

# City of Rochelle, Illinois

Comprehensive Annual Financial Report  
For the Year Ended  
December 31, 2019



Prepared by:  
Finance Department

**Chris Cardott**  
Finance Director

**CITY OF ROCHELLE, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2019

Prepared by  
Finance Department

Chris Cardott  
Finance Director

**CITY OF ROCHELLE, ILLINOIS**  
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CITY OF ROCHELLE, ILLINOIS

List of Elected and Appointed Officers and Officials

December 31, 2019

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**Mayor**

John Bearrows

**City Council**

Don Burke

John Gruben

Bil Hayes

Kathryn Shaw-Dickey

Dan McDermott

Tom McDermott

**City Clerk**

Sue Messer

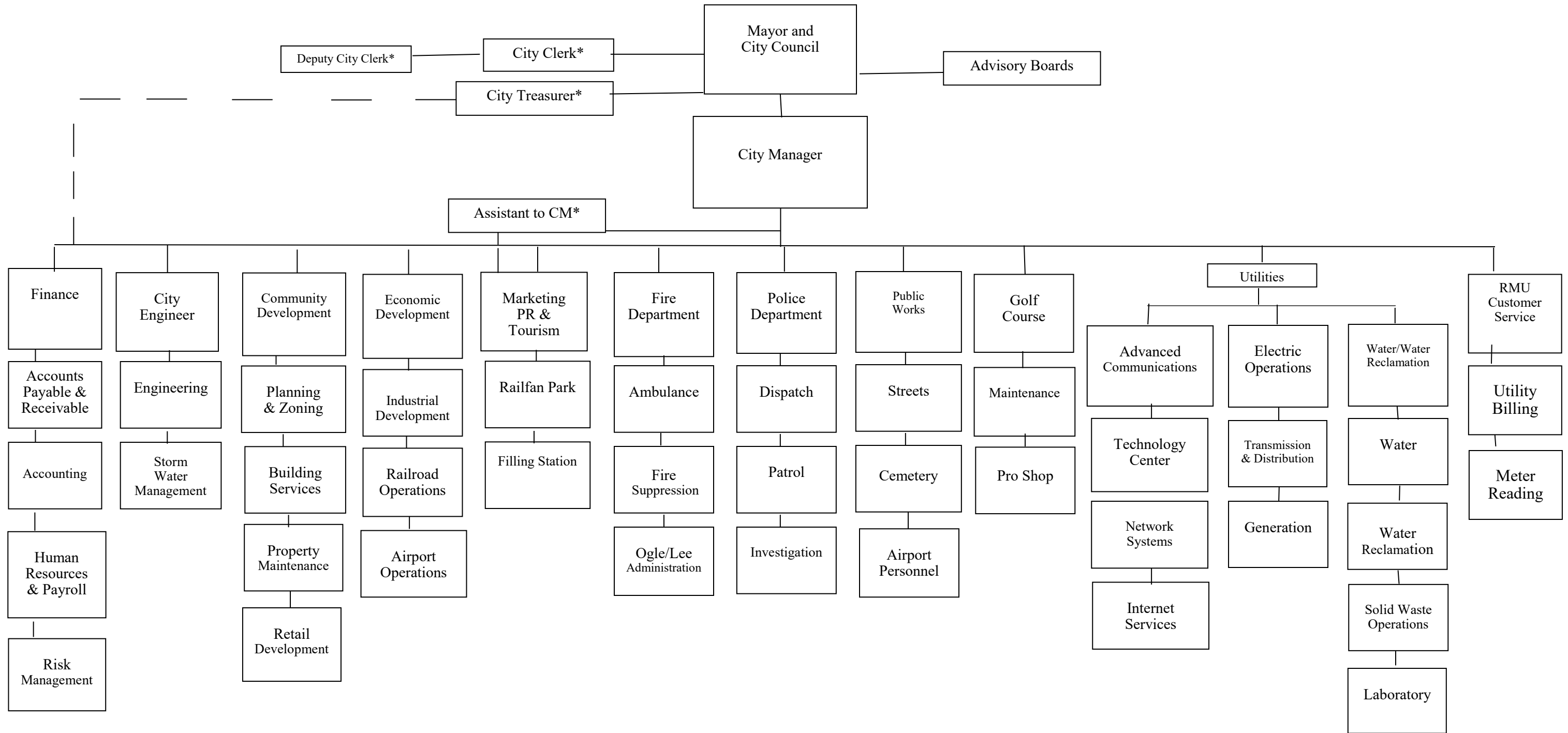
**City Manager**

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, 2018**

*Christopher P. Morrill*

Executive Director/CEO



420 N 6<sup>th</sup> Street | Rochelle, Illinois | [www.cityofrochelle.net](http://www.cityofrochelle.net)

June 17, 2020

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, 2019. 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, 2019, 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, 2019, 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 9,574. The total population decreased 5.65% between 2010 and 2018. The median age in Rochelle (35.9) was lower than in Ogle County (42.4). 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 were 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 2019 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 Commonwealth Edison (ComEd).** Rochelle Municipal Utilities (RMU) and Commonwealth Edison 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, and through an agreement with the previous bidder NextEra Energy Transmission, Commonwealth Edison 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. The transaction was fully executed on June 9, 2020 and the City/RMU looks forward to a long and productive relationship with the new transmission owner, ComEd.

**Radium.** Radium levels exceeding the standard limit set by the Illinois Environmental Protection Agency (IEPA) is an ongoing issue in Rochelle. In 2018, 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.

In 2019, RMU moved forward with a second radium removal plant at Well 12 located south of the City's industrial park. Like the Well 11 project, this project was also financed through the low-interest Illinois Environmental Protection Agency Loan Program. Other projects include the \$300,000 rehabilitation to Well 8 and the rehabilitation and potential construction of a new radium removal facility located at Well 4.

**Infrastructure Improvements.** The City of Rochelle extended \$4.5 million of general obligation bonds in 2018 to fund top infrastructure projects throughout the community. The transaction did not affect property tax rates as the bond payment is tied to sales tax revenues. The City was able to take advantage of a low interest rate of 3.5%. Improvements include but are not limited to 2<sup>nd</sup> Avenue street urbanization and drainage improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, 6<sup>th</sup> Street reconstruction project including utilities, South Main Street widening, Mulford Road reconstruction, general street improvements including curb and gutter, stormwater, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees.

**City of Rochelle Railroad (CIR):** Our rail system has been expanded over the past two years by constructing a new rail to truck transloading center, a four-track rail bridge and ~12,000 LF of track extensions. The \$7,000,000 project was funded through a \$3.42M EDA grant, \$2.58M IDOT grant and \$1M cash from the rail capital fund which is derived from rail revenues. The additional track infrastructure will increase rail revenues through additional switching fees, storage fees and transloading fees. The City is currently working with the BNSF Railroad to establish an intermodal interchange to replace the loss of intermodal service caused by the closure of the Union Pacific Global III Intermodal ramp last year. The interchange project is estimated to be \$9.8M with 70% of the project being funded through an FRA grant and local matching funds. A new intermodal service will add new revenues to the CIR as there is currently one industry directly on the CIR who ships 20,000 intermodal containers a year.

**City of Rochelle Airport:** The airport is undergoing a major upgrade in resurfacing the runway, taxiway, and partial ramp. A new access taxiway was constructed and de-constructed the old access taxiway. The \$3.2 M project was funded by 95% of the project cost coming out of State and Federal grants and 5% was covered through a transfer from the City of Rochelle Railroad to the Airport capital fund. These upgrades will allow larger aircraft to land in Rochelle which will support the City's Economic Development efforts to attract new industrial customers.

**Industrial Development:** A major industrial development was the sale of the Nippon Sharyo manufacturing campus. The new owner is converting the facility into a new use which will become the largest power user in the RMU electrical distribution operations once it opens. It is estimated this industry will create 250 to 300 new jobs beginning in Q3 2021. The facility will also be a large water user which is timely with the new well #12 coming online in 2020. The completion of the Rochelle Transloading Center (RTC) now provides industries within 75 miles a point of access to the UP and BNSF Railroads. A new stream of revenue will come online later this year as we finalize several agreements for use of the RTC .

**Downtown & Community Development:** The City has installed 50 streetlights, with approximately 25 more to install in downtown and with residential capital improvement projects. Our beautiful Wayfinding signage was completed in September. Several utility and infrastructure projects have been completed or underway. Private development has occurred with the opening of the Kennay Farms Distilling, the largest craft distillery in Illinois, and The Artists' Garden, a quaint boutique that offers retail and paint classes. Remedy Boutique Tanning has opened their doors as well. Soon to open, Acres Bistro will allow downtown visitors a farm to table dining experience. Several City owned properties have now been sold to private developers.

Our Downtown & Southern Gateway Tax Increment Financing (TIF) District has been in place for several years and our Historic District designation was received to help incentivize private sector growth. Currently, the City is working with Teska & Associates to update our Zoning Codes. Our goal is to make these codes user friendly for our residents and staff.

The Hickory Grove Facility located in our Northern Gateway TIF is another property the City is moving forward on. The complex included a theatre, health club, indoor and outdoor swimming pools, bar, grill and banquet space. The City purchased the property from the Ogle County Civic Center Authority (OCCCA). The property has fallen in disrepair and the OCCCA has been dissolved. The improvement costs in 2011 to bring the facility out of disrepair were over \$3.8 million. In 2020, the restaurant and bar closed. Demolition, private development and putting the property back on the tax roll are the goals of this project.

**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 council dedicated all future gaming revenues to be split equally between the police and fire pension plans. This is in addition to the amount levied annual to meet the actuarial recommendations.

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, 2018. 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 a 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

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**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, 2019 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, 2019, 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.

## **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 June 17, 2020 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  
June 17, 2020

**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, 2019. You are invited to read this narrative in conjunction with the City's financial statements.

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### FINANCIAL HIGHLIGHTS

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- The assets and deferred outflows of resources of the City of Rochelle exceeded its liabilities and deferred inflows of resources by \$155,923,846 (net position). Of this amount, \$11,363,850 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$15,548,735 is restricted for specific purposes (restricted net position), and \$129,011,261 is the net investment in capital assets.
- The City's total net position increased by \$13,224,307. Governmental activities net position increased by \$6,421,781, while business-type net position increased by \$6,802,526.
- The increase in net position for governmental activities of \$6,802,526 is primarily due to an increase in investment of capital assets for the railroad.
- On December 31, 2019, the City's governmental funds reported combined fund balances of \$16,071,376, an increase of \$2,169,457 from December 31, 2018. Unassigned fund balance was \$3,334,205 at year end.
- Revenues for the governmental activities increased from the previous year by 17%. 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 \$50,133,032 (net position). Of this amount, \$12,550,002 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$9,059,466 is restricted for debt service (restricted net position), and \$28,523,564 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 \$45,678,400 (net position). Of this amount, \$7,464,843 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$784,456 is restricted for debt service (restricted net position), and \$37,429,101 is the net investment in capital assets.
- Operating revenues for the Electric Utility decreased 3% while expenses were down 4%. The decrease in revenues is from no purchase power adjustment and from expenses is due to a lower purchase power cost.
- Operating revenues for the Water and Water Reclamation Utility increased 4%, while operating expenses were up 7%. The increase in is due to higher materials and supplies expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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#### ***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 seven proprietary funds, five 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**

	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
	Governmental	Governmental	Business-type	Business-type	12/31/19	12/31/18
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Current Assets	\$ 21,687,039	\$ 18,907,635	\$ 37,546,932	\$ 35,106,008	\$ 59,233,971	\$ 54,013,643
Capital Assets	58,685,918	53,237,806	95,823,869	92,801,096	154,509,787	146,038,902
Total Assets	<u>80,372,957</u>	<u>72,145,441</u>	<u>133,370,801</u>	<u>127,907,104</u>	<u>213,743,758</u>	<u>200,052,545</u>
Deferred Outflows of Resources	<u>4,515,032</u>	<u>4,677,316</u>	<u>2,807,406</u>	<u>982,332</u>	<u>7,322,438</u>	<u>5,659,648</u>
Long-term Liabilities	25,129,994	23,890,638	28,238,967	26,197,243	53,368,961	50,087,881
Other Liabilities	<u>2,933,651</u>	<u>2,464,794</u>	<u>3,756,945</u>	<u>4,026,599</u>	<u>6,690,596</u>	<u>6,491,393</u>
Total Liabilities	<u>28,056,758</u>	<u>26,355,432</u>	<u>31,995,912</u>	<u>30,223,842</u>	<u>65,142,350</u>	<u>56,579,274</u>
Deferred Inflows of Resources	<u>4,618,824</u>	<u>4,683,586</u>	<u>463,969</u>	<u>1,749,794</u>	<u>5,082,793</u>	<u>6,433,380</u>
Net investment in capital assets	56,955,178	51,569,571	72,056,083	68,151,628	129,011,261	119,721,199
Restricted	5,704,813	4,821,676	9,843,922	8,564,665	15,548,735	13,386,341
Unrestricted (Deficit)	<u>(10,454,471)</u>	<u>(10,607,508)</u>	<u>21,818,321</u>	<u>20,199,507</u>	<u>11,363,850</u>	<u>9,591,999</u>
Total Net Position	<u>\$ 52,205,520</u>	<u>\$ 45,783,739</u>	<u>\$ 103,718,326</u>	<u>\$ 96,915,800</u>	<u>\$ 155,923,846</u>	<u>\$ 142,699,539</u>

The largest portion of the City's net position (83%) 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 (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (7%) 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 AS A WHOLE (cont.)**

**Table 2  
Condensed Statement of Activities**

	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 4,230,692	\$ 3,864,313	\$ 46,681,450	\$ 47,628,254	\$ 50,912,142	\$ 51,533,305
Operating Grants and contributions	348,271	383,263	-	-	348,271	383,263
Capital Grants and Contributions	3,812,585	1,788,889	3,689,071	905,050	7,501,656	2,693,939
General Revenues						
Property Taxes	3,575,806	3,455,154	61,013	19,287	3,636,819	3,474,441
Other Taxes	5,921,912	5,474,579	-	-	5,921,912	5,474,579
Other	350,091	795,007	771,409	551,929	1,121,500	1,346,936
Total Revenues	<u>18,239,357</u>	<u>15,761,205</u>	<u>51,202,943</u>	<u>49,104,520</u>	<u>69,442,300</u>	<u>64,865,725</u>
<b>Expenses:</b>						
General Government	2,151,923	2,625,102	-	-	2,151,923	2,625,102
Public Safety	7,242,733	7,114,566	-	-	7,242,733	7,114,566
Public Works	4,129,244	3,890,595	-	-	4,129,244	3,890,595
Conservation and Development	545,596	657,933	-	-	545,596	657,933
Public Service Enterprises	153,869	230,942	-	-	153,869	230,942
Landfill	-	-	379,992	379,612	379,992	379,612
Airport	-	-	585,281	641,746	585,281	641,746
Electric	-	-	33,569,899	35,119,696	33,569,899	35,119,696
Water and Water Reclamation	-	-	6,026,110	5,624,050	6,026,110	5,624,050
Communications	-	-	-	-	-	-
Technology Center	-	-	1,161,545	1,149,385	1,161,545	1,149,385
Interest and Fiscal Charges	271,801	141,853	-	-	271,801	141,853
Total Expenses	<u>14,495,166</u>	<u>14,660,991</u>	<u>41,722,827</u>	<u>42,914,489</u>	<u>56,217,993</u>	<u>57,575,480</u>
Income (Loss) Before Transfers	3,744,191	1,110,214	9,480,116	6,190,031	13,224,307	7,330,983
Transfers	<u>2,677,590</u>	<u>2,076,297</u>	<u>(2,677,590)</u>	<u>(2,076,297)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>6,421,781</u>	<u>3,176,511</u>	<u>6,802,526</u>	<u>4,113,734</u>	<u>13,224,307</u>	<u>7,330,983</u>
Net Position, January 1	45,783,739	42,901,827	96,915,800	93,493,129	142,699,539	136,394,956
Prior Period Adjustment		(294,599)		(691,063)		(985,662)
Net Position, January 1, Restated	<u>45,783,739</u>	<u>42,607,228</u>	<u>96,915,800</u>	<u>92,802,066</u>	<u>142,699,539</u>	<u>135,409,294</u>
Net Position, December 31	<u>52,205,520</u>	<u>45,783,739</u>	<u>103,718,326</u>	<u>96,915,800</u>	<u>155,923,846</u>	<u>142,740,277</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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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 \$6,421,781. This increase is primarily a result of the following item:

- Grant funds for the City Rail expansion.

#### ***BUSINESS-TYPE ACTIVITIES***

Business-type activities increased the City's net position by \$6,802,526. This increase is primarily a result of the following items:

- Grant funds for Water/Water Reclamation infrastructure improvements.

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### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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#### ***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, 2019, the City's governmental funds reported combined fund balances of \$16,071,376. Approximately 21% of this amount, \$3,334,205, constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$12,737,171 is nonspendable in form (prepaid items and advances to other funds) and restricted or assigned for various capital improvements, tourism/employee benefits, and other specific purposes.

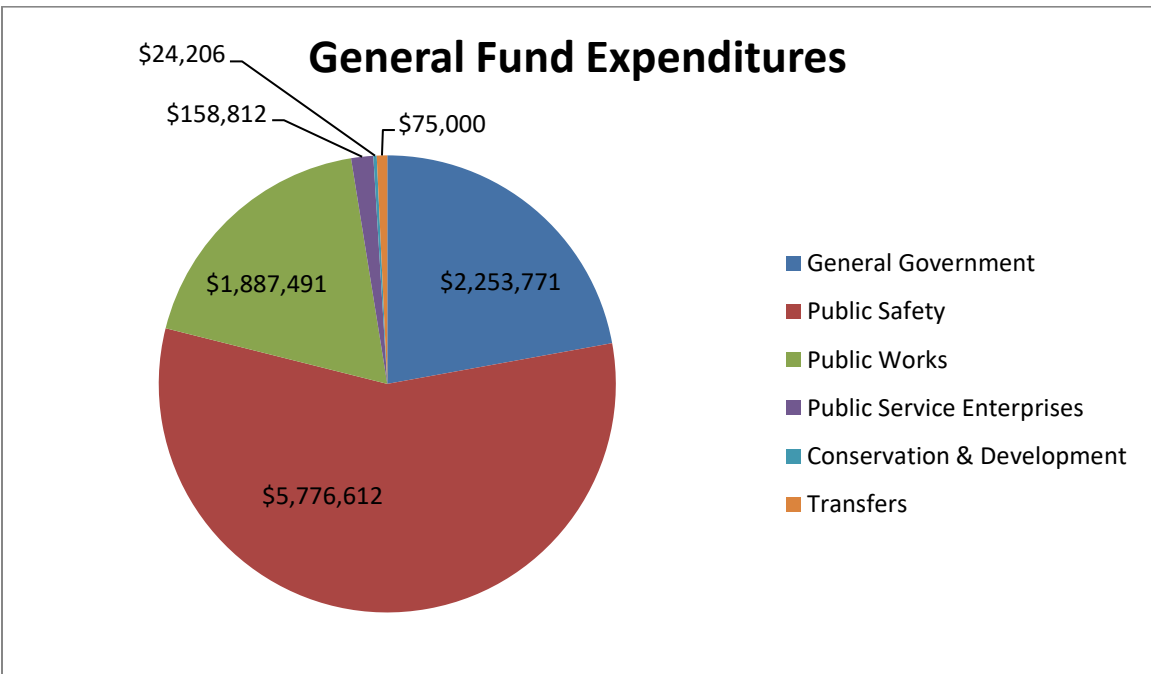
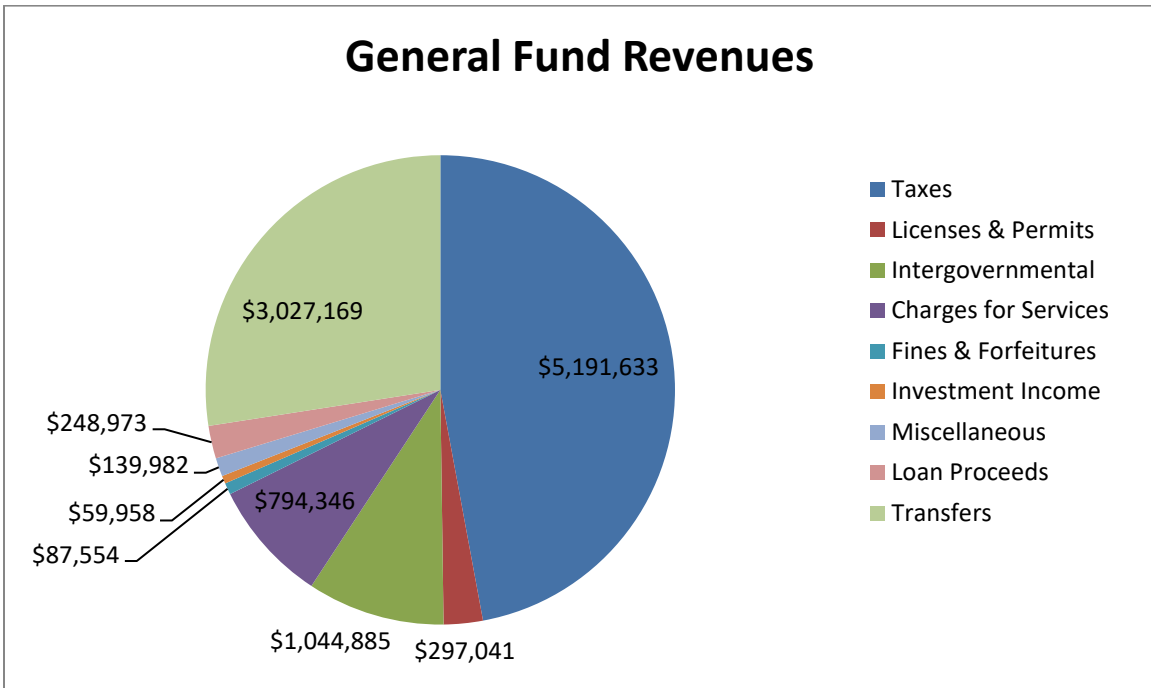
#### ***General Fund***

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$849,734. Unrestricted, unassigned fund balance increased \$836,433. 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 \$191,619, 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.)**

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**GOVERNMENTAL FUNDS (cont.)**

***Non-major Governmental Funds***

Fund balance of all other governmental funds is \$10,806,846, of which all but \$564,360 (nonspendable prepaid items) and \$149,153 (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 technology center. The total net position of the electric fund is \$50,133,032. Of that, \$9,059,466 is restricted for debt service and \$28,523,564 is the net investment of capital assets. The water and water reclamation net position is \$45,678,400. That includes \$784,456 restricted for debt service and \$37,429,101 for the net investment in capital assets. The net position of the technology center is \$892,631 and includes \$2,198,740 for the net investment in capital assets. Additional information on the major proprietary funds is as follows:

***Electric Operations***

Electric operations increased the 2019 utility's net position by \$2,833,634. This increase is primarily a result of the following items:

- Stability of purchased power costs
- Increase of FERC tariff revenue stream

***Water/Water Reclamation Operations***

Water/Water Reclamation operations increased the 2019 utility's net position by \$3,794,368. 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 2019 utility's net position by \$333,964. This decrease is the result of the following item:

- Increase in fiber customers.
- New or renewed colocation contracts.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final General Fund budget had total appropriations of \$10,667,296. Actual expenditures, excluding transfers out were \$10,100,892, resulting in a \$566,404 favorable variance.

Total revenues and other sources were \$10,089,309, \$216,181 lower than the final budget.

**CAPITAL ASSETS**

**Table 3  
Capital Assets**

	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
	Governmental	Governmental	Business-type	Business-type	Total	Total
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Construction in progress	\$ 9,306,570	\$ 3,553,712	\$ 12,776,906	\$ 12,078,234	\$ 22,083,476	\$ 15,631,946
Land and other assets not being depreciated	7,707,589	6,264,134	3,569,045	3,397,940	11,276,634	9,662,074
Buildings and improvements	3,776,535	3,384,315	7,488,749	7,261,376	11,265,284	10,645,691
Machinery and equipment	8,725,104	8,164,893	10,784,817	10,784,817	19,509,921	18,949,710
Infrastructure and utility plant	<u>64,720,106</u>	<u>64,364,556</u>	<u>156,690,891</u>	<u>150,113,872</u>	<u>221,410,997</u>	<u>214,478,428</u>
 Total Capital Assets	 93,140,726	 85,731,610	 191,310,408	 183,636,239	 284,451,134	 269,367,849
 Less: Accumulated Depreciation	 <u>(34,454,808)</u>	 <u>(32,493,804)</u>	 <u>(95,486,539)</u>	 <u>(90,835,143)</u>	 <u>(129,941,347)</u>	 <u>(123,328,947)</u>
 Net Capital Assets	 <u>\$ 58,685,918</u>	 <u>\$ 53,237,806</u>	 <u>\$ 95,823,869</u>	 <u>\$ 92,801,096</u>	 <u>\$ 154,509,787</u>	 <u>\$ 146,038,902</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **CAPITAL ASSETS (cont.)**

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At the end fiscal year 2019, the City had invested a total of \$154,509,787 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 wastewater
- 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.

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### **LONG-TERM DEBT**

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At December 31, 2019, the City had business-type activities debt including \$28,238,967 of long-term debt outstanding. \$13,265,000 of this is revenue debt, \$6,597,322 is IEPA loans, \$2,805,000 is debt certificates, \$510,000 is a general obligation bond, and \$5,061,645 of other long-term debt (net pension liability, unamortized premium, and compensated absences). The City also has governmental activities debt outstanding of \$25,129,994. The amount of \$9,361,605 is in the form of general obligation tax increment financing bond, installment purchase contract, and debt certificates, while \$15,768,389 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.

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

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All currently known facts and economic conditions were considered in preparing the 2020 City budget. The City Council approved the 2020 Budget on December 9, 2019. Due to the Covid-19 crisis and the uncertainty surrounding the State of Illinois budget issues, the City passed an amended budget on May 11, 2020 with the assumption that revenues would decrease 10%-15% due to lower than anticipated tax collections, reduced utility usage, and increased delinquencies. The proposed expenditure reductions to offset the lower expected revenues include reductions in operating expenditures, delayed capital purchases, and not filling open staff positions.

The City of Rochelle/Rochelle Municipal Utilities has operated approximately 20 miles of 138 kV transmission lines as a transmission operator since 2015. The primary focus of the electric utility is to provide electric distribution service to residential, commercial, and industrial customers. RMU issued a request for proposals on July 12, 2017, to explore opportunities either for a transmission-related strategic partnership, or an outright sale of its transmission assets to a transmission-focused company. Negotiations began with NextEra Energy Transmission on late 2017. NextEra assigned its rights to Commonwealth Edison Company and the sale closed on June 9, 2020. The total paid to the City was \$15.7 million to the Electric Fund for the assets and \$3.7 million to the General Fund for Community Development and compensation for the lost future payment-in-lieu-of-taxes (PILOT).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the 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](mailto:ccardott@rochelleil.us).

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2019

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Investments	\$ 13,110,682	\$ 18,668,672	\$ 31,779,354
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	2,727,574	59,105	2,786,679
Accounts	983,358	5,885,616	6,868,974
Accrued Interest	-	785	785
Other	63,658	374,784	438,442
Prepaid Expenses	578,812	5,945	584,757
Deposits	-	311,129	311,129
Due from Other Governments	3,159,552	1,083,949	4,243,501
Internal Balances	96,681	(96,681)	-
Inventory	-	1,180,192	1,180,192
Restricted Assets			
Restricted Cash and Investments	399,372	9,843,922	10,243,294
Cash Held at Paying Agent	567,350	53,072	620,422
Special Assessments	-	176,442	176,442
Capital Assets			
Not Depreciated	15,918,981	16,345,951	32,264,932
Depreciated (Net of Accumulated Depreciation)	42,766,937	79,477,918	122,244,855
 Total Assets	 80,372,957	 133,370,801	 213,743,758
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Items	4,515,032	2,480,804	6,995,836
Unamortized Loss on Refunding	-	326,602	326,602
 Total Deferred Outflows of Resources	 4,515,032	 2,807,406	 7,322,438
 Total Assets and Deferred Outflows of Resources	 84,887,989	 136,178,207	 221,066,196

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2019

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,887,668	\$ 3,486,634	\$ 5,374,302
Accrued Payroll	455,648	28,018	483,666
Accrued Interest Payable	92,386	107,943	200,329
Other Payables	-	75,324	75,324
Deposits Payable	495,664	59,026	554,690
Unearned Revenue	2,285	-	2,285
Long-Term Liabilities			
Due Within One Year	1,307,988	1,576,493	2,884,481
Due in More than One Year	23,822,006	26,662,474	50,484,480
<b>Total Liabilities</b>	<b>28,063,645</b>	<b>31,995,912</b>	<b>60,059,557</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Items	1,891,250	404,864	2,296,114
Deferred Property Taxes	2,727,574	59,105	2,786,679
<b>Total Deferred Inflows of Resources</b>	<b>4,618,824</b>	<b>463,969</b>	<b>5,082,793</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>32,682,469</b>	<b>32,459,881</b>	<b>65,142,350</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	56,955,178	72,056,083	129,011,261
Restricted for			
Audit	2,662	-	2,662
Insurance	99,483	-	99,483
Maintenance of Roadways	807,163	-	807,163
Tourism	199,873	-	199,873
Employee Retirement	27,569	-	27,569
Capital Improvements	3,587,647	-	3,587,647
Economic Development	809,383	-	809,383
Public Safety	49,302	-	49,302
Cemetery	121,731	-	121,731
Debt Service	-	9,843,922	9,843,922
Unrestricted (Deficit)	(10,454,471)	21,818,321	11,363,850
<b>TOTAL NET POSITION</b>	<b>\$ 52,205,520</b>	<b>\$ 103,718,326</b>	<b>\$ 155,923,846</b>

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 2,151,923	\$ 2,953,400	\$ 12,089	\$ -
Public Safety	7,242,733	651,916	-	-
Public Works	4,129,244	417,931	327,832	3,812,585
Public Service Enterprises	153,869	51,500	-	-
Conservation and Development	545,596	155,945	8,350	-
Interest	271,801	-	-	-
Total Governmental Activities	14,495,166	4,230,692	348,271	3,812,585
Business-Type Activities				
Electric	33,569,899	37,779,164	-	-
Water and Water Reclamation	6,026,110	6,438,774	-	3,560,431
Technology Center	1,161,545	1,490,496	-	-
Landfill	379,992	673,344	-	-
Airport	585,281	299,672	-	128,640
Total Business-Type Activities	41,722,827	46,681,450	-	3,689,071
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 56,217,993</b>	<b>\$ 50,912,142</b>	<b>\$ 348,271</b>	<b>\$ 7,501,656</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental</b>	<b>Business-Type</b>		
<b>Activities</b>	<b>Activities</b>	<b>Total</b>	
\$ 813,566	\$ -	\$ 813,566	
(6,590,817)	-	(6,590,817)	
429,104	-	429,104	
(102,369)	-	(102,369)	
(381,301)	-	(381,301)	
(271,801)	-	(271,801)	
(6,103,618)	-	(6,103,618)	
-	4,209,265	4,209,265	
-	3,973,095	3,973,095	
-	328,951	328,951	
-	293,352	293,352	
-	(156,969)	(156,969)	
-	8,647,694	8,647,694	
(6,103,618)	8,647,694	2,544,076	
<b>General Revenues</b>			
<b>Taxes</b>			
Property and Replacement	3,575,806	61,013	3,636,819
Sales and Use	3,653,642	-	3,653,642
Telecommunications	317,761	-	317,761
Hotel/Motel	263,299	-	263,299
Utility	489,247	-	489,247
Other	178,915	-	178,915
Shared Income Tax	1,019,048	-	1,019,048
Intergovernmental - Unrestricted	75,000	-	75,000
Investment Income	210,623	398,054	608,677
Miscellaneous	64,468	373,355	437,823
Transfers In (Out)	2,677,590	(2,677,590)	-
Total	12,525,399	(1,845,168)	10,680,231
CHANGE IN NET POSITION	6,421,781	6,802,526	13,224,307
NET POSITION, JANUARY 1	45,783,739	96,915,800	142,699,539
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 52,205,520</b>	<b>\$ 103,718,326</b>	<b>\$ 155,923,846</b>

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2019

	<b>General</b>	<b>Railroad</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 3,199,064	\$ 535,809	\$ 9,299,767	\$ 13,034,640
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	2,027,572	-	700,002	2,727,574
Accounts	263,270	202,934	517,154	983,358
Prepaid Items	-	-	564,360	564,360
Due from Other Governments	761,058	2,079,057	319,437	3,159,552
Due from Other Funds	94,351	96,681	-	191,032
Advance to Other Funds	54,802	-	-	54,802
Restricted Assets				
Cash and Investments	-	-	399,372	399,372
Cash Held at Paying Agent	-	-	567,350	567,350
<b>TOTAL ASSETS</b>	<b>\$ 6,400,117</b>	<b>\$ 2,914,481</b>	<b>\$ 12,367,442</b>	<b>\$ 21,682,040</b>

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS (Continued)**

December 31, 2019

	<b>General</b>	<b>Railroad</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 240,687	\$ 1,309,842	\$ 238,313	\$ 1,788,842
Accrued Payroll	446,467	-	679	447,146
Deposits Payable	25,500	-	470,164	495,664
Due to Other Funds	-	-	94,351	94,351
Advance from Other Funds	-	-	54,802	54,802
Unearned Revenue	-	-	2,285	2,285
<b>Total Liabilities</b>	<b>712,654</b>	<b>1,309,842</b>	<b>860,594</b>	<b>2,883,090</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Property Taxes	2,027,572	-	700,002	2,727,574
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>2,740,226</b>	<b>1,309,842</b>	<b>1,560,596</b>	<b>5,610,664</b>
<b>FUND BALANCES</b>				
Nonspendable Prepaid Items	-	-	564,360	564,360
Nonspendable Advance to Other Funds	54,802	-	-	54,802
Restricted for Audit	-	-	2,662	2,662
Restricted for Insurance	-	-	99,483	99,483
Restricted for Maintenance of Roadways	-	-	807,163	807,163
Restricted for Tourism	-	-	199,873	199,873
Restricted for Employee Retirement	-	-	27,569	27,569
Restricted for Capital Improvements	-	-	8,087,647	8,087,647
Restricted for Economic Development	-	-	809,383	809,383
Restricted for Public Safety	-	-	49,302	49,302
Restricted for Cemetery	121,731	-	-	121,731
Unrestricted				
Assigned for Ambulance Replacement	-	-	83,018	83,018
Assigned for Stormwater	-	-	178,523	178,523
Assigned for Railroad	-	1,604,639	-	1,604,639
Assigned for Capital Purposes	-	-	47,016	47,016
Unassigned	3,483,358	-	(149,153)	3,334,205
<b>Total Fund Balances</b>	<b>3,659,891</b>	<b>1,604,639</b>	<b>10,806,846</b>	<b>16,071,376</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<b>\$ 6,400,117</b>	<b>\$ 2,914,481</b>	<b>\$ 12,367,442</b>	<b>\$ 21,682,040</b>

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, 2019

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 16,071,376</b>
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	58,685,918
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	1,462,130
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	1,230,011
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	(79,859)
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	11,500
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	(2,160,000)
General Obligation Bonds	(4,500,000)
General Obligation Debt Certificates	(1,320,000)
Installment Purchase Contract	(617,472)
Accrued interest payable	(92,386)
Unamortized bond premium	(183,594)
Compensated absences payable	(549,843)
Net pension liability - IMRF	(2,494,698)
Net pension liability - Police Pension	(7,961,819)
Net pension liability - Firefighters' Pension	(4,993,517)
Other postemployment benefit liability	(318,355)
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>16,128</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 52,205,520</u></u></b>

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, 2019

	<b>General</b>	<b>Railroad</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 5,191,633	\$ -	\$ 3,260,509	\$ 8,452,142
Licenses and Permits	297,041	-	47,071	344,112
Intergovernmental	1,044,885	3,812,585	397,434	5,254,904
Charges for Services	928,431	1,447,116	1,303,016	3,678,563
Fines and Forfeitures	87,554	-	-	87,554
Investment Income	59,958	18,057	132,608	210,623
Miscellaneous	139,982	8,062	63,415	211,459
<b>Total Revenues</b>	<b>7,749,484</b>	<b>5,285,820</b>	<b>5,204,053</b>	<b>18,239,357</b>
<b>EXPENDITURES</b>				
Current				
General Government	2,253,771	-	298,108	2,551,879
Public Safety	5,776,612	-	243,138	6,019,750
Public Works	1,887,491	309,363	265,316	2,462,170
Public Service Enterprises	158,812	-	4,915	163,727
Conservation and Development	24,206	-	497,572	521,778
Capital Outlay	-	4,729,596	2,360,224	7,089,820
Debt Service				
Principal	-	-	314,294	314,294
Interest and Fiscal Charges	-	-	223,045	223,045
<b>Total Expenditures</b>	<b>10,100,892</b>	<b>5,038,959</b>	<b>4,206,612</b>	<b>19,346,463</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,351,408)</b>	<b>246,861</b>	<b>997,441</b>	<b>(1,107,106)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,027,169	-	2,284,211	5,311,380
Transfers (Out)	(75,000)	(438,480)	(2,120,310)	(2,633,790)
Loan Proceeds	248,973	-	350,000	598,973
<b>Total Other Financing Sources (Uses)</b>	<b>3,201,142</b>	<b>(438,480)</b>	<b>513,901</b>	<b>3,276,563</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>849,734</b>	<b>(191,619)</b>	<b>1,511,342</b>	<b>2,169,457</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,810,157</b>	<b>1,796,258</b>	<b>9,295,504</b>	<b>13,901,919</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,659,891</b>	<b>\$ 1,604,639</b>	<b>\$ 10,806,846</b>	<b>\$ 16,071,376</b>

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, 2019

<b>NET CHANGE IN FUND BALANCES -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 2,169,457</b>
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	7,463,575
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	(1,994,430)
Change in compensated absences	(38,188)
Proceeds from the disposal of capital assets are recognized in governmental funds but the loss is recognized on the statement of activities	(21,033)
The amortizations of premiums is reported as interest expense on the statement of activities	19,092
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	
Installment Purchase Contract	(598,973)
The change in interest payable is reported as an increase of expense on the statement of activities	(67,849)
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	314,294
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	97,838
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	(728,248)
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	(409,166)
The change in the Other Postemployment Benefit liability and deferred outflows/inflows of resources is not a source or use of a financial resources	95,056
The increase in net position of certain activities of Internal Service Funds is included in governmental funds	120,356
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,421,781</b>

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2019

	<u>Business-Type Activities</u>	
	<u>Electric</u>	<u>Water and</u>
	<u>Utility</u>	<u>Water</u>
		<u>Reclamation</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 9,341,427	\$ 6,312,130
Receivables		
Property Taxes	-	-
Accounts	4,646,021	898,714
Accrued Interest	-	785
Other	372,549	2,235
Prepaid Expenses	2,885	2,375
Deposits	311,129	-
Inventory	1,145,947	-
Due from Other Governments	-	1,083,949
Due from Other Funds	-	-
Restricted Assets		
Cash and Investments	9,059,466	784,456
Cash Held at Paying Agent	-	-
	<hr/>	<hr/>
Total Current Assets	24,879,424	9,084,644
	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>		
Advance to Other Funds	409,044	860,973
Special Assessments	-	176,442
	<hr/>	<hr/>
Subtotal Noncurrent Assets	409,044	1,037,415
	<hr/>	<hr/>
<b>CAPITAL ASSETS</b>		
Nondepreciable	7,668,484	6,023,533
Depreciable	87,585,914	72,565,240
Accumulated Depreciation	(52,843,170)	(34,562,350)
	<hr/>	<hr/>
Net Capital Assets	42,411,228	44,026,423
	<hr/>	<hr/>
Total Noncurrent Assets	42,820,272	45,063,838
	<hr/>	<hr/>
Total Assets	67,699,696	54,148,482
	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Items	1,480,019	689,097
Unamortized Loss on Refunding	220,180	-
	<hr/>	<hr/>
Total Deferred Outflows of Resources	1,700,199	689,097
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	69,399,895	54,837,579
	<hr/>	<hr/>

<b>Business-Type Activities</b>			<b>Governmental</b>
<b>Technology</b>	<b>Nonmajor</b>		<b>Activities</b>
<b>Center</b>	<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
	<b>Funds</b>		<b>Service</b>
			<b>Funds</b>
\$ -	\$ 3,015,115	\$ 18,668,672	\$ 76,042
-	59,105	59,105	-
166,929	173,952	5,885,616	-
-	-	785	-
-	-	374,784	63,658
-	685	5,945	14,452
-	-	311,129	-
-	34,245	1,180,192	-
-	-	1,083,949	-
-	-	-	-
-	-	9,843,922	-
-	53,072	53,072	-
166,929	3,336,174	37,467,171	154,152
-	-	1,270,017	-
-	-	176,442	-
-	-	1,446,459	-
519,453	2,134,481	16,345,951	-
9,218,544	5,594,758	174,964,456	116,880
(4,745,157)	(3,335,861)	(95,486,538)	(116,880)
4,992,840	4,393,378	95,823,869	-
4,992,840	4,393,378	97,270,328	-
5,159,769	7,729,552	134,737,499	154,152
256,886	54,802	2,480,804	-
85,122	21,300	326,602	-
342,008	76,102	2,807,406	-
5,501,777	7,805,654	137,544,905	154,152

(This statement is continued on the following pages.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS

December 31, 2019

	<b>Business-Type Activities</b>	
	<b>Electric Utility</b>	<b>Water and Water Reclamation</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,254,798	\$ 1,215,396
Accrued Payroll	17,183	9,322
Accrued Interest Payable	95,123	5,629
Other Payables	75,324	-
Due to Other Funds	-	-
Deposits Payable	-	59,026
General Obligation Debt Payable	-	-
Revenue Bonds Payable	650,000	-
IEPA Loans Payable	-	260,713
OPEB Liability	99,671	46,133
Compensated Absences Payable	108,934	59,242
	<hr/>	<hr/>
Total Current Liabilities	3,301,033	1,655,461
<b>LONG-TERM LIABILITIES</b>		
Advance from Other Funds	-	-
Net Pension Liability	2,097,077	976,784
OPEB Liability	168,821	78,142
Long-Term Debt, Net of Current Maturities		
General Obligation Debt Payable	-	-
Revenue Bonds Payable	13,457,844	-
IEPA Loans Payable	-	6,336,609
	<hr/>	<hr/>
Total Long-Term Liabilities	15,723,742	7,391,535
	<hr/>	<hr/>
Total Liabilities	19,024,775	9,046,996
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Items	242,088	112,183
Deferred Property Taxes	-	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	242,088	112,183
	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	19,266,863	9,159,179
<b>NET POSITION</b>		
Net Investment in Capital Assets	28,523,564	37,429,101
Restricted for Debt Service	9,059,466	784,456
Unrestricted (Deficit)	12,550,002	7,464,843
	<hr/>	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$ 50,133,032</b>	<b>\$ 45,678,400</b>

<b>Business-Type Activities</b>			<b>Governmental</b>
<b>Technology</b>	<b>Nonmajor</b>		<b>Internal</b>
<b>Center</b>	<b>Enterprise</b>	<b>Total</b>	<b>Service</b>
	<b>Funds</b>		<b>Funds</b>
\$ 879	\$ 15,561	\$ 3,486,634	\$ 98,826
505	1,008	28,018	8,502
-	7,191	107,943	-
-	-	75,324	-
-	96,681	96,681	-
-	-	59,026	-
275,000	45,000	320,000	-
-	-	650,000	-
-	-	260,713	-
17,086	3,702	166,592	-
6,273	4,739	179,188	30,696
299,743	173,882	5,430,119	138,024
1,270,017	-	1,270,017	-
364,612	78,146	3,516,619	-
28,944	6,273	282,180	-
2,604,222	465,000	3,069,222	-
-	-	13,457,844	-
-	-	6,336,609	-
4,267,795	549,419	27,932,491	-
4,567,538	723,301	33,362,610	138,024
41,608	8,985	404,864	-
-	59,105	59,105	-
41,608	68,090	463,969	-
4,609,146	791,391	33,826,579	138,024
2,198,740	3,904,678	72,056,083	-
-	-	9,843,922	-
(1,306,109)	3,109,585	21,818,321	16,128
\$ 892,631	\$ 7,014,263	\$ 103,718,326	\$ 16,128

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, 2019

	<b>Business-Type Activities</b>	
	<b>Electric Utility</b>	<b>Water and Water Reclamation</b>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 37,779,164	\$ 6,438,774
Miscellaneous	331,534	41,821
Total Operating Revenues	<u>38,110,698</u>	<u>6,480,595</u>
<b>OPERATING EXPENSES</b>		
Administration	-	-
Operations	30,519,077	4,184,877
Depreciation and Amortization	2,531,106	1,733,779
Total Operating Expenses	<u>33,050,183</u>	<u>5,918,656</u>
OPERATING INCOME	<u>5,060,515</u>	<u>561,939</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Taxes	-	-
Investment Income	259,465	88,738
Interest Expense	(519,716)	(107,454)
Total Non-Operating Revenues (Expenses)	<u>(260,251)</u>	<u>(18,716)</u>
NET INCOME BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	<u>4,800,264</u>	<u>543,223</u>
<b>TRANSFERS</b>		
Transfers In	-	-
Transfers (Out)	(1,966,630)	(309,286)
Total Transfers	<u>(1,966,630)</u>	<u>(309,286)</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>-</u>	<u>3,560,431</u>
CHANGE IN NET POSITION	2,833,634	3,794,368
NET POSITION (DEFICIT), JANUARY 1	<u>47,299,398</u>	<u>41,884,032</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 50,133,032</u></u>	<u><u>\$ 45,678,400</u></u>

<b>Business-Type Activities</b>			<b>Governmental</b>
<b>Technology Center</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 1,490,496	\$ 973,016	\$ 46,681,450	\$ 1,818,184
-	-	373,355	6
1,490,496	973,016	47,054,805	1,818,190
-	-	-	1,440,984
864,848	758,454	36,327,256	256,850
197,635	188,876	4,651,396	-
1,062,483	947,330	40,978,652	1,697,834
428,013	25,686	6,076,153	120,356
-	61,013	61,013	-
5,013	44,838	398,054	-
(99,062)	(17,943)	(744,175)	-
(94,049)	87,908	(285,108)	-
333,964	113,594	5,791,045	120,356
-	108,708	108,708	-
-	(510,382)	(2,786,298)	-
-	(401,674)	(2,677,590)	-
-	128,640	3,689,071	-
333,964	(159,440)	6,802,526	120,356
558,667	7,173,703	96,915,800	(104,228)
\$ 892,631	\$ 7,014,263	\$ 103,718,326	\$ 16,128

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	<b>Business-Type Activities</b>	
	<b>Electric Utility</b>	<b>Water and Water Reclamation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 37,777,757	\$ 6,522,836
Receipts from Interfund Services Transactions	-	-
Payments to Suppliers	(29,061,616)	(1,701,151)
Payments to Employees	(976,284)	(1,662,563)
Payments to Other Funds	(631,488)	(1,152,336)
Net Cash from Operating Activities	<u>7,108,369</u>	<u>2,006,786</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from Property Taxes	-	-
Repayment of Loans from Other Funds	-	-
Repayment from Loans to Other Funds	-	524,353
Transfers In	-	-
Transfers (Out)	(1,966,630)	(309,286)
Net Cash from Noncapital Financing Activities	<u>(1,966,630)</u>	<u>215,067</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(1,505,374)	(5,659,717)
Issuance of Long-Term Debt	-	517,485
Principal Payments on Long-Term Debt	(630,000)	(314,730)
Interest Payments on Long-Term Debt	(576,065)	(107,773)
Grant Receipts	-	2,770,462
Net Cash from Capital and Related Financing Activities	<u>(2,711,439)</u>	<u>(2,794,273)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	<u>259,465</u>	<u>88,331</u>
Net Cash from Investing Activities	<u>259,465</u>	<u>88,331</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,689,765	(484,089)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>15,711,128</u>	<u>7,580,674</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 18,400,893</u>	<u>\$ 7,096,585</u>

<b>Business-Type Activities</b>			<b>Governmental</b>
<b>Technology</b>	<b>Nonmajor</b>		<b>Activities</b>
<b>Center</b>	<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
	<b>Funds</b>		<b>Service</b>
\$ 1,337,503	\$ 952,711	\$ 46,590,807	\$ -
118,447	-	118,447	1,815,802
(421,721)	(621,066)	(31,805,554)	(394,194)
(104,190)	(155,015)	(2,898,052)	(1,294,586)
(403,289)	(31,249)	(2,218,362)	-
526,750	145,381	9,787,286	127,022
-	61,013	61,013	-
(484,763)	-	(484,763)	(50,980)
-	-	524,353	-
-	(401,674)	(401,674)	-
-	96,681	(2,179,235)	-
(484,763)	(243,980)	(2,480,306)	(50,980)
-	(327,353)	(7,492,444)	-
-	-	517,485	-
(270,000)	(40,000)	(1,254,730)	-
(97,850)	(21,834)	(803,522)	-
-	179,655	2,950,117	-
(367,850)	(209,532)	(6,083,094)	-
5,013	44,838	397,647	-
5,013	44,838	397,647	-
(320,850)	(263,293)	1,621,533	76,042
320,850	3,278,408	26,891,060	-
\$ -	\$ 3,015,115	\$ 28,512,593	\$ 76,042

(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, 2019

	<u>Business-Type Activities</u>	
	<u>Electric</u>	<u>Water and</u>
	<u>Utility</u>	<u>Water</u>
		<u>Reclamation</u>
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 5,060,515	\$ 561,939
Adjustments to Reconcile Operating Income		
to Net Cash from Operating Activities		
Depreciation and Amortization	2,531,106	1,733,779
Changes in Assets and Liabilities		
Accounts Receivable	(124,193)	665
Other Receivables	(197,619)	14,820
Prepaid Expenses	(535)	(430)
Deposits	(11,129)	(2,757)
Inventory	132,538	-
Special Assessments	-	29,513
Pension Items - IMRF	(82,516)	(46,603)
OPEB Items	(80,166)	(28,696)
Accounts Payable	(102,026)	(273,163)
Accrued Payroll	8,594	5,279
Other Payables	(7,042)	-
Compensated Absences	(19,158)	12,440
	<u>\$ 7,108,369</u>	<u>\$ 2,006,786</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
<b>CASH AND INVESTMENTS</b>		
Cash and Investments	\$ 9,341,427	\$ 6,312,130
Restricted Cash and Investments	9,059,466	784,456
	<u>\$ 18,400,893</u>	<u>\$ 7,096,586</u>
<b>TOTAL CASH AND INVESTMENTS</b>		
<b>NONCASH TRANSACTIONS</b>		
Illinois EPA Loan Receivable	\$ -	\$ 440,991
Illinois EPA Loan Payable	-	(440,991)
	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL NONCASH TRANSACTIONS</b>		

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service
\$ 428,013	\$ 25,686	\$ 6,076,153	\$ 120,356
197,635	188,876	4,651,396	-
(31,808)	(20,305)	(175,641)	(2,388)
-	-	(182,799)	-
7,520	(172)	6,383	(153)
-	-	(13,886)	-
-	(12,789)	119,749	-
-	-	29,513	-
(14,146)	(3,065)	(146,330)	-
(13,742)	(2,978)	(125,582)	-
(41,825)	(29,689)	(446,703)	4,900
(185)	587	14,275	5,509
(2,738)	-	(9,780)	-
(1,974)	(770)	(9,462)	(1,202)
<u>\$ 526,750</u>	<u>\$ 145,381</u>	<u>\$ 9,787,286</u>	<u>\$ 127,022</u>
\$ -	\$ 3,015,115	\$ 18,668,672	\$ 76,042
-	-	9,843,922	-
<u>\$ -</u>	<u>\$ 3,015,115</u>	<u>\$ 28,512,594</u>	<u>\$ 76,042</u>
\$ -	\$ -	\$ 440,991	\$ -
-	-	(440,991)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION  
PENSION TRUST FUNDS**

December 31, 2019

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<b>ASSETS</b>	
Cash and Short-Term Investments	\$ 944,684
Investments, at Fair Value	
U.S. Treasury Securities	1,803,334
U.S. Agency Securities	3,857,854
Equity Mutual Funds	4,220,683
Fixed Income Mutual Funds	948,544
Corporate Bonds	2,343,493
Municipal Bonds	768,854
Equities	6,634,869
Annuity Contracts	193,368
Receivables	
Accrued Interest	<u>64,396</u>
 Total Assets	 <u>21,780,079</u>
 <b>LIABILITIES</b>	
None	<u>-</u>
 Total Liabilities	 <u>-</u>
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>	 <u><u>\$ 21,780,079</u></u>

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

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**ADDITIONS**

Contributions

Employer Contributions	\$ 1,094,555
Employee Contributions	255,490

Total Contributions 1,350,045

Investment Income

Net Appreciation in Fair Value of Investments	2,437,100
Interest	691,489

Total Investment Income 3,128,589  
Less Investment Expense (47,551)

Net Investment Income 3,081,038

Total Additions 4,431,083

**DEDUCTIONS**

Benefits and Refunds	1,585,392
Administrative Expenses	34,854

Total Deductions 1,620,246

CHANGE IN NET POSITION 2,810,837

**NET POSITION RESTRICTED FOR PENSIONS**

January 1 18,969,242

December 31 \$ 21,780,079

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**INDEX TO NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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# CITY OF ROCHELLE, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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### 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.

#### Pension Trust Funds

The City's financial statements include the Police Pension Plan and Firefighters' Pension Plan as fiduciary component units reported 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)

Accordingly, the Police Pension Plan and Firefighters' Pension Plan are fiscally dependent on the City. 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 fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 and advanced communications.

**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 2018 are levied in December 2018 and attach as an enforceable lien on the property on January 1, 2018. Tax bills are prepared by the County and issued on or about May 1, 2019 and August 1, 2019, and are due and collectible on or about June 1, 2019 and September 1, 2019. The County collects the taxes and remits them periodically to the City. Those 2018 taxes were intended to finance the year ended December 31, 2019. The 2019 levy, which attached as a lien on property as January 1, 2019, is intended to finance the 2020 fiscal year and is not considered available or earned for current operations and, therefore, is reported as deferred/unavailable revenue at December 31, 2019.

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) as well as the 2018 GO Bonds (Capital Improvements Fund). 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.

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

---

**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, 2019, the City had \$1,291,604 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.

R. Postponement of Implementation of Certain Authoritative Guidance

In accordance with the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the City has delayed the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations* to December 31, 2020.

**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 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 Public Treasurers’ Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer’s Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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

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

**2. CASH AND INVESTMENTS (Continued)**

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.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 3,213,149	\$ 348,277	\$ -	\$ 3,561,426
Land Right of Way	3,050,985	-	-	3,050,985
Construction in Progress	3,553,712	5,752,858	-	9,306,570
Total Capital Assets not Being Depreciated	9,817,846	6,101,135	-	15,918,981
Capital Assets Being Depreciated				
Buildings	3,384,315	392,220	-	3,776,535
Machinery and Equipment	8,164,893	614,670	54,459	8,725,104
Bridges	10,515,760	-	-	10,515,760
Streets	32,680,838	-	-	32,680,838
Stormwater	4,701,899	-	-	4,701,899
Sidewalks	3,463,021	355,550	-	3,818,571
Railroad Spur	12,689,408	-	-	12,689,408
Street Lights	313,630	-	-	313,630
Total Capital Assets Being Depreciated	75,913,764	1,362,440	54,459	77,221,745
<b>GOVERNMENTAL ACTIVITIES</b>				
Less Accumulated Depreciation for				
Buildings	2,005,231	104,305	-	2,109,536
Machinery and Equipment	6,538,615	418,779	33,426	6,923,968
Bridges	2,196,173	210,315	-	2,406,488
Streets	14,771,678	783,513	-	15,555,191
Stormwater	4,035,673	117,547	-	4,153,220
Sidewalks	1,123,178	95,464	-	1,218,642
Railroad Spur	1,694,837	254,053	-	1,948,890
Street Lights	128,419	10,454	-	138,873
Total Accumulated Depreciation	32,493,804	1,994,430	33,426	34,454,808
Total Capital Assets being Depreciated, Net	43,419,960	(631,990)	21,033	42,766,937
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 53,237,806</b>	<b>\$ 5,469,145</b>	<b>\$ 21,033</b>	<b>\$ 58,685,918</b>

**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	\$ 99,722
Public Safety	219,387
Public Works	1,655,377
Public Service Enterprises	<u>19,944</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,994,430</u></b>

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 3,397,940	\$ 171,105	\$ -	\$ 3,569,045
Construction in Progress	12,078,234	7,440,189	6,741,517	12,776,906
<b>Total Capital Assets not being Depreciated</b>	<u>15,476,174</u>	<u>7,611,294</u>	<u>6,741,517</u>	<u>16,345,951</u>
Capital Assets Being Depreciated				
Infrastructure	56,885,448	5,293,784	-	62,179,232
Equipment	10,784,817	-	-	10,784,817
Other Tangible Assets	2,134,356	-	-	2,134,356
Structures and Improvements	2,811,526	227,373	-	3,038,899
Building	4,449,850	-	-	4,449,850
General	8,457,565	6,380	-	8,463,945
Generation	14,506,554	-	-	14,506,554
Transmission	16,055,257	-	-	16,055,257
Distribution	52,074,692	1,282,173	5,318	53,351,547
<b>Total Capital Assets Being Depreciated</b>	<u>168,160,065</u>	<u>6,809,710</u>	<u>5,318</u>	<u>174,964,457</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Less Accumulated Depreciation for				
Infrastructure	25,894,627	1,479,385	-	27,374,012
Equipment	7,200,893	278,195	-	7,479,088
Other Tangible Assets	1,684,476	46,381	-	1,730,857
Structures and Improvements	1,172,868	118,695	-	1,291,563
Building	1,128,662	103,780	-	1,232,442
General	4,575,181	167,195	-	4,742,376
Generation	7,419,516	316,301	-	7,735,817
Transmission	9,661,145	577,427	-	10,238,572
Distribution	32,097,775	1,564,037	-	33,661,812
<b>Total Accumulated Depreciation</b>	<u>90,835,143</u>	<u>4,651,396</u>	<u>-</u>	<u>95,486,539</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>77,324,922</u>	<u>2,158,314</u>	<u>5,318</u>	<u>79,477,918</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 92,801,096</u>	<u>\$ 9,769,608</u>	<u>\$ 6,746,835</u>	<u>\$ 95,823,869</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			Balances	
	January 1	Additions	Reductions	December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
GO TIF Bonds	\$ 2,300,000	\$ -	\$ 140,000	\$ 2,160,000	\$ 145,000
GO Bonds	4,500,000	-	-	4,500,000	485,000
GO Debt Certificates	1,490,000	-	170,000	1,320,000	165,000
Unamortized Bond Premium	202,686	-	19,092	183,594	-
Installment Purchase Contract (Direct Placement)	22,793	598,973	4,294	617,472	104,537
Compensated Absences*	543,553	292,814	255,828	580,539	290,270
Net Pension Liability - IMRF*	386,967	2,107,731	-	2,494,698	-
Net Pension Liability - Police*	8,203,889	-	242,070	7,961,819	-
Net Pension Liability - Firefighters'*	5,849,873	-	856,356	4,993,517	-
Other Postemployment Benefit Liability*	390,877	-	72,522	318,355	118,181
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 23,890,638</b>	<b>\$ 2,999,518</b>	<b>\$ 1,760,162</b>	<b>\$ 25,129,994</b>	<b>\$ 1,307,988</b>

\*These liabilities are primarily retired by the General Fund.

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

	Balances		Reductions/		Balances	
	January 1	Additions	Refundings	December 31	Current Portion	
<b>BUSINESS-TYPE ACTIVITIES</b>						
<b>Revenue Bonds</b>						
2014 Electric System Bonds	\$ 5,815,000	\$ -	\$ 95,000	\$ 5,720,000	\$ 100,000	
2015 Electric System Bonds	8,080,000	-	535,000	7,545,000	550,000	
<b>Total Revenue Bonds</b>	<b>13,895,000</b>	<b>-</b>	<b>630,000</b>	<b>13,265,000</b>	<b>650,000</b>	
General Obligation Debt Certificates	3,075,000	-	270,000	2,805,000	275,000	
General Obligation Bonds	550,000	-	40,000	510,000	45,000	
IEPA Revolving Loans	6,394,567	3,947,452	3,744,697	6,597,322	260,713	
Unamortized Premium	997,543	-	80,477	917,066	-	
Compensated Absences	188,650	179,188	188,650	179,188	179,188	
Net Pension Liability - IMRF	545,484	2,971,135	-	3,516,619	-	
Other Postemployment Benefit Liability	550,999	-	102,227	448,772	166,592	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 26,197,243</b>	<b>\$ 7,097,775</b>	<b>\$ 5,056,051</b>	<b>\$ 28,238,967</b>	<b>\$ 1,576,493</b>	

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

**4. LONG-TERM DEBT (Continued)**

Bonds payable and other long-term obligations at December 31, 2019 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.	\$ 40,000	\$ 40,000
\$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.	1,320,000	165,000
\$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.	2,805,000	275,000
\$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.	470,000	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>485,000</u>
<b>TOTAL GENERAL OBLIGATION DEBT</b>	<u>\$ 9,135,000</u>	<u>\$ 970,000</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>\$ 2,160,000</u>	<u>\$ 145,000</u>
<b>TOTAL TIF FUND ALTERNATE REVENUE BONDS</b>	<u>\$ 2,160,000</u>	<u>\$ 145,000</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%.	\$ 5,720,000	\$ 100,000
\$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>7,545,000</u>	<u>550,000</u>
<b>TOTAL ELECTRIC FUND REVENUE BONDS</b>	<b><u>\$ 13,265,000</u></b>	<b><u>\$ 650,000</u></b>

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%.	\$ 265,647	\$ 32,626
\$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%.	3,274,858	165,439
\$3,270,006 Illinois EPA low interest loan related to the Well #11 Project, through June 2038, interest at 1.32%.	2,615,826	62,648
\$7,000,000 Illinois EPA low interest loan related to Water Reclamation Plant Improvements Project, through July 2040, interest at 1.18%.*	<u>440,991</u>	<u>-</u>
<b>TOTAL WATER AND WATER RECLAMATION IEPA LOANS</b>	<b><u>\$ 6,597,322</u></b>	<b><u>\$ 260,713</u></b>

\*This loan was not fully drawn at December 31, 2019. Therefore, a debt service to maturity schedule is not available.

Contractual Commitments (Direct Placement)

	<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%.	\$ 18,499	\$ 4,408
\$350,000 Revolving Loan related to the purchase of a fire truck, due in annual installments of \$24,115 to \$17,830, through November 2039, interest at 1.89%.	350,000	17,500

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

**4. LONG-TERM DEBT (Continued)**

Contractual Commitments (Direct Placement) (Continued)

	<u>Total</u>	<u>Current</u>
\$248,973 Promissory Note related to the purchase of two dump trucks, due in annual installments of \$86,802, through January 2022, interest at 3.09%.	\$ 248,973	\$ 82,629
<b>TOTAL CONTRACTUAL COMMITMENTS</b>	<b>\$ 617,472</b>	<b>\$ 104,537</b>

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, 2019, are as follows:

Fiscal Year Ending December 31,	Business-Type Activities General Obligation Debt		Governmental Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
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	360,000	62,244	735,000	108,913
2025-2029	1,620,000	110,103	2,345,000	145,388
2030-2034	-	-	-	-
<b>TOTAL</b>	<b>\$ 3,315,000</b>	<b>\$ 530,998</b>	<b>\$ 5,820,000</b>	<b>\$ 936,375</b>

Fiscal Year Ending December 31,	Revenue Bonds		General Obligation Alternate Revenue Debt	
	Principal	Interest	Principal	Interest
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	760,000	448,340	180,000	56,475
2025-2029	4,265,000	1,753,595	1,095,000	181,612
2030-2034	5,485,000	711,975	260,000	10,400
2035-2039	-	-	-	-
<b>TOTAL</b>	<b>\$ 13,265,000</b>	<b>\$ 4,989,270</b>	<b>\$ 2,160,000</b>	<b>\$ 518,837</b>

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

**4. LONG-TERM DEBT (Continued)**

Debt Service to Maturity (Continued)

Fiscal Year Ending December 31,	Contractual Commitments (Direct Placement)		Illinois EPA Loans	
	Principal	Interest	Principal	Interest
2020	\$ 104,537	\$ 12,061	\$ 260,713	\$ 83,488
2021	103,859	12,409	328,517	95,598
2022	107,029	8,752	334,182	89,932
2023	22,047	5,972	339,950	84,164
2024	17,500	5,292	345,823	78,291
2025-2029	87,500	21,499	1,720,863	303,129
2030-2034	87,500	13,231	1,764,684	162,367
2035-2038	87,500	4,962	1,061,599	28,874
<b>TOTAL</b>	<b>\$ 617,472</b>	<b>\$ 84,178</b>	<b>\$ 6,156,331</b>	<b>\$ 925,843</b>

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, 2019 is \$18,254,270. Principal and interest paid for the current year was \$1,210,190 or 15.57% of total customer net revenues of \$7,773,604.

Direct Placements

The City has entered into direct placements of debt with vendors, local banks, and the Illinois Finance Authority to finance the purchase of certain capital assets of the City. Terms of the respective contracts are disclosed in the Contractual Commitments sections on the previous pages.

**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, 2019, there was one bond outstanding. The aggregate principal amount payable was \$3,500,000.

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

**6. REVENUE BONDS**

The revenue bond ordinances require that all revenues derived from the operation of the Electric 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
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, 2019. 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	\$ 1,173,567
Bond Reserve Account	1,326,997
Capital Improvement Account	1,617,886
Depreciation, Improvement and Extension Account	<u>4,941,016</u>
<b>TOTAL</b>	<b><u>\$ 9,059,466</u></b>

**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.imrf.org](http://www.imrf.org). The total pension liability for all plans was \$18,966,653 at December 31, 2019. Pension expense for all plans totaled \$3,094,038 for the year ended December 31, 2019.

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, 2018, the latest actuarial valuation date, IMRF membership consisted of:

Inactive Employees or their Beneficiaries	
Currently Receiving Benefits	120
Inactive Employees Entitled to but not yet	
Receiving Benefits	28
Active Employees	<u>84</u>
 TOTAL	 <u><u>232</u></u>

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*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.

*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 year 2019 was 9.35% of covered payroll.

*Net Pension Liability*

The City's net pension liability was measured as of December 31, 2018 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.

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

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**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Net Pension Liability (Continued)*

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	3.39% to 14.25%
Interest Rate	7.25%
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.

*Discount Rate*

The discount rate used to measure the IMRF total pension liability was 7.25%. 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. The discount rate used to measure the total pension liability at December 31, 2017 was 7.50%.

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

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*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, 2018	\$ 39,921,347	\$ 38,988,896	\$ 932,451
Changes for the Period			
Service Cost	627,215	-	627,215
Interest	2,931,686	-	2,931,686
Difference Between Expected and Actual Experience	106,700	-	106,700
Changes in Assumptions	\$ 1,131,604	\$ -	\$ 1,131,604
Employer Contributions	-	714,809	(714,809)
Employee Contributions	-	291,631	(291,631)
Net Investment Income	-	(2,311,367)	2,311,367
Benefit Payments and Refunds	(2,291,605)	(2,291,605)	-
Administrative Expense	-	-	-
Other (Net Transfer)	-	1,023,266	(1,023,266)
Net Changes	2,505,600	(2,573,266)	5,078,866
BALANCES AT DECEMBER 31, 2018	\$ 42,426,947	\$ 36,415,630	\$ 6,011,317

There were assumption changes related to the discount rate in 2018.

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

For the year ended December 31, 2019, the City recognized pension expense of \$962,169.

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

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**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 (Continued)*

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 196,853	\$ 10,475
Changes in Assumption	860,767	657,426
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,539,865	-
Contributions After Measurement Date	<u>593,621</u>	<u>-</u>
 TOTAL	 <u>\$ 4,191,106</u>	 <u>\$ 667,901</u>

\$593,621 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, 2020. 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>	
2020	\$ 860,164
2021	400,943
2022	576,540
2023	<u>1,091,937</u>
 TOTAL	 <u>\$ 2,929,584</u>

**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 to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 11,106,453	\$ 6,011,317	\$ 1,775,195

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, 2019, the valuation date, membership consisted of:

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

**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 greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or 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 1<sup>st</sup> 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. The employer contribution rate for calendar year 2019 was 39.93% 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 last two standard rating services, 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%	8.70%
Fixed Income	45.00%	4.40%
Cash Equivalents	2.00%	1.10%

The long-term expected real rates of return are net of a 3.10% 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 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 except for the investments listed below.

<u>Investment</u>	<u>Amount</u>
SPDR Portfolio Total Stock Market ETF	\$ 1,887,371
Lord Abbett Invt Tr High Yield	700,658

*Investment Rate of Return*

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.84%. 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, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 1,365,939	\$ -	\$ 560,020	\$ 805,919	\$ -
U.S. Agency Obligations	790,790	-	155,651	139,096	496,043
Corporate Bonds	1,783,129	239,874	874,226	636,817	32,212
Municipal Bonds	10,128	-	10,128	-	-
<b>TOTAL</b>	<b>\$ 3,949,985</b>	<b>\$ 239,874</b>	<b>\$ 1,600,025</b>	<b>\$ 1,581,832</b>	<b>\$ 528,255</b>

The Fund has the following recurring fair value measurements as of December 31, 2019: 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 and for fiscal year ended December 31, 2019, using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2019
Measurement Date	December 31, 2019
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.25%
Salary Increases	2.25% to 17.66%
Interest Rate	6.75%
Cost of Living Adjustments	2.25%
Asset Valuation Method	Market

Mortality rates were based on the PubS-2010(A) Study using MP-2019 Improvement Rates applied on a fully generational basis. Other demographic assumption rates are based on a review of assumptions in the actuary's 2020 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, 2019	\$ 18,678,094	\$ 10,474,205	\$ 8,203,889
Changes for the Period			
Service Cost	405,981	-	405,981
Interest	1,230,475	-	1,230,475
Difference Between Expected and Actual Experience	366,156	-	366,156
Changes in Assumptions	239,595	-	239,595
Changes of Benefit Terms	33,828	-	33,828
Employer Contributions	-	613,234	(613,234)
Employee Contributions	-	152,182	(152,182)
Net Investment Income	-	1,775,027	(1,775,027)
Benefit Payments and Refunds	(897,669)	(897,669)	-
Administrative Expense	-	(22,338)	22,338
Net Changes	1,378,366	1,620,436	(242,070)
BALANCES AT DECEMBER 31, 2019	\$ 20,056,460	\$ 12,094,641	\$ 7,961,819

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to projected individual payroll increases, projected total payroll increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates and disability rates.

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

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**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

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

For the year ended December 31, 2019, the City recognized police pension expense of \$1,341,482.

At December 31, 2019, 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	\$ 1,001,043	\$ 84,361
Changes in Assumption	643,696	141,499
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	148,868
<b>TOTAL</b>	<b>\$ 1,644,739</b>	<b>\$ 374,728</b>

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>	
2020	\$ 369,477
2021	285,899
2022	348,252
2023	(1,400)
2024	170,234
Thereafter	57,549
<b>TOTAL</b>	<b>\$ 1,230,011</b>

**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	\$ 10,994,783	\$ 7,961,819	\$ 5,518,368

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, 2019, the valuation date, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	10
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>13</u>
<b>TOTAL</b>	<u><u>23</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 1<sup>st</sup> 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 preceding calendar year.

*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

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Contributions (Continued)*

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. The employer contribution rate for calendar year 2019 was 44.05% 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 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%	6.10%
Small Cap Domestic Equity	9.00%	7.90%
International Equity	4.50%	6.80%
Fixed Income	55.00%	1.30%

The long-term expected real rates of return are net of a 2.60% 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.

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Investment Policy (Continued)*

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, 2019 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 except for the investments listed below.

<u>Investment</u>	<u>Amount</u>
T Rowe Price GWTH Stock	\$ 810,176
Vanguard 500 Index FD	1,243,718

*Rate of Return*

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.13%. 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, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 437,395	\$ -	\$ 382,426	\$ 54,969	\$ -
U.S. Agency Obligations	3,067,064	49,975	515,676	2,491,918	9,495
Corporate Bonds	560,364	-	239,226	321,138	-
State and Local Obligations	758,726	-	242,828	199,680	316,218
<b>TOTAL</b>	<b>\$ 4,823,548</b>	<b>\$ 49,975</b>	<b>\$ 1,380,156</b>	<b>\$ 3,067,705</b>	<b>\$ 325,713</b>

The Fund has the following recurring fair value measurements as of December 31, 2019: 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, corporate bonds 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 requires third party safekeeping, evidenced by a written agreement, for all securities owned by the Fund.

*Actuarial Assumptions*

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

Actuarial Valuation Date	December 31, 2019
Measurement Date	December 31, 2019
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.25%
Salary Increases	2.25% to 17.39%
Interest Rate	6.75%
Cost of Living Adjustments	2.25%
Asset Valuation Method	Market

Mortality rates were based on the PubS-2010(A) Study using MP-2019 Improvement Rates applied on a fully generational basis. Other demographic assumption rates are based on a review of assumptions in the actuary's 2020 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, 2019	\$ 14,344,910	\$ 8,495,037	\$ 5,849,873
Changes for the Period			
Service Cost	239,261	-	239,261
Interest	945,071	-	945,071
Difference Between Expected and Actual Experience	(558,905)	-	(558,905)
Changes in Assumptions	277,673	-	277,673
Changes in Benefit Terms	118,668	-	118,668
Employer Contributions	-	481,321	(481,321)
Employee Contributions	-	103,308	(103,308)
Net Investment Income	-	1,306,011	(1,306,011)
Benefit Payments and Refunds	(687,723)	(687,723)	-
Administrative Expense	-	(12,516)	12,516
Net Changes	334,045	1,190,401	(856,356)
BALANCES AT DECEMBER 31, 2019	\$ 14,678,955	\$ 9,685,438	\$ 4,993,517

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

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**7. DEFINED BENEFIT PENSION PLANS (Continued)**

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Changes in the Net Pension Liability (Continued)*

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to projected individual payroll increases, projected total payroll increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates.

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

For the year ended December 31, 2019, the City recognized firefighters' pension expense of \$790,387.

At December 31, 2019, 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	\$ 395,614	\$ 716,779
Changes in Assumption	713,930	216,005
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	156,519
<b>TOTAL</b>	<b>\$ 1,109,544</b>	<b>\$ 1,089,303</b>

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>	
2020	\$ 77,832
2021	33,544
2022	93,588
2023	(75,903)
2024	67,058
Thereafter	(175,878)
<b>TOTAL</b>	<b>\$ 20,241</b>

**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	\$ 7,192,550	\$ 4,993,517	\$ 3,213,173

B. Schedule of Fiduciary Net Position

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 527,090	\$ 417,594	\$ 944,684
Investments, at Fair Value			
U.S. Treasury Securities	1,365,939	437,395	1,803,334
U.S. Agency Securities	790,790	3,067,064	3,857,854
Equity Mutual Funds	-	4,220,683	4,220,683
Fixed Income Mutual Funds	948,544	-	948,544
Corporate Bonds	1,783,129	560,364	2,343,493
Municipal Bonds	10,128	758,726	768,854
Equities	6,634,869	-	6,634,869
Annuity Contracts	-	193,368	193,368
Receivables			
Accrued Interest	34,152	30,244	64,396
<b>Total Assets</b>	<b>12,094,641</b>	<b>9,685,438</b>	<b>21,780,079</b>
<b>LIABILITIES</b>			
None	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 12,094,641</b>	<b>\$ 9,685,438</b>	<b>\$ 21,780,079</b>

**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
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 613,234	\$ 481,321	\$ 1,094,555
Employee Contributions	152,182	103,308	255,490
Total Contributions	765,416	584,629	1,350,045
<b>INVESTMENT INCOME</b>			
Net Appreciation on Fair Value of Investments			
	1,375,001	1,062,099	2,437,100
Interest Earned	428,304	263,185	691,489
Less Investment Expense	(28,278)	(19,273)	(47,551)
Net Investment Income	1,775,027	1,306,011	3,081,038
Total Additions	2,540,443	1,890,640	4,431,083
<b>DEDUCTIONS</b>			
Benefits and Refunds			
	897,669	687,723	1,585,392
Administrative Expenses	22,338	12,516	34,854
Total Deductions	920,007	700,239	1,620,246
NET INCREASE	1,620,436	1,190,401	2,810,837
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1	10,474,205	8,495,037	18,969,242
December 31	\$ 12,094,641	\$ 9,685,438	\$ 21,780,079

**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 \$451 million as of December 31, 2019.

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, 2019, 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 \$51,165. 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 2019 (2018 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.

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

**10. INDIVIDUAL FUND DISCLOSURES**

A. Due From/To Other Funds

Due from/to other funds at December 31, 2019 consisted of the following:

Fund	Due From	Due To
General	\$ 94,351	\$ -
Railroad Fund	96,681	-
Nonmajor Governmental	-	94,351
Nonmajor Proprietary	-	96,681
<b>TOTAL</b>	<b>\$ 191,032</b>	<b>\$ 191,032</b>

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, 2019 consisted of the following:

Fund	Advance From	Advance To
Electric Utility	\$ 409,044	\$ -
Water and Water Reclamation	860,973	-
Technology Center	-	1,270,017
General	54,802	-
Nonmajor Special Revenue	-	54,802
<b>TOTAL</b>	<b>\$ 1,324,819</b>	<b>\$ 1,324,819</b>

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.
- \$860,973 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.
- \$54,802 advanced from the General Fund to the Nonmajor Special Revenue Funds is for funding of cash shortfalls. Repayment is not expected within one year.

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

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**10. INDIVIDUAL FUND DISCLOSURES (Continued)**

C. Interfund Transfers

Interfund transfers during the year ended December 31, 2019 consisted of the following:

	Transfer In	Transfer Out
	<u>          </u>	<u>          </u>
General	\$ 3,027,169	\$ 75,000
Electric	-	1,966,630
Water and Water Reclamation	-	309,285
Railroad	-	438,480
Nonmajor Governmental	2,284,211	2,120,311
Nonmajor Enterprise	108,708	510,382
	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<u>\$ 5,420,088</u>	<u>\$ 5,420,088</u>

The purposes of significant interfund transfers are as follows:

- \$3,027,169 transferred to the General Fund was made up of \$1,966,630 from the Electric Utility Fund, \$309,285 from the Water and Water Reclamation Fund, \$109,872 from the Railroad Fund, \$131,000 from the Nonmajor Governmental and \$510,382 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and city policies. The transfers will not be repaid.
- \$2,284,211 transferred to the Capital Improvement Fund (Nonmajor Governmental Fund) from General Fund (\$75,000) and Nonmajor Governmental Funds (Utility Tax Fund \$456,684, Motor Fuel Tax Fund \$140,164, Railroad Fund \$219,900 and Sales Tax Fund \$1,317,463) for various CIP projects. These transfers will not be repaid.

D. Fund Balance/Net Position Deficits

As of December 31, 2019, the Northern Gateway TIF Fund and Downtown TIF Fund had deficit fund balances/net position of \$54,802 and \$94,351, respectively.

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

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**11. RECEIVABLES**

The following receivables are included in due from other governments on the statement of net position at December 31, 2019:

<b>GOVERNMENTAL ACTIVITIES</b>	
Telecommunications Tax	\$ 66,782
Use Tax	99,139
Sales Tax	848,142
Auto Rental Tax	118
Video Gaming Tax	24,287
Grants	2,079,058
Motor Fuel Tax	<u>42,026</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 3,159,552</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>	
IEPA Loan	\$ 440,991
Grants	<u>642,958</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b><u>\$ 1,083,949</u></b>

**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

**12. OTHER POSTEMPLOYMENT BENEFITS**

B. Benefits Provided (Continued)

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 most recent information available, 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>
<b>TOTAL</b>	<b><u>128</u></b>

D. Total OPEB Liability

The City's total OPEB liability of \$767,127 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2019, 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, 2019, including updating the discount rate at December 31, 2019, as noted below.

Actuarial Cost Method	Entry-Age Normal
Actuarial Value of Assets	Market Value
Salary Increases	2.75%
Discount Rate	2.74%
Healthcare Cost Trend Rates	6.00% Initial 5.00% Ultimate

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

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**12. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

E. Actuarial Assumptions and Other Inputs (Continued)

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>\$ 941,876</u>
Changes for the Period	
Service Cost	20,668
Interest	32,780
Changes in Assumptions	56,576
Benefit Payments	<u>(284,773)</u>
Net Changes	<u>(174,749)</u>
BALANCES AT DECEMBER 31, 2019	<u><u>\$ 767,127</u></u>

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 2.74% 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 (1.74%) or 1 percentage point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB Liability	\$ 813,584	\$ 767,127	\$ 724,528

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

**12. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

G. Rate Sensitivity (Continued)

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	\$ 692,934	\$ 767,127	\$ 854,775

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$55,726. At December 31, 2019, 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	\$ - 51,904	\$ - 24,196
<b>TOTAL</b>	<b>\$ 51,904</b>	<b>\$ 24,196</b>

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

<u>Year Ending December 31,</u>	
2020	\$ 2,278
2021	2,278
2022	2,278
2023	2,278
2024	2,278
Thereafter	<u>16,318</u>
<b>TOTAL</b>	<b>\$ <u>27,708</u></b>

**13. SUBSEQUENT EVENT**

COVID-19

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. As a result, equity investments of the Police Pension Plan and Firefighters' Pension Plan have experienced significant declines in quoted prices on active markets. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as result of this uncertainty.

Sale of Transmission Assets to Commonwealth Edison

Rochelle Municipal Utilities (RMU) and Commonwealth Edison 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, and through an agreement with the previous bidder NextEra Energy Transmission, Commonwealth Edison 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. The transaction was fully executed on June 9, 2020.

**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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 4,762,751	\$ 5,191,633	\$ 428,882
Licenses and Permits	507,100	297,041	(210,059)
Intergovernmental	962,838	1,044,885	82,047
Charges for Services	1,480,476	928,431	(552,045)
Fines and Forfeitures	102,500	87,554	(14,946)
Investment Income	45,000	59,958	14,958
Miscellaneous	105,000	139,982	34,982
<b>Total Revenues</b>	<b>7,965,665</b>	<b>7,749,484</b>	<b>(216,181)</b>
<b>EXPENDITURES</b>			
Current			
General Government	2,492,375	2,253,771	(238,604)
Public Safety	6,249,199	5,776,612	(472,587)
Public Works	1,742,013	1,887,491	145,478
Public Service Enterprises	148,269	158,812	10,543
Conservation and Development	35,440	24,206	(11,234)
<b>Total Expenditures</b>	<b>10,667,296</b>	<b>10,100,892</b>	<b>(566,404)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,701,631)</b>	<b>(2,351,408)</b>	<b>350,223</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	3,027,169	3,027,169	-
Transfers (Out)	(325,000)	(75,000)	250,000
Loan Proceeds	-	248,973	248,973
<b>Total Other Financing Sources (Uses)</b>	<b>2,702,169</b>	<b>3,201,142</b>	<b>498,973</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 538</b>	<b>849,734</b>	<b>\$ 849,196</b>
<b>FUND BALANCE, JANUARY 1</b>		<b>2,810,157</b>	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 3,659,891</b>	

(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 Two Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>		
Service Cost	\$ 22,383	\$ 20,668
Interest	36,035	32,780
Changes of Assumptions	(28,984)	56,576
Benefit Payments, Including Refunds of Member Contributions	<u>(268,861)</u>	<u>(284,773)</u>
Net Change in Total OPEB Liability	(239,427)	(174,749)
Total OPEB Liability - Beginning	<u>1,181,303</u>	<u>941,876</u>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<u><b>\$ 941,876</b></u>	<u><b>\$ 767,127</b></u>
Covered Payroll	\$ 7,728,322	\$ 9,004,571
Employer's Total OPEB Liability as a Percentage of Covered Payroll	12.19%	8.52%

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

In 2018, there were changes in assumptions related to the discount rate and health care trend rate.

In 2019, there were changes in assumptions related to the inflation rate, total payroll increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates and the

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 EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Five Fiscal Years

<b>FISCAL YEAR ENDED</b>	<b>April 30,</b>		<b>December 31,</b>		
	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially Determined Contribution	\$ 683,782	\$ 491,358	\$ 768,000	\$ 704,122	\$ 593,621
Contributions in Relation to the Actuarially Determined Contribution	683,782	491,358	768,000	704,122	593,621
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered Payroll	\$ 6,035,344	\$ 4,153,491	\$ 6,432,161	\$ 6,209,189	\$ 6,348,888
Contributions as a Percentage of Covered Payroll	11.33%	11.83%	11.94%	11.34%	9.35%

\*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 25 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 3.75% to 14.50% 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.

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE PENSION FUND**

Last Six Fiscal Years

<b>FISCAL YEAR ENDED</b>	<b>April 30,</b>			<b>December 31,</b>		
	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially Determined Contribution	\$ 263,541	\$ 366,575	\$ 389,808	\$ 499,765	\$ 557,874	\$ 614,329
Contributions in Relation to the Actuarially Determined Contribution	276,905	360,627	388,135	497,804	556,593	613,234
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (13,364)</b>	<b>\$ 5,948</b>	<b>\$ 1,673</b>	<b>\$ 1,961</b>	<b>\$ 1,281</b>	<b>\$ 1,095</b>
Covered Payroll	\$ 1,586,341	\$ 1,349,905	\$ 1,212,418	\$ 1,882,279	\$ 1,382,454	\$ 1,535,637
Contributions as a Percentage of Covered Payroll	17.46%	26.71%	32.01%	26.45%	40.26%	39.93%

\*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 3.50% 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.

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

Last Six Fiscal Years

<b>FISCAL YEAR ENDED</b>	<b>April 30,</b>			<b>December 31,</b>		
	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially Determined Contribution	\$ 273,650	\$ 337,824	\$ 345,086	\$ 444,861	\$ 464,988	\$ 482,180
Contributions in Relation to the Actuarially Determined Contribution	278,524	306,002	345,372	443,122	463,931	481,321
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (4,874)</b>	<b>\$ 31,822</b>	<b>\$ (286)</b>	<b>\$ 1,739</b>	<b>\$ 1,057</b>	<b>\$ 859</b>
Covered Payroll	\$ 909,588	\$ 924,791	\$ 666,530	\$ 1,034,788	\$ 1,026,548	\$ 1,092,625
Contributions as a Percentage of Covered Payroll	30.62%	33.09%	51.82%	42.82%	45.19%	44.05%

\*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 3.50% 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.

(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 Four Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 633,562	\$ 642,258	\$ 645,899	\$ 627,215
Interest	2,620,202	2,791,955	2,904,572	2,931,686
Difference Between Expected and Actual Experience of the Total Pension Liability	803,929	(40,100)	174,541	106,700
Changes of Assumptions	43,813	(90,079)	(1,220,831)	1,131,604
Benefit Payments, Including Refunds of Member Contributions	(1,693,209)	(1,832,637)	(1,975,021)	(2,291,605)
Net Change in Total Pension Liability	2,408,297	1,471,397	529,160	2,505,600
Total Pension Liability - Beginning	35,512,493	37,920,790	39,392,187	39,921,347
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 37,920,790</b>	<b>\$ 39,392,187</b>	<b>\$ 39,921,347</b>	<b>\$ 42,426,947</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 687,703	\$ 725,858	\$ 768,001	\$ 714,809
Contributions - Member	280,253	343,977	289,447	291,631
Net Investment Income	165,264	2,260,861	6,163,738	(2,311,367)
Benefit Payments, Including Refunds of Member Contributions	(1,693,209)	(1,832,637)	(1,975,021)	(2,291,605)
Other (Net Transfer)	2,251	353,618	(966,725)	1,023,266
Net Change in Plan Fiduciary Net Position	(557,738)	1,851,677	4,279,440	(2,573,266)
Plan Fiduciary Net Position - Beginning	33,415,517	32,857,779	34,709,456	38,988,896
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 32,857,779</b>	<b>\$ 34,709,456</b>	<b>\$ 38,988,896</b>	<b>\$ 36,415,630</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 5,063,011</b>	<b>\$ 4,682,731</b>	<b>\$ 932,451</b>	<b>\$ 6,011,317</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.65%	88.11%	97.66%	85.83%
Covered Payroll	\$ 6,035,344	\$ 6,126,370	\$ 6,432,163	\$ 6,303,438
Employer's Net Pension Liability as a Percentage of Covered Payroll	83.89%	76.44%	14.50%	95.37%

Changes in assumptions related to retirement age and mortality were made in 2015. There was a change in the discount rate assumption from 2015 to 2016.

Changes in assumptions related to retirement age and mortality were made in 2017. There was a change in the discount rate assumption from 2017 to 2018.

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 Six Fiscal Years

MEASUREMENT DATE	April 30,			December 31,		
	2015	2016	2016*	2017	2018	2019
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 285,666	\$ 280,429	\$ 228,616	\$ 244,048	\$ 368,621	\$ 405,981
Interest	971,183	996,514	734,327	1,090,246	1,135,689	1,230,475
Differences Between Actual and Expected Experience	-	(203,820)	(17,329)	240,607	788,319	366,156
Changes in Assumptions	-	1,183,719	(367,219)	-	-	239,595
Changes in Benefit Terms	-	-	-	-	-	33,828
Benefit Payments, Including Refunds of Member Contributions	(925,616)	(837,526)	(565,736)	(924,236)	(879,106)	(897,669)
Net Change in Total Pension Liability	331,233	1,419,316	12,659	650,665	1,413,523	1,378,366
Total Pension Liability - Beginning	14,850,698	15,181,931	16,601,247	16,613,906	17,264,571	18,678,094
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 15,181,931</b>	<b>\$ 16,601,247</b>	<b>\$ 16,613,906</b>	<b>\$ 17,264,571</b>	<b>\$ 18,678,094</b>	<b>\$ 20,056,460</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - Employer	\$ 276,905	\$ 360,627	\$ 388,135	\$ 497,804	\$ 556,593	\$ 613,234
Contributions - Member	138,909	137,476	90,544	140,386	142,282	152,182
Net Investment Income	504,446	(283,084)	328,130	1,200,675	(601,025)	1,775,027
Benefit Payments, Including Refunds of Member Contributions	(925,616)	(837,526)	(565,736)	(924,236)	(879,106)	(897,669)
Administrative Expense	(17,065)	(18,984)	(17,314)	(20,897)	(22,890)	(22,338)
Net Change in Plan Fiduciary Net Position	(22,421)	(641,491)	223,759	893,732	(804,146)	1,620,436
Plan Fiduciary Net Position - Beginning	10,824,772	10,802,351	10,160,860	10,384,619	11,278,351	10,474,205
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 10,802,351</b>	<b>\$ 10,160,860</b>	<b>\$ 10,384,619</b>	<b>\$ 11,278,351</b>	<b>\$ 10,474,205</b>	<b>\$ 12,094,641</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 4,379,580</b>	<b>\$ 6,440,387</b>	<b>\$ 6,229,287</b>	<b>\$ 5,986,220</b>	<b>\$ 8,203,889</b>	<b>\$ 7,961,819</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.15%	61.21%	62.51%	65.33%	56.08%	60.30%
Covered Payroll	\$ 1,586,341	\$ 1,349,905	\$ 1,212,418	\$ 1,882,279	\$ 1,382,454	\$ 1,535,637
Employer's Net Pension Liability as a Percentage of Covered Payroll	276.08%	477.10%	513.79%	318.03%	593.43%	518.47%

\*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.

2019 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to projected individual payroll increases, projected total payroll increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates and disability 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 Six Fiscal Years

MEASUREMENT DATE	April 30,			December 31,		
	2015	2016	2016*	2017	2018	2019
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 215,229	\$ 217,247	\$ 157,858	\$ 168,513	\$ 261,695	\$ 239,261
Interest	741,514	753,420	606,381	890,290	921,520	945,071
Differences Between Actual and Expected Experience	-	663,185	(193,311)	78,353	(121,881)	(558,905)
Changes in Assumptions	-	900,875	(352,959)	-	-	277,673
Changes of Benefit Terms	-	-	-	-	-	118,668
Benefit Payments, Including Refunds of Member Contributions	(498,763)	(554,623)	(395,431)	(611,828)	(737,152)	(687,723)
Net Change in Total Pension Liability	457,980	1,980,104	(177,462)	525,328	324,182	334,045
Total Pension Liability - Beginning	11,234,778	11,692,758	13,672,862	13,495,400	14,020,728	14,344,910
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 11,692,758</b>	<b>\$ 13,672,862</b>	<b>\$ 13,495,400</b>	<b>\$ 14,020,728</b>	<b>\$ 14,344,910</b>	<b>\$ 14,678,955</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - Employer	\$ 278,524	\$ 306,002	\$ 345,372	\$ 443,122	\$ 463,931	\$ 481,321
Contributions - Member	91,671	93,373	62,958	98,666	101,913	103,308
Net Investment Income	520,913	12,259	283,880	871,095	(250,637)	1,306,011
Benefit Payments, Including Refunds of Member Contributions	(498,763)	(554,623)	(395,431)	(611,828)	(737,152)	(687,723)
Administrative Expense	(16,044)	(21,062)	(11,138)	(16,019)	(21,478)	(12,516)
Net Change in Plan Fiduciary Net Position	376,301	(164,051)	285,641	785,036	(443,423)	1,190,401
Plan Fiduciary Net Position - Beginning	7,655,533	8,031,834	7,867,783	8,153,424	8,938,460	8,495,037
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 8,031,834</b>	<b>\$ 7,867,783</b>	<b>\$ 8,153,424</b>	<b>\$ 8,938,460</b>	<b>\$ 8,495,037</b>	<b>\$ 9,685,438</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 3,660,924</b>	<b>\$ 5,805,079</b>	<b>\$ 5,341,976</b>	<b>\$ 5,082,268</b>	<b>\$ 5,849,873</b>	<b>\$ 4,993,517</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.69%	57.54%	60.42%	63.75%	59.22%	65.98%
Covered Payroll	\$ 909,588	\$ 942,791	\$ 666,530	\$ 1,034,788	\$ 1,026,548	\$ 1,092,625
Employer's Net Pension Liability as a Percentage of Covered Payroll	402.48%	615.73%	801.46%	491.14%	569.86%	457.02%

\*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.

2019 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to projected individual payroll increases, projected total payroll increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates.

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(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Six Fiscal Years

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<b>FISCAL YEAR ENDED</b>	<b>April 30,</b>		<b>December 31,</b>			
	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Annual Money-Weighted Rate of Return, Net of Investment Expense	4.74%	(2.66%)	3.27%	11.91%	(5.70%)	17.84%

\*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 Six Fiscal Years

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<b>FISCAL YEAR ENDED</b>	<b>April 30,</b>		<b>December 31,</b>			
	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.70%	(0.45%)	3.37%	8.86%	0.13%	13.13%

\*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, 2019

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### 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.

During the year ended December 31, 2019, expenditures in the Railroad Fund and Hotel/Motel Tax Fund exceeded the budget by \$746,889 and \$49,501, respectively.

**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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property	\$ 1,769,466	\$ 1,733,929	\$ (35,537)
Road and Bridge	170,000	194,419	24,419
Local Use	263,285	323,042	59,757
Telecommunications	-	317,761	317,761
State Sales	2,200,000	2,229,976	29,976
Replacement	215,000	240,119	25,119
Video Gaming	145,000	152,387	7,387
<b>Total Taxes</b>	<b>4,762,751</b>	<b>5,191,633</b>	<b>428,882</b>
Licenses and Permits			
Licenses			
Amusement	2,000	1,891	(109)
Liquor	28,600	41,350	12,750
Franchise	375,000	122,678	(252,322)
Other	-	240	240
Permits			
Building	101,500	130,882	29,382
<b>Total Licenses and Permits</b>	<b>507,100</b>	<b>297,041</b>	<b>(210,059)</b>
Intergovernmental			
Shared Income Tax	908,285	1,019,048	110,763
Federal Grants	54,553	13,748	(40,805)
State Grants	-	12,089	12,089
<b>Total Intergovernmental</b>	<b>962,838</b>	<b>1,044,885</b>	<b>82,047</b>
Charges for Services			
Fire Protection	89,976	90,877	901
Ambulance Fees	943,000	414,939	(528,061)
Police Services	65,000	58,546	(6,454)
Planning/Zoning Fees	205,000	185,158	(19,842)
Grave Opening Fees	20,500	29,775	9,275
Cemetery Lot Sales	15,000	19,125	4,125
Cemetery Receipts	2,000	2,600	600
Water Reclamation Solid Waste	140,000	127,411	(12,589)
<b>Total Charges for Services</b>	<b>1,480,476</b>	<b>928,431</b>	<b>(552,045)</b>

(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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES (Continued)</b>			
Fines and Forfeitures			
Circuit Court	\$ 100,000	\$ 87,504	\$ (12,496)
Alarm	2,500	50	(2,450)
Total Fines and Forfeitures	<u>102,500</u>	<u>87,554</u>	<u>(14,946)</u>
Investment Income	<u>45,000</u>	<u>59,958</u>	<u>14,958</u>
Miscellaneous			
Refunds/Reimbursements	65,000	83,453	18,453
Miscellaneous	<u>40,000</u>	<u>56,529</u>	<u>16,529</u>
Total Miscellaneous	<u>105,000</u>	<u>139,982</u>	<u>34,982</u>
<b>TOTAL REVENUES</b>	<u>\$ 7,965,665</u>	<u>\$ 7,749,484</u>	<u>\$ (216,181)</u>

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT</b>			
Mayor and Council			
Salaries	\$ 25,250	\$ 24,744	\$ (506)
Travel Expenditures and Dues	4,700	1,319	(3,381)
Conferences	5,000	1,439	(3,561)
Supplies and Equipment	900	1,349	449
Other Professional Services	100	-	(100)
Printing	200	73	(127)
Community Relations	1,000	1,724	724
Recruitment	1,000	-	(1,000)
Equipment	2,000	1,567	(433)
<b>Total Mayor and Council</b>	<b>40,150</b>	<b>32,215</b>	<b>(7,935)</b>
City Clerk			
Salaries	39,900	39,800	(100)
Health Insurance	19,296	22,417	3,121
Life Insurance	40	58	18
Postage	6,500	6,063	(437)
Publishing	1,000	-	(1,000)
Printing	500	2,352	1,852
Travel Expenditures and Dues	1,500	763	(737)
Tuition and Training	500	-	(500)
Publications	150	114	(36)
Conferences	8,500	2,355	(6,145)
Office Supplies	3,000	921	(2,079)
Other Professional Services	10,500	5,939	(4,561)
Equipment	1,000	745	(255)
Miscellaneous Charges	14,000	14,164	164
<b>Total City Clerk</b>	<b>106,386</b>	<b>95,691</b>	<b>(10,695)</b>
Municipal Building			
Health Insurance	7,799	8,722	923
Maintenance (Buildings)	20,000	15,485	(4,515)
Maintenance (Grounds)	4,000	1,324	(2,676)
Maintenance (Other)	3,000	3,034	34
Network Administration	141,144	141,144	-
Janitorial Services	30,000	29,900	(100)
Other Professional Services	25,000	21,292	(3,708)
Utilities	85,000	61,523	(23,477)
Telephone	1,500	246	(1,254)
Postage	-	248	248
Garbage Disposal/Recycling	500	447	(53)
Other Contractual Services	200	101	(99)
Property Tax	500	2,782	2,282
Maintenance Supplies	1,500	1,445	(55)
Office Supplies	5,000	5,343	343
General Supplies	4,500	3,366	(1,134)
Building Improvements	442,000	444,009	2,009

(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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT (Continued)</b>			
Municipal Building (Continued)			
Equipment	\$ 37,000	\$ 32,642	\$ (4,358)
Public Relations	28,875	16,903	(11,972)
Sales Tax Rebates	90,000	69,520	(20,480)
Administrative Services	370,221	370,221	-
<b>Total Municipal Building</b>	<b>1,297,739</b>	<b>1,229,697</b>	<b>(68,042)</b>
City Attorney			
Legal	110,000	121,829	11,829
Publications and Dues	-	-	-
<b>Total City Attorney</b>	<b>110,000</b>	<b>121,829</b>	<b>11,829</b>
City Manager			
Life Insurance	-	12	12
Other Professional Services	2,000	-	(2,000)
Telephone	1,500	1,096	(404)
Publishing	200	-	(200)
Dues	4,500	3,557	(943)
Travel	1,000	1,070	70
Training	-	255	255
Publications	1,000	25	(975)
Conferences	13,000	9,783	(3,217)
Office Supplies	500	229	(271)
Public Relations	6,000	11,187	5,187
Miscellaneous	200	416	216
<b>Total City Manager</b>	<b>29,900</b>	<b>27,630</b>	<b>(2,270)</b>
Building, Zoning and Engineering			
Salaries	486,365	472,959	(13,406)
Health Insurance	92,781	87,646	(5,135)
Life Insurance	601	422	(179)
Maintenance (Building)	1,500	-	(1,500)
Maintenance (Equipment)	900	5,633	4,733
Maintenance (Vehicles)	2,200	3,008	808
Engineering	90,000	16,863	(73,137)
Medical Services	-	173	173
Other Professional Services	146,753	61,020	(85,733)
Telephone	4,800	3,214	(1,586)
Printing	800	1,717	917
Dues	3,200	3,351	151
Travel	11,500	7,072	(4,428)
Training	5,300	1,909	(3,391)
Publications	3,750	8,327	4,577
Public Relations	9,000	10,862	1,862
Utilities	5,700	-	(5,700)
Lease or Rentals	-	12,423	12,423
Supplies (Equipment)	3,200	3,968	768
Office Supplies	2,850	2,721	(129)

(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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT (Continued)</b>			
Building, Zoning and Engineering (Continued)			
Operating Supplies	\$ 1,000	\$ 52	\$ (948)
General Supplies	450	-	(450)
Small Tools	550	684	134
Gasoline and Oil	3,900	2,664	(1,236)
Capital Improvements	17,000	29,094	12,094
Software	2,900	813	(2,087)
Nuisance Abatement	6,000	7,501	1,501
Conference Expenditures	5,000	2,613	(2,387)
Miscellaneous	200	-	(200)
Total Building, Zoning and Engineering	<u>908,200</u>	<u>746,709</u>	<u>(161,491)</u>
Total General Government	<u>2,492,375</u>	<u>2,253,771</u>	<u>(238,604)</u>
<b>PUBLIC SAFETY</b>			
Police Department			
Salaries	2,148,457	2,137,307	(11,150)
Health Insurance	313,238	355,856	42,618
Life Insurance	1,800	1,823	23
Pension Contribution	614,329	613,234	(1,095)
Uniform Allowance	20,000	12,642	(7,358)
Maintenance (Equipment)	40,000	33,695	(6,305)
Maintenance (Vehicles)	30,000	28,556	(1,444)
Medical Services	1,000	-	(1,000)
Data Processing Services	30,000	15,520	(14,480)
Other Professional Services	4,000	2,146	(1,854)
Postage	120	-	(120)
Telephone	23,000	22,548	(452)
Printing and Publishing	4,300	7,134	2,834
Dues	13,500	13,479	(21)
Travel	3,000	3,084	84
Training	11,000	5,730	(5,270)
Publications	250	-	(250)
Utilities	1,300	1,279	(21)
Animal Control	500	375	(125)
Leases or Rentals	-	36,084	36,084
Supplies (Equipment)	-	-	-
Supplies (Vehicles)	2,000	824	(1,176)
Office Supplies	4,500	8,287	3,787
Operating Supplies	17,000	10,845	(6,155)
Gas and Oil	42,000	39,747	(2,253)
K9 Supplies	5,000	2,233	(2,767)
Prisoner Supplies	5,000	1,526	(3,474)
Capital Improvements	96,019	82,116	(13,903)
Miscellaneous	14,500	3,848	(10,652)
Total Police Department	<u>3,445,813</u>	<u>3,439,918</u>	<u>(5,895)</u>

(This schedule is continued on the following pages.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PUBLIC SAFETY (Continued)</b>			
Fire Department			
Salaries	\$ 1,654,368	\$ 1,435,290	\$ (219,078)
Health Insurance	244,154	217,785	(26,369)
Life Insurance	1,000	914	(86)
Pension Contribution	482,180	481,321	(859)
Uniform Allowance	14,000	11,955	(2,045)
Maintenance (Building)	9,000	2,377	(6,623)
Maintenance (Equipment)	12,500	8,465	(4,035)
Maintenance (Vehicles)	23,745	22,420	(1,325)
Medical Services	7,800	345	(7,455)
Other Professional Services	97,089	38,195	(58,894)
Postage	500	71	(429)
Telephone	8,000	6,683	(1,317)
Printing and Publishing	500	633	133
Dues	1,900	1,792	(108)
Travel	2,500	1,518	(982)
Training	13,000	4,275	(8,725)
Tuition Reimbursement	18,500	9,488	(9,012)
Publications	150	-	(150)
Utilities	17,000	13,143	(3,857)
Community Relations	1,000	1,253	253
Supplies (Building)	4,000	3,904	(96)
Supplies (Equipment)	5,000	2,003	(2,997)
Supplies (Vehicles)	5,000	2,681	(2,319)
Capital Outlay - Equipment	55,000	41,907	(13,093)
Capital Outlay - Other	62,000	-	(62,000)
Office Supplies	2,500	1,141	(1,359)
Operating Supplies	22,000	15,125	(6,875)
Janitorial Supplies	3,000	1,562	(1,438)
Gas and Oil	36,000	10,448	(25,552)
<b>Total Fire Department</b>	<b>2,803,386</b>	<b>2,336,694</b>	<b>(466,692)</b>
<b>Total Public Safety</b>	<b>6,249,199</b>	<b>5,776,612</b>	<b>(472,587)</b>
<b>PUBLIC WORKS</b>			
Streets			
Salaries	774,810	736,050	(38,760)
Health Insurance	139,172	132,380	(6,792)
Life Insurance	631	669	38
Uniform Allowance	6,500	4,713	(1,787)
Maintenance (Building)	7,500	4,149	(3,351)
Maintenance (Equipment)	33,500	30,814	(2,686)
Maintenance (Streets)	30,000	29,418	(582)
Maintenance (Snow Removal)	3,000	13,627	10,627
Maintenance (Service Vehicles)	30,000	34,338	4,338
Maintenance (Other)	20,000	391	(19,609)
Engineering Service	-	-	-
Janitorial Services	2,000	2,928	928
Other Professional Services	30,000	32,702	2,702

(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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PUBLIC WORKS (Continued)</b>			
Streets (Continued)			
Postage	\$ 100	\$ 15	\$ (85)
Telephone	4,000	3,163	(837)
Printing and Publishing	300	-	(300)
Travel	2,000	174	(1,826)
Training	4,000	1,530	(2,470)
Utilities	13,500	9,393	(4,107)
Street Lighting	165,000	149,210	(15,790)
Lease or Rentals	3,000	2,327	(673)
Supplies (Vehicles)	25,000	18,489	(6,511)
Supplies (Streets)	60,000	57,390	(2,610)
Supplies (Snow Removal)	110,000	112,269	2,269
Supplies (Safety)	3,500	1,513	(1,987)
Supplies (Other)	31,500	23,087	(8,413)
Office Supplies	2,000	1,833	(167)
Operating Supplies	8,000	5,672	(2,328)
Gas and Oil	55,000	45,386	(9,614)
Capital Outlay	178,000	433,666	255,666
Miscellaneous	-	195	195
<b>Total Streets</b>	<b>1,742,013</b>	<b>1,887,491</b>	<b>145,478</b>
<b>Total Public Works</b>	<b>1,742,013</b>	<b>1,887,491</b>	<b>145,478</b>
<b>PUBLIC SERVICE ENTERPRISES</b>			
Cemetery			
Salaries	55,832	63,558	7,726
Health Insurance	33,767	34,335	568
Life Insurance	70	59	(11)
Uniform Allowance	-	-	-
Maintenance (Buildings)	2,500	830	(1,670)
Maintenance (Equipment)	1,000	284	(716)
Maintenance (Vehicles)	300	85	(215)
Other Professional Services	45,000	37,628	(7,372)
Telephone	1,600	1,534	(66)
Utilities	3,000	2,652	(348)
Supplies (Vehicles)	500	24	(476)
Supplies (Other)	2,100	1,827	(273)
Operating Supplies	700	712	12
Gas and Oil	1,800	2,729	929
Equipment	-	11,660	11,660
Miscellaneous	100	895	795
<b>Total Cemetery</b>	<b>148,269</b>	<b>158,812</b>	<b>10,543</b>
<b>Total Public Service Enterprises</b>	<b>148,269</b>	<b>158,812</b>	<b>10,543</b>

(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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>CONSERVATION AND DEVELOPMENT</b>			
Economic Development			
Life Insurance	\$ 140	\$ -	\$ (140)
Other Professional Services	3,000	525	(2,475)
Postage	100	-	(100)
Telephone	1,500	1,111	(389)
Dues	2,000	1,114	(886)
Travel	2,500	2,007	(493)
Training	3,500	95	(3,405)
Publications	100	-	(100)
Community Relations	2,500	1,336	(1,164)
Office Supplies	1,100	1,356	256
Equipment	1,000	950	(50)
Miscellaneous	18,000	15,712	(2,288)
	<hr/>	<hr/>	<hr/>
Total Economic Development	35,440	24,206	(11,234)
	<hr/>	<hr/>	<hr/>
Total Conservation and Development	35,440	24,206	(11,234)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,667,296</b>	<b>\$ 10,100,892</b>	<b>\$ (566,404)</b>

(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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Charges for Services	\$ 1,700,000	\$ 1,447,116	\$ (252,884)
Investment Income	5,000	18,057	13,057
Miscellaneous	8,083	8,062	(21)
Intergovernmental	3,000,000	3,812,585	812,585
	<hr/>	<hr/>	<hr/>
Total Revenues	4,713,083	5,285,820	572,737
<b>EXPENDITURES</b>			
Current			
Public Works			
Personal Services	-	3	3
Commodities	7,000	259	(6,741)
Other Services	26,866	24,539	(2,327)
Contractual Services	358,204	284,562	(73,642)
Capital Outlay	3,900,000	4,729,596	829,596
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,292,070	5,038,959	746,889
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/>	<hr/>	<hr/>
	421,013	246,861	(174,152)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(516,129)	(438,480)	77,649
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(516,129)	(438,480)	77,649
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	\$ (95,116)	(191,619)	\$ (96,503)
<b>FUND BALANCE, JANUARY 1</b>		<hr/>	
		1,796,258	
<b>FUND BALANCE, DECEMBER 31</b>		<hr/>	
		\$ 1,604,639	

(See independent auditor's report.)

**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

	Special Revenue				
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax	IMRF Fund
<b>ASSETS</b>					
Cash and Investments	\$ 2,662	\$ 102,928	\$ 651,533	\$ 187,085	\$ 17,796
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	29,004	300,008	-	-	191,000
Accounts	-	-	-	20,908	-
Prepaid Items	-	13,863	-	-	-
Due from Other Governments	-	-	42,027	-	-
Restricted Assets					
Cash and Investments	-	-	-	-	-
Cash Held at Paying Agent	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 31,666</b>	<b>\$ 416,799</b>	<b>\$ 693,560</b>	<b>\$ 207,993</b>	<b>\$ 208,796</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 3,445	\$ -	\$ 8,023	\$ -
Accrued Payroll	-	-	-	97	-
Deposit Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advance from Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	3,445	-	8,120	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Property Taxes	29,004	300,008	-	-	191,000
Total Deferred Inflows of Resources	29,004	300,008	-	-	191,000
Total Liabilities and Deferred Inflows of Resources	29,004	303,453	-	8,120	191,000
<b>FUND BALANCES</b>					
Nonspendable Prepaid Items	-	13,863	-	-	-
Restricted for Audit	2,662	-	-	-	-
Restricted for Insurance	-	99,483	-	-	-
Restricted for Maintenance of Roadways	-	-	693,560	-	-
Restricted for Tourism	-	-	-	199,873	-
Restricted for Employee Retirement	-	-	-	-	17,796
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)	-	-	-	-	-
Total Fund Balances (Deficit)	2,662	113,346	693,560	199,873	17,796
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 31,666</b>	<b>\$ 416,799</b>	<b>\$ 693,560</b>	<b>\$ 207,993</b>	<b>\$ 208,796</b>

		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	
\$ 9,773	\$ 809,383	\$ 49,302	\$ 113,603	\$ -	\$ -	\$ 4,350,390	\$ 83,018	\$ 178,523	
179,990	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	449,104	-	-	
-	-	-	-	-	-	-	550,000	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	399,372	-	-	
-	-	-	-	-	-	567,350	-	-	
<b>\$ 189,763</b>	<b>\$ 809,383</b>	<b>\$ 49,302</b>	<b>\$ 113,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,766,216</b>	<b>\$ 633,018</b>	<b>\$ 178,523</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,762	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	470,164	-	-	
-	-	-	-	-	94,351	-	-	-	
-	-	-	-	54,802	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	54,802	94,351	695,926	-	-	
179,990	-	-	-	-	-	-	-	-	
179,990	-	-	-	-	-	-	-	-	
179,990	-	-	-	54,802	94,351	695,926	-	-	
-	-	-	-	-	-	-	550,000	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	113,603	-	-	-	-	-	
9,773	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	5,070,290	-	-	
-	809,383	-	-	-	-	-	-	-	
-	-	49,302	-	-	-	-	-	-	
-	-	-	-	-	-	-	83,018	-	
-	-	-	-	-	-	-	-	178,523	
-	-	-	-	-	-	-	-	-	
-	-	-	-	(54,802)	(94,351)	-	-	-	
9,773	809,383	49,302	113,603	(54,802)	(94,351)	5,070,290	633,018	178,523	
<b>\$ 189,763</b>	<b>\$ 809,383</b>	<b>\$ 49,302</b>	<b>\$ 113,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,766,216</b>	<b>\$ 633,018</b>	<b>\$ 178,523</b>	

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

COMBINING BALANCE SHEET (Continued)  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

	<b>Capital Projects</b>			<b>Total</b>
	<b>Utility Tax</b>	<b>Sales Tax</b>	<b>Golf Course</b>	
<b>ASSETS</b>				
Cash and Investments	\$ 1,133,604	\$ 1,561,946	\$ 48,221	\$ 9,299,767
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	-	700,002
Accounts	44,397	-	2,745	517,154
Prepaid Items	-	-	497	564,360
Due from Other Governments	-	277,410	-	319,437
Restricted Assets				
Cash and Investments	-	-	-	399,372
Cash Held at Paying Agent	-	-	-	567,350
<b>TOTAL ASSETS</b>	<b>\$ 1,178,001</b>	<b>\$ 1,839,356</b>	<b>\$ 51,463</b>	<b>\$ 12,367,442</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 1,083	\$ 238,313
Accrued Payroll	-	-	582	679
Deposit Payable	-	-	-	470,164
Due to Other Funds	-	-	-	94,351
Advance from Other Funds	-	-	-	54,802
Unearned Revenue	-	-	2,285	2,285
Total Liabilities	-	-	3,950	860,594
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Property Taxes	-	-	-	700,002
Total Deferred Inflows of Resources	-	-	-	700,002
Total Liabilities and Deferred Inflows of Resources	-	-	3,950	1,560,596
<b>FUND BALANCES</b>				
Nonspendable Prepaid Items	-	-	497	564,360
Restricted for Audit	-	-	-	2,662
Restricted for Insurance	-	-	-	99,483
Restricted for Maintenance of Roadways	-	-	-	807,163
Restricted for Tourism	-	-	-	199,873
Restricted for Employee Retirement	-	-	-	27,569
Restricted for Capital Improvements	1,178,001	1,839,356	-	8,087,647
Restricted for Economic Development	-	-	-	809,383
Restricted for Public Safety	-	-	-	49,302
Unrestricted				
Assigned for Ambulance Replacement	-	-	-	83,018
Assigned for Stormwater	-	-	-	178,523
Assigned for Golf Course	-	-	47,016	47,016
Unassigned (Deficit)	-	-	-	(149,153)
Total Fund Balances (Deficit)	1,178,001	1,839,356	47,513	10,806,846
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,178,001</b>	<b>\$ 1,839,356</b>	<b>\$ 51,463</b>	<b>\$ 12,367,442</b>

(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, 2019

	<b>Special Revenue</b>				
	<b>Audit</b>	<b>Insurance</b>	<b>Motor Fuel Tax</b>	<b>Hotel/Motel Tax</b>	<b>IMRF Fund</b>
<b>REVENUES</b>					
Taxes	\$ 26,932	\$ 350,837	\$ -	\$ 263,299	\$ 198,829
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	314,084	8,350	-
Charges For Services	-	-	-	-	-
Investment Income	13	445	11,551	1,744	133
Miscellaneous	-	-	-	27,848	-
<b>Total Revenues</b>	<b>26,945</b>	<b>351,282</b>	<b>325,635</b>	<b>301,241</b>	<b>198,962</b>
<b>EXPENDITURES</b>					
Current					
General Government	27,945	32,325	-	-	25,529
Public Safety	-	144,289	-	-	40,214
Public Works	-	62,988	-	-	99,273
Public Service Enterprises	-	4,915	-	-	-
Conservation and Development	-	-	-	196,800	-
Capital Outlay	-	-	-	4,066	-
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>Total Expenditures</b>	<b>27,945</b>	<b>244,517</b>	<b>-</b>	<b>200,866</b>	<b>165,016</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,000)</b>	<b>106,765</b>	<b>325,635</b>	<b>100,375</b>	<b>33,946</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers (Out)	-	-	(140,164)	(75,000)	-
Loan Proceeds	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(140,164)</b>	<b>(75,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,000)</b>	<b>106,765</b>	<b>185,471</b>	<b>25,375</b>	<b>33,946</b>
<b>FUND BALANCES (DEFICIT), JANUARY 1</b>	<b>3,662</b>	<b>6,581</b>	<b>508,089</b>	<b>174,498</b>	<b>(16,150)</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 2,662</b>	<b>\$ 113,346</b>	<b>\$ 693,560</b>	<b>\$ 199,873</b>	<b>\$ 17,796</b>

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
\$ 163,009	\$ 586,651	\$ -	\$ -	\$ 3,620	\$ 77,461	\$ -	\$ -	\$ -
-	-	-	47,071	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,073,762	-	53,792
169	7,693	374	1,000	-	-	56,745	2,939	1,708
-	-	26,528	-	-	7,006	-	-	-
163,178	594,344	26,902	48,071	3,620	84,467	1,130,507	2,939	55,500
31,314	147,429	-	-	13,745	19,071	750	-	-
52,811	-	5,824	-	-	-	-	-	-
99,755	-	-	800	-	-	-	-	2,500
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	27,038	-	-	-	2,301,250	-	3,123
-	140,000	-	-	-	-	170,000	-	-
-	76,905	-	-	-	-	146,140	-	-
183,880	364,334	32,862	800	13,745	19,071	2,618,140	-	5,623
(20,702)	230,010	(5,960)	47,271	(10,125)	65,396	(1,487,633)	2,939	49,877
-	-	-	-	-	-	2,134,211	75,000	-
-	-	-	(12,000)	-	-	-	-	-
-	-	-	-	-	-	-	350,000	-
-	-	-	(12,000)	-	-	2,134,211	425,000	-
(20,702)	230,010	(5,960)	35,271	(10,125)	65,396	646,578	427,939	49,877
30,475	579,373	55,262	78,332	(44,677)	(159,747)	4,423,712	205,079	128,646
\$ 9,773	\$ 809,383	\$ 49,302	\$ 113,603	\$ (54,802)	\$ (94,351)	\$ 5,070,290	\$ 633,018	\$ 178,523

(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, 2019

	Capital Projects			Total
	Utility Tax	Sales Tax	Golf Course	
<b>REVENUES</b>				
Taxes	\$ 489,247	\$ 1,100,624	\$ -	\$ 3,260,509
Licenses and Permits	-	-	-	47,071
Intergovernmental	-	-	75,000	397,434
Charges For Services	-	-	175,462	1,303,016
Investment Income	13,937	33,265	892	132,608
Miscellaneous	-	-	2,033	63,415
<b>Total Revenues</b>	<b>503,184</b>	<b>1,133,889</b>	<b>253,387</b>	<b>5,204,053</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	298,108
Public Safety	-	-	-	243,138
Public Works	-	-	-	265,316
Public Service Enterprises	-	-	-	4,915
Conservation and Development	-	-	300,772	497,572
Capital Outlay	-	-	24,747	2,360,224
Debt Service				
Principal	-	-	4,294	314,294
Interest and Fiscal Charges	-	-	-	223,045
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>329,813</b>	<b>4,206,612</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>503,184</b>	<b>1,133,889</b>	<b>(76,426)</b>	<b>997,441</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	75,000	2,284,211
Transfers (Out)	(456,684)	(1,436,462)	-	(2,120,310)
Loan Proceeds	-	-	-	350,000
<b>Total Other Financing Sources (Uses)</b>	<b>(456,684)</b>	<b>(1,436,462)</b>	<b>75,000</b>	<b>513,901</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>46,500</b>	<b>(302,573)</b>	<b>(1,426)</b>	<b>1,511,342</b>
<b>FUND BALANCES (DEFICIT), JANUARY 1</b>	<b>1,131,501</b>	<b>2,141,929</b>	<b>48,939</b>	<b>9,295,504</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 1,178,001</b>	<b>\$ 1,839,356</b>	<b>\$ 47,513</b>	<b>\$ 10,806,846</b>

(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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 27,000	\$ 26,932	\$ (68)
Investment Income	50	13	(37)
	<hr/>	<hr/>	<hr/>
Total Revenues	27,050	26,945	(105)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
General Government			
Contractual Services	28,000	27,945	(55)
	<hr/>	<hr/>	<hr/>
Total Expenditures	28,000	27,945	(55)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (950)</u>	(1,000)	<u>\$ (50)</u>
FUND BALANCE, JANUARY 1		<u>3,662</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 2,662</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 351,600	\$ 350,837	\$ (763)
Investment Income	-	445	445
	<hr/>		
Total Revenues	351,600	351,282	(318)
	<hr/>		
<b>EXPENDITURES</b>			
Current			
General Government			
Contractual Services	43,362	32,325	(11,037)
Public Safety			
Contractual Services	193,552	144,289	(49,263)
Public Works			
Contractual Services	84,493	62,988	(21,505)
Public Service Enterprises			
Contractual Services	6,593	4,915	(1,678)
	<hr/>		
Total Expenditures	328,000	244,517	(83,483)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ 23,600</u>	106,765	<u>\$ 83,165</u>
FUND BALANCE, JANUARY 1		<u>6,581</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 113,346</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental			
State Motor Fuel Tax	\$ 258,000	\$ 314,084	\$ 56,084
Other Intergovernmental	1,850,000	-	(1,850,000)
Investment Income	4,000	11,551	7,551
	<hr/>	<hr/>	<hr/>
Total Revenues	2,112,000	325,635	(1,786,365)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,112,000	325,635	(1,786,365)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(2,000,000)	(140,164)	1,859,836
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(2,000,000)	(140,164)	1,859,836
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 112,000</u>	185,471	<u>\$ 73,471</u>
<b>FUND BALANCE, JANUARY 1</b>		<u>508,089</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 693,560</u></u>	

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Hotel/Motel Tax	\$ 230,000	\$ 263,299	\$ 33,299
Intergovernmental	-	8,350	8,350
Investment Income	1,000	1,744	744
Miscellaneous	25,000	27,848	2,848
	<hr/>		
Total Revenues	256,000	301,241	45,241
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Conservation and Development			
Personal Services	24,665	22,793	(1,872)
Commodities	6,300	10,057	3,757
Contractual Services	75,400	114,670	39,270
Miscellaneous	42,000	49,280	7,280
Capital Outlay	3,000	4,066	1,066
	<hr/>		
Total Expenditures	151,365	200,866	49,501
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	104,635	100,375	(4,260)
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(191,750)	(75,000)	116,750
	<hr/>		
Total Other Financing Sources (Uses)	(191,750)	(75,000)	116,750
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (87,115)</u>	25,375	<u>\$ 112,490</u>
FUND BALANCE, JANUARY 1		<u>174,498</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 199,873</u></u>	

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 163,200	\$ 162,852	\$ (348)
Replacement Taxes	35,977	35,977	-
Investment Income	-	133	133
	<hr/>	<hr/>	<hr/>
Total Revenues	199,177	198,962	(215)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
General Government			
Pension Contributions	29,393	25,529	(3,864)
Public Safety			
Pension Contributions	46,303	40,214	(6,089)
Public Works			
Pension Contributions	114,304	99,273	(15,031)
	<hr/>	<hr/>	<hr/>
Total Expenditures	190,000	165,016	(24,984)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 9,177</u>	33,946	<u>\$ 24,769</u>
FUND BALANCE (DEFICIT), JANUARY 1		<u>(16,150)</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 17,796</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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 163,375	\$ 163,009	\$ (366)
Investment Income	-	169	169
	<hr/>	<hr/>	<hr/>
Total Revenues	163,375	163,178	(197)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
General Government			
Payroll Taxes	31,676	31,314	(362)
Public Safety			
Payroll Taxes	53,419	52,811	(608)
Public Works			
Payroll Taxes	100,905	99,755	(1,150)
	<hr/>	<hr/>	<hr/>
Total Expenditures	186,000	183,880	(2,120)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (22,625)</u>	(20,702)	<u>\$ 1,923</u>
FUND BALANCE, JANUARY 1		<u>30,475</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 9,773</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 578,252	\$ 586,651	\$ 8,399
Investment Income	5,000	7,693	2,693
	<hr/>	<hr/>	<hr/>
Total Revenues	583,252	594,344	11,092
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
General Government			
Contractual Services	155,050	147,429	(7,621)
Debt Service			
Principal	140,000	140,000	-
Interest and Fiscal Charges	76,905	76,905	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	371,955	364,334	(7,621)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 211,297</u>	230,010	<u>\$ 18,713</u>
FUND BALANCE, JANUARY 1		<hr/> 579,373	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 809,383</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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Investment Income	\$ 300	\$ 374	\$ 74
Miscellaneous	22,000	26,528	4,528
Total Revenues	<u>22,300</u>	<u>26,902</u>	<u>4,602</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contractual Services	18,500	5,824	(12,676)
Capital Outlay	21,500	27,038	5,538
Total Expenditures	<u>40,000</u>	<u>32,862</u>	<u>(7,138)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,700)</u>	<u>(5,960)</u>	<u>\$ 11,740</u>
FUND BALANCE, JANUARY 1		<u>55,262</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 49,302</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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Licenses and Permits	\$ 40,000	\$ 47,071	\$ 7,071
Investment Income	400	1,000	600
	<hr/>	<hr/>	<hr/>
Total Revenues	40,400	48,071	7,671
<b>EXPENDITURES</b>			
Current			
Public Works			
Contractual Services	4,200	800	(3,400)
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,200	800	(3,400)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/>	<hr/>	<hr/>
	36,200	47,271	11,071
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(87,000)	(12,000)	75,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(87,000)	(12,000)	75,000
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	\$ (50,800)	35,271	\$ 86,071
<b>FUND BALANCE, JANUARY 1</b>		<hr/>	
		78,332	
<b>FUND BALANCE, DECEMBER 31</b>		<hr/>	
		\$ 113,603	

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NORTHERN GATEWAY TIF FUND

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ -	\$ 3,620	\$ 3,620
Total Revenues	<u>-</u>	<u>3,620</u>	<u>3,620</u>
<b>EXPENDITURES</b>			
Current			
General Government			
Other Services	60,000	13,745	(46,255)
Total Expenditures	<u>60,000</u>	<u>13,745</u>	<u>(46,255)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (60,000)</u>	(10,125)	<u>\$ 49,875</u>
FUND BALANCE (DEFICIT), JANUARY 1		<u>(44,677)</u>	
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>		<u><u>\$ (54,802)</u></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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 85,021	\$ 77,461	\$ (7,560)
Miscellaneous	-	7,006	7,006
Total Revenues	<u>85,021</u>	<u>84,467</u>	<u>(554)</u>
<b>EXPENDITURES</b>			
Current			
General Government			
Other Services	<u>222,500</u>	<u>19,071</u>	<u>(203,429)</u>
Total Expenditures	<u>222,500</u>	<u>19,071</u>	<u>(203,429)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (137,479)</u>	<u>65,396</u>	<u>\$ 202,875</u>
<b>FUND BALANCE (DEFICIT), JANUARY 1</b>		<u>(159,747)</u>	
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>		<u>\$ (94,351)</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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>REVENUES</b>			
Charges for services	\$ 310,000	\$ 1,073,762	\$ 763,762
Investment Income	2,000	56,745	54,745
	<hr/>	<hr/>	<hr/>
Total Revenues	312,000	1,130,507	818,507
<b>EXPENDITURES</b>			
General Government			
Contractual Services	750	750	-
Capital Outlay	8,064,000	2,301,250	(5,762,750)
Debt Service			
Principal	170,000	170,000	-
Interest and Fiscal Charges	146,140	146,140	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	8,380,890	2,618,140	(5,762,750)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/>	<hr/>	<hr/>
	(8,068,890)	(1,487,633)	6,581,257
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	6,539,900	2,134,211	(4,405,689)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	6,539,900	2,134,211	(4,405,689)
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	\$ (1,528,990)	646,578	\$ 2,175,568
<b>FUND BALANCE, JANUARY 1</b>		<hr/>	
		4,423,712	
<b>FUND BALANCE, DECEMBER 31</b>		<hr/>	
		\$ 5,070,290	

(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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Investment Income	\$ 1,500	\$ 2,939	\$ 1,439
Total Revenues	<u>1,500</u>	<u>2,939</u>	<u>1,439</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>200,000</u>	-	(200,000)
Total Expenditures	<u>200,000</u>	-	(200,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(198,500)</u>	<u>2,939</u>	<u>201,439</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	200,000	75,000	(125,000)
Loan Proceeds	<u>-</u>	<u>350,000</u>	<u>350,000</u>
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>425,000</u>	<u>225,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,500</u>	<u>427,939</u>	<u>\$ 426,439</u>
FUND BALANCE, JANUARY 1		<u>205,079</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 633,018</u></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, 2019

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Charges for Services	\$ 26,000	\$ 53,792	\$ 27,792
Investment Income	1,100	1,708	608
Total Revenues	<u>27,100</u>	<u>55,500</u>	<u>28,400</u>
<b>EXPENDITURES</b>			
Current			
Public Works			
Contractual Services	4,500	2,500	(2,000)
Capital Outlay	10,000	3,123	(6,877)
Total Expenditures	<u>14,500</u>	<u>5,623</u>	<u>(8,877)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,600</u>	49,877	<u>\$ 37,277</u>
FUND BALANCE, JANUARY 1		<u>128,646</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 178,523</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Utility Taxes	\$ 430,000	\$ 489,247	\$ 59,247
Investment Income	7,000	13,937	6,937
	<hr/>	<hr/>	<hr/>
Total Revenues	437,000	503,184	66,184
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	437,000	503,184	66,184
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(1,200,000)	(456,684)	743,316
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,200,000)	(456,684)	743,316
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (763,000)</u>	46,500	<u>\$ 809,500</u>
FUND BALANCE, JANUARY 1		<u>1,131,501</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 1,178,001</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes			
Sales Tax	\$ 1,200,000	\$ 1,100,624	\$ (99,376)
Investment Income	18,000	33,265	15,265
	<hr/>	<hr/>	<hr/>
Total Revenues	1,218,000	1,133,889	(84,111)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,218,000	1,133,889	(84,111)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(3,019,000)	(1,436,462)	1,582,538
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(3,019,000)	(1,436,462)	1,582,538
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,801,000)</u>	(302,573)	<u>\$ 1,498,427</u>
<b>FUND BALANCE, JANUARY 1</b>		<u>2,141,929</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 1,839,356</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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 75,000	\$ 75,000
Charges For Services	203,500	175,462	(28,038)
Investment Income	-	892	892
Miscellaneous	84,700	2,033	(82,667)
	<hr/>		
Total Revenues	288,200	253,387	(34,813)
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Conservation and Development			
Personal Services	197,709	184,994	(12,715)
Commodities	61,125	49,010	(12,115)
Contractual Services	74,886	63,514	(11,372)
Miscellaneous	5,480	3,254	(2,226)
Capital Outlay	24,000	24,747	747
Debt Service			
Principal	-	4,294	4,294
	<hr/>		
Total Expenditures	363,200	329,813	(33,387)
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,000)	(76,426)	(1,426)
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	75,000	75,000	-
	<hr/>		
Total Other Financing Sources (Uses)	75,000	75,000	-
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(1,426)</u>	<u>\$ (1,426)</u>
FUND BALANCE, JANUARY 1		<u>48,939</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 47,513</u></u>	

(See independent auditor's report.)

**NONMAJOR ENTERPRISE FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2019

	<b>Landfill</b>	<b>Airport</b>	<b>Total Nonmajor Enterprise</b>
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 3,015,115	\$ -	\$ 3,015,115
Receivables			
Property Taxes	-	59,105	59,105
Accounts	123,684	50,268	173,952
Prepaid Expenses	-	685	685
Inventory	-	34,245	34,245
Restricted Assets			
Cash Held at Paying Agent	-	53,072	53,072
<b>Total Current Assets</b>	<b>3,138,799</b>	<b>197,375</b>	<b>3,336,174</b>
<b>NONCURRENT ASSETS</b>			
None	-	-	-
<b>Subtotal Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>			
Nondepreciable	708,563	1,425,918	2,134,481
Depreciable	453,185	5,141,573	5,594,758
Accumulated Depreciation	(359,667)	(2,976,194)	(3,335,861)
<b>Total Capital Assets</b>	<b>802,081</b>	<b>3,591,297</b>	<b>4,393,378</b>
<b>Total Noncurrent Assets</b>	<b>802,081</b>	<b>3,591,297</b>	<b>4,393,378</b>
<b>Total Assets</b>	<b>3,940,880</b>	<b>3,788,672</b>	<b>7,729,552</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Items	-	54,802	54,802
Unamortized Loss on Refunding	-	21,300	21,300
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>76,102</b>	<b>76,102</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>3,940,880</b>	<b>3,864,774</b>	<b>7,805,654</b>

(This schedule is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS (Continued)

December 31, 2019

	<b>Landfill</b>	<b>Airport</b>	<b>Total Nonmajor Enterprise</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 10,296	\$ 5,265	\$ 15,561
Accrued Payroll	150	858	1,008
Accrued Interest Payable	-	7,191	7,191
General Obligation Bonds Payable	-	45,000	45,000
OPEB Liability	-	3,702	3,702
Due to Other Funds	-	96,681	96,681
Compensated Absences Payable	-	4,739	4,739
<b>Total Current Liabilities</b>	<b>10,446</b>	<b>163,436</b>	<b>173,882</b>
<b>LONG-TERM LIABILITIES</b>			
Net Pension Liability	-	78,146	78,146
OPEB Liability	-	6,273	6,273
General Obligation Bonds Payable	-	465,000	465,000
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>549,419</b>	<b>549,419</b>
<b>Total Liabilities</b>	<b>10,446</b>	<b>712,855</b>	<b>723,301</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Items	-	8,985	8,985
Deferred Property Taxes	-	59,105	59,105
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>68,090</b>	<b>68,090</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>10,446</b>	<b>780,945</b>	<b>791,391</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	802,081	3,102,597	3,904,678
Unrestricted	3,128,353	(18,768)	3,109,585
<b>TOTAL NET POSITION</b>	<b>\$ 3,930,434</b>	<b>\$ 3,083,829</b>	<b>\$ 7,014,263</b>

(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, 2019

	<b>Landfill</b>	<b>Airport</b>	<b>Total Nonmajor Enterprise</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 673,344	\$ 299,672	\$ 973,016
Total Operating Revenues	673,344	299,672	973,016
<b>OPERATING EXPENSES</b>			
Personal Services	10,608	138,181	148,789
Commodities	-	179,180	179,180
Contractual Services	351,839	78,646	430,485
Depreciation/Amortization	17,545	171,331	188,876
Total Operating Expenses	379,992	567,338	947,330
OPERATING INCOME (LOSS)	293,352	(267,666)	25,686
<b>OTHER INCOME (EXPENSE)</b>			
Taxes	-	61,013	61,013
Investment Income	44,443	395	44,838
Interest Expense	-	(17,943)	(17,943)
Total Other Income (Expense)	44,443	43,465	87,908
NET INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	337,795	(224,201)	113,594
<b>TRANSFERS</b>			
Transfers In	-	108,708	108,708
Transfers (Out)	(510,382)	-	(510,382)
Total Transfers	(510,382)	108,708	(401,674)
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	-	128,640	128,640
CHANGE IN NET POSITION	(172,587)	13,147	(159,440)
NET POSITION, JANUARY 1	4,103,021	3,070,682	7,173,703
<b>NET POSITION, DECEMBER 31</b>	\$ 3,930,434	\$ 3,083,829	\$ 7,014,263

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

	<b>Landfill</b>	<b>Airport</b>	<b>Total Nonmajor Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 649,682	\$ 303,029	\$ 952,711
Payments to Suppliers	(380,281)	(240,785)	(621,066)
Payments to Employees	(10,506)	(144,509)	(155,015)
Payments to Other Funds	-	(31,249)	(31,249)
Net Cash from Operating Activities	<u>258,895</u>	<u>(113,514)</u>	<u>145,381</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from Property Taxes	-	61,013	61,013
Transfers (to) from Other Funds	(510,382)	108,708	(401,674)
Receipts of Loans from Other Funds	-	96,681	96,681
Net Cash from Noncapital Financing Activities	<u>(510,382)</u>	<u>266,402</u>	<u>(243,980)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Assets Purchased	-	(327,353)	(327,353)
Principal Payments on Long-Term Debt	-	(40,000)	(40,000)
Interest Payments on Long-Term Debt	-	(21,834)	(21,834)
Grant Receipts	-	179,655	179,655
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(209,532)</u>	<u>(209,532)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>44,443</u>	<u>395</u>	<u>44,838</u>
Net Cash from Investing Activities	<u>44,443</u>	<u>395</u>	<u>44,838</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(207,044)	(56,249)	(263,293)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>3,222,159</u>	<u>56,249</u>	<u>3,278,408</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 3,015,115</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,015,115</u></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, 2019

	<u>Landfill</u>	<u>Airport</u>	<u>Total Nonmajor Enterprise</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 293,352	\$ (267,666)	\$ 25,686
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation and amortization	17,545	171,331	188,876
Changes in Assets and Liabilities			
Accounts Receivables	(23,662)	3,357	(20,305)
Prepaid Expenses	-	(172)	(172)
Inventory	-	(12,789)	(12,789)
Pension Items - IMRF	-	(3,065)	(3,065)
Pension Items - OPEB	-	(2,978)	(2,978)
Accounts Payable	(28,442)	(1,247)	(29,689)
Accrued Payroll	102	485	587
Compensated Absences	-	(770)	(770)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 258,895</u>	<u>\$ (113,514)</u>	<u>\$ 145,381</u>
<b>CASH AND INVESTMENTS</b>			
Cash and Cash Equivalents	<u>\$ 3,015,115</u>	<u>\$ -</u>	<u>\$ 3,015,115</u>
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 3,015,115</u>	<u>\$ -</u>	<u>\$ 3,015,115</u>

(See independent auditor's report.)

**INTERNAL SERVICE FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2019

	<b>Administrative Services</b>	<b>Network Administration</b>	<b>Total Internal Service Funds</b>
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 42,223	\$ 33,819	\$ 76,042
Receivables			
Other	63,658	-	63,658
Prepaid Expenses	14,452	-	14,452
<b>Total Current Assets</b>	<b>120,333</b>	<b>33,819</b>	<b>154,152</b>
<b>NONCURRENT ASSETS</b>			
None	-	-	-
<b>Subtotal Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>			
Depreciable	116,880	-	116,880
Accumulated Depreciation	(116,880)	-	(116,880)
<b>Total Capital Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>120,333</b>	<b>33,819</b>	<b>154,152</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>120,333</b>	<b>33,819</b>	<b>154,152</b>

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS (Continued)

December 31, 2019

	<b>Administrative Services</b>	<b>Network Administration</b>	<b>Total Internal Service Funds</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 97,410	\$ 1,416	\$ 98,826
Accrued Payroll	7,130	1,372	8,502
Due to Other Funds	-	-	-
Compensated Absences Payable	30,505	191	30,696
Total Current Liabilities	135,045	2,979	138,024
<b>LONG-TERM LIABILITIES</b>			
None	-	-	-
Total Long-Term Liabilities	-	-	-
Total Liabilities	135,045	2,979	138,024
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	135,045	2,979	138,024
<b>NET POSITION</b>			
Unrestricted (Deficit)	(14,712)	30,840	16,128
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (14,712)</b>	<b>\$ 30,840</b>	<b>\$ 16,128</b>

(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, 2019

	<b>Administrative Services</b>	<b>Network Administration</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,293,931	\$ 524,253	\$ 1,818,184
Miscellaneous	6	-	6
<b>Total Operating Revenues</b>	<b>1,293,937</b>	<b>524,253</b>	<b>1,818,190</b>
<b>OPERATING EXPENSES</b>			
Administration	1,256,142	184,842	1,440,984
Commodities	-	32,974	32,974
Contractual Services	-	223,876	223,876
<b>Total Operating Expenses</b>	<b>1,256,142</b>	<b>441,692</b>	<b>1,697,834</b>
<b>OPERATING INCOME</b>	<b>37,795</b>	<b>82,561</b>	<b>120,356</b>
<b>CHANGE IN NET POSITION</b>	<b>37,795</b>	<b>82,561</b>	<b>120,356</b>
<b>NET POSITION (DEFICIT), JANUARY 1</b>	<b>(52,507)</b>	<b>(51,721)</b>	<b>(104,228)</b>
<b>NET POSITION (DEFICIT), DECEMBER 31</b>	<b>\$ (14,712)</b>	<b>\$ 30,840</b>	<b>\$ 16,128</b>

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2019

	<b>Administrative Services</b>	<b>Network Administration</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Service Transactions	\$ 1,291,549	\$ 524,253	\$ 1,815,802
Payments to Suppliers	(132,283)	(261,911)	(394,194)
Payments to Employees	(1,105,653)	(188,933)	(1,294,586)
Net Cash from Operating Activities	53,613	73,409	127,022
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Repayments of Loans from Other Funds	(11,390)	(39,590)	(50,980)
Net Cash from Noncapital Financing Activities	(11,390)	(39,590)	(50,980)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None	-	-	-
Net Cash from Capital and Related Financing Activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
None	-	-	-
Net Cash from Investing Activities	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	42,223	33,819	76,042
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 42,223	\$ 33,819	\$ 76,042

(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, 2019

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	<b>Administrative Services</b>	<b>Network Administration</b>	<b>Total Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income	\$ 37,795	\$ 82,561	\$ 120,356
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivables	(2,388)	-	(2,388)
Prepaid Expenses	(153)	-	(153)
Accounts Payable	9,961	(5,061)	4,900
Accrued Payroll	4,137	1,372	5,509
Compensated Absences	4,261	(5,463)	(1,202)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 53,613</b>	<b>\$ 73,409</b>	<b>\$ 127,022</b>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2019

	<b>Pension Trust</b>		<b>Total</b>
	<b>Police Pension</b>	<b>Firefighters' Pension</b>	
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 527,090	\$ 417,594	\$ 944,684
Investments, at Fair Value			
U.S. Treasury Securities	1,365,939	437,395	1,803,334
U.S. Agency Securities	790,790	3,067,064	3,857,854
Equity Mutual Funds	-	4,220,683	4,220,683
Fixed Income Mutual Funds	948,544	-	948,544
Corporate Bonds	1,783,129	560,364	2,343,493
Municipal Bonds	10,128	758,726	768,854
Equities	6,634,869	-	6,634,869
Annuity Contracts	-	193,368	193,368
Receivables			
Accrued Interest	34,152	30,244	64,396
 Total Assets	 <u>12,094,641</u>	 <u>9,685,438</u>	 <u>21,780,079</u>
<b>LIABILITIES</b>			
None	-	-	-
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>	 <u>\$ 12,094,641</u>	 <u>\$ 9,685,438</u>	 <u>\$ 21,780,079</u>

(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, 2019

	<b>Pension Trust</b>		<b>Total</b>
	<b>Police Pension</b>	<b>Firefighters' Pension</b>	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 613,234	\$ 481,321	\$ 1,094,555
Employee Contributions	152,182	103,308	255,490
<b>Total Contributions</b>	<b>765,416</b>	<b>584,629</b>	<b>1,350,045</b>
Investment Income			
Net Appreciation in Fair Value of Investments	1,375,001	1,062,099	2,437,100
Interest	428,304	263,185	691,489
<b>Total Investment Income</b>	<b>1,803,305</b>	<b>1,325,284</b>	<b>3,128,589</b>
Less Investment Expense	(28,278)	(19,273)	(47,551)
<b>Net Investment Income</b>	<b>1,775,027</b>	<b>1,306,011</b>	<b>3,081,038</b>
<b>Total Additions</b>	<b>2,540,443</b>	<b>1,890,640</b>	<b>4,431,083</b>
<b>DEDUCTIONS</b>			
Benefits and Refunds	897,669	687,723	1,585,392
Administrative Expenses	22,338	12,516	34,854
<b>Total Deductions</b>	<b>920,007</b>	<b>700,239</b>	<b>1,620,246</b>
<b>CHANGE IN NET POSITION</b>	<b>1,620,436</b>	<b>1,190,401</b>	<b>2,810,837</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1	10,474,205	8,495,037	18,969,242
December 31	\$ 12,094,641	\$ 9,685,438	\$ 21,780,079

(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, 2019

<b>CSFA Number</b>	<b>Program Name</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
494-60-0327	Airport Improvement Program - Airport Ramp Reconstruction	\$ 2,099	\$ 37,786	\$ 2,099	\$ 41,984
494-60-0327	Airport Improvement Program - Airport Ramp Reconstruction	2,162	38,921	2,162	43,245
494-60-0327	Airport Improvement Program - Airport Ramp Reconstruction	2,170	39,069	2,170	43,409
420-75-0070	Community Development Block Grant Program (Meadowbrook)	-	20,464	260,469	280,933
494-81-1597	State Rail Grant Program	1,570,933	2,241,692	531,976	4,344,601
494-00-1488	Motor Fuel Tax Program	140,164	-	-	140,164
420-25-2087	Department of Commerce and Economic Opportunity Tourism Marketing Partnership Program	8,350	-	9,069	17,419
	Other grant programs and activities	12,089	1,513,684	-	1,525,773
	All other costs not allocated	-	-	49,780,465	49,780,465
<b>TOTALS</b>		<u>\$ 1,737,967</u>	<u>\$ 3,891,616</u>	<u>\$ 50,588,410</u>	<u>\$ 56,217,993</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.	133-142
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.	143-146
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.	147-151
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.	152-153
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.	154-158

*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

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 32,486,431	\$ 35,209,156	\$ 45,652,694	\$ 46,244,092
Restricted	3,136,885	2,714,044	2,153,415	2,601,692
Unrestricted	904,527	(397,013)	(1,720,909)	(955,731)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 36,527,843</b>	<b>\$ 37,526,187</b>	<b>\$ 46,085,200</b>	<b>\$ 47,890,053</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 47,880,962	\$ 51,245,063	\$ 54,389,403	\$ 57,684,867
Restricted	11,479,611	11,056,287	10,475,599	12,873,509
Unrestricted	16,805,412	19,458,333	19,281,545	16,046,361
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 76,165,985</b>	<b>\$ 81,759,683</b>	<b>\$ 84,146,547</b>	<b>\$ 86,604,737</b>
<b>PRIMARY GOVERNMENT</b>				
Net Investment in Capital Assets	\$ 80,367,393	\$ 86,454,219	\$ 100,042,097	\$ 103,928,959
Restricted	14,616,496	13,770,331	12,629,014	15,475,201
Unrestricted	17,709,939	19,061,320	17,560,636	15,090,630
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 112,693,828</b>	<b>\$ 119,285,870</b>	<b>\$ 130,231,747</b>	<b>\$ 134,494,790</b>

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

Data Source

Audited Financial Statements

	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	48,124,038	\$ 49,182,739	\$ 50,119,377	\$ 49,454,386	\$ 51,569,571	\$ 56,955,178
	2,173,047	1,880,549	2,793,415	3,603,895	4,821,676	5,704,813
	(1,516,370)	(10,770,965)	(11,717,240)	(10,156,454)	(10,607,508)	(10,454,471)
\$	48,780,715	\$ 40,292,323	\$ 41,195,552	\$ 42,901,827	\$ 45,783,739	\$ 52,205,520
\$	57,302,570	\$ 63,145,375	\$ 66,767,303	\$ 66,624,091	\$ 68,151,628	\$ 72,056,083
	10,930,174	8,406,663	6,791,996	7,581,483	8,564,665	9,843,922
	19,307,149	16,529,457	18,127,812	19,287,555	20,199,507	21,818,321
\$	87,539,893	\$ 88,081,495	\$ 91,687,111	\$ 93,493,129	\$ 96,915,800	\$ 103,718,326
\$	105,426,608	\$ 112,328,114	\$ 116,886,680	\$ 116,078,477	\$ 119,721,199	\$ 129,011,261
	13,103,221	10,287,212	9,585,411	11,185,378	13,386,341	15,548,735
	17,790,779	5,758,492	6,410,572	9,131,101	9,591,999	11,363,850
\$	136,320,608	\$ 128,373,818	\$ 132,882,663	\$ 136,394,956	\$ 142,699,539	\$ 155,923,846

**CITY OF ROCHELLE, ILLINOIS**

**CHANGE IN NET POSITION**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>EXPENSES</b>				
Governmental Activities				
General Government	\$ 2,196,004	\$ 1,984,007	\$ 2,061,279	\$ 1,991,208
Public Safety	4,312,468	4,715,710	5,034,276	5,240,013
Public Works	3,418,490	4,219,449	4,841,587	3,643,889
Public Service Enterprises	123,050	136,065	138,179	277,549
Conservation and Development	2,009,540	2,148,272	514,955	374,558
Interest	124,897	167,859	180,611	172,584
Total Governmental Activities Expenses	12,184,449	13,371,362	12,770,887	11,699,801
<b>BUSINESS-TYPE ACTIVITIES</b>				
Electric	20,856,403	23,599,387	27,290,007	30,900,842
Water and Water Reclamation	3,792,934	3,906,034	3,989,355	4,198,382
Communications	995,213	847,598	1,104,006	834,028
Technology Center	419,894	431,483	564,706	815,123
Landfill	450,491	397,471	452,664	502,936
Airport	416,249	766,300	611,097	739,131
Total Business-Type Activities Expenses	26,931,184	29,948,273	34,011,835	37,990,442
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 39,115,633</b>	<b>\$ 43,319,635</b>	<b>\$ 46,782,722</b>	<b>\$ 49,690,243</b>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for Services				
General Government	\$ 784,120	\$ 726,043	\$ 562,912	\$ 715,864
Public Safety	571,893	652,764	654,474	489,758
Public Works	277,489	310,538	277,273	338,940
Public Service Enterprises	43,761	37,253	45,047	45,374
Operating Grants and Contributions	428,029	316,878	311,353	292,235
Capital Grants and Contributions	41,255	3,855,271	10,852,788	1,131,988
Total Governmental Activities Program Revenues	2,146,547	5,898,747	12,703,847	3,014,159
Business-Type Activities				
Charges for Services				
Electric	24,929,112	27,399,527	28,677,373	31,727,508
Water and Water Reclamation	4,740,039	4,710,716	4,895,848	5,020,871
Communications	951,319	947,423	962,487	831,694
Technology Center	486,759.00	565,308	626,084	1,127,944
Landfill	654,873	662,243	981,632	1,178,675
Airport	192,519	462,822	384,818	462,817
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	2,754,075	2,601,474	1,516,037	1,655,641
Total Business-Type Activities Program Revenues	34,708,696	37,349,513	38,044,279	42,005,150
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 36,855,243</b>	<b>\$ 43,248,260</b>	<b>\$ 50,748,126</b>	<b>\$ 45,019,309</b>

2015	2016	2016*	2017	2018	2019
\$ 2,024,267	\$ 2,413,156	\$ 2,371,762	\$ 2,223,886	\$ 2,625,102	\$ 2,151,923
5,506,420	6,846,217	4,865,637	6,178,925	7,114,566	7,242,733
3,975,074	3,746,863	2,545,336	3,476,945	3,890,595	4,129,244
162,196	198,816	115,159	119,565	230,942	153,869
534,560	792,489	629,061	726,054	657,933	545,596
84,999	130,792	91,162	134,347	141,853	271,801
12,287,516	14,128,333	10,618,117	12,859,722	14,660,991	14,495,166
34,790,641	35,706,844	23,889,662	36,247,916	35,119,696	33,569,899
4,235,635	4,284,257	3,086,559	4,682,269	5,624,050	6,026,110
815,032	724,692	476,654	-	-	-
875,591	930,401	646,669	1,184,320	1,149,385	1,161,545
577,716	827,404	471,220	567,450	379,612	379,992
536,528	592,585	491,928	583,104	641,746	585,281
41,831,143	43,066,183	29,062,692	43,265,059	42,914,489	41,722,827
\$ 54,118,659	\$ 57,194,516	\$ 39,680,809	\$ 56,124,781	\$ 57,575,480	\$ 56,217,993
\$ 1,063,522	\$ 1,823,521	\$ 1,162,738	\$ 2,505,643	\$ 2,536,084	\$ 2,953,400
695,058	492,360	394,864	546,731	690,712	651,916
335,859	243,586	238,358	324,057	423,402	417,931
40,478	50,895	223,469	234,906	214,115	207,445
252,066	271,822	253,482	354,304	383,263	348,271
774,261	633,615	308,156	5,606	1,788,889	3,812,585
3,161,244	3,515,799	2,581,067	3,971,247	6,036,465	8,391,548
33,991,035	37,475,729	26,749,579	38,988,537	39,026,749	37,779,164
5,640,153	5,050,143	3,870,287	6,175,344	6,183,478	6,438,774
680,050	628,911	343,615	-	-	-
1,359,234	1,185,971	761,308	1,287,994	1,394,169	1,490,496
1,396,251	1,233,518	840,940	807,633	656,506	673,344
415,736	361,269	443,835	308,849	367,352	299,672
-	-	-	-	-	-
803,867	25,511	1,294,396	1,881	905,050	3,689,071
44,286,326	45,961,052	34,303,960	47,570,238	48,533,304	50,370,521
\$ 47,447,570	\$ 49,476,851	\$ 36,885,027	\$ 51,541,485	\$ 54,569,769	\$ 58,762,069

**CITY OF ROCHELLE, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	\$ (10,037,902)	\$ (7,472,615)	\$ (67,040)	\$ (8,685,642)
Business-Type Activities	7,777,512	7,401,240	4,032,444	4,014,708
<b>TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)</b>	<b>\$ (2,260,390)</b>	<b>\$ (71,375)</b>	<b>\$ 3,965,404</b>	<b>\$ (4,670,934)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities				
Taxes				
Property and Replacement	\$ 1,974,363	\$ 1,968,013	\$ 2,160,763	\$ 2,605,811
Sales and Use	2,632,904	2,769,309	2,874,151	3,161,390
Telecommunications	427,963	350,589	419,475	394,192
Hotel/Motel	182,649	202,782	214,837	199,768
Utility	366,631	362,786	350,293	378,945
Other	58,759	17,040	40,440	99,417
Shared Income Tax	734,758	778,540	862,814	932,950
Intergovernmental - Unrestricted	-	-	-	-
Investment Income	35,049	15,762	8,689	3,483
Miscellaneous	70,095	43,903	27,949	99,939
Gain on Sale of Capital Assets	-	-	-	-
Transfers In	2,048,154	1,962,235	1,666,642	1,949,164
Total Governmental Activities	<u>8,531,325</u>	<u>8,470,959</u>	<u>8,626,053</u>	<u>9,825,059</u>
Business-Type Activities				
Property and Replacement	-	-	-	58,912
Investment Income	195,532	45,097	37,417	35,054
Miscellaneous	94,433	109,596	127,225	96,902
Transfers	(2,048,154)	(1,962,235)	(1,666,642)	(1,949,164)
Total Business-Type Activities	<u>(1,758,189)</u>	<u>(1,807,542)</u>	<u>(1,502,000)</u>	<u>(1,758,296)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,773,136</b>	<b>\$ 6,663,417</b>	<b>\$ 7,124,053</b>	<b>\$ 8,066,763</b>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ (1,506,577)	\$ 998,344	\$ 8,559,013	\$ 1,139,417
Business-Type Activities	6,019,323	5,593,698	2,530,444	2,256,412
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ 4,512,746</b>	<b>\$ 6,592,042</b>	<b>\$ 11,089,457</b>	<b>\$ 3,395,829</b>

\*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

2015	2016	2016*	2017	2018	2019
\$ (9,126,272)	\$ (10,612,534)	\$ (8,037,050)	\$ (8,888,475)	\$ (8,624,526)	\$ (6,103,618)
2,455,183	2,894,869	5,241,268	4,305,179	5,618,815	8,647,694
\$ (6,671,089)	\$ (7,717,665)	\$ (2,795,782)	\$ (4,583,296)	\$ (3,005,711)	\$ 2,544,076
\$ 2,826,331	\$ 3,069,810	\$ 3,120,172	\$ 3,376,985	\$ 3,455,154	\$ 3,575,806
3,081,073	3,023,254	2,092,098	3,103,976	3,379,510	3,653,642
409,595	365,031	241,024	298,393	304,444	317,761
212,328	240,367	176,766	225,959	252,426	263,299
373,430	358,799	243,024	385,033	444,058	489,247
128,027	144,399	109,493	158,963	177,277	178,915
937,626	1,020,325	581,502	879,364	916,864	1,019,048
-	-	78,747	78,022	369,607	75,000
3,581	5,962	7,884	33,906	123,024	210,623
81,894	43,588	423,491	67,454	133,531	64,468
-	10,400	-	10,249	168,845	-
1,963,096	2,161,975	1,866,078	2,353,969	2,076,297	2,677,590
10,016,981	10,443,910	8,940,279	10,972,273	11,801,037	12,525,399
57,837	58,563	63,084	61,739	19,287	61,013
31,851	43,871	28,917	95,728	301,569	398,054
353,381	642,203	138,425	354,412	250,360	373,355
(1,963,096)	(2,161,975)	(1,866,078)	(2,353,969)	(2,076,297)	(2,677,590)
(1,520,027)	(1,417,338)	(1,635,652)	(1,842,090)	(1,505,081)	(1,845,168)
\$ 8,496,954	\$ 9,026,572	\$ 7,304,627	\$ 9,130,183	\$ 10,295,956	\$ 10,680,231
\$ 890,709	\$ (168,624)	\$ 903,229	\$ 2,083,798	\$ 3,176,511	\$ 6,421,781
935,156	1,477,531	3,605,616	2,463,089	4,113,734	6,802,526
\$ 1,825,865	\$ 1,308,907	\$ 4,508,845	\$ 4,546,887	\$ 7,290,245	\$ 13,224,307

**CITY OF ROCHELLE, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2011</b>	<b>2012**</b>	<b>2013</b>	<b>2014</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Cemetery	-	114,786	150,081	114,916
Community Development	-	-	-	-
Unassigned	-	1,666,585	1,633,858	1,715,903
Reserved				
Cemetery	150,587	-	-	-
Noncurrent Interfunds	-	-	-	-
Unreserved				
Designated	-	-	-	-
Undesignated	1,658,810	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,809,397</b>	<b>\$ 1,781,371</b>	<b>\$ 1,783,939</b>	<b>\$ 1,830,819</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable Prepaid Items	\$ -	\$ 231,445	\$ 85,262	\$ 212,505
Restricted				
Maintenance of Roadways	-	572,821	557,533	683,554
Tourism	-	80,970	68,898	269,541
Employee Retirement	-	-	-	-
Insurance	-	-	-	-
Capital Improvements	-	1,831,206	1,343,870	1,504,837
Economic Development	-	49,480	-	2,961
Specific Purposes	-	1,099	-	-
Public Safety	-	-	33,033	25,883
Unrestricted				
Committed - Ambulance Replacement	-	139,702	-	-
Assigned - Ambulance Replacement	-	521,931	368,127	478,307
Assigned - Stormwater	-	332,081	301,017	143,697
Assigned - Railroad	-	231,580	-	-
Assigned - Capital Purposes	-	45,430	42,433	37,470
Unassigned	-	(761,279)	(1,528,752)	(1,074,194)
Reserved				
Prepaid Items	160,533	-	-	-
Encumbrances	-	-	-	-
Maintenance of Roadways	231,058	-	-	-
Economic Development	1,285,461	-	-	-
Tourism	74,632	-	-	-
Stormwater	303,906	-	-	-
Railroad	478,785	-	-	-
Capital Improvements	1,572,045	-	-	-
Employee Retirement	1,416	-	-	-
Public Safety	57,508	-	-	-
Unreserved				
Designated - Special Revenue Funds	-	-	-	-
Designated - Capital Projects Funds	-	-	-	-
Undesignated - Special Revenue Funds	394,871	-	-	-
Undesignated - Capital Projects Funds	92,660	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 4,652,875</b>	<b>\$ 3,276,466</b>	<b>\$ 1,271,421</b>	<b>\$ 2,284,561</b>

\*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

2015	2016	2016*	2017	2018	2019
\$ 687,504.00	\$ 171,592	\$ -	\$ -	\$ -	\$ 54,802
138,314	140,630	141,244	142,281	118,555	121,731
68,477	787	267	-	-	-
1,036,154	1,202,523	1,975,346	1,992,109	2,646,925	3,483,358
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,930,449	\$ 1,515,532	\$ 2,116,857	\$ 2,134,390	\$ 2,765,480	\$ 3,659,891
\$ 215,260	\$ 217,950	\$ 294,061	\$ 13,789	\$ 13,581	\$ 564,360
705,760	50,692	239,433	396,015	586,421	807,163
272,159	242,212	195,302	161,373	174,498	199,873
-	-	153,014	2,553	30,475	27,569
-	-	-	58,062	-	99,483
758,341	1,042,541	1,864,478	2,423,859	7,773,430	8,087,647
142,151	361,688	140,428	373,361	579,373	809,383
58,945	3,236	16,518	14,051	3,662	2,662
28,947	32,219	42,731	32,340	55,262	49,302
-	-	-	-	-	-
478,635	27,214	40,565	60,711	205,079	83,018
124,507	119,483	117,286	108,260	128,646	178,523
-	768,745	656,813	1,873,310	1,796,258	1,604,639
37,217	36,940	22,483	34,650	48,468	47,016
(641,744)	(178,417)	(1,040,345)	(625,916)	(303,391)	(149,153)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 2,180,178	\$ 2,724,503	\$ 2,742,767	\$ 4,926,418	\$ 11,091,762	\$ 12,411,485

**CITY OF ROCHELLE, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>REVENUES</b>				
Taxes	\$ 6,378,028	\$ 5,653,479	\$ 6,038,257	\$ 6,817,791
Licenses and Permits	409,189	337,529	214,563	346,245
Intergovernmental	313,884	4,324,922	5,771,389	1,399,886
Charges for Services	1,062,705	1,164,543	1,120,525	1,051,482
Fines and Forfeitures	126,109	118,596	140,596	132,548
Investment Income	35,049	15,762	8,689	3,483
Miscellaneous	299,288	792,640	110,898	201,432
<b>TOTAL REVENUES</b>	<b>8,624,252</b>	<b>12,407,471</b>	<b>13,404,917</b>	<b>9,952,867</b>
<b>EXPENDITURES</b>				
Current				
General Government	1,978,377	1,878,005	1,975,333	2,099,082
Public Safety	4,285,461	4,340,991	4,893,561	5,115,991
Public Works	1,890,401	1,976,169	2,208,093	1,815,695
Public Service Enterprises	121,799	126,227	123,943	296,959
Conservation and Development	2,005,648	463,174	507,463	371,996
Capital Outlay	3,070,397	6,821,716	7,194,270	1,798,044
Debt Service				
Principal	-	-	-	3,000,000
Interest and Fiscal Charges	58,800	167,859	174,148	212,008
<b>TOTAL EXPENDITURES</b>	<b>13,410,883</b>	<b>15,774,141</b>	<b>17,076,811</b>	<b>14,709,775</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,786,631)</b>	<b>(3,366,670)</b>	<b>(3,671,894)</b>	<b>(4,756,908)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,331,074	3,857,182	4,083,047	4,155,467
Transfers (Out)	(2,282,920)	(1,894,947)	(2,416,405)	(2,025,908)
Bonds Issued	2,940,000	-	-	2,955,000
Premium on Bonds Issued	-	-	-	66,933
Sale of Capital Assets	5,466	-	2,775	-
Loan Proceeds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,993,620</b>	<b>1,962,235</b>	<b>1,669,417</b>	<b>5,151,492</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 206,989</b>	<b>\$ (1,404,435)</b>	<b>\$ (2,002,477)</b>	<b>\$ 394,584</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>0.54%</b>	<b>1.44%</b>	<b>1.55%</b>	<b>23.95%</b>

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

	2015	2016	2016*	2017	2018	2019
\$	7,007,823	\$ 7,182,863	\$ 5,958,206	\$ 7,484,642	\$ 7,912,091	\$ 8,452,142
	262,205	287,451	184,556	258,990	311,395	344,112
	1,963,953	1,925,762	1,221,887	1,317,296	3,458,623	5,254,904
	1,726,395	2,154,558	1,776,011	3,180,816	3,207,235	3,678,563
	99,198	102,461	50,823	103,713	106,399	87,554
	3,581	5,962	7,884	33,906	123,024	210,623
	151,974	128,277	455,901	199,939	473,593	211,459
	11,215,129	11,787,334	9,655,268	12,579,302	15,592,360	18,239,357
	1,978,273	2,264,576	1,773,811	2,315,674	2,473,148	2,551,879
	5,343,694	5,719,994	4,169,903	5,946,478	5,757,199	6,019,750
	1,998,301	2,049,433	1,372,779	1,969,887	2,122,787	2,462,170
	138,957	174,413	91,864	125,360	120,859	163,727
	530,128	758,724	564,957	743,017	626,328	521,778
	3,964,145	4,840,071	2,690,199	1,229,701	4,129,423	7,089,820
	90,000	285,000	125,000	300,000	309,668	314,294
	89,480	138,232	119,788	139,680	133,468	223,045
	14,132,978	16,230,443	10,908,301	12,769,797	15,672,880	19,346,463
	(2,917,849)	(4,443,109)	(1,253,033)	(190,495)	(80,520)	(1,107,106)
	5,611,857	5,435,967	3,514,282	4,041,652	3,533,855	5,311,380
	(2,698,761)	(2,903,950)	(1,648,204)	(1,687,683)	(1,457,558)	(2,633,790)
	-	2,000,000	-	-	4,500,000	598,973
	-	36,644	-	-	128,005	-
	-	10,400	-	10,249	217,329	-
	-	-	-	27,461	-	-
	2,913,096	4,579,061	1,866,078	2,391,679	6,921,631	3,276,563
\$	(4,753)	\$ 135,952	\$ 613,045	\$ 2,201,184	\$ 6,841,111	\$ 2,169,457
	1.70%	3.72%	2.82%	3.79%	3.79%	4.52%

**CITY OF ROCHELLE, ILLINOIS**

ASSESSSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

<b>Levy Year</b>	<b>Farm Property</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>State Railroad</b>	<b>Local Railroad</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable Value</b>
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%
2019	7,024,626	86,099,543	42,486,321	100,621,937	18,626,315	7,520	254,866,262	1.02484	764,675,254	33.330%

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

<b>Levy Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>DIRECT CITY RATE</b>										
City of Rochelle	0.68140	0.70545	0.74480	0.67390	0.71125	0.65046	0.64053	0.58893	0.64020	0.56652
City of Rochelle Pension	0.17895	0.17118	0.19750	0.33090	0.34241	0.36364	0.41253	0.41882	0.47122	0.45832
<b>Total Direct City Rate</b>	<b>0.86035</b>	<b>0.87663</b>	<b>0.94230</b>	<b>1.00480</b>	<b>1.05366</b>	<b>1.01410</b>	<b>1.05306</b>	<b>1.00775</b>	<b>1.11142</b>	<b>1.02484</b>
<b>OVERLAPPING RATES</b>										
Ogle County	0.55378	0.54556	0.55358	0.55690	0.56104	0.56200	0.56131	0.56148	0.58330	0.55938
Ogle County Mental Health	0.05303	0.05301	0.05321	0.05377	0.05561	0.05073	0.05298	0.05209	0.05215	0.05924
Ogle County Extension	0.00985	0.00982	0.00985	0.00929	0.00955	0.00941	0.00920	0.00878	0.00896	0.00858
Ogle County Veterans Assistance	0.00631	0.00628	0.00631	0.00498	0.00512	0.00504	0.00514	0.00492	0.00409	0.00458
Ogle County Senior Services	0.01507	0.01473	0.01478	0.01407	0.01447	0.01529	0.01421	0.01418	0.01550	0.01558
Ogle County Pension	0.09623	0.09588	0.09920	0.12282	0.12931	0.15287	0.14436	0.13716	0.12573	0.10841
Rochelle High School 212	2.49890	2.46049	2.53074	2.54466	2.49790	2.51481	2.52178	2.47856	2.44119	2.35295
Rochelle High School 212 Pension	0.04072	0.04900	0.05085	0.04555	0.04618	0.04541	0.04555	0.04513	0.04601	0.04385
Rochelle Grade School 231	3.00536	3.00860	3.01011	3.00422	3.05081	3.22491	3.21174	3.13806	3.19539	3.20986
Rochelle Grade School 231 Pension	0.04611	0.06052	0.06343	0.06671	0.07571	0.07223	0.07129	0.04655	0.05331	0.06513
Kishwaukee College 523	0.55874	0.57423	0.64306	0.72368	0.71134	0.69299	0.66779	0.66490	0.66566	0.65504
Flagg Rochelle Library	0.16934	0.16809	0.17032	0.17025	0.17934	0.17706	0.17386	0.17460	0.17916	0.17740
Flagg Rochelle Library Pension	0.01145	0.01131	0.00977	0.00993	0.01231	0.01212	0.00789	0.01153	0.01334	0.01238
Flagg Rochelle Parks	0.69445	0.54898	0.56849	0.59249	0.60141	0.59049	0.58425	0.58925	0.59180	0.81418
Flagg Rochelle Park Pension	0.02145	0.01620	0.01781	0.01691	0.02084	0.01230	0.00400	0.00039	0.00387	0.00575
Flagg Road	0.30609	0.31393	0.32745	0.33521	0.35007	0.35250	0.35260	0.35438	0.36180	0.36302
Flagg Township	0.14081	0.14863	0.15385	0.15735	0.16995	0.17566	0.17840	0.17859	0.17658	0.17594
Flagg Township Pension	0.01930	0.02016	0.02344	0.02415	0.02778	0.02604	0.02420	0.02145	0.01781	0.01723

Data Source

Office of the County Clerk

**CITY OF ROCHELLE, ILLINOIS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

Taxpayer	Type of Business	2019		Percentage of Total City Taxable Assessed Valuation	2010		Percentage of Total City Taxable Assessed Valuation
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Americold Real Estate LP	Cold Storage	14,264,000	1	5.60%			
Illinois River Energy	Ethanol Plant	13,323,858	2	5.23%	5,426,185	2	2.69%
Sara Lee Corporation	Cold Storage	12,540,000	3	4.92%			
Exeter	Distribution & Warehouse	11,264,353	4	4.42%			
Americold Real Estate LP	Cold Storage	11,178,897	5	4.39%	5,912,056	1	2.93%
Nippon Sharyo	Manufacturing Facility	4,400,000	6	1.73%			
Nippon Sharyo	Manufacturing Facility	4,200,000	7	1.65%			
Icon Pac	Cold Storage	3,612,283	8	1.42%			
The Northern Trust	Data Center	3,560,118	9	1.40%			
Rochelle Development Joint Vent	Distribution & Warehouse	3,463,241	10	1.36%	3,802,378	3	1.88%
Total Logistic Control	Distribution & Warehouse				3,160,092	4	1.57%
Sara Lee Corporation	Distribution & Warehouse				3,224,454	5	1.60%
Pro Logis Land LLC	Distribution & Warehouse				2,341,114	6	1.16%
Erie Foods	Distribution & Warehouse				2,041,367	7	1.01%
Rochelle Travel Plaza	Truckstop				1,628,513	8	0.81%
Jacobson Rochelle LLC	Appraisal Services				1,446,548	9	0.72%
Seldal Properties	Real Estate Developer				1,411,667	10	0.70%
<b>TOTAL</b>		<u>\$ 81,806,750</u>		<u>32.12%</u>	<u>\$ 30,394,374</u>		<u>15.07%</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
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	2,498,523	99.78%	-	2,498,523	99.78%
2019	2,612,017	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

Note: 2019 property taxes will not be received until the fiscal year 2020.

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				
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%
2019	4,613,782	2,204,620	1,345,192	617,472	14,107,845	2,879,221	510,000	6,597,322	32,875,454	12.90%	3,611.50	14.81%

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, 2019

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<b>Governmental Unit</b>	<b>Gross Debt</b>	<b>Percentage Debt Applicable to the City</b>	<b>City's Share of Debt</b>
City of Rochelle	\$ 4,167,284	100.00%	\$ 4,167,284
School District 231	9,110,000	77.10%	7,024,100
School District 212	11,380,000	57.41%	6,532,749
Kishwaukee Community College	44,391,106	10.81%	4,800,845
Subtotal	64,881,106		18,357,694
<b>TOTAL</b>	<u>\$ 69,048,390</u>		<u>\$ 22,524,978</u>

Note: Overlapping information presented as of September 4, 2018 (most recent available).

Data Source

Official Statement

**CITY OF ROCHELLE, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Less Amounts Available In Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property*</b>	<b>Per Capita</b>
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
2019	3,549,812	3,389,221	-	6,939,033	2.72%	762.28

\*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 financial statements.

Data Source

City Records

**CITY OF ROCHELLE, ILLINOIS**  
**SCHEDULE OF LEGAL DEBT MARGIN**  
December 31, 2019

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<b>ASSESSED VALUATION - 2018 TAX YEAR</b>	<u>\$ 254,866,262</u>
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 21,982,215
Amount of Debt Applicable to Debt Limit	<u>4,734,413</u>
<b>LEGAL DEBT MARGIN</b>	<u>\$ 17,247,802</u>

Data Source

City Records

**CITY OF ROCHELLE, ILLINOIS**

**LEGAL DEBT MARGIN INFORMATION**

Last Ten Levy Years

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<b>Levy Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Legal Debt Limit	\$ 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	\$ 21,982,215
Total Net Debt Applicable to Limit	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	4,734,413
<b>LEGAL DEBT MARGIN</b>	<b>\$ 13,708,766</b>	<b>\$ 13,889,036</b>	<b>\$ 14,668,190</b>	<b>\$ 14,668,190</b>	<b>\$ 14,653,599</b>	<b>\$ 14,154,809</b>	<b>\$ 14,718,236</b>	<b>\$ 16,416,994</b>	<b>\$ 14,206,772</b>	<b>\$ 17,247,802</b>
<b>TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT</b>	27.48%	26.39%	24.50%	24.50%	23.61%	30.19%	28.73%	25.96%	26.89%	21.54%

Data Source

City Records

**CITY OF ROCHELLE, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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%
2019	9,103	221,940,243	24,381	36.0	3,004	4.1%

\*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

<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>% of Total City Population</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>% of Total City Population</b>
Rochelle Foods	800	1	8.79%	800	1	8.36%
Tyson, Hillshire Brands	270	2	2.97%			
Elementary School District #231	260	3	2.86%			
Rochelle Community Hospital	212	4	2.33%	265	2	2.77%
Swift Transportation	205	5	2.25%			
Americold	190	6	2.09%			
High School District #212	180	7	1.98%			
Lineage	180	8	1.98%			
DelMonte	140	9	1.54%	185	4	1.93%
City of Rochelle	130	10	1.43%	124	6	1.30%
AG Manufacturing				100	8	1.05%
Silgan Containers				200	3	2.09%
Total Logistics Controls				125	5	1.31%
Erie Foods				110	7	1.15%
Cedar Siding and Lumber Inc				100	9	1.05%
Master Graphics				60	10	0.63%
<b>TOTAL</b>	<b><u>2,567</u></b>		<b><u>28.22%</u></b>	<b><u>2,069</u></b>		<b><u>21.64%</u></b>

Data Source

Economic Development

**CITY OF ROCHELLE, ILLINOIS**  
**FULL-TIME EQUIVALENT EMPLOYEES**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>GENERAL FUND</b>										
Mayor and City Council	7	7	7	7	7	7	7	7	7	7
City Manager	2	2	2	2	2	2	2	2	0	0
Municipal Building	1.5	1.5	1.5	1.5	1.0	1	1	1	1	1
City Clerk	2	2	2	2	1	2	2	2	1	1
Cemetery	1	1	1	1	1	1	1	1	0	1
Community Development	4	4	4	3	4	5	5	5	5	4
Economic Development	3	3	3	3	2	1	1	2	0	0
Engineering	2	2	2	2	2	2	2	2	2	2
Fire	13	13	12	13	13	13	13	13	13	13
Police	24	26	26	26	26	25	25	26	26	26
Street	10	10	10	10	10	10	10	10	10	9
<b>ENTERPRISE FUND</b>										
Airport	1.5	1.5	1.5	1.5	1.5	2.0	2.0	1.5	1.5	1
Utilities - Administration	2	2	1	2	0.5	0.5	0.5	1.0	1	1
Utilities - Technology Center	-	-	1.0	1	2.0	2	2	2	2	0
Utilities - Communications/ Network Administration	6	6	5	6	3	3	3	3	3	1
Utilities - Electric	31	31	31	31	28	28	28	28	25	25
Utilities - Water	4	4	4	4	5	5	5	5	5	4
Utilities - Water Reclamation	9	9	8	8	8	9	9	8	8	8
<b>INTERNAL FUND</b>										
Administrative Services	6	6	6	6	6	6	6	6	9	9
Network Administration	-	-	-	-	-	-	-	-	2	2

\*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

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>COMMUNITY DEVELOPMENT</b>				
New Construction Single Family Permits	-	-	-	3
Number of Permits Issued	454	467	364	393
Building and Engineering Inspections	1,362	1,401	1,092	1,179
<b>POLICE</b>				
DUI Arrests	79	55	55	38
Criminal Arrests	434	434	310	321
Accidents	314	333	374	437
Ordinance Enforcement	37	25	21	29
Total Tickets	1,376	1,373	1,244	846
Total Calls	10,990	**15,515	**22,371	6,023
<b>FIRE</b>				
Number of Fire Calls Answered	241	235	276	208
Number of EMS Calls Answered	1,554	1,649	1,741	1,749
<b>PUBLIC WORKS</b>				
Trees Planted	12	15	24	109
Trees Removed	27	32	47	122
Street Sweeping (Tons)	494	323	340	359
Street Sweeping (Hours)	1,200	1,200	1,200	1,200
Snow Removal (Hours)	739	1,217	1,929	1,764
Catch Basins/Inlets Cleaned	600	800	1,200	500
Sidewalk Replacement (Square Feet)	49,009	50,816	47,996	47,500
<b>WATER AND SEWER</b>				
Water MGD Pumped (Millions/Gallons)	N/A	N/A	N/A	2.95
Water MGD Billed (Millions/Gallons)	N/A	N/A	N/A	2.57
Sewer MGD Treated (Millions/Gallons)	N/A	N/A	N/A	2.36
Water Meter Installations (New)	11	7	17	6
Water Meter Exchanges	199	260	290	176
Hydrants Flushed	640	640	640	285
<b>ELECTRIC</b>				
Pole Replacements	N/A	N/A	44	27
Electric Meter Installations	N/A	N/A	532	1,461

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

2015	2016	2016*	2017	2018	2019
3	3	4	3	4	1
359	393	329	276	260	313
1,077	1,179	987	828	659	1,252
22	38	50	39	51	39
268	321	265	452	415	412
433	437	432	369	367	176
14	29	6	N/A	N/A	
795	846	789	1,792	1,493	1,113
17,264	6,023	15,649	15,000	11,553	11,739
274	208	259	272	237	289
1,470	1,749	1,564	1,564	1,813	1,752
70	109	30	2	-	-
133	122	45	24	21	33
350	359	330	360	350	725
1,200	1,200	900	1,200	1,200	1,200
641	1,764	512	993	1,331	1,137
900	500	1,200	2,024	755	2,024
18,430	47,500	10,600	640	14,033	17,250
2.74	2.95	2.95	2.81	2.74	2.73
2.37	2.57	2.47	2.33	2.41	2.69
2.76	2.36	2.58	2.82	2.91	3.66
5	6	4	2	4	4
250	176	184	188	195	668
-	285	760	762	762	765
34	27	77	15	18	35
1,081	1,461	1,026	632	157	96

**CITY OF ROCHELLE, ILLINOIS**

**CAPITAL ASSETS STATISTICS BY FUNCTION**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GENERAL GOVERNMENT</b>				
General Government Buildings	48	49	46	48
<b>PUBLIC SAFETY</b>				
Police				
Number of Squad Cars	15	14	14	17
Fire				
Number of Vehicles	11	12	12	12
<b>PUBLIC WORKS</b>				
Number of Vehicles and Equipment	25	23	23	24
Streets (Lane Miles)	160	160	160	160
Alleys (Miles)	7	7	7	7
Bridges and Structures	20	20	20	20
<b>WATER AND SEWER</b>				
Number of Vehicles and Equipment	14	14	14	15
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	11	11	12
Number of Manholes	294	294	294	294
Number of Fire Hydrants	707	707	707	707
<b>ELECTRIC</b>				
Number of Vehicles	16	18	19	19
Overhead Line (Miles)	150	150	150	150
Underground Line (Miles)	58	58	58	58
<b>COMMUNICATIONS</b>				
Fiber (Miles)	35	35	45	45

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

N/A - Information not available

Data Source

City Records

<b>2015</b>	<b>2016</b>	<b>2016*</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
48	48	48	48	47	47
17	17	17	14	14	15
12	12	12	11	12	12
24	24	24	24	24	23
160	160	160	160	160	160
7	7	7	13	13	13
20	20	20	17	17	17
15	15	16	16	16	17
63	63	78	78	100	100
5	5	4	4	5	5
5	5	5	5	5	5
74	74	74	74	100	100
12	12	13	14	15	16
294	294	294	1,470	1,470	1,475
707	707	762	762	800	800
19	19	18	14	15	15
150	150	160	151	146	146
58	58	60	56	65	65
45	45	46	46	46	46