERNMENT | | | |
| Mayor and Council | | | |
| Salaries | \$ 25,250 | \$ 25,320 | \$ 70 |
| Travel Expenditures and Dues | 4,700 | 1,636 | (3,064) |
| Conferences | 5,000 | 2,655 | (2,345) |
| Supplies and Equipment | 900 | 600 | (300) |
| Other Professional Services | 100 | - | (100) |
| Printing | 200 | - | (200) |
| Community Relations | 1,000 | 241 | (759) |
| Recruitment | 1,000 | - | (1,000) |
| Equipment | 2,000 | - | (2,000) |
| Total Mayor and Council | 40,150 | 30,452 | (9,698) |
| City Clerk | | | |
| Salaries | 81,509 | 63,034 | (18,475) |
| Health Insurance | 11,421 | 14,812 | 3,391 |
| Life Insurance | - | 29 | 29 |
| Postage | 6,000 | 7,170 | 1,170 |
| Publishing | 1,000 | 164 | (836) |
| Printing | 500 | 563 | 63 |
| Travel Expenditures and Dues | 6,900 | 1,924 | (4,976) |
| Tuition and Training | 3,000 | 280 | (2,720) |
| Publications | 300 | 112 | (188) |
| Conferences | 3,500 | 35 | (3,465) |
| Office Supplies | 3,000 | 3,297 | 297 |
| Other Professional Services | 11,400 | 1,114 | (10,286) |
| Microcomputer Software | 300 | - | (300) |
| Maintenance of Equipment | 300 | - | (300) |
| Equipment | 1,000 | - | (1,000) |
| Miscellaneous Charges | 15,000 | 12,932 | (2,068) |
| Total City Clerk | 145,130 | 105,466 | (39,664) |
| Municipal Building | | | |
| Salaries | 42,404 | 23,679 | (18,725) |
| Health Insurance | 7,394 | 7,325 | (69) |
| Life Insurance | - | 41 | 41 |
| Maintenance (Buildings) | 14,000 | 17,192 | 3,192 |
| Maintenance (Grounds) | 2,000 | 3,430 | 1,430 |
| Maintenance (Other) | 2,000 | 5,361 | 3,361 |
| Network Administration | 110,064 | 110,064 | - |
| Janitorial Services | - | 20,602 | 20,602 |
| Other Professional Services | 30,000 | 32,480 | 2,480 |
| Utilities | 85,000 | 83,116 | (1,884) |
| Telephone | 1,500 | 532 | (968) |
| Travel Expenditures | 200 | - | (200) |
| Garbage Disposal/Recycling | 500 | 489 | (11) |
| Other Contractual Services | 400 | 18 | (382) |
| Property Tax | 2,500 | 150 | (2,350) |

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|---------------------------------------|--------------------------------------|----------------|--------------------------------------|
| GENERAL GOVERNMENT (Continued) | | | |
| Municipal Building (Continued) | | | |
| Maintenance Supplies | \$ 1,500 | \$ 1,228 | \$ (272) |
| Office Supplies | 4,000 | 4,542 | 542 |
| General Supplies | 4,000 | 4,968 | 968 |
| Building Improvements | 15,000 | 12,914 | (2,086) |
| Equipment | 350 | 149 | (201) |
| Other Improvements | 5,000 | 4,793 | (207) |
| Public Relations | 26,000 | 27,648 | 1,648 |
| Sales Tax Rebates | 84,000 | 91,197 | 7,197 |
| Administrative Services | 196,772 | 196,772 | - |
| Total Municipal Building | 634,584 | 648,690 | 14,106 |
| City Attorney | | | |
| Legal | 110,000 | 112,562 | 2,562 |
| Publications and Dues | - | 83 | 83 |
| Total City Attorney | 110,000 | 112,645 | 2,645 |
| City Manager | | | |
| Salaries | 111,500 | 111,346 | (154) |
| Health Insurance | 19,035 | 18,039 | (996) |
| Life Insurance | - | 164 | 164 |
| Other Professional Services | 2,000 | 60 | (1,940) |
| Telephone | 750 | 1,754 | 1,004 |
| Publishing | 200 | - | (200) |
| Dues | 8,750 | 3,298 | (5,452) |
| Travel | 2,500 | 1,270 | (1,230) |
| Training | - | 255 | 255 |
| Tuition | - | 616 | 616 |
| Publications | 500 | 733 | 233 |
| Conferences | 6,000 | 5,350 | (650) |
| Office Supplies | 500 | 155 | (345) |
| Public Relations | 1,000 | 3,267 | 2,267 |
| Equipment | 500 | 290 | (210) |
| Miscellaneous | - | 184 | 184 |
| Total City Manager | 153,235 | 146,781 | (6,454) |
| Building, Zoning and Engineering | | | |
| Salaries | 496,323 | 499,917 | 3,594 |
| Health Insurance | 89,702 | 89,408 | (294) |
| Life Insurance | - | 491 | 491 |
| Maintenance (Building) | 1,500 | 158 | (1,342) |
| Maintenance (Equipment) | 900 | 149 | (751) |
| Maintenance (Vehicles) | 2,250 | 4,018 | 1,768 |
| Engineering | 16,000 | 150,959 | 134,959 |
| Medical Services | 100 | - | (100) |
| Other Professional Services | 279,444 | 169,321 | (110,123) |
| Postage | 350 | - | (350) |

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------|--------------------------------------|
| GENERAL GOVERNMENT (Continued) | | | |
| Building, Zoning and Engineering (Continued) | | | |
| Telephone | \$ 4,900 | \$ 4,572 | \$ (328) |
| Printing | 900 | 61 | (839) |
| Dues | 3,300 | 3,491 | 191 |
| Travel | 6,300 | 5,760 | (540) |
| Training | 7,600 | 1,058 | (6,542) |
| Publications | 3,200 | 4,539 | 1,339 |
| Public Relations | 2,000 | 2,443 | 443 |
| Utilities | 6,800 | 4,458 | (2,342) |
| Supplies (Equipment) | 3,700 | 1,356 | (2,344) |
| Office Supplies | 2,950 | 2,534 | (416) |
| Operating Supplies | 600 | 896 | 296 |
| Microcomputer Software | 5,000 | - | (5,000) |
| General Supplies | 600 | 371 | (229) |
| Small Tools | 500 | 399 | (101) |
| Gasoline and Oil | 4,600 | 3,077 | (1,523) |
| Capital Improvements | 29,500 | 26,577 | (2,923) |
| Software | 3,200 | 3,740 | 540 |
| Nuisance Abatement | 4,600 | 2,606 | (1,994) |
| Conference Expenditures | 3,000 | 2,312 | (688) |
| Miscellaneous | 200 | 194 | (6) |
| | <hr/> | <hr/> | <hr/> |
| Total Building, Zoning and Engineering | 980,019 | 984,865 | 4,846 |
| | <hr/> | <hr/> | <hr/> |
| Total General Government | 2,063,118 | 2,028,899 | (34,219) |
| | <hr/> | <hr/> | <hr/> |
| PUBLIC SAFETY | | | |
| Police Department | | | |
| Salaries | 2,084,924 | 2,076,373 | (8,551) |
| Health Insurance | 301,309 | 301,757 | 448 |
| Life Insurance | - | 1,752 | 1,752 |
| Pension Contribution | 557,874 | 556,593 | (1,281) |
| Uniform Allowance | 20,000 | 18,723 | (1,277) |
| Maintenance (Equipment) | 40,000 | 35,304 | (4,696) |
| Maintenance (Vehicles) | 30,000 | 35,621 | 5,621 |
| Medical Services | 1,500 | 493 | (1,007) |
| Data Processing Services | 30,000 | 16,379 | (13,621) |
| Other Professional Services | 4,000 | 4,156 | 156 |
| Postage | 100 | 87 | (13) |
| Telephone | 20,000 | 22,321 | 2,321 |
| Printing and Publishing | 4,650 | 3,268 | (1,382) |
| Dues | 12,000 | 15,684 | 3,684 |
| Travel | 3,000 | 3,244 | 244 |
| Training | 11,000 | 9,323 | (1,677) |
| Publications | - | 160 | 160 |
| Utilities | 1,350 | 1,242 | (108) |
| Supplies (Equipment) | 500 | - | (500) |
| Supplies (Vehicles) | 1,500 | 2,254 | 754 |
| Office Supplies | 4,500 | 5,070 | 570 |
| Operating Supplies | 17,000 | 9,801 | (7,199) |

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------------|--------------------------------------|------------------|--------------------------------------|
| PUBLIC SAFETY (Continued) | | | |
| Police Department (Continued) | | | |
| Gas and Oil | \$ 40,000 | \$ 41,279 | \$ 1,279 |
| K9 Supplies | 5,000 | 3,474 | (1,526) |
| Prisoner Supplies | 2,000 | 1,296 | (704) |
| Capital Improvements | 9,408 | 3,601 | (5,807) |
| Miscellaneous | 11,000 | 18,293 | 7,293 |
| Total Police Department | 3,212,615 | 3,187,548 | (25,067) |
| Fire Department | | | |
| Salaries | 1,360,460 | 1,391,773 | 31,313 |
| Health Insurance | 224,770 | 213,506 | (11,264) |
| Life Insurance | - | 899 | 899 |
| Pension Contribution | 464,988 | 463,931 | (1,057) |
| Uniform Allowance | 12,000 | 12,446 | 446 |
| Maintenance (Building) | 9,000 | 2,922 | (6,078) |
| Maintenance (Equipment) | 12,500 | 9,849 | (2,651) |
| Maintenance (Vehicles) | 10,000 | 15,013 | 5,013 |
| Medical Services | 7,800 | 2,665 | (5,135) |
| Other Professional Services | 40,000 | 37,419 | (2,581) |
| Postage | 500 | 178 | (322) |
| Telephone | 8,000 | 5,546 | (2,454) |
| Printing and Publishing | 500 | 265 | (235) |
| Dues | 1,500 | 1,419 | (81) |
| Travel | 2,500 | 904 | (1,596) |
| Training | 6,000 | 5,658 | (342) |
| Tuition Reimbursement | 2,500 | 4,854 | 2,354 |
| Publications | 850 | 923 | 73 |
| Utilities | 17,000 | 12,708 | (4,292) |
| Community Relations | 1,000 | 272 | (728) |
| Supplies (Building) | 4,000 | 3,106 | (894) |
| Supplies (Equipment) | 5,000 | 3,485 | (1,515) |
| Supplies (Vehicles) | 5,000 | 4,818 | (182) |
| Capital Outlay - Equipment | 8,000 | 25,853 | 17,853 |
| Capital Outlay - Vehicles | - | 3,700 | 3,700 |
| Capital Outlay - Other | 13,000 | 51,232 | 38,232 |
| Office Supplies | 2,500 | 857 | (1,643) |
| Operating Supplies | 15,000 | 16,893 | 1,893 |
| Janitorial Supplies | 4,500 | 2,567 | (1,933) |
| Gas and Oil | 12,000 | 11,177 | (823) |
| Total Fire Department | 2,250,868 | 2,306,838 | 55,970 |
| Total Public Safety | 5,463,483 | 5,494,386 | 30,903 |
| PUBLIC WORKS | | | |
| Streets | | | |
| Salaries | 791,600 | 768,556 | (23,044) |
| Health Insurance | 137,799 | 166,131 | 28,332 |
| Life Insurance | - | 701 | 701 |
| Uniform Allowance | 3,500 | 4,841 | 1,341 |
| Maintenance (Building) | 7,500 | 5,139 | (2,361) |

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|-----------------------------------|--------------------------------------|---------------|--------------------------------------|
| PUBLIC WORKS (Continued) | | | |
| Streets (Continued) | | | |
| Maintenance (Equipment) | \$ 33,500 | \$ 30,841 | \$ (2,659) |
| Maintenance (Streets) | 30,000 | 30,489 | 489 |
| Maintenance (Snow Removal) | 3,000 | 3,135 | 135 |
| Maintenance (Service Vehicles) | 30,000 | 28,980 | (1,020) |
| Maintenance (Other) | 20,000 | 12,775 | (7,225) |
| Janitorial Services | 2,000 | 2,563 | 563 |
| Other Professional Services | 30,000 | 27,205 | (2,795) |
| Postage | 100 | 10 | (90) |
| Telephone | 5,000 | 3,672 | (1,328) |
| Printing and Publishing | 300 | 112 | (188) |
| Travel | 1,200 | 683 | (517) |
| Training | 3,500 | 2,801 | (699) |
| Utilities | 14,000 | 10,300 | (3,700) |
| Street Lighting | 169,000 | 151,532 | (17,468) |
| Lease or Rentals | 3,000 | 2,875 | (125) |
| Supplies (Vehicles) | 25,000 | 24,726 | (274) |
| Supplies (Streets) | 60,000 | 46,552 | (13,448) |
| Supplies (Snow Removal) | 110,000 | 87,236 | (22,764) |
| Supplies (Safety) | 3,500 | 2,184 | (1,316) |
| Supplies (Other) | 31,200 | 23,216 | (7,984) |
| Office Supplies | 2,000 | 1,896 | (104) |
| Operating Supplies | 8,000 | 6,310 | (1,690) |
| Gas and Oil | 55,000 | 48,270 | (6,730) |
| Capital Outlay | 105,000 | 107,174 | 2,174 |
| Total Streets | 1,684,699 | 1,600,905 | (83,794) |
| Total Public Works | 1,684,699 | 1,600,905 | (83,794) |
| PUBLIC SERVICE ENTERPRISES | | | |
| Cemetery | | | |
| Salaries | 17,368 | 7,864 | (9,504) |
| Health Insurance | 23,298 | 11,349 | (11,949) |
| Life Insurance | - | 25 | 25 |
| Uniform Allowance | - | 39 | 39 |
| Maintenance (Buildings) | 2,500 | 1,105 | (1,395) |
| Maintenance (Equipment) | 1,000 | 412 | (588) |
| Maintenance (Vehicles) | 300 | 179 | (121) |
| Other Professional Services | 45,000 | 39,159 | (5,841) |
| Telephone | 1,500 | 1,853 | 353 |
| Utilities | 3,250 | 2,474 | (776) |
| Supplies (Vehicles) | 500 | - | (500) |
| Supplies (Other) | 2,350 | 1,855 | (495) |
| Operating Supplies | 500 | 586 | 86 |
| Gas and Oil | 1,200 | 1,911 | 711 |
| Miscellaneous | - | 307 | 307 |
| Total Cemetery | 98,766 | 69,118 | (29,648) |
| Total Public Service Enterprises | 98,766 | 69,118 | (29,648) |

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|-------------------------------------|--------------------------------------|---------------------|--------------------------------------|
| CONSERVATION AND DEVELOPMENT | | | |
| Economic Development | | | |
| Life Insurance | \$ - | \$ 140 | \$ 140 |
| Other Professional Services | 3,000 | - | (3,000) |
| Postage | 100 | 25 | (75) |
| Telephone | 1,500 | 1,191 | (309) |
| Dues | 750 | 1,934 | 1,184 |
| Travel | 2,500 | 1,156 | (1,344) |
| Training | 1,000 | 1,580 | 580 |
| Publications | 150 | - | (150) |
| Community Relations | 1,000 | 1,359 | 359 |
| Office Supplies | 1,000 | 1,133 | 133 |
| Equipment | 1,500 | 1,012 | (488) |
| Miscellaneous | 2,000 | 1,966 | (34) |
| Total Economic Development | <u>14,500</u> | <u>11,496</u> | <u>(3,004)</u> |
| Total Conservation and Development | <u>14,500</u> | <u>11,496</u> | <u>(3,004)</u> |
| TOTAL EXPENDITURES | <u>\$ 9,324,566</u> | <u>\$ 9,204,804</u> | <u>\$ (119,762)</u> |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------|--------------------------------------|
| REVENUES | | | |
| Charges for Services | \$ 1,910,000 | \$ 1,994,982 | \$ 84,982 |
| Investment Income | 1,500 | 20,449 | 18,949 |
| Miscellaneous | 8,083 | 8,082 | (1) |
| Intergovernmental | 6,000,000 | 1,788,889 | (4,211,111) |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 7,919,583 | 3,812,402 | (4,107,181) |
| EXPENDITURES | | | |
| Current | | | |
| Public Works | | | |
| Personal Services | 153,827 | 110,851 | (42,976) |
| Commodities | 7,000 | - | (7,000) |
| Other Services | 27,504 | 24,116 | (3,388) |
| Contractual Services | 253,020 | 196,963 | (56,057) |
| Capital Outlay | 7,700,000 | 3,077,832 | (4,622,168) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 8,141,351 | 3,409,762 | (4,731,589) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> | <hr/> | <hr/> |
| | (221,768) | 402,640 | 624,408 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | (473,188) | (479,692) | (6,504) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | (473,188) | (479,692) | (6,504) |
| NET CHANGE IN FUND BALANCE | <hr/> | <hr/> | <hr/> |
| | \$ (694,956) | (77,052) | \$ 617,904 |
| FUND BALANCE, JANUARY 1 | | <hr/> | |
| | | 1,873,310 | |
| FUND BALANCE, DECEMBER 31 | | <hr/> | |
| | | \$ 1,796,258 | |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

| | Special Revenue | | | | |
|---|------------------------|-------------------|---------------------------|----------------------------|----------------------|
| | Audit | Insurance | Motor Fuel Tax | Hotel/Motel Tax | IMRF Fund |
| ASSETS | | | | | |
| Cash and Investments | \$ 3,662 | \$ 4,811 | \$ 487,295 | \$ 157,280 | \$ - |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | | | |
| Property Taxes | 26,991 | 351,602 | - | - | 163,207 |
| Accounts | - | - | - | 21,308 | - |
| Prepaid Items | - | 13,110 | - | - | - |
| Due from Other Governments | - | - | 20,794 | - | - |
| TOTAL ASSETS | \$ 30,653 | \$ 369,523 | \$ 508,089 | \$ 178,588 | \$ 163,207 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ 11,340 | \$ - | \$ 4,033 | \$ - |
| Accrued Payroll | - | - | - | 57 | - |
| Deposit Payable | - | - | - | - | - |
| Due to Other Funds | - | - | - | - | 16,150 |
| Advance from Other Funds | - | - | - | - | - |
| Unearned Revenue | - | - | - | - | - |
| Total Liabilities | - | 11,340 | - | 4,090 | 16,150 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Property Taxes | 26,991 | 351,602 | - | - | 163,207 |
| Total Deferred Inflows of Resources | 26,991 | 351,602 | - | - | 163,207 |
| Total Liabilities and Deferred Inflows of Resources | 26,991 | 362,942 | - | 4,090 | 179,357 |
| FUND BALANCES | | | | | |
| Nonspendable Prepaid Items | - | 13,110 | - | - | - |
| Restricted for Audit | 3,662 | - | - | - | - |
| Restricted for Maintenance of Roadways | - | - | 508,089 | - | - |
| Restricted for Tourism | - | - | - | 174,498 | - |
| Restricted for Employee Retirement | - | - | - | - | - |
| Restricted for Capital Improvements | - | - | - | - | - |
| Restricted for Economic Development | - | - | - | - | - |
| Restricted for Public Safety | - | - | - | - | - |
| Unrestricted | | | | | |
| Assigned for Ambulance Replacement | - | - | - | - | - |
| Assigned for Stormwater | - | - | - | - | - |
| Assigned for Golf Course | - | - | - | - | - |
| Unassigned (Deficit) | - | (6,529) | - | - | (16,150) |
| Total Fund Balances (Deficit) | 3,662 | 6,581 | 508,089 | 174,498 | (16,150) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 30,653 | \$ 369,523 | \$ 508,089 | \$ 178,588 | \$ 163,207 |

(This statement is continued on the following pages.)

| Special Revenue | | | | | | Capital Projects | | | |
|-----------------|-----------------------|------------------------|--------------------------|----------------------|--------------|---------------------|-----------------------|------------|--|
| Social Security | Lighthouse Pointe TIF | Foreign Fire Insurance | Overweight Truck Permits | Northern Gateway TIF | Downtown TIF | Capital Improvement | Ambulance Replacement | Stormwater | |
| \$ 30,475 | \$ 579,373 | \$ 55,262 | \$ 78,332 | \$ - | \$ - | \$ 4,414,122 | \$ 205,079 | \$ 128,830 | |
| 163,364 | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 369,607 | - | - | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | |
| \$ 193,839 | \$ 579,373 | \$ 55,262 | \$ 78,332 | \$ - | \$ - | \$ 4,783,729 | \$ 205,079 | \$ 128,830 | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 290,344 | \$ - | \$ 184 | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 69,673 | - | - | |
| - | - | - | - | - | 159,747 | - | - | - | |
| - | - | - | - | 44,677 | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | 44,677 | 159,747 | 360,017 | - | 184 | |
| 163,364 | - | - | - | - | - | - | - | - | |
| 163,364 | - | - | - | - | - | - | - | - | |
| 163,364 | - | - | - | 44,677 | 159,747 | 360,017 | - | 184 | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | 78,332 | - | - | - | - | - | |
| 30,475 | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 4,500,000 | - | - | |
| - | 579,373 | - | - | - | - | - | - | - | |
| - | - | 55,262 | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | 205,079 | - | |
| - | - | - | - | - | - | - | - | 128,646 | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | (44,677) | (159,747) | (76,288) | - | - | |
| 30,475 | 579,373 | 55,262 | 78,332 | (44,677) | (159,747) | 4,423,712 | 205,079 | 128,646 | |
| \$ 193,839 | \$ 579,373 | \$ 55,262 | \$ 78,332 | \$ - | \$ - | \$ 4,783,729 | \$ 205,079 | \$ 128,830 | |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

| | Capital Projects | | | Total |
|---|-------------------------|----------------------|------------------------|----------------------|
| | Utility Tax | Sales Tax | Golf Course | |
| ASSETS | | | | |
| Cash and Investments | \$ 1,088,428 | \$ 1,879,663 | \$ 59,015 | \$ 9,171,627 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | | |
| Property Taxes | - | - | - | 705,164 |
| Accounts | 43,073 | - | 6,526 | 440,514 |
| Prepaid Items | - | - | 471 | 13,581 |
| Due from Other Governments | - | 262,266 | - | 283,060 |
| TOTAL ASSETS | \$ 1,131,501 | \$ 2,141,929 | \$ 66,012 | \$ 10,613,946 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ - | \$ 954 | \$ 306,855 |
| Accrued Payroll | - | - | 280 | 337 |
| Deposit Payable | - | - | - | 69,673 |
| Due to Other Funds | - | - | - | 175,897 |
| Advance from Other Funds | - | - | - | 44,677 |
| Unearned Revenue | - | - | 15,839 | 15,839 |
| Total Liabilities | - | - | 17,073 | 613,278 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Property Taxes | - | - | - | 705,164 |
| Total Deferred Inflows of Resources | - | - | - | 705,164 |
| Total Liabilities and Deferred Inflows of Resources | - | - | 17,073 | 1,318,442 |
| FUND BALANCES | | | | |
| Nonspendable Prepaid Items | - | - | 471 | 13,581 |
| Restricted for Audit | - | - | - | 3,662 |
| Restricted for Maintenance of Roadways | - | - | - | 586,421 |
| Restricted for Tourism | - | - | - | 174,498 |
| Restricted for Employee Retirement | - | - | - | 30,475 |
| Restricted for Capital Improvements | 1,131,501 | 2,141,929 | - | 7,773,430 |
| Restricted for Economic Development | - | - | - | 579,373 |
| Restricted for Public Safety | - | - | - | 55,262 |
| Unrestricted | | | | |
| Assigned for Ambulance Replacement | - | - | - | 205,079 |
| Assigned for Stormwater | - | - | - | 128,646 |
| Assigned for Golf Course | - | - | 48,468 | 48,468 |
| Unassigned (Deficit) | - | - | - | (303,391) |
| Total Fund Balances (Deficit) | 1,131,501 | 2,141,929 | 48,939 | 9,295,504 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 1,131,501 | \$ 2,141,929 | \$ 66,012 | \$ 10,613,946 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Special Revenue | | | | |
|--|------------------------|------------------|---------------------------|----------------------------|----------------------|
| | Audit | Insurance | Motor Fuel Tax | Hotel/Motel Tax | IMRF Fund |
| REVENUES | | | | | |
| Taxes | \$ 13,736 | \$ 230,034 | \$ - | \$ 252,426 | \$ 217,002 |
| Licenses and Permits | - | - | - | - | - |
| Intergovernmental | - | - | 245,053 | - | - |
| Charges For Services | - | - | - | - | - |
| Investment Income | 51 | 81 | 5,931 | 1,258 | 221 |
| Miscellaneous | - | - | - | 24,072 | - |
| Total Revenues | 13,787 | 230,115 | 250,984 | 277,756 | 217,223 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | 24,176 | 38,988 | - | - | 30,324 |
| Public Safety | - | 174,028 | - | - | 36,026 |
| Public Works | - | 75,970 | - | - | 1,193 |
| Public Service Enterprises | - | 5,928 | - | - | 44,535 |
| Conservation and Development | - | - | - | 189,631 | 108,939 |
| Capital Outlay | - | - | - | - | - |
| Debt Service | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | 24,176 | 294,914 | - | 189,631 | 221,017 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (10,389) | (64,799) | 250,984 | 88,125 | (3,794) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers (Out) | - | - | (98,957) | (75,000) | - |
| Bonds Issued | - | - | - | - | - |
| Premium on Bonds Issued | - | - | - | - | - |
| Sale of Capital Assets | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | (98,957) | (75,000) | - |
| NET CHANGE IN FUND BALANCES | (10,389) | (64,799) | 152,027 | 13,125 | (3,794) |
| FUND BALANCES (DEFICIT), JANUARY 1 | 14,051 | 71,380 | 356,062 | 161,373 | (12,356) |
| FUND BALANCES (DEFICIT), DECEMBER 31 | \$ 3,662 | \$ 6,581 | \$ 508,089 | \$ 174,498 | \$ (16,150) |

(This statement is continued on the following pages.)

| | | Special Revenue | | | | | Capital Projects | | |
|-----------------|-----------------------|------------------------|--------------------------|----------------------|--------------|---------------------|-----------------------|------------|--|
| Social Security | Lighthouse Pointe TIF | Foreign Fire Insurance | Overweight Truck Permits | Northern Gateway TIF | Downtown TIF | Capital Improvement | Ambulance Replacement | Stormwater | |
| \$ 221,394 | \$ 556,099 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| - | - | - | 38,902 | - | - | - | - | - | |
| - | - | - | - | - | - | 369,607 | - | - | |
| - | - | - | - | - | - | - | - | 24,844 | |
| 224 | 5,452 | 355 | 521 | - | - | 7,498 | 1,368 | 1,149 | |
| - | - | 31,566 | - | - | 69,212 | - | - | - | |
| 221,618 | 561,551 | 31,921 | 39,423 | - | 69,212 | 377,105 | 1,368 | 25,993 | |
| 34,710 | 140,259 | - | - | 44,677 | 15,532 | 115,583 | - | - | |
| 48,463 | - | 4,296 | - | - | - | - | - | - | |
| 109,245 | - | - | 1,044 | - | - | - | - | 2,500 | |
| 1,278 | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | |
| - | - | 4,703 | - | - | - | 1,035,853 | - | 3,107 | |
| - | 135,000 | - | - | - | - | 170,000 | - | - | |
| - | 80,280 | - | - | - | - | 53,188 | - | - | |
| 193,696 | 355,539 | 8,999 | 1,044 | 44,677 | 15,532 | 1,374,624 | - | 5,607 | |
| 27,922 | 206,012 | 22,922 | 38,379 | (44,677) | 53,680 | (997,519) | 1,368 | 20,386 | |
| - | - | - | - | - | - | 989,557 | 143,000 | - | |
| - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 4,500,000 | - | - | |
| - | - | - | - | - | - | 128,005 | - | - | |
| - | - | - | - | - | - | 203,802 | - | - | |
| - | - | - | - | - | - | 5,821,364 | 143,000 | - | |
| 27,922 | 206,012 | 22,922 | 38,379 | (44,677) | 53,680 | 4,823,845 | 144,368 | 20,386 | |
| 2,553 | 373,361 | 32,340 | 39,953 | - | (213,427) | (400,133) | 60,711 | 108,260 | |
| \$ 30,475 | \$ 579,373 | \$ 55,262 | \$ 78,332 | \$ (44,677) | \$ (159,747) | \$ 4,423,712 | \$ 205,079 | \$ 128,646 | |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Capital Projects | | | Total |
|--|---------------------|---------------------|------------------|---------------------|
| | Utility Tax | Sales Tax | Golf Course | |
| REVENUES | | | | |
| Taxes | \$ 444,058 | \$ 1,032,858 | \$ - | \$ 2,967,607 |
| Licenses and Permits | - | - | - | 38,902 |
| Intergovernmental | - | - | - | 614,660 |
| Charges For Services | - | - | 188,389 | 213,233 |
| Investment Income | 8,916 | 24,648 | 904 | 58,577 |
| Miscellaneous | - | - | 78,383 | 203,233 |
| Total Revenues | 452,974 | 1,057,506 | 267,676 | 4,096,212 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | - | - | - | 444,249 |
| Public Safety | - | - | - | 262,813 |
| Public Works | - | - | - | 189,952 |
| Public Service Enterprises | - | - | - | 51,741 |
| Conservation and Development | - | - | 316,262 | 614,832 |
| Capital Outlay | - | - | 7,928 | 1,051,591 |
| Debt Service | | | | |
| Principal | - | - | 4,668 | 309,668 |
| Interest and Fiscal Charges | - | - | - | 133,468 |
| Total Expenditures | - | - | 328,858 | 3,058,314 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 452,974 | 1,057,506 | (61,182) | 1,037,898 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | 75,000 | 1,207,557 |
| Transfers (Out) | (34,174) | (626,735) | - | (834,866) |
| Bonds Issued | - | - | - | 4,500,000 |
| Premium on Bonds Issued | - | - | - | 128,005 |
| Sale of Capital Assets | - | - | - | 203,802 |
| Total Other Financing Sources (Uses) | (34,174) | (626,735) | 75,000 | 5,204,498 |
| NET CHANGE IN FUND BALANCES | 418,800 | 430,771 | 13,818 | 6,242,396 |
| FUND BALANCES (DEFICIT), JANUARY 1 | 712,701 | 1,711,158 | 35,121 | 3,053,108 |
| FUND BALANCES (DEFICIT), DECEMBER 31 | \$ 1,131,501 | \$ 2,141,929 | \$ 48,939 | \$ 9,295,504 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------|--------------------------------------|-----------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 14,131 | \$ 13,736 | \$ (395) |
| Investment Income | 25 | 51 | 26 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 14,156 | 13,787 | (369) |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Contractual Services | 28,000 | 24,176 | (3,824) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 28,000 | 24,176 | (3,824) |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ (13,844)</u> | (10,389) | <u>\$ 3,455</u> |
| FUND BALANCE, JANUARY 1 | | <hr/> 14,051 | |
| FUND BALANCE, DECEMBER 31 | | <hr/> <u>\$ 3,662</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 230,660 | \$ 230,034 | \$ (626) |
| Investment Income | - | 81 | 81 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 230,660 | 230,115 | (545) |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Contractual Services | 46,667 | 38,988 | (7,679) |
| Public Safety | | | |
| Contractual Services | 208,305 | 174,028 | (34,277) |
| Public Works | | | |
| Contractual Services | 90,933 | 75,970 | (14,963) |
| Public Service Enterprises | | | |
| Contractual Services | 7,095 | 5,928 | (1,167) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 353,000 | 294,914 | (58,086) |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ (122,340)</u> | (64,799) | <u>\$ 57,541</u> |
| FUND BALANCE, JANUARY 1 | | <hr/> | |
| | | 71,380 | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 6,581</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------|--------------------------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| State Motor Fuel Tax | \$ 258,000 | \$ 245,053 | \$ (12,947) |
| Other Intergovernmental | 1,850,000 | - | (1,850,000) |
| Investment Income | 2,000 | 5,931 | 3,931 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 2,110,000 | 250,984 | (1,859,016) |
| EXPENDITURES | | | |
| None | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | <hr/> | <hr/> | <hr/> |
| | 2,110,000 | 250,984 | (1,859,016) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | (2,400,000) | (98,957) | 2,301,043 |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | (2,400,000) | (98,957) | 2,301,043 |
| NET CHANGE IN FUND BALANCE | | | |
| | <hr/> | <hr/> | <hr/> |
| | \$ (290,000) | 152,027 | \$ 442,027 |
| FUND BALANCE, JANUARY 1 | | | |
| | | <hr/> | |
| | | 356,062 | |
| FUND BALANCE, DECEMBER 31 | | | |
| | | <hr/> | |
| | | \$ 508,089 | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|-------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Hotel/Motel Tax | \$ 208,000 | \$ 252,426 | \$ 44,426 |
| Investment Income | 168 | 1,258 | 1,090 |
| Miscellaneous | 35,000 | 24,072 | (10,928) |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 243,168 | 277,756 | 34,588 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| Conservation and Development | | | |
| Personal Services | 89,366 | 82,902 | (6,464) |
| Commodities | 9,000 | 4,068 | (4,932) |
| Contractual Services | 83,400 | 68,160 | (15,240) |
| Miscellaneous | 46,250 | 34,501 | (11,749) |
| Capital Outlay | 10,000 | - | (10,000) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 238,016 | 189,631 | (48,385) |
| | <hr/> | <hr/> | <hr/> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 5,152 | 88,125 | 82,973 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | (75,000) | (75,000) | - |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | (75,000) | (75,000) | - |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ (69,848)</u> | 13,125 | <u>\$ 82,973</u> |
| FUND BALANCE, JANUARY 1 | | <hr/> 161,373 | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 174,498</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 178,210 | \$ 177,716 | \$ (494) |
| Replacement Taxes | 50,396 | 39,286 | (11,110) |
| Investment Income | 50 | 221 | 171 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 228,656 | 217,223 | (11,433) |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Pension Contributions | 29,635 | 30,324 | 689 |
| Public Safety | | | |
| Pension Contributions | 35,208 | 36,026 | 818 |
| Public Works | | | |
| Pension Contributions | 1,166 | 1,193 | 27 |
| Public Service Enterprises | | | |
| Pension Contributions | 43,524 | 44,535 | 1,011 |
| Conservation and Development | | | |
| Pension Contributions | 106,467 | 108,939 | 2,472 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 216,000 | 221,017 | 5,017 |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ 12,656</u> | <u>(3,794)</u> | <u>\$ (16,450)</u> |
| FUND BALANCE (DEFICIT), JANUARY 1 | | <u>(12,356)</u> | |
| FUND BALANCE (DEFICIT), DECEMBER 31 | | <u><u>\$ (16,150)</u></u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------|--------------------------------------|------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 222,000 | \$ 221,394 | \$ (606) |
| Investment Income | 50 | 224 | 174 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 222,050 | 221,618 | (432) |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Payroll Taxes | 39,962 | 34,710 | (5,252) |
| Public Safety | | | |
| Payroll Taxes | 55,795 | 48,463 | (7,332) |
| Public Works | | | |
| Payroll Taxes | 125,772 | 109,245 | (16,527) |
| Public Service Enterprises | | | |
| Payroll Taxes | 1,471 | 1,278 | (193) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 223,000 | 193,696 | (29,304) |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ (950)</u> | 27,922 | <u>\$ 28,872</u> |
| FUND BALANCE, JANUARY 1 | | <hr/> | 2,553 |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 30,475</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIGHTHOUSE POINTE TIF FUND**

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------------|--------------------------------------|--------------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 563,726 | \$ 556,099 | \$ (7,627) |
| Investment Income | 250 | 5,452 | 5,202 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 563,976 | 561,551 | (2,425) |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Contractual Services | 155,819 | 140,259 | (15,560) |
| Debt Service | | | |
| Principal | 135,000 | 135,000 | - |
| Interest and Fiscal Charges | 80,280 | 80,280 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 371,099 | 355,539 | (15,560) |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ 192,877</u> | 206,012 | <u>\$ 13,135</u> |
| FUND BALANCE, JANUARY 1 | | <u>373,361</u> | |
| FUND BALANCE, DECEMBER 31 | | <u><u>\$ 579,373</u></u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------|--------------------------------------|------------------|--------------------------------------|
| REVENUES | | | |
| Investment Income | \$ 25 | \$ 355 | \$ 330 |
| Miscellaneous | 21,000 | 31,566 | 10,566 |
| | | | |
| Total Revenues | 21,025 | 31,921 | 10,896 |
| | | | |
| EXPENDITURES | | | |
| Current | | | |
| Public Safety | | | |
| Contractual Services | 22,300 | 4,296 | (18,004) |
| Capital Outlay | 8,200 | 4,703 | (3,497) |
| | | | |
| Total Expenditures | 30,500 | 8,999 | (21,501) |
| | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ (9,475)</u> | 22,922 | <u>\$ 32,397</u> |
| | | | |
| FUND BALANCE, JANUARY 1 | | <u>32,340</u> | |
| | | | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 55,262</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OVERWEIGHT TRUCK PERMITS FUND**

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|------------------|--------------------------------------|
| REVENUES | | | |
| Licenses and Permits | \$ 50,000 | \$ 38,902 | \$ (11,098) |
| Investment Income | 50 | 521 | 471 |
| Total Revenues | <u>50,050</u> | <u>39,423</u> | <u>(10,627)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public Works | | | |
| Contractual Services | <u>6,600</u> | <u>1,044</u> | <u>(5,556)</u> |
| Total Expenditures | <u>6,600</u> | <u>1,044</u> | <u>(5,556)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>43,450</u> | <u>38,379</u> | <u>(5,071)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | <u>(87,000)</u> | <u>-</u> | <u>87,000</u> |
| Total Other Financing Sources (Uses) | <u>(87,000)</u> | <u>-</u> | <u>87,000</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (43,550)</u> | <u>38,379</u> | <u>\$ 81,929</u> |
| FUND BALANCE, JANUARY 1 | | <u>39,953</u> | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 78,332</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF FUND**

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|----------------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | <u>\$ 71,758</u> | <u>\$ 69,212</u> | <u>\$ (2,546)</u> |
| Total Revenues | <u>71,758</u> | <u>69,212</u> | <u>(2,546)</u> |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Other Services | <u>15,000</u> | <u>15,532</u> | <u>532</u> |
| Total Expenditures | <u>15,000</u> | <u>15,532</u> | <u>532</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ 56,758</u></u> | <u>53,680</u> | <u><u>\$ (3,078)</u></u> |
| FUND BALANCE (DEFICIT), JANUARY 1 | | <u>(213,427)</u> | |
| FUND BALANCE (DEFICIT), DECEMBER 31 | | <u><u>\$ (159,747)</u></u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> |
|--|--------------------------------------|---------------------|--------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 369,607 | \$ 369,607 |
| Investment Income | 500 | 7,498 | 6,998 |
| | <hr/> | | |
| Total Revenues | 500 | 377,105 | 376,605 |
| <hr/> | | | |
| EXPENDITURES | | | |
| General Government | | | |
| Contractual Services | 750 | 115,583 | 114,833 |
| Capital Outlay | 5,653,000 | 1,035,853 | (4,617,147) |
| Debt Service | | | |
| Principal | 170,000 | 170,000 | - |
| Interest and Fiscal Charges | 53,188 | 53,188 | - |
| | <hr/> | | |
| Total Expenditures | 5,876,938 | 1,374,624 | (4,502,314) |
| <hr/> | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (5,876,438) | (997,519) | 4,878,919 |
| <hr/> | | | |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 1,176,188 | 989,557 | (186,631) |
| Bonds Issued | - | 4,500,000 | 4,500,000 |
| Premium on Bonds Issued | - | 128,005 | |
| Proceeds from Sale of Capital Assets | - | 203,802 | 203,802 |
| | <hr/> | | |
| Total Other Financing Sources (Uses) | 1,176,188 | 5,821,364 | 4,517,171 |
| <hr/> | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,700,250)</u> | 4,823,845 | <u>\$ 9,396,090</u> |
| <hr/> | | | |
| FUND BALANCE (DEFICIT), JANUARY 1 | | <u>(400,133)</u> | |
| <hr/> | | | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 4,423,712</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|-------------------|--------------------------------------|
| REVENUES | | | |
| Investment Income | \$ - | \$ 1,368 | \$ 1,368 |
| Total Revenues | - | 1,368 | 1,368 |
| EXPENDITURES | | | |
| None | - | - | - |
| Total Expenditures | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | 1,368 | 1,368 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 143,000 | 143,000 | - |
| Total Other Financing Sources (Uses) | 143,000 | 143,000 | - |
| NET CHANGE IN FUND BALANCE | <u>\$ 143,000</u> | 144,368 | <u>\$ 1,368</u> |
| FUND BALANCE, JANUARY 1 | | <u>60,711</u> | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 205,079</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|----------------------------|--------------------------------------|-------------------|--------------------------------------|
| REVENUES | | | |
| Charges for Services | \$ 24,000 | \$ 24,844 | \$ 844 |
| Investment Income | 100 | 1,149 | 1,049 |
| Total Revenues | <u>24,100</u> | <u>25,993</u> | <u>1,893</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public Works | | | |
| Contractual Services | 9,500 | 2,500 | (7,000) |
| Capital Outlay | 10,000 | 3,107 | (6,893) |
| Total Expenditures | <u>19,500</u> | <u>5,607</u> | <u>(13,893)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 4,600</u> | 20,386 | <u>\$ 15,786</u> |
| FUND BALANCE, JANUARY 1 | | <u>108,260</u> | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 128,646</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Utility Taxes | \$ 450,000 | \$ 444,058 | \$ (5,942) |
| Investment Income | 1,200 | 8,916 | 7,716 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 451,200 | 452,974 | 1,774 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| None | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> 451,200 | <hr/> 452,974 | <hr/> 1,774 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | (1,205,000) | (34,174) | 1,170,826 |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | (1,205,000) | (34,174) | 1,170,826 |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ (753,800)</u> | 418,800 | <u>\$ 1,172,600</u> |
| | | | |
| FUND BALANCE, JANUARY 1 | | <u>712,701</u> | |
| | | | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 1,131,501</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Sales Tax | \$ 997,000 | \$ 1,032,858 | \$ 35,858 |
| Investment Income | - | 24,648 | 24,648 |
| Total Revenues | <u>997,000</u> | <u>1,057,506</u> | <u>60,506</u> |
| EXPENDITURES | | | |
| None | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>997,000</u> | <u>1,057,506</u> | <u>60,506</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | <u>(2,192,000)</u> | <u>(626,735)</u> | <u>1,565,265</u> |
| Total Other Financing Sources (Uses) | <u>(2,192,000)</u> | <u>(626,735)</u> | <u>1,565,265</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,195,000)</u> | 430,771 | <u>\$ 1,625,771</u> |
| FUND BALANCE, JANUARY 1 | | <u>1,711,158</u> | |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 2,141,929</u> | |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOLF COURSE FUND**

For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--------------------------------------|---------------|--------------------------------------|
| REVENUES | | | |
| Charges For Services | \$ 218,500 | \$ 188,389 | \$ (30,111) |
| Investment Income | - | 904 | 904 |
| Miscellaneous | 78,500 | 78,383 | (117) |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 297,000 | 267,676 | (29,324) |
| EXPENDITURES | | | |
| Current | | | |
| Conservation and Development | | | |
| Personal Services | 189,092 | 181,158 | (7,934) |
| Commodities | 62,300 | 55,052 | (7,248) |
| Contractual Services | 80,100 | 72,325 | (7,775) |
| Miscellaneous | 5,500 | 7,727 | 2,227 |
| Capital Outlay | 35,000 | 7,928 | (27,072) |
| Debt Service | | | |
| Principal | - | 4,668 | 4,668 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 371,992 | 328,858 | (43,134) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> | <hr/> | <hr/> |
| | (74,992) | (61,182) | 13,810 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 75,000 | 75,000 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | 75,000 | 75,000 | - |
| NET CHANGE IN FUND BALANCE | <hr/> | <hr/> | <hr/> |
| | \$ 8 | 13,818 | \$ 13,810 |
| FUND BALANCE, JANUARY 1 | | <hr/> | |
| | | 35,121 | |
| FUND BALANCE, DECEMBER 31 | | <hr/> | |
| | | \$ 48,939 | |

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

December 31, 2018

| | Landfill | Airport | Total Nonmajor Enterprise |
|--|------------------|------------------|--|
| CURRENT ASSETS | | | |
| Cash and Investments | \$ 3,222,159 | \$ 56,249 | \$ 3,278,408 |
| Receivables | | | |
| Property Taxes | - | 61,146 | 61,146 |
| Accounts | 100,022 | 104,641 | 204,663 |
| Prepaid Expenses | - | 513 | 513 |
| Inventory | - | 21,456 | 21,456 |
| Restricted Assets | | | |
| Cash Held at Paying Agent | - | 48,953 | 48,953 |
| Total Current Assets | 3,322,181 | 292,958 | 3,615,139 |
| NONCURRENT ASSETS | | | |
| None | - | - | - |
| Subtotal Noncurrent Assets | - | - | - |
| CAPITAL ASSETS | | | |
| Nondepreciable | 708,563 | 1,451,597 | 2,160,160 |
| Depreciable | 453,185 | 4,914,201 | 5,367,386 |
| Accumulated Depreciation | (342,122) | (2,804,863) | (3,146,985) |
| Total Capital Assets | 819,626 | 3,560,935 | 4,380,561 |
| Total Noncurrent Assets | 819,626 | 3,560,935 | 4,380,561 |
| Total Assets | 4,141,807 | 3,853,893 | 7,995,700 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Items - IMRF | - | 13,534 | 13,534 |
| Unamortized Loss on Refunding | - | 23,430 | 23,430 |
| Total Deferred Outflows of Resources | - | 36,964 | 36,964 |
| Total Assets and Deferred Outflows of Resources | 4,141,807 | 3,890,857 | 8,032,664 |

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Continued)

December 31, 2018

| | Landfill | Airport | Total Nonmajor Enterprise |
|--|---------------------|---------------------|--|
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ 38,738 | \$ 132,924 | \$ 171,662 |
| Accrued Payroll | 48 | 373 | 421 |
| Accrued Interest Payable | - | 8,953 | 8,953 |
| General Obligation Bonds Payable | - | 40,000 | 40,000 |
| OPEB Liability | - | 3,495 | 3,495 |
| Compensated Absences Payable | - | 5,509 | 5,509 |
| Total Current Liabilities | 38,786 | 191,254 | 230,040 |
| LONG-TERM LIABILITIES | | | |
| Net Pension Liability | - | 11,513 | 11,513 |
| OPEB Liability | - | 8,749 | 8,749 |
| General Obligation Bonds Payable | - | 510,000 | 510,000 |
| Total Long-Term Liabilities | - | 530,262 | 530,262 |
| Total Liabilities | 38,786 | 721,516 | 760,302 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Items - IMRF | - | 37,167 | 37,167 |
| OPEB Items | - | 346 | 346 |
| Deferred Property Taxes | - | 61,146 | 61,146 |
| Total Deferred Inflows of Resources | - | 98,659 | 98,659 |
| Total Liabilities and Deferred Inflows of Resources | 38,786 | 820,175 | 858,961 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 819,626 | 3,034,365 | 3,853,991 |
| Unrestricted | 3,283,395 | 36,317 | 3,319,712 |
| TOTAL NET POSITION | \$ 4,103,021 | \$ 3,070,682 | \$ 7,173,703 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Landfill | Airport | Total Nonmajor Enterprise |
|---|---------------------|---------------------|--|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 656,506 | \$ 367,352 | \$ 1,023,858 |
| Total Operating Revenues | 656,506 | 367,352 | 1,023,858 |
| OPERATING EXPENSES | | | |
| Personal Services | 8,869 | 148,392 | 157,261 |
| Commodities | - | 240,379 | 240,379 |
| Contractual Services | 353,197 | 71,936 | 425,133 |
| Depreciation Amortization | 17,546 | 160,823 | 178,369 |
| Total Operating Expenses | 379,612 | 621,530 | 1,001,142 |
| OPERATING INCOME (LOSS) | 276,894 | (254,178) | 22,716 |
| OTHER INCOME (EXPENSE) | | | |
| Taxes | - | 19,287 | 19,287 |
| Investment Income | 32,636 | 723 | 33,359 |
| Interest Expense | - | (20,216) | (20,216) |
| Total Other Income (Expense) | 32,636 | (206) | 32,430 |
| NET INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS | 309,530 | (254,384) | 55,146 |
| TRANSFERS | | | |
| Transfers In | - | 190,000 | 190,000 |
| Transfers (Out) | (10,000) | - | (10,000) |
| Total Transfers | (10,000) | 190,000 | 180,000 |
| CAPITAL GRANTS AND CONTRIBUTIONS | - | 180,706 | 180,706 |
| CHANGE IN NET POSITION | 299,530 | 116,322 | 415,852 |
| NET POSITION, JANUARY 1 | 3,803,491 | 2,969,717 | 6,773,208 |
| Prior Period Adjustment | - | (15,357) | (15,357) |
| NET POSITION, JANUARY 1, RESTATED | 3,803,491 | 2,954,360 | 6,757,851 |
| NET POSITION, DECEMBER 31 | \$ 4,103,021 | \$ 3,070,682 | \$ 7,173,703 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended December 31, 2018

| | Landfill | Airport | Total Nonmajor Enterprise |
|---|----------------------------|-------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers and Users | \$ 658,675 | \$ 366,450 | \$ 1,025,125 |
| Payments to Suppliers | (337,605) | (296,949) | (634,554) |
| Payments to Employees | (8,844) | (141,096) | (149,940) |
| Payments to Other Funds | - | (20,117) | (20,117) |
| Net Cash from Operating Activities | <u>312,226</u> | <u>(91,712)</u> | <u>220,514</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Receipts from Property Taxes | - | 19,287 | 19,287 |
| Transfers (to) from Other Funds | (10,000) | 190,000 | 180,000 |
| Net Cash from Noncapital Financing Activities | <u>(10,000)</u> | <u>209,287</u> | <u>199,287</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital Assets Purchased | - | (116,036) | (116,036) |
| Principal Payments on Long-Term Debt | - | (45,000) | (45,000) |
| Interest Payments on Long-Term Debt | - | (13,085) | (13,085) |
| Grant Receipts | - | 79,993 | 79,993 |
| Net Cash from Capital and Related Financing Activities | <u>-</u> | <u>(94,128)</u> | <u>(94,128)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Received | <u>32,636</u> | <u>723</u> | <u>33,359</u> |
| Net Cash from Investing Activities | <u>32,636</u> | <u>723</u> | <u>33,359</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 334,862 | 24,170 | 359,032 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | <u>2,887,297</u> | <u>32,079</u> | <u>2,919,376</u> |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u>\$ 3,222,159</u> | <u>\$ 56,249</u> | <u>\$ 3,278,408</u> |

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2018

| | <u>Landfill</u> | <u>Airport</u> | <u>Total Nonmajor Enterprise</u> |
|--|---------------------|--------------------|--|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | \$ 276,894 | \$ (254,178) | \$ 22,716 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities | | | |
| Depreciation and amortization | 17,546 | 160,823 | 178,369 |
| Changes in Assets and Liabilities | | | |
| Accounts Receivables | 2,169 | (902) | 1,267 |
| Inventory | - | 18,649 | 18,649 |
| Pension Items - IMRF | - | 8,930 | 8,930 |
| Pension Items - OPEB | - | (2,767) | (2,767) |
| Accounts Payable | 15,592 | (23,400) | (7,808) |
| Accrued Payroll | 25 | 373 | 398 |
| Compensated Absences | - | 760 | 760 |
| NET CASH FROM OPERATING ACTIVITIES | \$ 312,226 | \$ (91,712) | \$ 220,514 |
| CASH AND INVESTMENTS | | | |
| Cash and Cash Equivalents | \$ 3,222,159 | \$ 56,249 | \$ 3,278,408 |
| TOTAL CASH AND INVESTMENTS | \$ 3,222,159 | \$ 56,249 | \$ 3,278,408 |

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

December 31, 2018

| | Administrative Services | Network Administration | Total Internal Service Funds |
|--|------------------------------------|-----------------------------------|---|
| CURRENT ASSETS | | | |
| Receivables | | | |
| Other | \$ 61,270 | \$ - | \$ 61,270 |
| Prepaid Expenses | 14,299 | - | 14,299 |
| Total Current Assets | 75,569 | - | 75,569 |
| NONCURRENT ASSETS | | | |
| None | - | - | - |
| Subtotal Noncurrent Assets | - | - | - |
| CAPITAL ASSETS | | | |
| Depreciable | 116,880 | - | 116,880 |
| Accumulated Depreciation | (116,880) | - | (116,880) |
| Total Capital Assets | - | - | - |
| Total Noncurrent Assets | - | - | - |
| Total Assets | 75,569 | - | 75,569 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total Deferred Outflows of Resources | - | - | - |
| Total Assets and Deferred Outflows of Resources | 75,569 | - | 75,569 |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (Continued)

December 31, 2018

| | Administrative Services | Network Administration | Total Internal Service Funds |
|--|------------------------------------|-----------------------------------|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ 87,451 | \$ 6,476 | \$ 93,927 |
| Accrued Payroll | 2,993 | - | 2,993 |
| Due to Other Funds | 11,388 | 39,591 | 50,979 |
| Compensated Absences Payable | 26,244 | 5,654 | 31,898 |
| Total Current Liabilities | 128,076 | 51,721 | 179,797 |
| LONG-TERM LIABILITIES | | | |
| None | - | - | - |
| Total Long-Term Liabilities | - | - | - |
| Total Liabilities | 128,076 | 51,721 | 179,797 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total Deferred Inflows of Resources | - | - | - |
| Total Liabilities and Deferred Inflows of Resources | 128,076 | 51,721 | 179,797 |
| NET POSITION | | | |
| Unrestricted (Deficit) | (52,507) | (51,721) | (104,228) |
| TOTAL NET POSITION (DEFICIT) | \$ (52,507) | \$ (51,721) | \$ (104,228) |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2018

| | Administrative Services | Network Administration | Total Internal Service Funds |
|--|------------------------------------|-----------------------------------|---|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 629,818 | \$ 347,946 | \$ 977,764 |
| Miscellaneous | 45 | - | 45 |
| Total Operating Revenues | <u>629,863</u> | <u>347,946</u> | <u>977,809</u> |
| OPERATING EXPENSES | | | |
| Administration | 625,889 | 188,081 | 813,970 |
| Commodities | - | 72,838 | 72,838 |
| Contractual Services | - | 223,680 | 223,680 |
| Total Operating Expenses | <u>625,889</u> | <u>484,599</u> | <u>1,110,488</u> |
| OPERATING INCOME (LOSS) | <u>3,974</u> | <u>(136,653)</u> | <u>(132,679)</u> |
| CHANGE IN NET POSITION | 3,974 | (136,653) | (132,679) |
| NET POSITION (DEFICIT), JANUARY 1 | <u>(56,481)</u> | <u>84,932</u> | <u>28,451</u> |
| NET POSITION (DEFICIT), DECEMBER 31 | <u>\$ (52,507)</u> | <u>\$ (51,721)</u> | <u>\$ (104,228)</u> |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2018

| | Administrative Services | Network Administration | Total Internal Service Funds |
|---|------------------------------------|-----------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Interfund Service Transactions | \$ 651,213 | \$ 416,079 | \$ 1,067,292 |
| Payments to Suppliers | (136,688) | (284,733) | (421,421) |
| Payments to Employees | (490,712) | (185,397) | (676,109) |
| Net Cash from Operating Activities | <u>23,813</u> | <u>(54,051)</u> | <u>(30,238)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Payments of Loans from Other Funds | (35,201) | - | (35,201) |
| Receipts of Loans from Other Funds | 11,388 | 39,591 | 50,979 |
| Net Cash from Noncapital Financing Activities | <u>(23,813)</u> | <u>39,591</u> | <u>15,778</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| None | - | - | - |
| Net Cash from Capital and Related Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| None | - | - | - |
| Net Cash from Investing Activities | <u>-</u> | <u>-</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - | (14,460) | (14,460) |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | - | 14,460 | 14,460 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ - | \$ - | \$ - |

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2018

| | Administrative Services | Network Administration | Total Internal Service Funds |
|--|------------------------------------|-----------------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | \$ 3,974 | \$ (136,653) | \$ (132,679) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities | | | |
| Changes in Assets and Liabilities | | | |
| Accounts Receivables | 21,350 | 68,133 | 89,483 |
| Prepaid Expenses | (12,372) | 22,659 | 10,287 |
| Accounts Payable | 5,511 | (10,874) | (5,363) |
| Accrued Payroll | 2,993 | - | 2,993 |
| Compensated Absences | 2,357 | 2,684 | 5,041 |
| NET CASH FROM OPERATING ACTIVITIES | \$ 23,813 | \$ (54,051) | \$ (30,238) |

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS**

December 31, 2018

| | Pension Trust | | Total |
|---|---------------------------|----------------------------------|----------------------|
| | Police Pension | Firefighters' Pension | |
| ASSETS | | | |
| Cash and Short-Term Investments | \$ 440,793 | \$ 148,037 | \$ 588,830 |
| Investments, at Fair Value | | | |
| U.S. Treasury Securities | 1,174,532 | 523,891 | 1,698,423 |
| U.S. Agency Securities | 614,615 | 3,031,315 | 3,645,930 |
| Equity Mutual Funds | - | 3,392,778 | 3,392,778 |
| Fixed Income Mutual Funds | 1,030,332 | - | 1,030,332 |
| Corporate Bonds | 1,887,662 | 476,929 | 2,364,591 |
| Municipal Bonds | 10,070 | 703,272 | 713,342 |
| Equities | 5,279,375 | - | 5,279,375 |
| Annuity Contracts | - | 187,736 | 187,736 |
| Receivables | | | |
| Accrued Interest | 36,826 | 31,079 | 67,905 |
| Total Assets | 10,474,205 | 8,495,037 | 18,969,242 |
| LIABILITIES | | | |
| None | - | - | - |
| Total Liabilities | - | - | - |
| NET POSITION RESTRICTED FOR PENSIONS | \$ 10,474,205 | \$ 8,495,037 | \$ 18,969,242 |

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS**

For the Year Ended December 31, 2018

| | Pension Trust | | Total |
|--|---------------------------|----------------------------------|--------------------|
| | Police Pension | Firefighters' Pension | |
| ADDITIONS | | | |
| Contributions | | | |
| Employer Contributions | \$ 556,593 | \$ 463,931 | \$ 1,020,524 |
| Employee Contributions | 142,282 | 101,913 | 244,195 |
| Total Contributions | 698,875 | 565,844 | 1,264,719 |
| Investment Income | | | |
| Net Depreciation in Fair Value of Investments | (912,029) | (577,438) | (1,489,467) |
| Interest | 335,792 | 345,879 | 681,671 |
| Total Investment Income | (576,237) | (231,559) | (807,796) |
| Less Investment Expense | (24,788) | (19,078) | (43,866) |
| Net Investment Income | (601,025) | (250,637) | (851,662) |
| Total Additions | 97,850 | 315,207 | 413,057 |
| DEDUCTIONS | | | |
| Benefits and Refunds | 879,106 | 737,152 | 1,616,258 |
| Administrative Expenses | 22,890 | 21,478 | 44,368 |
| Total Deductions | 901,996 | 758,630 | 1,660,626 |
| NET DECREASE | (804,146) | (443,423) | (1,247,569) |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| January 1 | 11,278,351 | 8,938,460 | 20,216,811 |
| December 31 | \$ 10,474,205 | \$ 8,495,037 | \$ 18,969,242 |

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

CITY OF ROCHELLE, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended December 31, 2018

| CSFA Number | Program Name | State | Federal | Other | Total |
|------------------------|--|-------------------|---------------------|----------------------|----------------------|
| 494-60-0327 | Airport Improvement Program - Airport Ramp Reconstruction | \$ 2,811 | \$ 50,605 | \$ 2,811 | \$ 56,227 |
| 494-60-0327 | Airport Improvement Program - Conduct Airport Master Plan | 6,094 | 95,433 | 6,094 | 107,621 |
| 420-75-0070 | Community Development Block Grant Program - Meadowbrook | - | 234,344 | 27,556 | 261,900 |
| 494-81-1597 | State Rail Grant Program | 777,322 | 1,011,567 | 281,124 | 2,070,013 |
| 494-00-1488 | Motor Fuel Tax Program | 98,857 | - | | 98,857 |
| | Other grant programs and activities | - | 137,727 | - | 137,727 |
| | All other costs not allocated | - | - | 56,965,412 | 54,843,135 |
| TOTALS | | <u>\$ 885,084</u> | <u>\$ 1,529,676</u> | <u>\$ 57,282,997</u> | <u>\$ 57,575,480</u> |

(See independent auditor's report.)

STATISTICAL SECTION

This part of the City of Rochelle, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u> | <u>Page(s)</u> |
|---|----------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 132-141 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax. | 142-145 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 146-150 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 151-152 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 153-157 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ROCHELLE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 | 2013 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net Investment in Capital Assets | \$ 31,233,702 | \$ 32,486,431 | \$ 35,209,156 | \$ 45,652,694 |
| Restricted | 3,346,501 | 3,136,885 | 2,714,044 | 2,153,415 |
| Unrestricted | 3,454,217 | 904,527 | (397,013) | (1,720,909) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 38,034,420 | \$ 36,527,843 | \$ 37,526,187 | \$ 46,085,200 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net Investment in Capital Assets | \$ 45,629,528 | \$ 47,880,962 | \$ 51,245,063 | \$ 54,389,403 |
| Restricted | 10,420,612 | 11,479,611 | 11,056,287 | 10,475,599 |
| Unrestricted | 14,096,522 | 16,805,412 | 19,458,333 | 19,281,545 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 70,146,662 | \$ 76,165,985 | \$ 81,759,683 | \$ 84,146,547 |
| PRIMARY GOVERNMENT | | | | |
| Net Investment in Capital Assets | \$ 76,863,230 | \$ 80,367,393 | \$ 86,454,219 | \$ 100,042,097 |
| Restricted | 13,767,113 | 14,616,496 | 13,770,331 | 12,629,014 |
| Unrestricted | 17,550,739 | 17,709,939 | 19,061,320 | 17,560,636 |
| TOTAL PRIMARY GOVERNMENT | \$ 108,181,082 | \$ 112,693,828 | \$ 119,285,870 | \$ 130,231,747 |

*The City changed its fiscal year end to December 31, effective December 31, 2016.

Data Source

Audited Financial Statements

| 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 46,244,092 | \$ 48,124,038 | \$ 49,182,739 | \$ 50,119,377 | \$ 49,454,386 | \$ 51,569,571 |
| 2,601,692 | 2,173,047 | 1,880,549 | 2,793,415 | 3,603,895 | 9,321,676 |
| (955,731) | (1,516,370) | (10,770,965) | (11,717,240) | (10,156,454) | (15,107,508) |
| <u>\$ 47,890,053</u> | <u>\$ 48,780,715</u> | <u>\$ 40,292,323</u> | <u>\$ 41,195,552</u> | <u>\$ 42,901,827</u> | <u>\$ 45,783,739</u> |
| \$ 57,684,867 | \$ 57,302,570 | \$ 63,145,375 | \$ 66,767,303 | \$ 66,624,091 | \$ 68,151,628 |
| 12,873,509 | 10,930,174 | 8,406,663 | 6,791,996 | 7,581,483 | 8,564,665 |
| 16,046,361 | 19,307,149 | 16,529,457 | 18,127,812 | 19,287,555 | 20,199,507 |
| <u>\$ 86,604,737</u> | <u>\$ 87,539,893</u> | <u>\$ 88,081,495</u> | <u>\$ 91,687,111</u> | <u>\$ 93,493,129</u> | <u>\$ 96,915,800</u> |
| \$ 103,928,959 | \$ 105,426,608 | \$ 112,328,114 | \$ 116,886,680 | \$ 116,078,477 | \$ 119,721,199 |
| 15,475,201 | 13,103,221 | 10,287,212 | 9,585,411 | 11,185,378 | 17,886,341 |
| 15,090,630 | 17,790,779 | 5,758,492 | 6,410,572 | 9,131,101 | 5,091,999 |
| <u>\$ 134,494,790</u> | <u>\$ 136,320,608</u> | <u>\$ 128,373,818</u> | <u>\$ 132,882,663</u> | <u>\$ 136,394,956</u> | <u>\$ 142,699,539</u> |

CITY OF ROCHELLE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

| Fiscal Year | 2010** | 2011 | 2012 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|
| EXPENSES | | | | |
| Governmental Activities | | | | |
| General Government | \$ 1,950,767 | \$ 2,196,004 | \$ 1,984,007 | \$ 2,061,279 |
| Public Safety | 4,237,541 | 4,312,468 | 4,715,710 | 5,034,276 |
| Public Works | 3,245,912 | 3,418,490 | 4,219,449 | 4,841,587 |
| Public Service Enterprises | 114,165 | 123,050 | 136,065 | 138,179 |
| Conservation and Development | 373,212 | 2,009,540 | 2,148,272 | 514,955 |
| Interest | - | 124,897 | 167,859 | 180,611 |
| Total Governmental Activities Expenses | <u>9,921,597</u> | <u>12,184,449</u> | <u>13,371,362</u> | <u>12,770,887</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Electric | 23,805,717 | 20,856,403 | 23,599,387 | 27,290,007 |
| Water and Water Reclamation | 3,841,246 | 3,792,934 | 3,906,034 | 3,989,355 |
| Communications | 1,385,080 | 995,213 | 847,598 | 1,104,006 |
| Technology Center | - | 419,894 | 431,483 | 564,706 |
| Landfill | 392,533 | 450,491 | 397,471 | 452,664 |
| Airport | 327,708 | 416,249 | 766,300 | 611,097 |
| Total Business-Type Activities Expenses | <u>29,752,284</u> | <u>26,931,184</u> | <u>29,948,273</u> | <u>34,011,835</u> |
| TOTAL PRIMARY GOVERNMENT EXPENSES | <u>\$ 39,673,881</u> | <u>\$ 39,115,633</u> | <u>\$ 43,319,635</u> | <u>\$ 46,782,722</u> |
| PROGRAM REVENUES | | | | |
| Governmental Activities | | | | |
| Charges for Services | | | | |
| General Government | \$ 559,303 | \$ 784,120 | \$ 726,043 | \$ 562,912 |
| Public Safety | 518,090 | 571,893 | 652,764 | 654,474 |
| Public Works | 288,333 | 277,489 | 310,538 | 277,273 |
| Public Service Enterprises | 50,957 | 43,761 | 37,253 | 45,047 |
| Operating Grants and Contributions | 243,436 | 428,029 | 316,878 | 311,353 |
| Capital Grants and Contributions | 1,621,522 | 41,255 | 3,855,271 | 10,852,788 |
| Total Governmental Activities Program Revenues | <u>3,281,641</u> | <u>2,146,547</u> | <u>5,898,747</u> | <u>12,703,847</u> |
| Business-Type Activities | | | | |
| Charges for Services | | | | |
| Electric | 27,710,497 | 24,929,112 | 27,399,527 | 28,677,373 |
| Water and Water Reclamation | 4,698,794 | 4,740,039 | 4,710,716 | 4,895,848 |
| Communications | 1,176,630 | 951,319 | 947,423 | 962,487 |
| Technology Center | - | 486,759 | 565,308 | 626,084 |
| Landfill | 772,976 | 654,873 | 662,243 | 981,632 |
| Airport | 130,168 | 192,519 | 462,822 | 384,818 |
| Operating Grants and Contributions | 20,534 | - | - | - |
| Capital Grants and Contributions | 724,986 | 2,754,075 | 2,601,474 | 1,516,037 |
| Total Business-Type Activities Program Revenues | <u>35,234,585</u> | <u>34,708,696</u> | <u>37,349,513</u> | <u>38,044,279</u> |
| TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES | <u>\$ 38,516,226</u> | <u>\$ 36,855,243</u> | <u>\$ 43,248,260</u> | <u>\$ 50,748,126</u> |

| 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 1,991,208 | \$ 2,024,267 | \$ 2,413,156 | \$ 2,371,762 | \$ 2,223,886 | \$ 2,625,102 |
| 5,240,013 | 5,506,420 | 6,846,217 | 4,865,637 | 6,178,925 | 7,114,566 |
| 3,643,889 | 3,975,074 | 3,746,863 | 2,545,336 | 3,476,945 | 3,890,595 |
| 277,549 | 162,196 | 198,816 | 115,159 | 119,565 | 230,942 |
| 374,558 | 534,560 | 792,489 | 629,061 | 726,054 | 657,933 |
| 172,584 | 84,999 | 130,792 | 91,162 | 134,347 | 141,853 |
| 11,699,801 | 12,287,516 | 14,128,333 | 10,618,117 | 12,859,722 | 14,660,991 |
| 30,900,842 | 34,790,641 | 35,706,844 | 23,889,662 | 36,247,916 | 35,119,696 |
| 4,198,382 | 4,235,635 | 4,284,257 | 3,086,559 | 4,682,269 | 5,624,050 |
| 834,028 | 815,032 | 724,692 | 476,654 | - | - |
| 815,123 | 875,591 | 930,401 | 646,669 | 1,184,320 | 1,149,385 |
| 502,936 | 577,716 | 827,404 | 471,220 | 567,450 | 379,612 |
| 739,131 | 536,528 | 592,585 | 491,928 | 583,104 | 641,746 |
| 37,990,442 | 41,831,143 | 43,066,183 | 29,062,692 | 43,265,059 | 42,914,489 |
| \$ 49,690,243 | \$ 54,118,659 | \$ 57,194,516 | \$ 39,680,809 | \$ 56,124,781 | \$ 57,575,480 |
| \$ 715,864 | \$ 1,063,522 | \$ 1,823,521 | \$ 1,162,738 | \$ 2,505,643 | \$ 2,536,084 |
| 489,758 | 695,058 | 492,360 | 394,864 | 546,731 | 690,712 |
| 338,940 | 335,859 | 243,586 | 238,358 | 324,057 | 423,402 |
| 45,374 | 40,478 | 50,895 | 223,469 | 234,906 | 214,115 |
| 292,235 | 252,066 | 271,822 | 253,482 | 354,304 | 383,263 |
| 1,131,988 | 774,261 | 633,615 | 308,156 | 5,606 | 1,788,889 |
| 3,014,159 | 3,161,244 | 3,515,799 | 2,581,067 | 3,971,247 | 6,036,465 |
| 31,727,508 | 33,991,035 | 37,475,729 | 26,749,579 | 38,988,537 | 39,026,749 |
| 5,020,871 | 5,640,153 | 5,050,143 | 3,870,287 | 6,175,344 | 6,183,478 |
| 831,694 | 680,050 | 628,911 | 343,615 | - | - |
| 1,127,944 | 1,359,234 | 1,185,971 | 761,308 | 1,287,994 | 1,394,169 |
| 1,178,675 | 1,396,251 | 1,233,518 | 840,940 | 807,633 | 656,506 |
| 462,817 | 415,736 | 361,269 | 443,835 | 308,849 | 367,352 |
| - | - | - | - | - | - |
| 1,655,641 | 803,867 | 25,511 | 1,294,396 | 1,881 | 905,050 |
| 42,005,150 | 44,286,326 | 45,961,052 | 34,303,960 | 47,570,238 | 48,533,304 |
| \$ 45,019,309 | \$ 47,447,570 | \$ 49,476,851 | \$ 36,885,027 | \$ 51,541,485 | \$ 54,569,769 |

CITY OF ROCHELLE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

| Fiscal Year | 2010** | 2011 | 2012 | 2013 |
|---|-----------------------|-----------------------|---------------------|----------------------|
| NET (EXPENSE) REVENUE | | | | |
| Governmental Activities | \$ (6,639,956) | \$ (10,037,902) | \$ (7,472,615) | \$ (67,040) |
| Business-Type Activities | 5,482,301 | 7,777,512 | 7,401,240 | 4,032,444 |
| TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES) | \$ (1,157,655) | \$ (2,260,390) | \$ (71,375) | \$ 3,965,404 |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property and Replacement | \$ 1,889,327 | \$ 1,974,363 | \$ 1,968,013 | \$ 2,160,763 |
| Sales and Use | 2,403,416 | 2,632,904 | 2,769,309 | 2,874,151 |
| Telecommunications | 348,392 | 427,963 | 350,589 | 419,475 |
| Hotel/Motel | 159,410 | 182,649 | 202,782 | 214,837 |
| Utility | 343,304 | 366,631 | 362,786 | 350,293 |
| Other | - | 58,759 | 17,040 | 40,440 |
| Shared Income Tax | 748,490 | 734,758 | 778,540 | 862,814 |
| Intergovernmental - Unrestricted | - | - | - | - |
| Investment Income | 53,718 | 35,049 | 15,762 | 8,689 |
| Miscellaneous | 49,611 | 70,095 | 43,903 | 27,949 |
| Gain on Sale of Capital Assets | - | - | - | - |
| Transfers In | 1,709,418 | 2,048,154 | 1,962,235 | 1,666,642 |
| Total Governmental Activities | 7,705,086 | 8,531,325 | 8,470,959 | 8,626,053 |
| Business-Type Activities | | | | |
| Property and Replacement | - | - | - | - |
| Investment Income | 290,761 | 195,532 | 45,097 | 37,417 |
| Miscellaneous | 65,419 | 94,433 | 109,596 | 127,225 |
| Transfers | (1,709,418) | (2,048,154) | (1,962,235) | (1,666,642) |
| Total Business-Type Activities | (1,353,238) | (1,758,189) | (1,807,542) | (1,502,000) |
| TOTAL PRIMARY GOVERNMENT | \$ 6,351,848 | \$ 6,773,136 | \$ 6,663,417 | \$ 7,124,053 |
| CHANGE IN NET POSITION | | | | |
| Governmental Activities | \$ 1,065,130 | \$ (1,506,577) | \$ 998,344 | \$ 8,559,013 |
| Business-Type Activities | 4,129,063 | 6,019,323 | 5,593,698 | 2,530,444 |
| TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION | \$ 5,194,193 | \$ 4,512,746 | \$ 6,592,042 | \$ 11,089,457 |

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Data Source

Audited Financial Statements

| 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|----------------|----------------|-----------------|----------------|----------------|----------------|
| \$ (8,685,642) | \$ (9,126,272) | \$ (10,612,534) | \$ (8,037,050) | \$ (8,888,475) | \$ (8,624,526) |
| 4,014,708 | 2,455,183 | 2,894,869 | 5,241,268 | 4,305,179 | 5,618,815 |
| \$ (4,670,934) | \$ (6,671,089) | \$ (7,717,665) | \$ (2,795,782) | \$ (4,583,296) | \$ (3,005,711) |
| \$ 2,605,811 | \$ 2,826,331 | \$ 3,069,810 | \$ 3,120,172 | \$ 3,376,985 | \$ 3,455,154 |
| 3,161,390 | 3,081,073 | 3,023,254 | 2,092,098 | 3,103,976 | 3,379,510 |
| 394,192 | 409,595 | 365,031 | 241,024 | 298,393 | 304,444 |
| 199,768 | 212,328 | 240,367 | 176,766 | 225,959 | 252,426 |
| 378,945 | 373,430 | 358,799 | 243,024 | 385,033 | 444,058 |
| 99,417 | 128,027 | 144,399 | 109,493 | 158,963 | 177,277 |
| 932,950 | 937,626 | 1,020,325 | 581,502 | 879,364 | 916,864 |
| - | - | - | 78,747 | 78,022 | 369,607 |
| 3,483 | 3,581 | 5,962 | 7,884 | 33,906 | 123,024 |
| 99,939 | 81,894 | 43,588 | 423,491 | 67,454 | 133,531 |
| - | - | 10,400 | - | 10,249 | 168,845 |
| 1,949,164 | 1,963,096 | 2,161,975 | 1,866,078 | 2,353,969 | 2,076,297 |
| 9,825,059 | 10,016,981 | 10,443,910 | 8,940,279 | 10,972,273 | 11,801,037 |
| 58,912 | 57,837 | 58,563 | 63,084 | 61,739 | 19,287 |
| 35,054 | 31,851 | 43,871 | 28,917 | 95,728 | 301,569 |
| 96,902 | 353,381 | 642,203 | 138,425 | 354,412 | 250,360 |
| (1,949,164) | (1,963,096) | (2,161,975) | (1,866,078) | (2,353,969) | (2,076,297) |
| (1,758,296) | (1,520,027) | (1,417,338) | (1,635,652) | (1,842,090) | (1,505,081) |
| \$ 8,066,763 | \$ 8,496,954 | \$ 9,026,572 | \$ 7,304,627 | \$ 9,130,183 | \$ 10,295,956 |
| \$ 1,139,417 | \$ 890,709 | \$ (168,624) | \$ 903,229 | \$ 2,083,798 | \$ 3,176,511 |
| 2,256,412 | 935,156 | 1,477,531 | 3,605,616 | 2,463,089 | 4,113,734 |
| \$ 3,395,829 | \$ 1,825,865 | \$ 1,308,907 | \$ 4,508,845 | \$ 4,546,887 | \$ 7,290,245 |

CITY OF ROCHELLE, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012** | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|
| GENERAL FUND | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | | | | |
| Cemetery | - | - | 114,786 | 150,081 |
| Community Development | - | - | - | - |
| Unassigned | - | - | 1,666,585 | 1,633,858 |
| Reserved | | | | |
| Cemetery | 150,587 | 150,587 | - | - |
| Noncurrent Interfunds | - | - | - | - |
| Unreserved | | | | |
| Designated | - | - | - | - |
| Undesignated | 1,553,850 | 1,658,810 | - | - |
| TOTAL GENERAL FUND | \$ 1,704,437 | \$ 1,809,397 | \$ 1,781,371 | \$ 1,783,939 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable Prepaid Items | \$ - | \$ - | \$ 231,445 | \$ 85,262 |
| Restricted | | | | |
| Maintenance of Roadways | - | - | 572,821 | 557,533 |
| Tourism | - | - | 80,970 | 68,898 |
| Employee Retirement | - | - | - | - |
| Insurance | - | - | - | - |
| Capital Improvements | - | - | 1,831,206 | 1,343,870 |
| Economic Development | - | - | 49,480 | - |
| Specific Purposes | - | - | 1,099 | - |
| Public Safety | - | - | - | 33,033 |
| Unrestricted | | | | |
| Committed - Ambulance Replacement | - | - | 139,702 | - |
| Assigned - Ambulance Replacement | - | - | 521,931 | 368,127 |
| Assigned - Stormwater | - | - | 332,081 | 301,017 |
| Assigned - Railroad | - | - | 231,580 | - |
| Assigned - Capital Purposes | - | - | 45,430 | 42,433 |
| Unassigned | - | - | (761,279) | (1,528,752) |
| Reserved | | | | |
| Prepaid Items | 174,436 | 160,533 | - | - |
| Encumbrances | - | - | - | - |
| Maintenance of Roadways | 318,896 | 231,058 | - | - |
| Economic Development | - | 1,285,461 | - | - |
| Tourism | 42,744 | 74,632 | - | - |
| Stormwater | 471,570 | 303,906 | - | - |
| Railroad | 375,094 | 478,785 | - | - |
| Capital Improvements | 1,957,497 | 1,572,045 | - | - |
| Employee Retirement | 16,785 | 1,416 | - | - |
| Public Safety | - | 57,508 | - | - |
| Unreserved | | | | |
| Designated - Special Revenue Funds | - | - | - | - |
| Designated - Capital Projects Funds | - | - | - | - |
| Undesignated - Special Revenue Funds | 662,414 | 394,871 | - | - |
| Undesignated - Capital Projects Funds | 531,410 | 92,660 | - | - |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | \$ 4,550,846 | \$ 4,652,875 | \$ 3,276,466 | \$ 1,271,421 |

*The City changed its fiscal year end to December 31, effective December 31, 2016.

**The City implemented GASB Statement No. 54 for the fiscal year ended April 30, 2012.

Data Source

Audited Financial Statements

CITY OF ROCHELLE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|--------------------|-----------------------|-----------------------|
| REVENUES | | | | |
| Taxes | \$ 5,902,149 | \$ 6,378,028 | \$ 5,653,479 | \$ 6,038,257 |
| Licenses and Permits | 242,025 | 409,189 | 337,529 | 214,563 |
| Intergovernmental | 1,648,868 | 313,884 | 4,324,922 | 5,771,389 |
| Charges for Services | 980,909 | 1,062,705 | 1,164,543 | 1,120,525 |
| Fines and Forfeitures | 136,744 | 126,109 | 118,596 | 140,596 |
| Investment Income | 53,718 | 35,049 | 15,762 | 8,689 |
| Miscellaneous | 91,144 | 299,288 | 792,640 | 110,898 |
| TOTAL REVENUES | 9,055,557 | 8,624,252 | 12,407,471 | 13,404,917 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 1,844,546 | 1,978,377 | 1,878,005 | 1,975,333 |
| Public Safety | 3,821,495 | 4,285,461 | 4,340,991 | 4,893,561 |
| Public Works | 1,676,185 | 1,890,401 | 1,976,169 | 2,208,093 |
| Public Service Enterprises | 111,924 | 121,799 | 126,227 | 123,943 |
| Conservation and Development | 373,495 | 2,005,648 | 463,174 | 507,463 |
| Capital Outlay | 4,817,498 | 3,070,397 | 6,821,716 | 7,194,270 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest and Fiscal Charges | - | 58,800 | 167,859 | 174,148 |
| TOTAL EXPENDITURES | 12,645,143 | 13,410,883 | 15,774,141 | 17,076,811 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (3,589,586) | (4,786,631) | (3,366,670) | (3,671,894) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 5,178,633 | 4,331,074 | 3,857,182 | 4,083,047 |
| Transfers (Out) | (3,469,215) | (2,282,920) | (1,894,947) | (2,416,405) |
| Bonds Issued | - | 2,940,000 | - | - |
| Premium on Bonds Issued | - | - | - | - |
| Sale of Capital Assets | 5,637 | 5,466 | - | 2,775 |
| Loan Proceeds | - | - | - | - |
| Total Other Financing Sources (Uses) | 1,715,055 | 4,993,620 | 1,962,235 | 1,669,417 |
| NET CHANGE IN FUND BALANCES | \$ (1,874,531) | \$ 206,989 | \$ (1,404,435) | \$ (2,002,477) |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | | | | |
| | 0.00% | 0.54% | 1.44% | 1.55% |

Note: The increase in the 2014 debt service as a percentage of noncapital expenditures was due to the current refunding of the Tax Increment Financing Bonds in 2014.

*The City changed its fiscal year end from April 30 to December 31. Amounts are for the eight-month period ended December 31, 2016.

Data Source

Audited Financial Statements

| | 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|----|-------------|--------------|--------------|--------------|--------------|--------------|
| \$ | 6,817,791 | \$ 7,007,823 | \$ 7,182,863 | \$ 5,958,206 | \$ 7,484,642 | \$ 7,912,091 |
| | 346,245 | 262,205 | 287,451 | 184,556 | 258,990 | 311,395 |
| | 1,399,886 | 1,963,953 | 1,925,762 | 1,221,887 | 1,317,296 | 3,458,623 |
| | 1,051,482 | 1,726,395 | 2,154,558 | 1,776,011 | 3,180,816 | 3,207,235 |
| | 132,548 | 99,198 | 102,461 | 50,823 | 103,713 | 106,399 |
| | 3,483 | 3,581 | 5,962 | 7,884 | 33,906 | 123,024 |
| | 201,432 | 151,974 | 128,277 | 455,901 | 199,939 | 473,593 |
| | 9,952,867 | 11,215,129 | 11,787,334 | 9,655,268 | 12,579,302 | 15,592,360 |
| | 2,099,082 | 1,978,273 | 2,264,576 | 1,773,811 | 2,315,674 | 2,473,148 |
| | 5,115,991 | 5,343,694 | 5,719,994 | 4,169,903 | 5,946,478 | 5,757,199 |
| | 1,815,695 | 1,998,301 | 2,049,433 | 1,372,779 | 1,969,887 | 2,122,787 |
| | 296,959 | 138,957 | 174,413 | 91,864 | 125,360 | 120,859 |
| | 371,996 | 530,128 | 758,724 | 564,957 | 743,017 | 626,328 |
| | 1,798,044 | 3,964,145 | 4,840,071 | 2,690,199 | 1,229,701 | 4,129,423 |
| | 3,000,000 | 90,000 | 285,000 | 125,000 | 300,000 | 309,668 |
| | 212,008 | 89,480 | 138,232 | 119,788 | 139,680 | 133,468 |
| | 14,709,775 | 14,132,978 | 16,230,443 | 10,908,301 | 12,769,797 | 15,672,880 |
| | (4,756,908) | (2,917,849) | (4,443,109) | (1,253,033) | (190,495) | (80,520) |
| | 4,155,467 | 5,611,857 | 5,435,967 | 3,514,282 | 4,041,652 | 3,533,855 |
| | (2,025,908) | (2,698,761) | (2,903,950) | (1,648,204) | (1,687,683) | (1,457,558) |
| | 2,955,000 | - | 2,000,000 | - | - | 4,500,000 |
| | 66,933 | - | 36,644 | - | - | 128,005 |
| | - | - | 10,400 | - | 10,249 | 217,329 |
| | - | - | - | - | 27,461 | - |
| | 5,151,492 | 2,913,096 | 4,579,061 | 1,866,078 | 2,391,679 | 6,921,631 |
| \$ | 394,584 | \$ (4,753) | \$ 135,952 | \$ 613,045 | \$ 2,201,184 | \$ 6,841,111 |
| | 23.95% | 1.70% | 3.72% | 2.82% | 3.79% | 3.79% |

CITY OF ROCHELLE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

| Levy Year | Farm Property | Residential Property | Commercial Property | Industrial Property | State Railroad | Local Railroad | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Estimated Actual Taxable Value |
|------------------|----------------------|-----------------------------|----------------------------|----------------------------|-----------------------|-----------------------|-------------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| 2009 | \$ 2,230,164 | \$ 104,635,888 | \$ 38,614,776 | \$ 47,980,162 | \$ 15,112,210 | \$ 7,520 | \$ 208,580,720 | 0.83491 | \$ 625,804,740 | 33.33% |
| 2010 | 2,767,461 | 100,367,572 | 39,119,561 | 47,657,566 | 15,509,994 | 7,520 | 205,429,674 | 0.86035 | 616,350,657 | 33.33% |
| 2011 | 3,046,220 | 96,694,673 | 38,846,206 | 64,981,630 | 15,597,849 | 7,520 | 219,174,098 | 0.87663 | 657,588,053 | 33.33% |
| 2012 | 3,073,447 | 91,492,076 | 40,876,648 | 67,372,730 | 15,949,007 | 7,520 | 218,771,428 | 0.94226 | 656,379,922 | 33.33% |
| 2013 | 3,114,773 | 84,613,120 | 42,499,156 | 78,233,664 | 16,786,145 | 7,520 | 225,254,378 | 1.00483 | 675,830,717 | 33.33% |
| 2014 | 3,131,074 | 80,191,232 | 43,456,382 | 78,870,652 | 16,761,683 | 7,520 | 222,418,543 | 1.05366 | 667,322,361 | 33.33% |
| 2015 | 3,255,060 | 80,299,631 | 46,016,248 | 87,823,817 | 17,667,970 | 7,520 | 235,070,246 | 1.01410 | 705,281,266 | 33.33% |
| 2016 | 4,885,200 | 81,882,208 | 46,606,561 | 88,391,613 | 17,648,663 | 7,520 | 239,421,765 | 1.05306 | 718,337,129 | 33.33% |
| 2017 | 7,928,518 | 84,527,440 | 47,852,965 | 99,109,865 | 17,644,897 | 7,520 | 257,071,205 | 1.00775 | 771,290,744 | 33.33% |
| 2018 | 6,723,087 | 83,935,586 | 42,416,179 | 74,220,535 | 17,991,900 | 7,520 | 225,294,807 | 1.11420 | 675,952,016 | 33.33% |

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Treasurer

CITY OF ROCHELLE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

| Levy Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| DIRECT CITY RATE | | | | | | | | | | |
| City of Rochelle | 0.67901 | 0.68140 | 0.70545 | 0.74480 | 0.67390 | 0.71125 | 0.65046 | 0.64053 | 0.58893 | 0.64020 |
| City of Rochelle Pension | 0.15590 | 0.17895 | 0.17118 | 0.19750 | 0.33090 | 0.34241 | 0.36364 | 0.41253 | 0.41882 | 0.47122 |
| Total Direct City Rate | 0.83491 | 0.86035 | 0.87663 | 0.94230 | 1.00480 | 1.05366 | 1.01410 | 1.05306 | 1.00775 | 1.11142 |
| OVERLAPPING RATES | | | | | | | | | | |
| Ogle County | 0.55352 | 0.55378 | 0.54556 | 0.55358 | 0.55690 | 0.56104 | 0.56200 | 0.56131 | 0.56148 | 0.58330 |
| Ogle County Mental Health | 0.05324 | 0.05303 | 0.05301 | 0.05321 | 0.05377 | 0.05561 | 0.05073 | 0.05298 | 0.05209 | 0.05215 |
| Ogle County Extension | 0.00989 | 0.00985 | 0.00982 | 0.00985 | 0.00929 | 0.00955 | 0.00941 | 0.00920 | 0.00878 | 0.00896 |
| Ogle County Veterans Assistance | 0.00445 | 0.00631 | 0.00628 | 0.00631 | 0.00498 | 0.00512 | 0.00504 | 0.00514 | 0.00492 | 0.00409 |
| Ogle County Senior Services | 0.01493 | 0.01507 | 0.01473 | 0.01478 | 0.01407 | 0.01447 | 0.01529 | 0.01421 | 0.01418 | 0.01550 |
| Ogle County Pension | 0.09661 | 0.09623 | 0.09588 | 0.09920 | 0.12282 | 0.12931 | 0.15287 | 0.14436 | 0.13716 | 0.12573 |
| Rochelle High School 212 | 2.50209 | 2.49890 | 2.46049 | 2.53074 | 2.54466 | 2.49790 | 2.51481 | 2.52178 | 2.47856 | 2.44119 |
| Rochelle High School 212 Pension | 0.05335 | 0.04072 | 0.04900 | 0.05085 | 0.04555 | 0.04618 | 0.04541 | 0.04555 | 0.04513 | 0.04601 |
| Rochelle Grade School 231 | 2.96004 | 3.00536 | 3.00860 | 3.01011 | 3.00422 | 3.05081 | 3.22491 | 3.21174 | 3.13806 | 3.19539 |
| Rochelle Grade School 231 Pension | 0.07090 | 0.04611 | 0.06052 | 0.06343 | 0.06671 | 0.07571 | 0.07223 | 0.07129 | 0.04655 | 0.05331 |
| Kishwaukee College 523 | 0.56208 | 0.55874 | 0.57423 | 0.64306 | 0.72368 | 0.71134 | 0.69299 | 0.66779 | 0.66490 | 0.66566 |
| Flagg Rochelle Library | 0.16574 | 0.16934 | 0.16809 | 0.17032 | 0.17025 | 0.17934 | 0.17706 | 0.17386 | 0.17460 | 0.17916 |
| Flagg Rochelle Library Pension | 0.01050 | 0.01145 | 0.01131 | 0.00977 | 0.00993 | 0.01231 | 0.01212 | 0.00789 | 0.01153 | 0.01334 |
| Flagg Rochelle Parks | 0.69766 | 0.69445 | 0.54898 | 0.56849 | 0.59249 | 0.60141 | 0.59049 | 0.58425 | 0.58925 | 0.59180 |
| Flagg Rochelle Park Pension | 0.00906 | 0.02145 | 0.01620 | 0.01781 | 0.01691 | 0.02084 | 0.01230 | 0.00400 | 0.00039 | 0.00387 |
| Flagg Road | 0.29684 | 0.30609 | 0.31393 | 0.32745 | 0.33521 | 0.35007 | 0.35250 | 0.35260 | 0.35438 | 0.36180 |
| Flagg Township | 0.13975 | 0.14081 | 0.14863 | 0.15385 | 0.15735 | 0.16995 | 0.17566 | 0.17840 | 0.17859 | 0.17658 |
| Flagg Township Pension | 0.02204 | 0.01930 | 0.02016 | 0.02344 | 0.02415 | 0.02778 | 0.02604 | 0.02420 | 0.02145 | 0.01781 |

Data Source

Office of the County Clerk

CITY OF ROCHELLE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

| Taxpayer | Type of Business | 2018 | | | 2009 | | |
|------------------------------|--------------------------|------------------------|------|---|------------------------|------|---|
| | | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Valuation |
| Exeter | Distribution Center | \$ 10,326,690 | 1 | 4.58% | | | |
| Nippon Sharyo | Manufacturing | 9,266,405 | 2 | 4.11% | | | |
| Sara Lee Corporation | Distribution Center | 9,063,424 | 3 | 4.02% | \$ 3,485,053 | 4 | 1.67% |
| Americold Logistics LLC | Distribution & Warehouse | 7,678,000 | 4 | 3.41% | | | |
| ICON Pac Owner | Land Development | 6,374,687 | 5 | 2.83% | | | |
| Total Logistic Control LLC | Cold Storage | 5,502,195 | 6 | 2.44% | 3,160,092 | 5 | 1.52% |
| Americold Real Estate LP | Distribution & Warehouse | 5,373,128 | 7 | 2.38% | | | |
| Illinois River Energy LLC | Ethanol Plant | 4,816,823 | 8 | 2.14% | 5,426,185 | 2 | 2.60% |
| Rochelle Development LLC | Land Development | 3,464,891 | 9 | 1.54% | 3,802,378 | 3 | 1.82% |
| Seldal Properties LLC | Land Development | 3,420,370 | 10 | 1.52% | | | |
| Americold Acquisition LLC | Distribution | | | | 5,912,056 | 1 | 2.83% |
| Art Real Estate Borrower LLC | Land Development | | | | 2,449,366 | 6 | 1.17% |
| Erie Foods | Distribution & Warehouse | | | | 1,904,678 | 7 | 0.91% |
| Rochelle Travel Plaza | Truck Stop | | | | 1,628,513 | 8 | 0.78% |
| Jacobson Rochelle LLC | Appraisal Service | | | | 1,446,548 | 9 | 0.69% |
| Rochelle Foods Inc. | Food Production | | | | 1,234,040 | 10 | 0.59% |
| TOTAL | | <u>\$ 65,286,613</u> | | <u>28.97%</u> | <u>\$ 30,448,909</u> | | <u>14.58%</u> |

Data Source

Office of the County Treasurer

CITY OF ROCHELLE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

| Levy Year | Tax Levied | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------|--------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | Amount | Amount | Percentage of Levy |
| 2009 | \$ 1,741,490 | \$ 1,673,492 | 96.10% | \$ - | \$ 1,673,492 | 96.10% |
| 2010 | 1,736,927 | 1,675,106 | 96.44% | - | 1,675,106 | 96.44% |
| 2011 | 1,921,386 | 1,796,512 | 93.50% | - | 1,796,512 | 93.50% |
| 2012 | 2,017,884 | 1,919,824 | 95.14% | - | 1,919,824 | 95.14% |
| 2013 | 2,167,126 | 2,062,815 | 95.19% | - | 2,062,815 | 95.19% |
| 2014 | 2,227,858 | 2,189,648 | 98.28% | - | 2,189,648 | 98.28% |
| 2015 | 2,277,251 | 2,265,091 | 99.47% | - | 2,265,091 | 99.47% |
| 2016 | 2,372,996 | 2,361,297 | 99.51% | - | 2,361,297 | 99.51% |
| 2017 | 2,445,391 | 2,437,333 | 99.67% | - | 2,437,333 | 99.67% |
| 2018 | 2,504,018 | N/A | N/A | N/A | N/A | N/A |

N/A - Information not available

Note: 2018 property taxes will not be received until the fiscal year 2019.

Data Source

Office of the Ogle County Treasurer

CITY OF ROCHELLE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal Year Ended | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Actual Taxable Value (1) of Property | Per Capita (2) | Debt Outstanding as a Percentage of Personal Income |
|-------------------|--------------------------|------------------------------|--------------------------------------|----------------------|--------------------------|--------------------------------------|--------------------------|----------------------|--------------------------|--|----------------|---|
| | General Obligation Bonds | General Obligation TIF Bonds | General Obligation Debt Certificates | Installment Contract | Revenue Bonds | General Obligation Debt Certificates | General Obligation Bonds | IEPA Revolving Loans | | | | |
| 2010 | \$ - | \$ - | \$ - | \$ - | \$ 17,380,000 | \$ 4,835,000 | \$ 750,000 | \$ 2,206,107 | \$ 25,171,107 | 12.07% | \$ 2,622.26 | 12.46% |
| 2011 | - | - | - | - | 15,885,000 | 4,665,000 | 735,000 | 1,969,163 | 23,254,163 | 11.32% | 2,439.33 | 11.59% |
| 2012 | - | 2,940,000 | - | - | 14,330,000 | 4,490,000 | 705,000 | 1,738,116 | 24,203,116 | 11.04% | 2,528.00 | 12.02% |
| 2013 | - | 2,940,000 | - | - | 13,165,000 | 4,305,000 | 675,000 | 1,500,446 | 22,585,446 | 10.32% | 2,359.04 | 10.28% |
| 2014 | - | 2,895,000 | - | - | 11,950,000 | 4,115,000 | 645,000 | 1,255,964 | 20,860,964 | 9.26% | 2,186.91 | 9.23% |
| 2015 | - | 2,805,000 | - | - | 16,370,000 | 3,915,000 | 615,000 | 1,004,474 | 24,709,474 | 11.11% | 2,603.46 | 10.99% |
| 2016 | - | 2,690,000 | 1,830,000 | - | 15,755,000 | 3,705,000 | 585,000 | 3,811,656 | 28,376,656 | 12.07% | 2,989.85 | 12.62% |
| 2016* | - | 2,617,493 | 1,861,891 | - | 16,169,536 | 3,485,000 | 585,000 | 3,608,792 | 28,257,892 | 11.80% | 2,977.34 | 12.56% |
| 2017 | - | 2,484,869 | 1,689,682 | 27,461 | 15,497,305 | 3,470,715 | 595,000 | 5,054,195 | 28,819,227 | 11.21% | 3,146.55 | 14.29% |
| 2018 | 4,628,005 | 2,347,244 | 1,517,437 | 22,793 | 14,810,075 | 3,157,468 | 550,000 | 6,394,567 | 33,427,589 | 14.84% | 3,597.07 | 15.91% |

Note: Details of the City's outstanding debt can be found in the notes to financial statements.

*The City changed its fiscal year end to December 31, effective December 31, 2016.

(1) Assessed value and actual value of taxable property

(2) See the schedule of Demographic and Economic Information for personal income and population data.

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2018

| Governmental Unit | Gross Debt | Percentage Debt Applicable to the City | City's Share of Debt |
|------------------------------|----------------------|---|-----------------------------|
| City of Rochelle | \$ 3,887,474 | 100.00% | \$ 3,887,474 |
| Flagg-Rochelle Park District | 800,000 | 74.34% | 594,693 |
| School District Number 161 | 35,000 | 27.60% | 9,661 |
| District 231 | 10,590,000 | 76.31% | 8,081,261 |
| District 212 | 11,930,000 | 56.40% | 6,728,375 |
| Kishwaukee Community College | 47,261,583 | 10.16% | 4,800,845 |
| Subtotal | 70,616,583 | | 20,214,835 |
| TOTAL | \$ 74,504,057 | | \$ 24,102,309 |

Note: Overlapping information presented as of October 17, 2017 (most recent available).

Data Source

Official Statement

CITY OF ROCHELLE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | Business-Type Activities | Less Amounts Available In Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property* | Per Capita |
|--------------------|--------------------------------|---------------------------------|--|--------------|--|-------------------|
| 2010 | \$ - | \$ 5,400,000 | \$ - | \$ 5,400,000 | 2.59% | \$ 562.56 |
| 2011 | 2,940,000 | 5,195,000 | - | 8,135,000 | 3.96% | 853.35 |
| 2012 | 2,940,000 | 4,980,000 | - | 7,920,000 | 3.61% | 827.24 |
| 2013 | 2,895,000 | 4,760,000 | - | 7,655,000 | 3.50% | 799.56 |
| 2014 | 2,895,000 | 4,760,000 | - | 7,655,000 | 3.40% | 802.50 |
| 2015 | 2,805,000 | 4,530,000 | - | 7,335,000 | 3.30% | 772.84 |
| 2016 | 4,520,000 | 4,290,000 | - | 8,810,000 | 3.75% | 928.25 |
| 2016** | 4,479,384 | 4,070,000 | - | 8,549,384 | 3.57% | 900.79 |
| 2017 | 4,174,551 | 4,065,715 | - | 8,240,266 | 3.21% | 899.69 |
| 2018 | 3,864,681 | 3,707,468 | - | 7,572,149 | 3.36% | 814.82 |

*See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 142 for property value data.

**The City changed its fiscal year end to December 31, effective December 31, 2016.

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2018

| | |
|---|------------------------------|
| ASSESSED VALUATION - 2018 TAX YEAR | <u><u>\$ 225,294,807</u></u> |
| Legal Debt Limit - 8.625% of Assessed Valuation | \$ 19,431,677 |
| Amount of Debt Applicable to Debt Limit | <u>5,224,905</u> |
| LEGAL DEBT MARGIN | <u><u>\$ 14,206,772</u></u> |

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Levy Years

| Levy Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Legal Debt Limit | \$ 17,718,309 | \$ 18,903,766 | \$ 18,869,036 | \$ 19,428,190 | \$ 19,428,190 | \$ 19,183,599 | \$ 20,274,809 | \$ 20,650,127 | \$ 22,172,391 | \$ 19,431,677 |
| Total Net Debt Applicable to Limit | 5,400,000 | 5,195,000 | 4,980,000 | 4,760,000 | 4,760,000 | 4,530,000 | 6,120,000 | 5,931,891 | 5,755,397 | 5,224,905 |
| LEGAL DEBT MARGIN | \$ 12,318,309 | \$ 13,708,766 | \$ 13,889,036 | \$ 14,668,190 | \$ 14,668,190 | \$ 14,653,599 | \$ 14,154,809 | \$ 14,718,236 | \$ 16,416,994 | \$ 14,206,772 |
| TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT | 30.48% | 27.48% | 26.39% | 24.50% | 24.50% | 23.61% | 30.19% | 28.73% | 25.96% | 26.89% |

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|--------------------|-------------------|------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2010 | 9,566 | \$ 201,249,508 | \$ 21,038 | 35.0 | 2,654 | 18.5% |
| 2011 | 9,599 | 201,943,762 | 21,038 | 35.0 | 2,540 | 16.7% |
| 2012 | 9,533 | 200,555,254 | 21,038 | 35.0 | 2,529 | 15.0% |
| 2013 | 9,574 | 201,417,812 | 21,038 | 36.0 | 2,480 | 12.9% |
| 2014 | 9,574 | 219,694,578 | 22,947 | 36.0 | 2,415 | 7.3% |
| 2015 | 9,539 | 226,045,683 | 23,697 | 36.6 | 2,027 | 5.4% |
| 2016 | 9,491 | 224,908,227 | 23,697 | 36.5 | 2,531 | 6.3% |
| 2016* | 9,491 | 224,908,227 | 23,697 | 36.5 | 2,531 | 6.3% |
| 2017 | 9,159 | 201,690,339 | 22,021 | 35.4 | 2,623 | 4.5% |
| 2018 | 9,293 | 210,114,730 | 22,610 | 35.7 | 2,490 | 4.7% |

*The City changed its fiscal year end to December 31, effective December 31, 2016.

Unemployment rate is the twelve month average.

Data Sources

City Records
U.S. Census Bureau
Office of the County Clerk
IL Board of Education

CITY OF ROCHELLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| Employer | 2018 | | | 2009 | | |
|---|------------------------------------|-------------|---|------------------------------------|-------------|---|
| | Number of Employees | Rank | % of Total City Population | Number of Employees | Rank | % of Total City Population |
| Rochelle Foods | 811 | 1 | 8.73% | 800 | 1 | 8.12% |
| Tyson, Hillshire Brands | 295 | 2 | 3.17% | | | |
| Rochelle Community Hospital | 261 | 3 | 2.81% | 265 | 3 | 2.69% |
| WalMart | 260 | 4 | 2.80% | | | |
| Swift Transportation | 250 | 5 | 2.69% | | | |
| Americold | 232 | 6 | 2.50% | | | |
| Elementary School District #231 | 230 | 7 | 2.47% | | | |
| Tyson, Hillshire Brands | 215 | 8 | 2.31% | 215 | 2 | 2.18% |
| Silgan Containers | 210 | 9 | 2.26% | | | |
| High School District #212 | 155 | 10 | 1.67% | | | |
| Eaton Corporation | | | | | | |
| Silgan Containers | | | | 200 | 4 | 2.03% |
| Total Logistics Controls | | | | 125 | 5 | 1.27% |
| Erie Foods | | | | 110 | 6 | 1.12% |
| Cedar Siding and Lumber Inc | | | | 100 | 7 | 1.01% |
| First National Bank and Trust of Rochelle | | | | | | |
| E&T Controls | | | | 60 | 9 | 0.61% |
| Master Graphics | | | | 60 | 10 | 0.61% |
| TOTAL | 2,919 | | 31.41% | 1,935 | | 19.64% |

Data Source

Economic Development

CITY OF ROCHELLE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| GENERAL FUND | | | | | | | | | | |
| Mayor and City Council | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| City Manager | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Municipal Building | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1 | 1 | 1 | 1 | 1 |
| City Clerk | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 |
| Cemetery | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Community Development | 5 | 4 | 4 | 4 | 3 | 4 | 5 | 5 | 5 | 5 |
| Economic Development | 3 | 3 | 3 | 3 | 3 | 2 | 1 | 1 | 2 | 2 |
| Engineering | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | 13 | 13 | 13 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Police | 25 | 24 | 26 | 26 | 26 | 26 | 25 | 25 | 26 | 26 |
| Street | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| ENTERPRISE FUND | | | | | | | | | | |
| Airport | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 2.0 | 2.0 | 1.5 | 1.5 |
| Utilities - Administration | 2 | 2 | 2 | 1 | 1.5 | 0.5 | 0.5 | 0.5 | 1 | 1 |
| Utilities - Technology Center | - | - | - | 1 | 0.5 | 2 | 2 | 2 | 2 | 2 |
| Utilities - Communications/ Network Administration | 7 | 6 | 6 | 5 | 6 | 3 | 3 | 3 | 3 | 3 |
| Utilities - Electric | 30 | 31 | 31 | 31 | 31 | 28 | 28 | 28 | 28 | 25 |
| Utilities - Water | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Utilities - Water Reclamation | 8 | 9 | 9 | 8 | 8 | 8 | 9 | 9 | 8 | 8 |
| INTERNAL FUND | | | | | | | | | | |
| Administrative Services | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |

*The City changed its fiscal year end to December 31, effective December 31, 2016.

Data Source

City Budget File

CITY OF ROCHELLE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

| Function/Program | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|
| COMMUNITY DEVELOPMENT | | | | |
| New Construction Single Family Permits | 11 | - | - | - |
| Number of Permits Issued | 483 | 454 | 467 | 364 |
| Building and Engineering Inspections | 1,449 | 1,362 | 1,401 | 1,092 |
| POLICE | | | | |
| DUI Arrests | 61 | 79 | 55 | 55 |
| Criminal Arrests | 449 | 434 | 434 | 310 |
| Accidents | 332 | 314 | 333 | 374 |
| Ordinance Enforcement | 55 | 37 | 25 | 21 |
| Total Tickets | 1,332 | 1,376 | 1,373 | 1,244 |
| Total Calls | 10,925 | 10,990 | **15,515 | **22,371 |
| FIRE | | | | |
| Number of Fire Calls Answered | 279 | 241 | 235 | 276 |
| Number of EMS Calls Answered | 1,476 | 1,554 | 1,649 | 1,741 |
| PUBLIC WORKS | | | | |
| Trees Planted | 12 | 12 | 15 | 24 |
| Trees Removed | 25 | 27 | 32 | 47 |
| Street Sweeping (Tons) | 799 | 494 | 323 | 340 |
| Street Sweeping (Hours) | 1,200 | 1,200 | 1,200 | 1,200 |
| Snow Removal (Hours) | 1,755 | 739 | 1,217 | 1,929 |
| Catch Basins/Inlets Cleaned | 1,200 | 600 | 800 | 1,200 |
| Sidewalk Replacement (Square Feet) | 49,279 | 49,009 | 50,816 | 47,996 |
| WATER AND SEWER | | | | |
| Water MGD Pumped (Millions/Gallons) | N/A | N/A | N/A | N/A |
| Water MGD Billed (Millions/Gallons) | N/A | N/A | N/A | N/A |
| Sewer MGD Treated (Millions/Gallons) | N/A | N/A | N/A | N/A |
| Water Meter Installations (New) | 9 | 11 | 7 | 17 |
| Water Meter Exchanges | 173 | 199 | 260 | 290 |
| Hydrants Flushed | 630 | 640 | 640 | 640 |
| ELECTRIC | | | | |
| Pole Replacements | N/A | N/A | N/A | 44 |
| Electric Meter Installations | N/A | N/A | N/A | 532 |

N/A - Not Available

*The City changed its fiscal year end to December 31, effective December 31, 2016.

**Increase to total calls are due to officer initiated business checks.

Data Source

City Records

| 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|--------|--------|--------|--------|--------|--------|
| 3 | 3 | 3 | 4 | 3 | 4 |
| 393 | 359 | 393 | 329 | 276 | 260 |
| 1,179 | 1,077 | 1,179 | 987 | 828 | 659 |
| 38 | 22 | 38 | 50 | 39 | 51 |
| 321 | 268 | 321 | 265 | 452 | 415 |
| 437 | 433 | 437 | 432 | 369 | 367 |
| 29 | 14 | 29 | 6 | N/A | N/A |
| 846 | 795 | 846 | 789 | 1,792 | 1,493 |
| 6,023 | 17,264 | 6,023 | 15,649 | 15,000 | 11,553 |
| 208 | 274 | 208 | 259 | 272 | 237 |
| 1,749 | 1,470 | 1,749 | 1,564 | 1,564 | 1,813 |
| 109 | 70 | 109 | 30 | 2 | - |
| 122 | 133 | 122 | 45 | 24 | 21 |
| 359 | 350 | 359 | 330 | 360 | 350 |
| 1,200 | 1,200 | 1,200 | 900 | 1,200 | 1,200 |
| 1,764 | 641 | 1,764 | 512 | 993 | 1,331 |
| 500 | 900 | 500 | 1,200 | 2,024 | 755 |
| 47,500 | 18,430 | 47,500 | 10,600 | 640 | 14,033 |
| 2.95 | 2.74 | 2.95 | 2.95 | 2.81 | 2.74 |
| 2.57 | 2.37 | 2.57 | 2.47 | 2.33 | 2.41 |
| 2.36 | 2.76 | 2.36 | 2.58 | 2.82 | 2.91 |
| 6 | 5 | 6 | 4 | 2 | 4 |
| 176 | 250 | 176 | 184 | 188 | 195 |
| 285 | - | 285 | 760 | 762 | 762 |
| 27 | 34 | 27 | 77 | 15 | 18 |
| 1,461 | 1,081 | 1,461 | 1,026 | 632 | 157 |

CITY OF ROCHELLE, ILLINOIS

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function/Program | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|-------------|-------------|-------------|-------------|
| GENERAL GOVERNMENT | | | | |
| General Government Buildings | 48 | 48 | 49 | 46 |
| PUBLIC SAFETY | | | | |
| Police | | | | |
| Number of Squad Cars | 15 | 15 | 14 | 14 |
| Fire | | | | |
| Number of Vehicles | 10 | 11 | 12 | 12 |
| PUBLIC WORKS | | | | |
| Number of Vehicles and Equipment | 25 | 25 | 23 | 23 |
| Streets (Lane Miles) | 160 | 160 | 160 | 160 |
| Alleys (Miles) | 7 | 7 | 7 | 7 |
| Bridges and Structures | 20 | 20 | 20 | 20 |
| WATER AND SEWER | | | | |
| Number of Vehicles and Equipment | 14 | 14 | 14 | 14 |
| Water Mains (Miles) | 63 | 63 | 63 | 63 |
| Water Towers | 4 | 4 | 4 | 4 |
| Wells and Wellhouses | 4 | 4 | 4 | 4 |
| Sanitary Sewers (Miles) | 74 | 74 | 74 | 74 |
| Lift Stations | 9 | 9 | 11 | 11 |
| Number of Manholes | 294 | 294 | 294 | 294 |
| Number of Fire Hydrants | 707 | 707 | 707 | 707 |
| ELECTRIC | | | | |
| Number of Vehicles | 16 | 16 | 18 | 19 |
| Overhead Line (Miles) | 150 | 150 | 150 | 150 |
| Underground Line (Miles) | 58 | 58 | 58 | 58 |
| COMMUNICATIONS | | | | |
| Fiber (Miles) | 35 | 35 | 35 | 45 |

*The City changed its fiscal year end to December 31, effective December 31, 2016.

N/A - Information not available

Data Source

City Records

| 2014 | 2015 | 2016 | 2016* | 2017 | 2018 |
|-------------|-------------|-------------|--------------|-------------|-------------|
| 48 | 48 | 48 | 48 | 48 | 47 |
| 17 | 17 | 17 | 17 | 14 | 14 |
| 12 | 12 | 12 | 12 | 11 | 12 |
| 24 | 24 | 24 | 24 | 24 | 24 |
| 160 | 160 | 160 | 160 | 160 | 160 |
| 7 | 7 | 7 | 7 | 13 | 13 |
| 20 | 20 | 20 | 20 | 17 | 17 |
| 15 | 15 | 15 | 16 | 16 | 16 |
| 63 | 63 | 63 | 78 | 78 | 100 |
| 4 | 5 | 5 | 4 | 4 | 5 |
| 4 | 5 | 5 | 5 | 5 | 5 |
| 74 | 74 | 74 | 74 | 74 | 100 |
| 12 | 12 | 12 | 13 | 14 | 15 |
| 294 | 294 | 294 | 294 | 1,470 | 1,470 |
| 707 | 707 | 707 | 762 | 762 | 800 |
| 19 | 19 | 19 | 18 | 14 | 15 |
| 150 | 150 | 150 | 160 | 151 | 146 |
| 58 | 58 | 58 | 60 | 56 | 65 |
| 45 | 45 | 45 | 46 | 46 | 46 |