

CITY OF ROCHELLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2012

Prepared by
Finance Department

Chris Frye
Finance Manager

CITY OF ROCHELLE, ILLINOIS
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois (the City), as of and for the year ended April 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Rochelle, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the City's governmental funds' assets or liabilities nor was there any effect to the total amount of the City's governmental fund balances as of and for the year ended April 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 13, 2012 on our consideration of the City of Rochelle, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 Audit Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related disclosures 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rochelle's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Naperville, Illinois
September 13, 2012

A handwritten signature in black ink, appearing to read 'A. J. P.', is located to the right of the date.

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

The management of the City of Rochelle offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending April 30, 2012. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rochelle exceeded its liabilities by \$119,285,870 (net assets). Of this amount, \$19,049,368 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$13,770,331 is restricted for specific purposes (restricted net assets), and \$86,454,219 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$6,592,042. Governmental activities net assets increased by \$998,344, while business-type net assets increased by \$5,593,698.
- The governmental activities net assets increase of \$998,344 is primarily due to an increase in capital grants and contributions of \$3,814,016 related to various ongoing grant-funded City projects.
- On April 30, 2012, the City's governmental funds reported combined fund balances of \$5,057,837, a decrease of \$1,404,435 from April 30, 2011. Unassigned fund balance was \$905,306 at year end.
- Revenues for the governmental activities increased from the previous year by 44%. Expenditures increased by 18%. The dramatic increase in revenues is directly associated with developer contributions and grants.
- The assets of the Electric Utility exceed its liabilities by \$43,935,944 (net assets). Of this amount, \$14,474,966 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$9,374,783 is restricted for debt service (restricted net assets), and \$20,086,195 is invested in capital assets, net of related debt.
- The assets of the Water and Water Reclamation Utility exceeded its liabilities by \$33,316,134 (net assets). Of this amount, \$4,068,485 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$1,681,504 is restricted for debt service (restricted net assets), and \$27,566,145 is invested in capital assets, net of related debt.
- Operating revenues for the Electric Utility were up 10% while expenses were down 14%. Operating expenses increased due to the power costs increasing. Operating revenues increased due to wholesale power costs being passed on to our customers.
- Operating revenues for the Water and Water Reclamation Utility were down 1%, while operating expenses were up 3.5%.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

The City maintains 17 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, capital improvement fund, and railroad fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

**Table 1
Condensed Statements of Net Assets**

	2012	2011	2012	2011	2012	2011
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
Current and Other Assets	\$ 10,525,522	\$ 11,276,482	\$ 33,805,768	\$ 31,128,126	\$ 44,331,290	\$ 42,404,608
Capital Assets	35,209,156	32,486,431	72,392,015	71,012,880	107,601,171	103,499,311
Total Assets	<u>45,734,678</u>	<u>43,762,913</u>	<u>106,197,783</u>	<u>102,141,006</u>	<u>151,932,461</u>	<u>145,903,919</u>
Long-term Liabilities	3,188,157	3,272,421	19,668,863	23,379,904	22,857,020	26,652,325
Other Liabilities	5,020,334	3,962,649	4,769,237	2,595,117	9,789,571	6,557,766
Total Liabilities	<u>8,208,491</u>	<u>7,235,070</u>	<u>24,438,100</u>	<u>25,975,021</u>	<u>32,646,591</u>	<u>33,210,091</u>
Invested in Capital Assets,						
Net of Related Debt	35,209,156	32,486,431	51,245,063	47,880,962	86,454,219	80,367,393
Restricted	2,714,044	3,136,885	11,056,287	11,479,611	13,770,331	14,616,496
Unrestricted	(397,013)	904,527	19,458,333	16,805,412	19,061,320	17,709,939
Total Net Assets	<u>\$ 37,526,187</u>	<u>\$ 36,527,843</u>	<u>\$ 81,759,683</u>	<u>\$ 76,165,985</u>	<u>\$ 119,285,870</u>	<u>\$ 112,693,828</u>

The largest portion of the City's net assets (72%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (16%) may be used to meet the government's ongoing obligation to citizens and creditors.

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

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2012

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

**Table 2
Condensed Statement of Activities**

	2012	2011	2012	2011	2012	2011
	<u>Governmental</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Business-type</u>	<u>2012</u>	<u>2011</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues:						
Program Revenues						
Charges for Services	\$ 1,726,598	\$ 1,677,263	\$ 34,748,039	\$ 31,954,621	\$ 36,474,637	\$ 33,631,884
Operating Grants and contributions	316,878	428,029	-	-	316,878	428,029
General Revenues						
Property Taxes	1,968,013	1,974,363	61,985	61,895	2,029,998	2,036,258
Other Taxes	4,481,046	4,403,664	-	-	4,481,046	4,403,664
Other	59,665	105,144	92,708	228,070	152,373	333,214
Total Revenues	<u>8,552,200</u>	<u>8,588,463</u>	<u>34,902,732</u>	<u>32,244,586</u>	<u>43,454,932</u>	<u>40,824,402</u>
Expenses:						
General Government	1,984,007	2,196,004	-	-	1,984,007	2,196,004
Public Safety	4,715,710	4,312,468	-	-	4,715,710	4,312,468
Public Works	4,219,449	3,418,490	-	-	4,219,449	3,418,490
Conservation and Development	2,148,272	2,009,540	-	-	464,900	2,009,540
Public Service Enterprises	136,065	123,050	-	-	1,819,437	123,050
Landfill	-	-	397,471	450,491	397,471	450,491
Airport	-	-	766,300	416,249	766,300	416,249
Electric	-	-	23,599,387	20,856,403	23,599,387	20,856,403
Water and Water Reclamation	-	-	3,906,034	3,792,934	3,906,034	3,792,934
Communications	-	-	847,598	995,213	847,598	995,213
Technology Center	-	-	431,483	419,894	431,483	419,894
Interest and Fiscal Charges	167,859	124,897	-	-	167,859	124,897
Total Expenses	<u>13,371,362</u>	<u>12,184,449</u>	<u>29,948,273</u>	<u>26,931,184</u>	<u>43,319,635</u>	<u>39,115,633</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	(4,819,162)	(3,595,986)	4,954,459	5,313,402	135,297	1,717,416
Capital Grants and Contributions	3,855,271	41,255	2,601,474	2,754,075	6,456,745	2,795,330
Transfers	1,962,235	2,048,154	(1,962,235)	(2,048,154)	-	-
Changes in Net Assets	998,344	(1,506,577)	5,593,698	6,019,323	6,592,042	4,512,746
Beginning Net Assets	<u>36,527,843</u>	<u>38,034,420</u>	<u>76,165,985</u>	<u>70,146,662</u>	<u>112,693,828</u>	<u>108,181,082</u>
Net Assets End-of-Year	<u>\$ 37,526,187</u>	<u>\$ 36,527,843</u>	<u>\$ 81,759,683</u>	<u>\$ 76,165,985</u>	<u>\$119,285,870</u>	<u>\$112,693,828</u>

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net assets by \$998,344. This increase is primarily a result of the following items:

- Grants that funded infrastructure improvements including rail and the airport

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net assets by \$5,593,698. This increase is primarily a result of the following items:

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

The focus of the City of Rochelle's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 April 30, 2012, the City's governmental funds reported combined fund balances of \$5,057,837. Approximately 18% of this amount, \$905,306 constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$4,152,531 is nonspendable in form (prepaid items), restricted or unrestricted (assigned or committed) for various capital improvements, tourism/employee benefits, and other specific purposes.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2012

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

GOVERNMENTAL FUNDS (cont.)

General Fund

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund decreased \$28,026 or 1.6%. Unrestricted, unassigned fund balance increased \$7,775.

Capital Projects Fund

The capital projects fund decreased its fund balance by \$311,880 from \$(3,748) at April 30, 2011 to (\$315,628) at April 30, 2012.

Railroad Fund

The railroad fund decreased its fund balance by \$247,205 from \$478,785 at April 30, 2011 to \$231,580 at April 30, 2012.

Non-major Governmental Funds

Fund balance of all other governmental funds is \$3,360,514 which all but \$231,445 (nonspendable prepaid items) are restricted, committed, 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget had total appropriations of \$7,926,814. Actual expenditures and transfers out were \$7,687,220, resulting in a \$239,594 favorable variance.

Total revenues and other sources were \$5,810,959, \$306,885 less than the final budget.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2012

CAPITAL ASSETS

At the end fiscal year 2012, the City had invested a total of \$103,499,311 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	2012	2011	2012	2011	2012	2011
	Governmental	Governmental	Business-type	Business-type	2012	2011
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Construction in progress	\$ 1,258,346	\$ 6,129,165	\$ 1,475,379	\$ 588,137	\$ 2,733,725	\$ 6,717,302
Land and other assets not being depreciated	5,369,492	5,349,644	2,355,315	2,355,315	7,724,807	7,704,959
Buildings and improvements	3,036,479	3,024,893	6,203,468	6,390,234	9,239,947	9,415,127
Machinery and equipment	5,771,159	5,522,467	10,406,375	10,345,195	16,177,534	15,867,662
Infrastructure and utility plant	<u>40,421,683</u>	<u>31,804,837</u>	<u>115,335,355</u>	<u>111,021,586</u>	<u>155,757,038</u>	<u>142,826,423</u>
 Total Capital Assets	 55,857,159	 51,831,006	 135,775,892	 130,700,467	 191,633,051	 182,531,473
 Less: Accumulated Depreciation	 <u>(20,648,003)</u>	 <u>(19,344,575)</u>	 <u>(63,383,877)</u>	 <u>(59,687,587)</u>	 <u>(84,031,880)</u>	 <u>(79,032,162)</u>
 Net Capital Assets	 <u>\$ 35,209,156</u>	 <u>\$ 32,486,431</u>	 <u>\$ 72,392,015</u>	 <u>\$ 71,012,880</u>	 <u>\$ 107,601,171</u>	 <u>\$ 103,499,311</u>

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

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

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

LONG-TERM DEBT

At April 30, 2012, the City had \$22,465,000 of long-term bonds and loans outstanding. \$14,330,000 of this is revenue debt, \$4,490,000 is debt certificates, \$705,000 is a general obligation bond, and \$2,940,000 is a general obligation tax increment financing bond. The debt is payable either through the City's enterprise funds/business type activities, the TIF, or tax levy.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2013 City budget. None of these conditions are anticipated to change the overall financial position of the City.

REQUESTS FOR INFORMATION

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

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 4,204,433	\$ 14,663,161	\$ 18,867,594
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	1,988,969	63,096	2,052,065
Accounts	657,170	4,298,541	4,955,711
Accrued Interest	-	4,115	4,115
Other	451,324	166,242	617,566
Prepaid Expenses	233,352	254,190	487,542
Due from Other Governments	1,914,286	54,931	1,969,217
Due to/from Other Funds	253,617	(253,617)	-
Inventory	-	2,068,263	2,068,263
Deposits	-	871,040	871,040
Restricted Assets			
Restricted Cash and Investments	750,004	9,785,701	10,535,705
Prepaid Bond Principal and Interest	-	1,282,538	1,282,538
Special Assessments	-	401,636	401,636
Deferred Charges	-	145,931	145,931
Net Pension Asset	72,367	-	72,367
Capital Assets			
Not Depreciated	6,627,838	3,830,694	10,458,532
Depreciated (Net of Accumulated Depreciation)	28,581,318	68,561,321	97,142,639
Total Assets	45,734,678	106,197,783	151,932,461
LIABILITIES			
Accounts Payable	1,125,435	1,756,227	2,881,662
Claims Payable	96,699	-	96,699
Accrued Payroll	361,174	26,709	387,883
Accrued Interest Payable	66,097	471,359	537,456
Customer Advances	-	506,709	506,709
Other Payables	805,030	147,759	952,789
Deposits Payable	-	30,493	30,493
Unearned Property Taxes	2,438,969	63,096	2,502,065
Long-Term Liabilities			
Due Within One Year	126,930	1,766,885	1,893,815
Due in More than One Year	3,188,157	19,668,863	22,857,020
Total Liabilities	8,208,491	24,438,100	32,646,591
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	35,209,156	51,245,063	86,454,219
Restricted for			
Maintenance of Roadways	572,821	-	572,821
Tourism	80,970	-	80,970
Capital Improvements	1,831,206	-	1,831,206
Public Safety	113,162	-	113,162
Specific Purposes	1,099	-	1,099
Public Service Enterprises	114,786	-	114,786
Debt Service	-	11,068,239	11,068,239
Unrestricted	(397,013)	19,446,381	19,049,368
TOTAL NET ASSETS	\$ 37,526,187	\$ 81,759,683	\$ 119,285,870

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,984,007	\$ 726,043	\$ -	\$ -
Public Safety	4,715,710	652,764	765	-
Public Works	4,219,449	310,538	240,577	3,855,271
Public Service Enterprises	136,065	37,253	-	-
Conservation and Development	2,148,272	-	-	-
Interest	167,859	-	75,536	-
Total Governmental Activities	13,371,362	1,726,598	316,878	3,855,271
Business-Type Activities				
Electric	23,599,387	27,399,527	-	-
Water and Water Reclamation	3,906,034	4,710,716	-	2,466,453
Communications	847,598	947,423	-	-
Technology Center	431,483	565,308	-	-
Landfill	397,471	662,243	-	-
Airport	766,300	462,822	-	135,021
Total Business-Type Activities	29,948,273	34,748,039	-	2,601,474
TOTAL PRIMARY GOVERNMENT	\$ 43,319,635	\$ 36,474,637	\$ 316,878	\$ 6,456,745

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,257,964)	\$ -	\$ (1,257,964)
	(4,062,181)	-	(4,062,181)
	186,937	-	186,937
	(98,812)	-	(98,812)
	(2,148,272)	-	(2,148,272)
	(92,323)	-	(92,323)
	(7,472,615)	-	(7,472,615)
	-	3,800,140	3,800,140
	-	3,271,135	3,271,135
	-	99,825	99,825
	-	133,825	133,825
	-	264,772	264,772
	-	(168,457)	(168,457)
	-	7,401,240	7,401,240
	(7,472,615)	7,401,240	(71,375)
General Revenues			
Taxes			
Property and Replacement	1,968,013	61,985	2,029,998
Sales and Use	2,769,309	-	2,769,309
Telecommunications	350,589	-	350,589
Hotel/Motel	202,782	-	202,782
Utility	362,786	-	362,786
Other	17,040	-	17,040
Shared Income Tax	778,540	-	778,540
Investment Income	15,762	45,097	60,859
Miscellaneous	43,903	47,611	91,514
Transfers In (Out)	1,962,235	(1,962,235)	-
Total	8,470,959	(1,807,542)	6,663,417
CHANGE IN NET ASSETS	998,344	5,593,698	6,592,042
NET ASSETS, MAY 1	36,527,843	76,165,985	112,693,828
NET ASSETS, APRIL 30	\$ 37,526,187	\$ 81,759,683	\$ 119,285,870

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2012

	General	Capital Improvement	Railroad	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 402,797	\$ 465,540	\$ -	\$ 3,054,041	\$ 3,922,378
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	1,348,962	-	-	640,007	1,988,969
Accounts	216,299	342,079	55,958	42,834	657,170
Prepaid Items	-	-	-	231,445	231,445
Due from Other Governments	850,405	35,468	541,373	487,040	1,914,286
Due from Other Funds	925,734	-	-	-	925,734
Restricted Assets					
Cash and Investments	-	-	750,004	-	750,004
TOTAL ASSETS	\$ 3,744,197	\$ 843,087	\$ 1,347,335	\$ 4,455,367	\$ 10,389,986
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 202,876	\$ 708,715	\$ 125,750	\$ 20,029	\$ 1,057,370
Accrued Payroll	355,958	-	2,705	-	358,663
Deposits Payable	55,030	-	750,000	-	805,030
Unearned Revenue	1,348,962	450,000	-	640,007	2,438,969
Due to Other Funds	-	-	237,300	434,817	672,117
Total Liabilities	1,962,826	1,158,715	1,115,755	1,094,853	5,332,149
FUND BALANCES					
Nonspendable Prepaid Items	-	-	-	231,445	231,445
Restricted for Maintenance of Roadways	-	-	-	572,821	572,821
Restricted for Tourism	-	-	-	80,970	80,970
Restricted for Capital Improvements	-	-	-	1,831,206	1,831,206
Restricted for Public Safety	-	-	-	49,480	49,480
Restricted for Specific Purposes	-	-	-	1,099	1,099
Restricted for Cemetery	114,786	-	-	-	114,786
Unrestricted					
Committed for Ambulance Replacement	-	-	-	139,702	139,702
Assigned for Ambulance Replacement	-	-	-	521,931	521,931
Assigned for Stormwater	-	-	-	332,081	332,081
Assigned for Railroad	-	-	231,580	-	231,580
Assigned for Capital Purposes	-	-	-	45,430	45,430
Unassigned	1,666,585	(315,628)	-	(445,651)	905,306
Total Fund Balances	1,781,371	(315,628)	231,580	3,360,514	5,057,837
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,744,197	\$ 843,087	\$ 1,347,335	\$ 4,455,367	\$ 10,389,986

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2012

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 5,057,837
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	35,209,156
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
General Obligation Tax Increment Financing Bonds	(2,940,000)
Accrued interest payable	(66,097)
Compensated absences payable	(225,762)
Net pension obligation	(105,680)
Other postemployment benefit payable	(29,596)
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	553,962
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>72,367</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 37,526,187</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	General	Capital Improvement	Railroad	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,603,995	\$ -	\$ -	\$ 2,049,484	\$ 5,653,479
Licenses and Permits	337,529	-	-	-	337,529
Intergovernmental	783,141	44,131	2,345,777	1,151,873	4,324,922
Charges for Services	834,142	-	293,287	37,114	1,164,543
Fines and Forfeitures	118,596	-	-	-	118,596
Investment Income	2,917	7,459	499	4,887	15,762
Miscellaneous	130,639	629,603	8,083	24,315	792,640
Total Revenues	5,810,959	681,193	2,647,646	3,267,673	12,407,471
EXPENDITURES					
Current					
General Government	1,726,323	-	-	151,682	1,878,005
Public Safety	4,104,256	-	-	236,735	4,340,991
Public Works	1,520,919	-	164,388	290,862	1,976,169
Public Service Enterprises	104,655	-	-	21,572	126,227
Conservation and Development	231,067	-	-	232,107	463,174
Capital Outlay	-	2,298,157	2,705,668	1,817,891	6,821,716
Debt Service					
Interest and fiscal charges	-	-	-	167,859	167,859
Total Expenditures	7,687,220	2,298,157	2,870,056	2,918,708	15,774,141
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,876,261)	(1,616,964)	(222,410)	348,965	(3,366,670)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,962,235	1,305,084	-	589,863	3,857,182
Transfers (Out)	(114,000)	-	(24,795)	(1,756,152)	(1,894,947)
Total Other Financing Sources (Uses)	1,848,235	1,305,084	(24,795)	(1,166,289)	1,962,235
NET CHANGE IN FUND BALANCES	(28,026)	(311,880)	(247,205)	(817,324)	(1,404,435)
FUND BALANCES, MAY 1	1,809,397	(3,748)	478,785	4,177,838	6,462,272
FUND BALANCES, APRIL 30	\$ 1,781,371	\$ (315,628)	\$ 231,580	\$ 3,360,514	\$ 5,057,837

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (1,404,435)
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	4,076,669
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(12,086)
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	(1,341,858)
Change in compensated absences	5,397
Change in net pension obligation	(30,255)
Change in other postemployment benefit obligation	(7,450)
The increase in interest payable is reported as an increase of expense on the statement of activities	-
The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds	(82,956)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(204,682)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 998,344</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2012

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT ASSETS			
Cash and Investments	\$ 9,068,483	\$ 3,111,157	\$ -
Receivables			
Property Taxes	-	-	-
Accounts	3,506,917	686,069	48,040
Accrued Interest	-	1,338	-
Other	165,378	799	65
Prepaid Expenses	217,232	36,958	-
Inventory	1,960,217	3,480	20,224
Deposits	871,040	-	-
Due from Other Governments	-	54,931	-
Due from Other Funds	-	-	-
Restricted Assets			
Cash and Investments	8,766,383	1,019,318	-
Cash Held at Paying Agent	608,400	674,138	-
Total Current Assets	25,164,050	5,588,188	68,329
NONCURRENT ASSETS			
Advance to Other Funds	1,343,170	-	-
Special Assessments	-	401,636	-
Deferred Charges	95,828	18,440	-
Total Noncurrent Assets	1,438,998	420,076	-
CAPITAL ASSETS			
Nondepreciable	697,664	1,693,189	-
Depreciable	67,139,091	52,354,333	3,160,867
Accumulated Depreciation	(35,420,824)	(22,859,161)	(2,447,604)
Net Capital Assets	32,415,931	31,188,361	713,263
Total Assets	59,018,979	37,196,625	781,592

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 178,474	\$ 2,305,047	\$ 14,663,161	\$ 282,055
-	63,096	63,096	-
-	57,515	4,298,541	-
-	2,777	4,115	-
-	-	166,242	451,324
-	-	254,190	1,907
-	84,342	2,068,263	-
-	-	871,040	-
-	-	54,931	-
27,653	-	27,653	-
-	-	9,785,701	-
-	-	1,282,538	-
206,127	2,512,777	33,539,471	735,286
-	-	1,343,170	-
-	-	401,636	-
18,188	13,475	145,931	-
18,188	13,475	1,890,737	-
519,453	920,388	3,830,694	-
5,044,093	4,246,814	131,945,198	116,880
(547,137)	(2,109,151)	(63,383,877)	(116,880)
5,016,409	3,058,051	72,392,015	-
5,240,724	5,584,303	107,822,223	735,286

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET ASSETS (Continued)
 PROPRIETARY FUNDS

April 30, 2012

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT LIABILITIES			
Accounts Payable	\$ 1,637,474	\$ 94,496	\$ 9,323
Customer Advances	506,709	-	-
Accrued Payroll	14,238	9,291	2,494
Accrued Interest Payable	264,949	51,589	-
Other Payables	147,759	-	-
Unearned Property Taxes	-	-	-
Deposits Payable	-	30,242	251
Claims Payable	-	-	-
Due to other funds	-	-	160,488
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	545,000	620,000	-
Capital Lease Payable	-	-	-
IEPA Loans Payable	-	237,668	-
Compensated Absences Payable	97,125	35,054	14,672
Total Current Liabilities	3,213,254	1,078,340	187,228
LONG-TERM LIABILITIES			
Advance from Other Funds	-	-	441,990
Net Pension Obligation	85,045	37,603	13,623
Long-Term Debt, Net of Current Maturities			
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	11,855,000	1,310,000	-
IEPA Loans Payable	-	1,500,448	-
Unamortized Bond Premium/Discount	8,034	12,388	-
Unamortized Loss on Refunding	(78,298)	(58,288)	-
Total Long-Term Liabilities	11,869,781	2,802,151	455,613
Total Liabilities	15,083,035	3,880,491	642,841
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	20,086,195	27,566,145	713,263
Restricted for Debt Service	9,374,783	1,693,456	-
Unrestricted (Deficit)	14,474,966	4,056,533	(574,512)
TOTAL NET ASSETS	\$ 43,935,944	\$ 33,316,134	\$ 138,751

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,335	\$ 13,599	\$ 1,756,227	\$ 68,065
-	-	506,709	-
-	686	26,709	2,511
143,792	11,029	471,359	-
-	-	147,759	-
-	63,096	63,096	-
-	-	30,493	-
-	-	-	96,699
-	120,782	281,270	-
185,000	30,000	215,000	-
-	-	1,165,000	-
-	-	-	-
-	-	237,668	-
-	2,366	149,217	14,049
330,127	241,558	5,050,507	181,324
901,180	-	1,343,170	-
-	3,308	139,579	-
4,305,000	675,000	4,980,000	-
-	-	13,165,000	-
-	-	1,500,448	-
-	-	20,422	-
-	-	(136,586)	-
5,206,180	678,308	21,012,033	-
5,536,307	919,866	26,062,540	181,324
526,409	2,353,051	51,245,063	-
-	-	11,068,239	-
(821,992)	2,311,386	19,446,381	553,962
\$ (295,583)	\$ 4,664,437	\$ 81,759,683	\$ 553,962

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
OPERATING REVENUES			
Charges for Services	\$ 27,399,527	\$ 4,710,716	\$ 947,423
Miscellaneous	31,621	15,990	-
Total Operating Revenues	27,431,148	4,726,706	947,423
OPERATING EXPENSES			
Administration	-	-	-
Operations	20,930,439	2,463,192	815,807
Depreciation and Amortization	2,110,823	1,289,253	30,197
Total Operating Expenses	23,041,262	3,752,445	846,004
OPERATING INCOME (LOSS)	4,389,886	974,261	101,419
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	-	-
Grants	-	-	-
Investment Income	22,917	14,186	-
Interest Expense	(558,125)	(153,589)	(1,594)
Total Nonoperating Revenues (Expenses)	(535,208)	(139,403)	(1,594)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	3,854,678	834,858	99,825
TRANSFERS			
Transfers In	-	-	-
Transfers (Out)	(1,499,381)	(212,854)	-
Total Transfers	(1,499,381)	(212,854)	-
CONTRIBUTIONS	-	2,466,453	-
CHANGE IN NET ASSETS	2,355,297	3,088,457	99,825
NET ASSETS (DEFICIT), MAY 1	41,580,647	30,227,677	38,926
NET ASSETS (DEFICIT), APRIL 30	\$ 43,935,944	\$ 33,316,134	\$ 138,751

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 565,308	\$ 1,125,065	\$ 34,748,039	\$ 2,066,058
-	-	47,611	-
565,308	1,125,065	34,795,650	2,066,058
-	-	-	2,154,030
106,092	1,005,949	25,321,479	-
143,215	122,802	3,696,290	-
249,307	1,128,751	29,017,769	2,154,030
316,001	(3,686)	5,777,881	(87,972)
-	61,985	61,985	-
-	-	-	-
360	7,634	45,097	5,016
(182,176)	(35,020)	(930,504)	-
(181,816)	34,599	(823,422)	5,016
134,185	30,913	4,954,459	(82,956)
-	250,000	250,000	-
-	(500,000)	(2,212,235)	-
-	(250,000)	(1,962,235)	-
-	135,021	2,601,474	-
134,185	(84,066)	5,593,698	(82,956)
(429,768)	4,748,503	76,165,985	636,918
\$ (295,583)	\$ 4,664,437	\$ 81,759,683	\$ 553,962

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2012

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 26,444,509	\$ 4,741,166	\$ 948,222
Receipts from Interfund Services Transactions	-	-	-
Receipts from Employees and Retirees	-	-	-
Payments to Suppliers	(19,078,843)	(733,369)	(201,816)
Payments to Employees	(1,057,429)	(939,757)	(433,715)
Payments to Other Funds	(281,805)	(747,371)	(148,790)
Net Cash from Operating Activities	6,026,432	2,320,669	163,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	-	-
Repayment from Loans to Other Funds	103,137	-	-
Receipts of Loans from Other Funds	-	-	31,498
Repayment of Loans from Other Funds	-	-	(54,481)
Interest Paid on Interfund Loans	-	-	(1,594)
Transfers (Out)	(1,499,381)	(212,854)	-
Net Cash from Noncapital Financing Activities	(1,396,244)	(212,854)	(24,577)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(696,168)	(1,027,808)	(139,523)
Principal Payments on Long-Term Debt	(976,271)	(836,047)	-
Interest Payments on Long-Term Debt	(552,097)	(142,249)	-
Grant Receipts	-	13,159	-
Net Cash from Capital and Related Financing Activities	(2,224,536)	(1,992,945)	(139,523)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	22,917	14,413	-
Net Cash from Investing Activities	22,917	14,413	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,428,569	129,283	(199)
CASH AND CASH EQUIVALENTS, MAY 1	15,406,297	4,001,192	199
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 17,834,866	\$ 4,130,475	\$ -

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 440,699	\$ 1,116,904	\$ 33,691,500	\$ -
131,679	-	131,679	1,366,365
-	-	-	283,350
(45,695)	(837,651)	(20,897,374)	(1,785,358)
-	(94,204)	(2,525,105)	(425,137)
(65,001)	(107,514)	(1,350,481)	-
461,682	77,535	9,050,219	(560,780)
-	61,912	61,912	-
101,337	-	204,474	-
-	-	31,498	-
(48,655)	-	(103,136)	-
(2,850)	-	(4,444)	-
-	(129,218)	(1,841,453)	-
49,832	(67,306)	(1,651,149)	-
(3,140)	(404,372)	(2,271,011)	-
(175,000)	(30,000)	(2,017,318)	-
(199,195)	(34,632)	(928,173)	-
-	135,022	148,181	-
(377,335)	(333,982)	(5,068,321)	-
360	9,485	47,175	9,559
360	9,485	47,175	9,559
134,539	(314,268)	2,377,924	(551,221)
43,935	2,619,315	22,070,938	833,276
\$ 178,474	\$ 2,305,047	\$ 24,448,862	\$ 282,055

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2012

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 4,389,886	\$ 974,261	\$ 101,419
Adjustments to Reconcile Operating Income			
(Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	2,110,823	1,289,253	30,197
Changes in Assets and Liabilities			
Accounts Receivable	(988,418)	1,985	2,413
Other Receivables	(22,997)	7,358	385
Prepaid Expenses	588	(3,332)	11,855
Inventory	37,886	-	38,871
Deposits	29,309	5,116	(1,999)
Accounts Payable	476,373	56,757	(15,665)
Customer Advances	(4,534)	-	-
Accrued Payroll	(55,788)	(19,860)	(8,920)
Claims Payable	-	-	-
Other Payables	30,104	-	-
Compensated Absences	(6,634)	(7,236)	216
Net Pension Obligation	29,834	16,367	5,129
NET CASH FROM OPERATING ACTIVITIES	\$ 6,026,432	\$ 2,320,669	\$ 163,901
CASH AND INVESTMENTS			
Cash and Investments	\$ 9,068,483	\$ 3,111,157	\$ -
Restricted Cash and Investments	8,766,383	1,019,318	-
TOTAL CASH AND INVESTMENTS	\$ 17,834,866	\$ 4,130,475	\$ -
NONCASH TRANSACTIONS			
Contributions	\$ -	\$ 2,466,453	\$ -
TOTAL NONCASH TRANSACTIONS	\$ -	\$ 2,466,453	\$ -

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 316,001	\$ (3,686)	\$ 5,777,881	\$ (87,972)
143,215	122,802	3,696,290	-
7,069	(8,161)	(985,112)	-
-	-	(15,254)	(416,343)
-	-	9,111	(1,321)
-	(42,508)	34,249	-
-	-	32,426	-
(4,603)	7,562	520,424	2,763
-	-	(4,534)	-
-	(1,609)	(86,177)	(9,075)
-	-	-	(50,506)
-	-	30,104	-
-	(173)	(13,827)	1,674
-	3,308	54,638	-
<u>\$ 461,682</u>	<u>\$ 77,535</u>	<u>\$ 9,050,219</u>	<u>\$ (560,780)</u>
\$ 178,474	\$ 2,305,047	\$ 14,663,161	\$ 282,055
-	-	9,785,701	-
<u>\$ 178,474</u>	<u>\$ 2,305,047</u>	<u>\$ 24,448,862</u>	<u>\$ 282,055</u>
\$ -	\$ -	\$ 2,466,453	\$ 2,466,453
\$ -	\$ -	\$ 2,466,453	\$ 2,466,453

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

April 30, 2012

ASSETS	
Cash and Short-Term Investments	\$ 889,903
Investments, at Fair Value	
U.S. Treasury Securities	3,486,127
U.S. Agency Securities	1,793,537
Certificates of Deposit	1,208,315
Equity Mutual Funds	3,653,585
Corporate Bonds	1,299,183
Municipal Bonds	683,772
Equities	4,492,581
Annuity Contracts	264,577
Receivables	
Accrued Interest	<u>51,656</u>
 Total Assets	 <u>17,823,236</u>
LIABILITIES	
None	<u>-</u>
 Total Liabilities	 <u>-</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u>\$ 17,823,236</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2012

ADDITIONS

Contributions

Employer Contributions	\$ 211,154
Employee Contributions	<u>203,033</u>

Total Contributions	<u>414,187</u>
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Miscellaneous Income	<u>9,704</u>
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Investment Income

Net Appreciation (Depreciation) in Fair Value of Investments	(170,913)
Interest	<u>578,173</u>

Total Investment Income	407,260
Less Investment Expense	<u>(139,692)</u>

Net Investment Income	<u>267,568</u>
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Total Additions	<u>691,459</u>
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DEDUCTIONS

Benefits and Refunds	1,116,969
Administrative Expenses	<u>15,082</u>

Total Deductions	<u>1,132,051</u>
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NET INCREASE (DECREASE)	(440,592)
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NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS

May 1	<u>18,263,828</u>
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April 30	<u><u>\$ 17,823,236</u></u>
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See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2012

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CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Fund Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of 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). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

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

C. Government-Wide and Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

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

The Railroad Fund is used to account for railcar fees assigned for railroad improvements.

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following proprietary fund type:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity less than one year when purchased are stated at cost or amortized cost. Investments with a maturity of one year or greater when purchased are reported at fair value. All investments of the pension trust funds are reported at fair value. Fair value has been based on quoted market prices at April 30, 2012 for debt and equity securities and contract values for mutual funds.

F. Property Taxes

Property taxes for 2011 are levied in December 2011 and attach as an enforceable lien on the property on January 1, 2011. Tax bills are prepared by the County and issued on or about May 1, 2012 and August 1, 2012, and are due and collectible on or about June 1, 2012 and September 1, 2012. The County collects the taxes and remits them periodically to the City. Those 2011 taxes are intended to finance the 2013 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unearned revenue. The 2012 tax levy has not been recorded as a receivable at April 30, 2012, as the tax attached as a lien on property as of January 1, 2012; however, the tax will not be levied until December 2012 and, accordingly, is not measurable at April 30, 2012.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

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

H. Restricted Assets

Certain cash and investments in the Electric Utility Fund and Water and Water Reclamation Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted cash and investments and restrictions of net assets. Restricted cash and investments in the governmental activities/governmental funds is a deposit from a developer for rail improvements.

I. Deferred Charges

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

J. Prepaid Items/Expenses

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

K. Capital Assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

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

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

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

L. Vacation, Sick Pay and Other Employee Benefits

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

M. Interfund Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Receivables/Payables

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

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

O. Long-Term Obligations

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

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

P. Fund Balance/Net Assets

In the fund financial statements, governmental funds report 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 resolutions and ordinances approved by the 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 Manager. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance/Net Assets (Continued)

The City has a policy to maintain unassigned fund balance in the general fund at a target level of 10% - 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 assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

At April 30, 2012, the City had \$456,900 of net assets and fund balances that were restricted for capital improvements as a result of enabling legislation adopted by the City.

O. Use of Estimates

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

2. CASH AND INVESTMENTS

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

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

2. CASH AND INVESTMENTS (Continued)

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

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

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

City Deposits with Financial Institutions

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

City Investments

The following table presents the investments and maturities of the City’s debt securities as of April 30, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 37,961	\$ -	\$ 37,961	\$ -	\$ -
TOTAL	\$ 37,961	\$ -	\$ 37,961	\$ -	\$ -

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.

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

2. CASH AND INVESTMENTS (Continued)

City Investments (Continued)

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government (Treasury obligations) or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government (GNMAs and Federal Home Loan Bank).

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

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

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

Police and Firefighters' Pension Funds Deposits with Financial Institutions

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

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 1,846,675	\$ 221,659	\$ 860,006	\$ 356,492	\$ 408,518
U.S. Agency Obligations	1,699,080	60,074	199,260	-	1,439,746
Corporate Bonds	1,299,183	186,265	233,605	638,981	240,332
Negotiable Certificates of Deposit	75,698	75,698	-	-	-
TOTAL	\$ 4,920,636	\$ 543,696	\$ 1,292,871	\$ 995,473	\$ 2,088,596

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments (Continued)

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

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy is silent on limiting exposure to custodial credit risk. In addition, the Police Pension Fund allows the 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. The mutual funds are not subject to custodial credit risk.

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

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

The aggregate of equities, mutual funds and variable annuities cannot exceed 50%. Securities in any one company should not exceed 5% of the total Police Pension Fund, and no more than 10% of the total Police Pension Fund should be invested in any one industry. Individual treasury securities may represent 100% of the total Police Pension Fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Police Pension Fund's aggregate bond position.

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

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

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 1,639,452	\$ -	\$ 743,171	\$ 896,281	\$ -
U.S. Agency Obligations	94,457	-	-	-	94,457
State and Local Obligations	683,772	-	-	80,423	603,349
Negotiable Certificates of Deposit	640,849	191,441	449,408	-	-
TOTAL	\$ 3,058,530	\$ 191,441	\$ 1,192,579	\$ 976,704	\$ 697,806

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

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

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

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

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

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

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments (Continued)

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

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 3,010,763	\$ 19,848	\$ -	\$ 3,030,611
Land Right of Way	2,338,881	-	-	2,338,881
Construction in Progress	6,129,165	1,239,577	6,110,396	1,258,346
Total Capital Assets not Being Depreciated	11,478,809	1,259,425	6,110,396	6,627,838
Capital Assets Being Depreciated				
Buildings	3,024,893	11,586	-	3,036,479
Machinery and Equipment	5,522,467	299,208	50,516	5,771,159
Bridges	3,072,551	-	-	3,072,551
Streets	20,288,473	6,083,710	-	26,372,183
Stormwater	4,552,223	-	-	4,552,223
Sidewalks	2,042,295	-	-	2,042,295
Railroad Spur	1,535,665	2,533,136	-	4,068,801
Street Lights	313,630	-	-	313,630
Total Capital Assets Being Depreciated	40,352,197	8,927,640	50,516	49,229,321
Less Accumulated Depreciation for				
Buildings	1,478,944	61,219	-	1,540,163
Machinery and Equipment	3,898,061	336,698	38,430	4,196,329
Bridges	779,587	61,451	-	841,038
Streets	9,216,070	625,797	-	9,841,867
Stormwater	3,145,310	113,806	-	3,259,116
Sidewalks	598,626	51,057	-	649,683
Railroad Spur	179,743	81,376	-	261,119
Street Lights	48,235	10,454	-	58,688
Total Accumulated Depreciation	19,344,575	1,341,858	38,430	20,648,003
Total Capital Assets Being Depreciated, Net	21,007,622	7,585,782	12,086	28,581,318
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 32,486,431	\$ 8,845,207	\$ 6,122,482	\$ 35,209,156

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	\$ 67,094
Public Safety	147,604
Public Works	1,113,742
Public Service Enterprises	<u>13,418</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 1,341,858

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 2,355,315	\$ -	\$ -	\$ 2,355,315
Construction in Progress	588,137	4,310,567	3,423,325	1,475,379
Total Capital Assets not Being Depreciated	<u>2,943,452</u>	<u>4,310,567</u>	<u>3,423,325</u>	<u>3,830,694</u>
Capital Assets Being Depreciated				
Infrastructure	39,804,930	2,324,784	-	42,129,713
Equipment	10,345,196	61,179	-	10,406,375
Other tangible assets	2,014,819	96,589	-	2,111,408
Structures and improvements	1,667,722	263,234	-	1,930,956
Building	4,272,512	-	-	4,272,512
General	7,386,442	187,414	-	7,573,856
Generation	7,420,313	17,522	-	7,437,835
Transmission	10,379,271	-	-	10,379,271
Distribution	44,465,810	1,572,472	335,010	45,703,272
Total Capital Assets Being Depreciated	<u>127,757,015</u>	<u>4,523,194</u>	<u>335,011</u>	<u>131,945,198</u>
Less Accumulated Depreciation for				
Infrastructure	16,610,046	1,035,783	-	17,645,829
Equipment	5,118,788	258,681	-	5,377,469
Other tangible assets	1,292,301	54,947	-	1,347,248
Structures and improvements	512,426	62,644	-	575,070
Building	334,163	106,442	-	440,605
General	3,086,683	138,449	-	3,225,132
Generation	6,390,443	97,344	-	6,487,787
Transmission	6,325,033	383,029	-	6,708,062
Distribution	20,017,704	1,558,971	-	21,576,675
Total Accumulated Depreciation	<u>59,687,587</u>	<u>3,696,290</u>	<u>-</u>	<u>63,383,877</u>
Total Capital Assets Being Depreciated, Net	<u>68,069,428</u>	<u>826,904</u>	<u>335,011</u>	<u>68,561,321</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 71,012,880</u>	<u>\$ 5,137,471</u>	<u>\$ 3,758,336</u>	<u>\$ 72,392,015</u>

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

4. LONG-TERM DEBT

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

	May 1	Additions	Reductions	April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
GO TIF Bonds	\$ 2,940,000	\$ -	\$ -	\$ 2,940,000	\$ -
Compensated Absences*	272,477	121,119	153,785	239,811	126,930
Net Pension Obligation - IMRF*	66,740	30,255	-	96,995	-
Net Pension Obligation – Police	-	8,685	-	8,685	-
Net Other Postemployment Benefit Obligation*	22,146	7,450	-	29,596	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,301,363	\$ 167,509	\$ 153,785	\$ 3,315,087	\$ 126,930

*These liabilities are primarily retired by the General Fund.

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Revenue Bonds					
2005 Electric System bonds	\$ 9,435,000	\$ -	\$ -	\$ 9,435,000	\$ -
2008 Refunding Bonds	3,915,000	-	950,000	2,965,000	545,000
2008 Refunding Bonds	2,535,000	-	605,000	1,930,000	620,000
Total Revenue Bonds	15,885,000	-	1,555,000	14,330,000	1,165,000
General Obligation Debt Certificates	4,665,000	-	175,000	4,490,000	185,000
General Obligation Bonds	735,000	-	30,000	705,000	30,000
IEPA Revolving Loans	1,969,163	-	231,047	1,738,116	237,668
Unamortized Discount	(44,394)	-	(2,346)	(42,047)	-
Unamortized Premium	81,184	-	18,714	62,469	-
Unamortized Loss on Refunding	(185,304)	-	(48,718)	(136,586)	-
Capital Lease	26,271	-	26,271	-	-
Compensated Absences	163,045	149,217	163,045	149,217	149,217
Net Pension Obligation	84,941	54,638	-	139,579	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 23,379,906	\$ 203,855	\$ 2,148,013	\$ 21,435,748	\$ 1,766,885

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

4. LONG-TERM DEBT (Continued)

Bonds payable and other long-term obligations at April 30, 2012 are comprised of the following, excluding the refunded bonds that are defeased in-substance:

General Obligation Debt

	<u>Total</u>	<u>Current Portion</u>
\$5,000,000 2008 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$350,000 from June 30, 2009 to June 30, 2028, interest at 4.27%, retired by the Technology Center Fund.	\$ 4,490,000	\$ 185,000
\$750,000 General Obligation Bonds, due in annual installments of \$15,000 to \$60,000 from June 30, 2011 to June 30, 2029, interest at 3.90% to 5.20%, retired by the Airport Fund, a nonmajor enterprise fund.	<u>705,000</u>	<u>30,000</u>
TOTAL	\$ 5,195,000	\$ 215,000
\$2,940,000 Series 2010 General Obligation, Alternate Revenue Source (Tax Increment Financing) Bonds, due in annual installments of \$60,000 to \$805,000, through December 1, 2030, interest from 2.50% to 7.10%. As qualified recovery zone bonds the City is receiving a 45% tax credit on the interest payments. The effective interest rates of the bonds after discount is 1.38% to 3.97%.	<u>\$ 2,940,000</u>	<u>\$ -</u>
TOTAL TIF FUND ALTERNATE REVENUE BONDS	\$ 2,940,000	\$ -
\$9,435,000 Series 2005 Electric System Revenue Bonds, due in annual installments of \$505,000 to \$880,000, through May 1, 2030, interest from 4.00% to 4.75%.	\$ 9,435,000	\$ -
\$5,755,000 Series 2008 Electric System Revenue Refunding Revenue Bonds, due in annual installments of \$565,000 to \$665,000, through May 1, 2016, interest from 3.50% to 4.50%.	<u>2,965,000</u>	<u>965,000</u>
TOTAL ELECTRIC FUND REVENUE BONDS	\$ 12,400,000	\$ 965,000

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

4. LONG-TERM DEBT (Continued)

Revenue Bonds

	<u>Total</u>	<u>Current Portion</u>
\$3,685,000 Series 2008 Waterworks and Sewerage Refunding Revenue Bonds, due in annual installments of \$15,000 to \$645,000, through May 1, 2014, interest from 3.00% to 3.75%.	\$ 1,930,000	\$ 620,000
TOTAL WATER AND WATER RECLAMATION FUND REVENUE BONDS	\$ 1,930,000	\$ 620,000

Revenue and Alternate Revenue Source Bonds Illinois EPA Loans

	<u>Total</u>	<u>Current Portion</u>
\$3,191,177 Illinois EPA low interest loan related to the Northwest Interceptor Sewer project, due in semiannual installments of \$122,605, through August 2017, interest at 2.89%.	\$ 1,238,691	\$ 210,924
\$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%.	499,425	26,745
TOTAL WATER AND WATER RECLAMATION IEPA LOANS	\$ 1,738,116	\$ 237,669

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, insurance claims and net OPEB obligations) as of April 30, 2012, are as follows:

April 30,	<u>General Obligation Debt</u>		<u>Revenue Bonds</u>	
	Principal	Interest	Principal	Interest
2013	\$ 215,000	\$ 224,811	\$ 1,165,000	\$ 577,361
2014	220,000	215,741	1,215,000	532,461
2015	230,000	206,459	1,255,000	484,304
2016	240,000	196,748	615,000	445,711
2017	255,000	186,612	645,000	417,611
2018-2022	1,440,000	786,317	2,750,000	1,804,290
2023-2027	1,780,000	446,204	3,390,000	1,200,704
2028-2031	815,000	57,190	3,295,000	394,000
TOTAL	\$ 5,195,000	\$ 2,320,082	\$ 14,330,000	\$ 5,856,442

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

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity (Continued)

April 30,	General Obligation Alternate Revenue Debt		Illinois EPA Loans	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ 174,148	\$ 237,669	\$ 46,245
2014	60,000	174,148	244,482	39,432
2015	85,000	172,647	251,490	32,424
2016	110,000	170,098	258,700	25,214
2017	120,000	166,192	266,118	17,797
2018-2022	685,000	742,846	280,082	36,043
2023-2027	910,000	518,515	180,284	13,236
2028-2031	970,000	176,181	19,291	241
TOTAL	\$ 2,940,000	\$ 2,294,775	\$ 1,738,116	\$ 210,632

Revenue Source Bonds

The City issued the Series 2008 Refunding Water and Water Reclamation Alternate Revenue Source Bonds to provide funds for water and water reclamation capital improvements. These bonds are payable from a pledge of the City's water and water reclamation revenues and are being repaid by the Water and Water Reclamation Fund. The bonds are payable solely from water and water reclamation revenues and are payable through 2015. The total principal and interest remaining to be paid on the bonds as of April 30, 2012 is \$2,037,056. Principal and interest paid for the current year was \$684,044 or 30.22% of total customer net revenues of \$2,263,514.

The City issued the Series 2005 Electric Revenue Alternate Revenue Source Bonds and the Series 2008 Refunding Electric Alternate Revenue Source Bonds to provide funds for electric capital improvements. These bonds are payable from a pledge of the City's electric revenues and are being repaid by the Electric Fund. The bonds are payable solely from electric revenues and are payable through 2031. The total principal and interest remaining to be paid on the bonds as of April 30, 2012 is \$18,149,384. Principal and interest paid for the current year was \$1,498,898 or 23.06% of total customer net revenues of \$6,500,709.

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

4. LONG-TERM DEBT (Continued)

Advanced Refunding

Electric

On July 22, 2008, revenue bonds in the amount of \$5,755,000 were issued with an average interest rate of 4.14% to advance refund \$5,660,000 of outstanding bonds with an average interest rate of 4.75%. The net proceeds of \$5,749,424 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered to be defeased and the liability for the old bonds has been removed from the statement of net assets. At April 30, 2012, \$2,980,000 of bonds outstanding are considered defeased.

5. INDUSTRIAL REVENUE BONDS

The City has approved the issuance of industrial revenue bonds for the benefit of private business enterprises. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of April 30, 2012, there was one bond outstanding. The aggregate principal amount payable was \$6,300,000.

6. REVENUE BONDS

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

Account	Amount	Nature of Authorized Expenditures
Operation and Maintenance	Sufficient amount to pay reasonable expenses for one month's operations	Expenses of operating, maintaining and repairing the system
Bond and Interest	Amount sufficient to pay the current bond and interest maturities	Paying principal and interest on bonds
Bond Reserve	\$30,000 per month until account aggregates an amount equal to bond and interest requirements for any succeeding fiscal year	Paying principal and interest on bonds when there are insufficient funds in the bond and interest account

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

6. REVENUE BONDS (Continued)

Account	Amount	Nature of Authorized Expenditures
Depreciation, Improvement and Extension	\$20,000 per month until the account aggregates a minimum of \$7,000,000	Cost of extraordinary maintenance, necessary replacement and improvement or extension of the system
Surplus Revenue	The amount remaining after payment into the above four accounts	Making up deficiencies in the aforementioned accounts, paying of junior lien bonds and for any other lawful corporate purpose

The City has complied with all significant limitations, restrictions and bond covenants during the year ended April 30, 2012. The restricted assets and restricted net assets for purposes other than bond proceeds and the expenses of operating, maintaining and repairing the system, is as follows:

RESTRICTED BOND ORDINANCE ACCOUNTS

Bond and Interest Account	\$ 1,500,185
Bond Reserve Account	2,248,796
Depreciation, Improvement and Extension Account	<u>7,319,258</u>
 TOTAL	 <u><u>\$ 11,068,239</u></u>

7. DEFINED BENEFIT PENSION PLANS

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions

Illinois Municipal Retirement Fund

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 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. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rates for 2011 and 2012 were 10.69% and 11.76% of covered payroll, respectively. The employer required contributions for 2011 and 2012 were 12.69% and 12.28% of covered payroll, respectively.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2011 (most recent information available), the Police Pension Plan membership consisted of:

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	17
Current Employees	
Vested	9
Nonvested	11
	<hr/>
TOTAL	<u>37</u>

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City made a contribution of \$119,932 for the year ended April 30, 2012, which was approximately 8.14% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2011 (most recent information available), the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	9
Current Employees	
Vested	5
Nonvested	8
	<hr/>
TOTAL	<u>22</u>

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past services cost for the Firefighters' Pension Plan. The City made a contribution of \$91,222 for the year ended April 30, 2012 which was approximately 9.98% of covered payroll.

B. Significant Investments

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2010	April 30, 2011	April 30, 2011
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	30 Years, Open	22 Years, Closed	30 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.5% Compounded Annually	7.25% Compounded Annually	7.5% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.0% Compounded Annually	2.25% Compounded Annually	5.5% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.4% to 10.0%	1.1% to 4.9%	Not Available

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2010	\$ 462,518	\$ 222,795	\$ 191,402
	2011	647,651	222,989	124,246
	2012	664,244	227,440	188,396
Actual Contributions	2010	\$ 462,518	\$ 80,237	\$ 118,859
	2011	495,970	205,593	229,306
	2012	579,351	119,932	91,222
Percentage of APC Contributed	2010	100.00%	36.01%	62.10%
	2011	76.58%	92.20%	184.56%
	2012	87.22%	52.73%	48.42%
NPO (Asset)	2010	\$ -	\$ (116,219)	\$ (64,481)
	2011	151,681	(98,823)	(169,541)
	2012	236,574	8,685	(72,367)

The NPO (asset) at April 30, 2012 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 661,000	\$ 228,549	\$ 192,286
Interest on Net Pension Obligation (Asset)	11,376	(7,165)	(12,823)
Adjustment to Annual Required Contribution	(8,132)	6,056	8,933
Annual Pension Cost	664,244	227,440	188,396
Contributions Made	579,351	119,932	91,222
(Increase) Decrease in Net Pension Obligation (Asset)	84,893	107,508	97,174
Net Pension Obligation (Asset), Beginning of Year	151,681	(98,823)	(169,541)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 236,574	\$ 8,685	\$ (72,367)

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status

The funded status of the plans as of December 31, 2011 for IMRF and April 30, 2011 (most recent information available) for the Police and Firefighters' Pension Plans based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 7-C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 17,243,459	\$ 12,981,772	\$ 8,556,229
Actuarial Value of Plan Assets	13,034,163	11,004,676	7,259,152
Unfunded Actuarial Accrued Liability (UAAL)	4,209,296	1,977,096	1,297,077
Funded Ratio (Actuarial Value of Plan Assets/AAL)	75.59%	84.77%	84.84%
Covered Payroll (Active Plan Members)	\$ 5,299,632	\$ 1,192,068	\$ 810,627
UAAL as a Percentage of Covered Payroll	79.43%	165.85%	160.01%

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

E. Summary Financial Information

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
NET ASSETS			
Cash and Short-Term Investments	\$ 768,038	\$ 121,865	\$ 889,903
Investments, at Fair Value			
U.S. Treasury Securities	1,846,675	1,639,452	3,486,127
U.S. Agency Securities	1,699,080	94,457	1,793,537
Certificates of Deposit	75,698	1,132,617	1,208,315
Equity Mutual Funds	343,311	3,310,274	3,653,585
Corporate Bonds	1,299,183	-	1,299,183
Municipal Bonds	-	683,772	683,772
Equities	4,492,581	-	4,492,581
Annuity Contracts	-	264,577	264,577
Receivables			
Accrued Interest	30,298	21,358	51,656
Total Assets	10,554,864	7,268,372	17,823,236
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 10,554,864	\$ 7,268,372	\$ 17,823,236

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

E. Summary Financial Information (Continued)

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 119,932	\$ 91,222	\$ 211,154
Employee Contributions	123,927	79,106	203,033
Total Contributions	243,859	170,328	414,187
Miscellaneous Income	5,536	4,168	9,704
Investment Income			
Net Appreciation (Depreciation) In Fair Value of Investments	(239,217)	68,304	(170,913)
Interest	355,509	222,664	578,173
Total Investment Income	116,292	290,968	407,260
Less Investment Expense	(129,452)	(10,240)	(139,692)
Net Investment Income (Loss)	(13,160)	280,728	267,568
Total Additions	236,235	455,224	691,459
DEDUCTIONS			
Benefits and Refunds	670,965	446,004	1,116,969
Administrative Expenses	15,082	-	15,082
Total Deductions	686,047	446,004	1,132,051
NET INCREASE (DECREASE)	(449,812)	9,220	(440,592)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	11,004,676	7,259,152	18,263,828
April 30	\$ 10,554,864	\$ 7,268,372	\$ 17,823,236

8. RISK MANAGEMENT

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

Illinois Municipal League Risk Management Association (the Association)

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

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

All funds of the City participate in the health claims risk management program. Amounts payable to the health insurance fund are based on estimates of the amounts necessary to pay prior year and current year claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and societal factors. Changes in the balances of claims liabilities during the years ended April 30, 2012 and 2011 are as follows:

	2012	2011
CLAIMS PAYABLE, MAY 1	\$ 147,205	\$ 182,822
Add Claims Incurred and Claims Adjustment	2,373,429	1,432,280
Less Claims Paid	2,423,935	1,467,897
CLAIMS PAYABLE, APRIL 30	<u>\$ 96,699</u>	<u>\$ 147,205</u>

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grants

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

C. Northern Illinois Municipal Power Agency

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

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

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

C. Northern Illinois Municipal Power Agency (Continued)

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is \$533 million as of December 31, 2011.

D. Rochelle Waste Disposal

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

E. Ogle-Lee Fire Protection District

The City is engaged in an intergovernmental agreement for fire protection services with Ogle-Lee Fire Protection District (the District). The management board consists of two members appointed by the District and two by the City. The District is required to pay of \$44,397 for fiscal year 2013. The annual payment shall be adjusted annually through April 30, 2015 by the change in the equalized assessed valuation of the District as determined by the County Clerks of Ogle and Lee Counties.

10. INDIVIDUAL FUND DISCLOSURES

A. Due from/to other funds at April 30, 2012 consisted of the following:

	Due From	Due To
General	\$ 925,734	\$ -
Railroad	-	237,300
Technology Center	27,653	-
Communications	-	160,488
Nonmajor Governmental	-	434,817
Nonmajor Enterprise	-	120,782
TOTAL	<u>\$ 953,387</u>	<u>\$ 953,387</u>

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

A. (Continued)

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

- \$237,300 due from the Railroad Fund to the General Fund to cover temporary cash deficits. Repayment is expected within one year.
- \$132,835 due from the Communications Fund to the General Fund to cover temporary cash deficits. Repayment is expected within one year.
- \$27,653 due from the Communications Fund to the Technology Center Fund to cover temporary cash deficits. Repayment is expected within one year.
- \$434,817 due from the Nonmajor Governmental Funds to the General Fund to cover temporary cash deficits. Repayment is expected within one year.
- \$120,782 due from the Nonmajor Enterprise Funds to the General Fund to cover temporary cash deficits. Repayment is expected within one year.

B. Advances from/to other funds at April 30, 2012 consisted of the following:

	Advance To	Advance From
Electric Utility	\$ 1,343,170	\$ -
Technology Center	-	901,180
Communications	-	441,990
TOTAL	\$ 1,343,170	\$ 1,343,170

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

- \$1,343,170 advanced from the Electric Utility Fund to the Technology Center and Communications Fund is for funding of capital projects. Repayment is not expected within one year.

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

C. Interfund transfers during the year ended April 30, 2012 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,962,235	\$ 114,000
Capital Projects	1,305,084	-
Railroad	-	24,795
Nonmajor Governmental	589,863	1,756,152
Electric Utility	-	1,499,381
Water and Water Reclamation	-	212,854
Nonmajor Enterprise	250,000	500,000
	<u>\$ 4,107,182</u>	<u>\$ 4,107,182</u>
TOTAL	<u>\$ 4,107,182</u>	<u>\$ 4,107,182</u>

The purposes of significant interfund transfers are as follows:

- \$1,962,235 transferred to the General Fund was made up of \$1,499,381 from the Electric Utility Fund, \$212,854 from the Water and Water Reclamation Fund and \$250,000 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and City policies. The transfers will not be repaid.
- \$ 1,280,289 transferred to the Capital Projects Fund from the Nonmajor Governmental Funds for various capital projects. An additional \$24,795 was transferred from the Railroad Fund. The transfers will not be repaid.
- 589,863 transferred to the Nonmajor Governmental Funds (TIF Fund) from the Nonmajor Governmental Funds (Sales Tax Fund \$475,863) for the City's contribution to the TIF Fund and \$114,000 from the General Fund to the Ambulance Replacement Fund. These transfers will not be repaid.

D. Fund Balance/Net Asset Deficits

As of April 30, 2012, the Capital Improvement Fund, the Insurance Fund, the IMRF Fund, the Social Security Fund, the TIF Fund, and the TIF Development Fund had deficit fund balances of \$315,628, \$123,476, \$28,804, \$15,093, \$15,470 and \$31,163, respectively.

As of April 30, 2012, the Technology Center Fund had deficit net assets of \$295,583.

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

11. RECEIVABLES

The following receivables are included in due from other governments on the statement of net assets at April 30, 2012:

GOVERNMENTAL ACTIVITIES	
Telecommunications tax	\$ 97,933
Income tax	285,568
Use tax	34,026
Sales tax	658,531
Auto rental tax	52
State grants	819,589
Motor fuel tax	<u>18,587</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,914,286</u>

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

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

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Membership

At April 30, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	-
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>117</u>
TOTAL	<u><u>117</u></u>
 Participating Employers	 <u><u>1</u></u>

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ended April 30, 2012, retirees contributed \$38,609. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010, 2011 and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
April 30, 2010	\$ 23,287	\$ 16,079	69.05%	\$ 14,818
April 30, 2011	23,407	16,079	68.69%	22,146
April 30, 2012	23,529	16,079	68.34%	29,596

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation (NOPEBO) as April 30, 2012 was calculated as follows:

Annual Required Contribution	\$ 23,160
Interest on Net OPEB Obligation	1,107
Adjustment to Annual Required Contribution	<u>(738)</u>
Annual OPEB Cost	23,529
Contributions Made	<u>16,079</u>
Increase in Net OPEB Obligation	7,450
Net OPEB Obligation, Beginning of Year	<u>22,146</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 29,596</u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2012 was as follows:

Actuarial Accrued Liability (AAL)	\$ 461,198
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	461,198
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 8,044,646
UAAL as a Percentage of Covered Payroll	6.32%

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

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

In the April 30, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 5.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% reduced to an ultimate healthcare cost trend rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30-year basis.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 3,822,372	\$ 3,603,995	\$ (218,377)
Licenses and Permits	295,500	337,529	42,029
Intergovernmental	795,000	783,141	(11,859)
Charges for Services	909,772	834,142	(75,630)
Fines and Forfeitures	150,200	118,596	(31,604)
Investment Income	13,000	2,917	(10,083)
Miscellaneous	132,000	130,639	(1,361)
Total Revenues	6,117,844	5,810,959	(306,885)
EXPENDITURES			
Current			
General Government	1,960,429	1,726,323	(234,106)
Public Safety	4,061,559	4,104,256	42,697
Public Works	1,565,405	1,520,919	(44,486)
Public Service Enterprises	115,120	104,655	(10,465)
Conservation and Development	224,301	231,067	6,766
Total Expenditures	7,926,814	7,687,220	(239,594)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,808,970)	(1,876,261)	(67,291)
OTHER FINANCING SOURCES (USES)			
Transfers In	1,962,235	1,962,235	-
Transfers (Out)	(114,000)	(114,000)	-
Total Other Financing Sources (Uses)	1,848,235	1,848,235	-
NET CHANGE IN FUND BALANCE	\$ 39,265	(28,026)	\$ (67,291)
FUND BALANCE, MAY 1		1,809,397	
FUND BALANCE, APRIL 30		\$ 1,781,371	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2012

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2006	\$ 13,828,205	\$ 13,635,061	101.42%	\$ (193,144)	\$ 4,402,969	(4.39%)
2007	14,112,377	14,475,003	97.49%	362,626	4,607,784	7.87%
2008	11,875,370	15,034,490	78.99%	3,159,120	4,826,277	65.46%
2009	12,400,486	16,742,139	74.07%	4,341,653	5,331,355	81.44%
2010	13,239,161	17,048,862	77.65%	3,809,701	5,211,960	73.10%
2011	13,034,163	17,243,459	75.59%	4,209,296	5,299,632	79.43%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2012

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	\$ 11,161,527	\$ 10,562,263	105.67%	\$ (599,264)	\$ 1,066,104	(56.21%)
2009	9,480,687	10,765,768	88.06%	1,285,081	1,106,415	116.15%
2010	10,637,699	11,528,455	92.27%	890,756	1,150,635	77.41%
2011	11,004,676	12,981,772	84.77%	1,977,096	1,192,068	165.85%
2012	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

(See independent auditor's report.)

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

April 30, 2012

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	\$ 6,742,274	\$ 7,030,573	95.90%	\$ 288,299	\$ 723,769	39.83%
2009	6,028,558	7,557,237	79.77%	1,528,679	677,686	225.57%
2010	6,818,820	8,072,700	84.47%	1,253,880	740,031	169.44%
2011	7,259,152	8,556,229	84.84%	1,297,077	810,627	160.01%
2012	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2012

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 290,707	0.00%	\$ 290,707	\$ 6,948,284	4.18%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	461,198	0.00%	461,198	8,044,646	5.73%

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

N/A - Not available

(See independent auditor's report.)

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

April 30, 2012

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2007	\$ 400,877	\$ 400,877	100.00%
2008	389,963	389,963	100.00%
2009	471,292	471,292	100.00%
2010	462,518	462,518	100.00%
2011	495,970	647,651	76.58%
2012	579,351	661,000	87.65%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2012

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2007	\$ 162,835	N/A	N/A
2008	138,889	\$ 73,509	188.94%
2009	147,071	105,177	139.83%
2010	80,237	227,157	35.32%
2011	205,593	227,157	90.51%
2012	119,932	228,549	52.48%

N/A - Not available

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

April 30, 2012

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2007	\$ 195,788	N/A	N/A
2008	131,521	\$ 103,872	126.62%
2009	139,398	126,405	110.28%
2010	118,859	193,712	61.36%
2011	229,306	193,712	118.37%
2012	91,222	192,286	47.44%

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2012

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 16,079	\$ 23,689	67.88%
2010	16,079	23,160	69.43%
2011	16,079	23,160	69.43%
2012	16,079	23,160	69.43%

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

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

1. BUDGETS

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

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

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

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

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

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

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

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

Budgetary authority lapses at year end.

2. INDIVIDUAL FUND DISCLOSURES

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

<u>Fund</u>	<u>Excess</u>
IMRF	\$ 723
Social Security	2,872
Foreign Fire Insurance Fund	9,119

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

MAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property	\$ 1,105,872	\$ 1,085,971	\$ (19,901)
Road and Bridge	120,000	133,187	13,187
Local Use	117,000	139,676	22,676
Telecommunications	312,000	350,589	38,589
State Sales	1,942,500	1,713,521	(228,979)
Replacement	225,000	181,051	(43,949)
Total Taxes	3,822,372	3,603,995	(218,377)
Licenses and Permits			
Licenses			
Amusement	2,500	2,155	(345)
Liquor	20,100	17,750	(2,350)
Franchise	105,000	110,710	5,710
Other	400	-	(400)
Permits			
Building	167,500	206,914	39,414
Total Licenses and Permits	295,500	337,529	42,029
Intergovernmental			
Shared Income Tax	766,000	778,540	12,540
Federal Grants	29,000	-	(29,000)
State Grants	-	4,601	4,601
Total Intergovernmental	795,000	783,141	(11,859)
Charges for Services			
Fire Protection	44,772	44,765	(7)
Ambulance Fees	530,000	395,903	(134,097)
Police Services	38,500	88,901	50,401
Planning/Zoning Fees	65,000	74,170	9,170
Grave Opening Fees	21,500	23,125	1,625
Brush Pick-up Fees	85,500	85,500	-
Cemetery Lot Sales	15,000	11,706	(3,294)
Cemetery Receipts	4,500	2,422	(2,078)
Water Reclamation Solid Waste	105,000	107,650	2,650
Total Charges for Services	909,772	834,142	(75,630)

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Fines and Forfeitures			
Circuit Court	\$ 145,000	\$ 117,496	\$ (27,504)
Alarm	5,200	1,100	(4,100)
Total Fines and Forfeitures	150,200	118,596	(31,604)
Investment Income	13,000	2,917	(10,083)
Miscellaneous			
Refunds/Reimbursements	100,000	101,332	1,332
Miscellaneous	32,000	29,307	(2,693)
Total Miscellaneous	132,000	130,639	(1,361)
TOTAL REVENUES	\$ 6,117,844	\$ 5,810,959	\$ (306,885)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Mayor and Council			
Salaries	\$ 50,500	\$ 51,522	\$ 1,022
Travel Expenditures and Dues	9,000	4,789	(4,211)
Conferences	2,500	3,433	933
Supplies and Equipment	500	450	(50)
Other Professional Services	200	-	(200)
Printing	200	-	(200)
Publications	200	-	(200)
Community Relations	500	441	(59)
Recruitment	-	6,369	6,369
Equipment	2,000	-	(2,000)
Total Mayor and Council	65,600	67,004	1,404
City Clerk			
Salaries	107,886	107,291	(595)
Health Insurance	18,514	23,312	4,798
Data Processing Services	8,500	3,254	(5,246)
Postage	7,075	4,679	(2,396)
Publishing	1,500	159	(1,341)
Printing	750	-	(750)
Travel Expenditures and Dues	4,100	2,318	(1,782)
Tuition and Training	700	195	(505)
Publications	500	72	(428)
Conferences	1,200	839	(361)
Office Supplies	1,500	1,357	(143)
Microcomputer Software	300	-	(300)
Maintenance of Equipment	500	-	(500)
Equipment	3,000	-	(3,000)
Brush Grove Drainage	2,500	2,500	-
Miscellaneous Charges	6,000	5,385	(615)
Total City Clerk	164,525	151,361	(13,164)
Municipal Building			
Salaries	46,605	46,320	(285)
Health Insurance	13,002	15,343	2,341
Maintenance (Buildings)	15,000	5,736	(9,264)
Maintenance (Grounds)	-	321	321
Maintenance (Other)	2,500	1,660	(840)
Network Administration	234,483	234,483	-
Publishing	400	107	(293)
Other Professional Services	21,500	24,024	2,524
Utilities	60,000	51,205	(8,795)
Telephone	4,000	3,362	(638)
Garbage Disposal/Recycling	500	480	(20)

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Municipal Building (Continued)			
Other Contractual Services	\$ 26,000	\$ 25,906	\$ (94)
Property Tax	4,000	4,612	612
Maintenance Supplies	5,200	2,011	(3,189)
Office Supplies	4,000	2,557	(1,443)
General Supplies	5,000	4,624	(376)
Buildings	20,000	17,739	(2,261)
Equipment	1,100	907	(193)
Public Relations	25,000	26,267	1,267
Contingency	40,000	-	(40,000)
Miscellaneous Charges	1,000	65	(935)
Administrative Services	196,251	196,251	-
Total Municipal Building	725,541	663,980	(61,561)
City Attorney			
Legal	112,600	100,087	(12,513)
Conferences	100	240	140
Other Professional Services	1,200	-	(1,200)
Publications and Dues	100	66	(34)
Total City Attorney	114,000	100,393	(13,607)
City Manager			
Salaries	178,500	126,864	(51,636)
Health Insurance	18,514	12,324	(6,190)
Other Professional Services	5,000	4,250	(750)
Telephone	1,500	1,185	(315)
Dues	1,000	2,068	1,068
Travel	1,500	794	(706)
Tuition	700	-	(700)
Publications	500	10	(490)
Conferences	1,000	1,425	425
Office Supplies	1,000	905	(95)
Public Relations	2,000	1,242	(758)
Equipment	1,000	542	(458)
Total City Manager	212,214	151,609	(60,605)
Building, Zoning and Engineering			
Salaries	461,320	384,196	(77,124)
Health Insurance	64,029	74,962	10,933
Maintenance (Building)	1,000	2,661	1,661
Maintenance (Equipment)	2,000	456	(1,544)
Maintenance (Vehicles)	2,450	3,027	577
Engineering	88,000	64,725	(23,275)
Medical Services	-	90	90

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Building, Zoning and Engineering (Continued)			
Other Professional Services	\$ 13,200	\$ 14,347	\$ 1,147
Postage	-	6	6
Telephone	4,400	3,419	(981)
Printing	1,150	809	(341)
Dues	1,600	2,489	889
Travel	2,100	881	(1,219)
Training	2,200	707	(1,493)
Publications	3,850	4,650	800
Utilities	3,500	3,607	107
Supplies (Equipment)	3,200	3,109	(91)
Office Supplies	2,800	2,632	(168)
General Supplies	400	387	(13)
Small Tools	700	971	271
Gasoline and Oil	4,800	6,131	1,331
Capital Improvements	7,600	9,961	2,361
Software	6,500	5,454	(1,046)
Miscellaneous	1,750	2,299	549
	<hr/>		
Total Building, Zoning and Engineering	678,549	591,976	(86,573)
	<hr/>		
Total General Government	1,960,429	1,726,323	(234,106)
	<hr/>		
PUBLIC SAFETY			
Police Department			
Salaries	1,893,691	1,829,628	(64,063)
Health Insurance	283,642	343,780	60,138
Pension Contribution	120,488	119,932	(556)
Uniform Allowance	20,000	14,774	(5,226)
Maintenance (Equipment)	26,000	29,293	3,293
Maintenance (Vehicles)	20,000	25,383	5,383
Medical Services	1,000	1,978	978
Data Processing Services	20,000	17,918	(2,082)
Other Professional Services	2,000	620	(1,380)
Postage	1,000	271	(729)
Telephone	20,000	15,393	(4,607)
Printing and Publishing	4,000	3,270	(730)
Dues	2,200	793	(1,407)
Travel	2,000	1,643	(357)
Training	15,000	8,249	(6,751)
Publications	250	-	(250)
Utilities	1,176	1,252	76
Animal Control	7,000	4,288	(2,712)
Supplies (Equipment)	500	-	(500)
Supplies (Vehicles)	3,000	2,042	(958)
Office Supplies	8,500	8,533	33
Operating Supplies	10,000	9,050	(950)

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Police Department (Continued)			
Gas and Oil	\$ 58,000	\$ 64,665	\$ 6,665
K9 Supplies	300	289	(11)
Prisoner Supplies	1,000	132	(868)
Capital Improvements	94,000	82,477	(11,523)
Miscellaneous	2,500	4,948	2,448
Total Police Department	2,617,247	2,590,601	(26,646)
Fire Department			
Salaries	1,026,280	1,077,878	51,598
Health Insurance	154,043	179,867	25,824
Pension Contribution	91,639	91,222	(417)
Uniform Allowance	9,800	13,327	3,527
Maintenance (Building)	8,000	2,863	(5,137)
Maintenance (Equipment)	6,000	8,247	2,247
Maintenance (Vehicles)	8,000	7,570	(430)
Medical Services	4,500	400	(4,100)
Other Professional Services	35,000	35,401	401
Postage	200	161	(39)
Telephone	8,300	7,982	(318)
Printing and Publishing	500	923	423
Dues	1,000	1,749	749
Travel	1,750	1,778	28
Training	8,500	7,011	(1,489)
Tuition Reimbursement	2,500	989	(1,511)
Publications	1,500	1,103	(397)
Utilities	30,300	26,051	(4,249)
Rentals	2,100	3,225	1,125
Supplies (Building)	3,000	3,068	68
Supplies (Equipment)	5,000	6,499	1,499
Supplies (Vehicles)	5,000	3,631	(1,369)
Office Supplies	2,500	2,622	122
Operating Supplies	12,000	11,707	(293)
Janitorial Supplies	2,500	2,496	(4)
Gas and Oil	11,000	16,210	5,210
Equipment	2,400	(325)	(2,725)
General Insurance	1,000	-	(1,000)
Total Fire Department	1,444,312	1,513,655	69,343
Total Public Safety	4,061,559	4,104,256	42,697

(This schedule is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS			
Streets			
Salaries	\$ 704,126	\$ 682,984	\$ (21,142)
Health Insurance	109,029	138,585	29,556
Uniform Allowance	3,000	2,448	(552)
Maintenance (Building)	5,500	8,484	2,984
Maintenance (Equipment)	32,500	22,558	(9,942)
Maintenance (Streets)	23,500	19,635	(3,865)
Maintenance (Snow Removal)	10,000	-	(10,000)
Maintenance (Service Vehicles)	15,000	10,148	(4,852)
Maintenance (Other)	5,000	4,091	(909)
Janitorial Services	3,000	2,776	(224)
Other Professional Services	12,500	12,815	315
Postage	200	71	(129)
Telephone	4,900	5,020	120
Printing and Publishing	350	526	176
Travel	500	158	(342)
Training	1,500	280	(1,220)
Utilities	16,000	12,862	(3,138)
Street Lighting	146,500	140,998	(5,502)
Lease or Rentals	3,000	4,000	1,000
Community Relations	500	-	(500)
Supplies (Vehicles)	35,000	33,565	(1,435)
Supplies (Streets)	50,000	45,938	(4,062)
Supplies (Snow Removal)	105,000	93,721	(11,279)
Supplies (Safety)	3,500	5,671	2,171
Supplies (Other)	29,500	24,718	(4,782)
Office Supplies	1,500	1,647	147
Operating Supplies	8,000	6,717	(1,283)
Gas and Oil	60,000	67,601	7,601
Capital Outlay	175,800	172,902	(2,898)
Miscellaneous	500	-	(500)
Total Streets	1,565,405	1,520,919	(44,486)
Total Public Works	1,565,405	1,520,919	(44,486)
PUBLIC SERVICE ENTERPRISES			
Cemetery			
Salaries	73,168	65,855	(7,313)
Health Insurance	13,002	15,343	2,341
Uniform Allowance	500	533	33
Maintenance (Buildings)	800	360	(440)
Maintenance (Equipment)	2,200	978	(1,222)
Maintenance (Vehicles)	1,000	720	(280)
Other Professional Services	3,000	3,224	224
Telephone	900	588	(312)
Travel	100	-	(100)

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SERVICE ENTERPRISES (Continued)			
Cemetery (Continued)			
Training	\$ 100	\$ 20	\$ (80)
Utilities	2,200	1,939	(261)
Supplies (Vehicles)	500	696	196
Supplies (Other)	2,950	2,030	(920)
Operating Supplies	1,500	473	(1,027)
Gas and Oil	5,500	4,859	(641)
Equipment	7,500	7,037	(463)
Miscellaneous	200	-	(200)
Total Cemetery	115,120	104,655	(10,465)
Total Public Service Enterprises	115,120	104,655	(10,465)
CONSERVATION AND DEVELOPMENT			
Economic Development			
Salaries	170,535	175,487	4,952
Health Insurance	31,516	38,691	7,175
Other Professional Services	3,500	3,121	(379)
Postage	250	105	(145)
Telephone	3,000	1,632	(1,368)
Dues	500	500	-
Travel	3,000	2,060	(940)
Training	1,000	528	(472)
Publications	250	-	(250)
Office Supplies	1,500	1,283	(217)
Operating Supplies	500	537	37
Equipment	7,000	5,724	(1,276)
Miscellaneous	1,750	1,399	(351)
Total Economic Development	224,301	231,067	6,766
Total Conservation and Development	224,301	231,067	6,766
TOTAL EXPENDITURES	\$ 7,926,814	\$ 7,687,220	\$ (239,594)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Federal Grants	\$ 565,000	\$ 44,131	\$ (520,869)
State Grants	450,000	-	(450,000)
Investment Income	7,000	7,459	459
Miscellaneous	738,142	629,603	(108,539)
	<hr/>		
Total Revenues	1,760,142	681,193	(1,078,949)
EXPENDITURES			
Capital Outlay	5,710,284	2,298,157	(3,412,127)
	<hr/>		
Total Expenditures	5,710,284	2,298,157	(3,412,127)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(3,950,142)	(1,616,964)	2,333,178
OTHER FINANCING SOURCES (USES)			
Transfers In	3,584,142	1,305,084	(2,279,058)
	<hr/>		
Total Other Financing Sources (Uses)	3,584,142	1,305,084	(2,279,058)
NET CHANGE IN FUND BALANCE			
	<u>\$ (366,000)</u>	(311,880)	<u>\$ 54,120</u>
FUND BALANCE (DEFICIT), MAY 1			
		<u>(3,748)</u>	
FUND BALANCE (DEFICIT), APRIL 30			
		<u>\$ (315,628)</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 5,000,000	\$ 2,345,777	\$ (2,654,223)
Charges For Services	295,000	293,287	(1,713)
Investment Income	1,500	499	(1,001)
Miscellaneous	-	8,083	8,083
Total Revenues	5,296,500	2,647,646	(2,648,854)
EXPENDITURES			
Current			
Public Works			
Personal Services	110,312	98,743	(11,569)
Commodities	1,000	17,530	16,530
Other Services	-	936	936
Contractual Services	96,000	47,179	(48,821)
Capital Outlay	5,259,000	2,705,668	(2,553,332)
Total Expenditures	5,466,312	2,870,056	(2,596,256)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(169,812)	(222,410)	(52,598)
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(53,000)	(24,795)	28,205
Total Other Financing Sources (Uses)	(53,000)	(24,795)	28,205
NET CHANGE IN FUND BALANCE	\$ (222,812)	(247,205)	\$ (24,393)
FUND BALANCE, MAY 1		478,785	
FUND BALANCE, APRIL 30		\$ 231,580	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2012

	Special Revenue					
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax	IMRF Fund	Social Security
ASSETS						
Cash and Investments	\$ 1,099	\$ -	\$ 311,487	\$ 66,970	\$ 20	\$ -
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)						
Property Taxes	32,994	220,999	-	-	191,006	195,008
Accounts	-	-	-	14,000	-	-
Prepaid Items	-	231,445	-	-	-	-
Due from Other Governments	-	-	261,334	-	-	-
Restricted Assets						
Cash and Investments	-	-	-	-	-	-
TOTAL ASSETS	\$ 34,093	\$ 452,444	\$ 572,821	\$ 80,970	\$ 191,026	\$ 195,008
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Property Taxes	32,994	220,999	-	-	191,006	195,008
Due to Other Funds	-	354,921	-	-	28,824	15,093
Total Liabilities	32,994	575,920	-	-	219,830	210,101
FUND BALANCES						
Nonspendable Prepaid Items	-	231,445	-	-	-	-
Restricted for Maintenance of Roadways	-	-	572,821	-	-	-
Restricted for Tourism	-	-	-	80,970	-	-
Restricted for Capital Improvements	-	-	-	-	-	-
Restricted for Public Safety	-	-	-	-	-	-
Restricted for Specific Purposes	1,099	-	-	-	-	-
Unrestricted						
Committed for Ambulance Replacement	-	-	-	-	-	-
Assigned for Ambulance Replacement	-	-	-	-	-	-
Assigned for Stormwater	-	-	-	-	-	-
Assigned for Capital Purposes	-	-	-	-	-	-
Unassigned (Deficit)	-	(354,921)	-	-	(28,804)	(15,093)
Total Fund Balances	1,099	(123,476)	572,821	80,970	(28,804)	(15,093)
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,093	\$ 452,444	\$ 572,821	\$ 80,970	\$ 191,026	\$ 195,008

Special Revenue				Capital Projects					Total
TIF	Foreign Fire Insurance	Ambulance Replacement	Stormwater	Utility Tax	Sales Tax	TIF Development	Technology Park		
\$ -	\$ 49,480	\$ 669,959	\$ 332,081	\$ 428,066	\$ 1,148,600	\$ -	\$ 46,279	\$ 3,054,041	
-	-	-	-	-	-	-	-	640,007	
-	-	-	-	28,834	-	-	-	42,834	
-	-	-	-	-	-	-	-	231,445	
-	-	-	-	-	225,706	-	-	487,040	
-	-	-	-	-	-	-	-	-	
\$ -	\$ 49,480	\$ 669,959	\$ 332,081	\$ 456,900	\$ 1,374,306	\$ -	\$ 46,279	\$ 4,455,367	
\$ -	\$ -	\$ 8,326	\$ -	\$ -	\$ -	\$ 10,854	\$ 849	\$ 20,029	
-	-	-	-	-	-	-	-	640,007	
15,470	-	-	-	-	-	20,509	-	434,817	
15,470	-	8,326	-	-	-	31,363	849	1,094,853	
-	-	-	-	-	-	-	-	231,445	
-	-	-	-	-	-	-	-	572,821	
-	-	-	-	-	-	-	-	80,970	
-	-	-	-	456,900	1,374,306	-	-	1,831,206	
-	49,480	-	-	-	-	-	-	49,480	
-	-	-	-	-	-	-	-	1,099	
-	-	139,702	-	-	-	-	-	139,702	
-	-	521,931	-	-	-	-	-	521,931	
-	-	-	332,081	-	-	-	-	332,081	
-	-	-	-	-	-	-	45,430	45,430	
(15,470)	-	-	-	-	-	(31,363)	-	(445,651)	
(15,470)	49,480	661,633	332,081	456,900	1,374,306	(31,363)	45,430	3,360,514	
\$ -	\$ 49,480	\$ 669,959	\$ 332,081	\$ 456,900	\$ 1,374,306	\$ -	\$ 46,279	\$ 4,455,367	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Special Revenue					
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax	IMRF Fund	Social Security
REVENUES						
Taxes	\$ 29,910	\$ 145,933	\$ -	\$ 202,782	\$ 216,965	\$ 174,988
Intergovernmental	-	-	1,076,337	-	-	-
Charges For Services	-	-	-	-	-	-
Investment Income	9	-	303	145	46	75
Miscellaneous	-	7,275	-	-	-	-
Total Revenues	29,919	153,208	1,076,640	202,927	217,011	175,063
EXPENDITURES						
Current						
General Government	28,848	47,602	-	-	40,155	33,295
Public Safety	-	126,938	-	-	37,924	46,207
Public Works	-	49,868	-	-	111,542	90,709
Public Service Enterprises	-	2,267	-	-	13,385	5,920
Conservation and Development	-	-	-	196,589	20,077	15,441
Capital Outlay	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	28,848	226,675	-	196,589	223,083	191,572
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,071	(73,467)	1,076,640	6,338	(6,072)	(16,509)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	(734,877)	-	-	-
Total Other Financing Sources (Uses)	-	-	(734,877)	-	-	-
NET CHANGE IN FUND BALANCES	1,071	(73,467)	341,763	6,338	(6,072)	(16,509)
FUND BALANCES (DEFICIT), MAY 1	28	(50,009)	231,058	74,632	(22,732)	1,416
FUND BALANCES (DEFICIT), APRIL 30	\$ 1,099	\$ (123,476)	\$ 572,821	\$ 80,970	\$ (28,804)	\$ (15,093)

Special Revenue				Capital Projects				Total
TIF	Foreign Fire Insurance	Ambulance Replacement	Stormwater	Utility Tax	Sales Tax	TIF Development	Technology Park	
\$ 8	\$ -	\$ -	\$ -	\$ 362,786	\$ 916,112	\$ -	\$ -	\$ 2,049,484
75,536	-	-	-	-	-	-	-	1,151,873
-	-	-	37,114	-	-	-	-	37,114
675	51	1,277	629	798	740	-	139	4,887
-	17,040	-	-	-	-	-	-	24,315
76,219	17,091	1,277	37,743	363,584	916,852	-	139	3,267,673
1,782	-	-	-	-	-	-	-	151,682
-	15,110	10,556	-	-	-	-	-	236,735
-	-	-	-	-	-	-	38,743	290,862
-	-	-	-	-	-	-	-	21,572
-	-	-	-	-	-	-	-	232,107
1,683,372	10,009	71,205	9,568	-	-	31,363	12,374	1,817,891
167,859	-	-	-	-	-	-	-	167,859
1,853,013	25,119	81,761	9,568	-	-	31,363	51,117	2,918,708
(1,776,794)	(8,028)	(80,484)	28,175	363,584	916,852	(31,363)	(50,978)	348,965
475,863	-	114,000	-	-	-	-	-	589,863
-	-	-	-	(314,918)	(706,357)	-	-	(1,756,152)
475,863	-	114,000	-	(314,918)	(706,357)	-	-	(1,166,289)
(1,300,931)	(8,028)	33,516	28,175	48,666	210,495	(31,363)	(50,978)	(817,324)
1,285,461	57,508	628,117	303,906	408,234	1,163,811	-	96,408	4,177,838
\$ (15,470)	\$ 49,480	\$ 661,633	\$ 332,081	\$ 456,900	\$ 1,374,306	\$ (31,363)	\$ 45,430	\$ 3,360,514

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 31,000	\$ 29,910	\$ (1,090)
Investment Income	100	9	(91)
	<hr/>		
Total Revenues	31,100	29,919	(1,181)
	<hr/>		
EXPENDITURES			
Current			
General Government			
Contractual Services	31,000	28,848	(2,152)
	<hr/>		
Total Expenditures	31,000	28,848	(2,152)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ 100</u>	1,071	<u>\$ 971</u>
FUND BALANCE, MAY 1		<u>28</u>	
FUND BALANCE, APRIL 30		<u>\$ 1,099</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 146,746	\$ 145,933	\$ (813)
Investment Income	500	-	(500)
Miscellaneous Income	-	7,275	7,275
	<hr/>		
Total Revenues	147,246	153,208	5,962
	<hr/>		
EXPENDITURES			
Current			
General Government			
Contractual Services	57,960	47,602	(10,358)
Public Safety			
Contractual Services	154,560	126,938	(27,622)
Public Works			
Contractual Services	60,720	49,868	(10,852)
Public Service Enterprises			
Contractual Services	2,760	2,267	(493)
	<hr/>		
Total Expenditures	276,000	226,675	(49,325)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (128,754)</u>	(73,467)	<u>\$ 55,287</u>
FUND BALANCE (DEFICIT), MAY 1		<u>(50,009)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u><u>\$ (123,476)</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 257,400	\$ 280,699	\$ 23,299
Other Intergovernmental	838,142	795,638	(42,504)
Investment Income	1,000	303	(697)
Total Revenues	<u>1,096,542</u>	<u>1,076,640</u>	<u>(19,902)</u>
EXPENDITURES			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,096,542</u>	<u>1,076,640</u>	<u>(19,902)</u>
OTHER FINANCING (USES)			
Transfers (Out)	<u>(1,310,142)</u>	<u>(734,877)</u>	<u>575,265</u>
Total Other Financing (Uses)	<u>(1,310,142)</u>	<u>(734,877)</u>	<u>575,265</u>
NET CHANGE IN FUND BALANCE	<u>\$ (213,600)</u>	341,763	<u>\$ 555,363</u>
FUND BALANCE, MAY 1		<u>231,058</u>	
FUND BALANCE, APRIL 30		<u>\$ 572,821</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Hotel/Motel Tax	\$ 240,000	\$ 202,782	\$ (37,218)
Investment Income	200	145	(55)
Total Revenues	<u>240,200</u>	<u>202,927</u>	<u>(37,273)</u>
EXPENDITURES			
Current			
Conservation and Development			
Contractual Services	303,050	192,839	(110,211)
Miscellaneous	4,750	3,750	(1,000)
Total Expenditures	<u>307,800</u>	<u>196,589</u>	<u>(111,211)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (67,600)</u>	6,338	<u>\$ 73,938</u>
FUND BALANCE, MAY 1		<u>74,632</u>	
FUND BALANCE, APRIL 30		<u>\$ 80,970</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 177,589	\$ 176,605	\$ (984)
Replacement Taxes	40,360	40,360	-
Investment Income	100	46	(54)
Total Revenues	218,049	217,011	(1,038)
EXPENDITURES			
Current			
General Government			
Pension Contributions	40,025	40,155	130
Public Safety			
Pension Contributions	37,801	37,924	123
Public Works			
Pension Contributions	111,180	111,542	362
Public Service Enterprises			
Pension Contributions	13,342	13,385	43
Conservation and Development			
Pension Contributions	20,012	20,077	65
Total Expenditures	222,360	223,083	723
NET CHANGE IN FUND BALANCE	\$ (4,311)	(6,072)	\$ (1,761)
FUND BALANCE (DEFICIT), MAY 1		<u>(22,732)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (28,804)</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 175,977	\$ 174,988	\$ (989)
Investment Income	200	75	(125)
	<hr/>		
Total Revenues	176,177	175,063	(1,114)
<hr/>			
EXPENDITURES			
Current			
General Government			
Payroll Taxes	32,796	33,295	499
Public Safety			
Payroll Taxes	45,514	46,207	693
Public Works			
Payroll Taxes	89,350	90,709	1,359
Public Service Enterprises			
Payroll Taxes	5,831	5,920	89
Conservation and Development			
Payroll Taxes	15,209	15,441	232
	<hr/>		
Total Expenditures	188,700	191,572	2,872
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (12,523)</u>	(16,509)	<u>\$ (3,986)</u>
FUND BALANCE, MAY 1		<u>1,416</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (15,093)</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ -	\$ 8	\$ 8
Intergovernmental	75,536	75,536	-
Investment Income	5,000	675	(4,325)
Total Revenues	<u>80,536</u>	<u>76,219</u>	<u>(4,325)</u>
EXPENDITURES			
Current			
General Government			
Contractual Services	-	1,782	1,782
Capital Outlay	2,110,514	1,683,372	(427,142)
Debt Service			
Interest and Fiscal Charges	167,859	167,859	-
Total Expenditures	<u>2,278,373</u>	<u>1,853,013</u>	<u>(425,360)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,197,837)</u>	<u>(1,776,794)</u>	<u>421,035</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	458,018	475,863	17,845
Total Other Financing Sources (Uses)	<u>458,018</u>	<u>475,863</u>	<u>17,845</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,739,819)</u>	<u>(1,300,931)</u>	<u>\$ 438,880</u>
FUND BALANCE, MAY 1		<u>1,285,461</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (15,470)</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 April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 60	\$ 51	\$ (9)
Miscellaneous	18,000	17,040	(960)
Total Revenues	<u>18,060</u>	<u>17,091</u>	<u>(969)</u>
EXPENDITURES			
Current			
Public Safety			
Contractual Services	16,000	15,110	(890)
Capital Outlay	-	10,009	10,009
Total Expenditures	<u>16,000</u>	<u>25,119</u>	<u>9,119</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,060</u>	<u>(8,028)</u>	<u>\$ (10,088)</u>
FUND BALANCE, MAY 1		<u>57,508</u>	
FUND BALANCE, APRIL 30		<u>\$ 49,480</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 2,000	\$ 1,277	\$ (723)
Total Revenues	<u>2,000</u>	<u>1,277</u>	<u>(723)</u>
EXPENDITURES			
Current			
Public Safety			
Contractual Services	-	10,556	10,556
Capital Outlay	209,800	71,205	(138,595)
Total Expenditures	<u>209,800</u>	<u>81,761</u>	<u>(128,039)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(207,800)</u>	<u>(80,484)</u>	<u>127,316</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	114,000	114,000	-
Total Other Financing Sources (Uses)	<u>114,000</u>	<u>114,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (93,800)</u></u>	<u>33,516</u>	<u><u>\$ 127,316</u></u>
FUND BALANCE, MAY 1		<u>628,117</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 661,633</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 April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges For Services	\$ 40,000	\$ 37,114	\$ (2,886)
Investment Income	1,300	629	(671)
Total Revenues	<u>41,300</u>	<u>37,743</u>	<u>(3,557)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	8,000	-	(8,000)
Capital Outlay	303,000	9,568	(293,432)
Total Expenditures	<u>311,000</u>	<u>9,568</u>	<u>(301,432)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (269,700)</u></u>	28,175	<u><u>\$ 297,875</u></u>
FUND BALANCE, MAY 1		<u>303,906</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 332,081</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Utility Taxes	\$ 349,200	\$ 362,786	\$ 13,586
Investment Income	1,000	798	(202)
	<hr/>		
Total Revenues	350,200	363,584	13,384
	<hr/>		
EXPENDITURES			
None	-	-	-
	<hr/>		
Total Expenditures	-	-	-
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	350,200	363,584	13,384
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(535,000)	(314,918)	220,082
	<hr/>		
Total Other Financing Sources (Uses)	(535,000)	(314,918)	220,082
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (184,800)</u>	48,666	<u>\$ 233,466</u>
FUND BALANCE, MAY 1		<u>408,234</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 456,900</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Sales Tax	\$ 880,000	\$ 916,112	\$ 36,112
Investment Income	4,500	740	(3,760)
Total Revenues	<u>884,500</u>	<u>916,852</u>	<u>32,352</u>
EXPENDITURES			
Current			
General Government	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
Total Expenditures	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>870,500</u>	<u>916,852</u>	<u>46,352</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	<u>(2,144,018)</u>	<u>(706,357)</u>	<u>1,437,661</u>
Total Other Financing Sources (Uses)	<u>(2,144,018)</u>	<u>(706,357)</u>	<u>1,437,661</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,273,518)</u></u>	<u>210,495</u>	<u><u>\$ 1,484,013</u></u>
FUND BALANCE, MAY 1		<u>1,163,811</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 1,374,306</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 200	\$ 139	\$ (61)
Total Revenues	<u>200</u>	<u>139</u>	<u>(61)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	5,250	38,743	33,493
Capital Outlay	270,798	12,374	(258,424)
Total Expenditures	<u>276,048</u>	<u>51,117</u>	<u>(224,931)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(275,848)</u>	<u>(50,978)</u>	<u>224,870</u>
OTHER FINANCING SOURCES			
Proceeds on sale of capital assets	516,000	-	(516,000)
Total other financing sources	<u>516,000</u>	<u>-</u>	<u>(516,000)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 240,152</u></u>	<u>(50,978)</u>	<u><u>\$ (291,130)</u></u>
FUND BALANCE, MAY 1		<u>96,408</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 45,430</u></u>	

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

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

April 30, 2012

	Landfill	Airport	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ 2,304,847	\$ 200	\$ 2,305,047
Receivables			
Property Taxes	-	63,096	63,096
Accounts	53,531	3,984	57,515
Accrued Interest	2,777	-	2,777
Inventory	-	84,342	84,342
Total Current Assets	<u>2,361,155</u>	<u>151,622</u>	<u>2,512,777</u>
NONCURRENT ASSETS			
Deferred Charges	-	13,475	13,475
Total Noncurrent Assets	<u>-</u>	<u>13,475</u>	<u>13,475</u>
CAPITAL ASSETS			
Nondepreciable	319,896	600,492	920,388
Depreciable	277,730	3,969,084	4,246,814
Accumulated Depreciation	<u>(277,730)</u>	<u>(1,831,421)</u>	<u>(2,109,151)</u>
Total Capital Assets	<u>319,896</u>	<u>2,738,155</u>	<u>3,058,051</u>
Total Assets	<u>2,681,051</u>	<u>2,903,252</u>	<u>5,584,303</u>
CURRENT LIABILITIES			
Accounts Payable	630	12,969	13,599
Accrued Payroll	108	578	686
Due to Other Funds	-	120,782	120,782
Accrued Interest Payable	-	11,029	11,029
Unearned Revenue	-	63,096	63,096
General Obligation Bonds Payable	-	30,000	30,000
Compensated Absences Payable	-	2,366	2,366
Total Current Liabilities	<u>738</u>	<u>240,820</u>	<u>241,558</u>
LONG-TERM LIABILITIES			
Net Pension Obligation	-	3,308	3,308
General Obligation Bonds Payable	-	675,000	675,000
Total Long-Term Liabilities	<u>-</u>	<u>678,308</u>	<u>678,308</u>
Total Liabilities	<u>738</u>	<u>919,128</u>	<u>919,866</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	319,896	2,033,155	2,353,051
Unrestricted	<u>2,360,417</u>	<u>(49,031)</u>	<u>2,311,386</u>
TOTAL NET ASSETS	<u>\$ 2,680,313</u>	<u>\$ 1,984,124</u>	<u>\$ 4,664,437</u>

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Landfill	Airport	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 662,243	\$ 462,822	\$ 1,125,065
Total Operating Revenues	662,243	462,822	1,125,065
OPERATING EXPENSES			
Personal Services	-	86,894	86,894
Commodities	-	356,655	356,655
Contractual Services	397,471	144,460	541,931
Equipment and Improvements	-	20,469	20,469
Depreciation/Amortization	-	122,802	122,802
Total Operating Expenses	397,471	731,280	1,128,751
OPERATING INCOME (LOSS)	264,772	(268,458)	(3,686)
OTHER INCOME (EXPENSE)			
Taxes	-	61,985	61,985
Investment Income	7,564	70	7,634
Interest Expense	-	(35,020)	(35,020)
Total Other Income (Expense)	7,564	27,035	34,599
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	272,336	(241,423)	30,913
TRANSFERS IN (OUT)			
Landfill Fund	-	250,000	250,000
General Fund	(500,000)	-	(500,000)
Total Transfers In (Out)	(500,000)	250,000	(250,000)
CONTRIBUTIONS	-	135,021	135,021
CHANGE IN NET ASSETS	(227,664)	143,598	(84,066)
NET ASSETS, MAY 1	2,907,977	1,840,526	4,748,503
NET ASSETS, APRIL 30	\$ 2,680,313	\$ 1,984,124	\$ 4,664,437

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2012

	Landfill	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 655,182	\$ 461,722	\$ 1,116,904
Payments to Suppliers	(305,451)	(532,200)	(837,651)
Payments to Employees	(8,728)	(85,476)	(94,204)
Payments to Other Funds	(85,500)	(22,014)	(107,514)
Net Cash from Operating Activities	<u>255,503</u>	<u>(177,968)</u>	<u>77,535</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	61,912	61,912
Interfund activity	(500,000)	370,782	(129,218)
Net Cash from Noncapital Financing Activities	<u>(500,000)</u>	<u>432,694</u>	<u>(67,306)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	-	(404,372)	(404,372)
Principal Payments on Long-Term Debt	-	(30,000)	(30,000)
Interest Payments on Long-Term Debt	-	(34,632)	(34,632)
Grant Receipts	-	135,022	135,022
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(333,982)</u>	<u>(333,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>9,415</u>	<u>70</u>	<u>9,485</u>
Net Cash from Investing Activities	<u>9,415</u>	<u>70</u>	<u>9,485</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(235,082)	(79,186)	(314,268)
CASH AND CASH EQUIVALENTS, MAY 1	<u>2,539,929</u>	<u>79,386</u>	<u>2,619,315</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 2,304,847</u>	<u>\$ 200</u>	<u>\$ 2,305,047</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 264,772	\$ (268,458)	\$ (3,686)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation and amortization	-	122,802	122,802
Changes in Assets and Liabilities			
Accounts Receivables	(7,061)	(1,100)	(8,161)
Inventory	-	(42,508)	(42,508)
Accounts Payable	(2,316)	9,878	7,562
Accrued Payroll	108	(1,717)	(1,609)
Compensated Absences	-	(173)	(173)
Net Pension Obligation	-	3,308	3,308
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 255,503</u>	<u>\$ (177,968)</u>	<u>\$ 77,535</u>
CASH AND INVESTMENTS			
Cash and Cash Equivalents	<u>\$ 2,304,847</u>	<u>\$ 200</u>	<u>\$ 2,305,047</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 2,304,847</u>	<u>\$ 200</u>	<u>\$ 2,305,047</u>

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

April 30, 2012

	Health Insurance	Administrative Services	Total
CURRENT ASSETS			
Cash and Investments	\$ 138,681	\$ 143,374	\$ 282,055
Receivables			
Other	411,312	40,012	451,324
Prepaid Expenses	-	1,907	1,907
Total Current Assets	549,993	185,293	735,286
CAPITAL ASSETS			
Depreciable Capital assets	-	116,880	116,880
Accumulated Depreciation	-	(116,880)	(116,880)
Total Capital Assets	-	-	-
Total Assets	549,993	185,293	735,286
CURRENT LIABILITIES			
Accounts Payable	-	68,065	68,065
Accrued Payroll	-	2,511	2,511
Claims Payable	96,699	-	96,699
Compensated Absences Payable	-	14,049	14,049
Total Liabilities	96,699	84,625	181,324
NET ASSETS			
Unrestricted	453,294	100,668	553,962
TOTAL NET ASSETS	\$ 453,294	\$ 100,668	\$ 553,962

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2012

	Health Insurance	Administrative Services	Total
OPERATING REVENUES			
Charges for Services			
Contributions			
City	\$ 1,208,700	\$ 574,008	\$ 1,782,708
Employee	244,741	-	244,741
Retiree	38,609	-	38,609
Total Contributions	1,492,050	574,008	2,066,058
Total Operating Revenues	1,492,050	574,008	2,066,058
OPERATING EXPENSES			
Administration			
Personnel	-	417,736	417,736
Commodities	-	6,087	6,087
Contractual Services	-	70,318	70,318
Claims and Premiums	1,650,519	-	1,650,519
Equipment	-	1,059	1,059
Other	-	8,311	8,311
Total Operating Expenses	1,650,519	503,511	2,154,030
OPERATING INCOME (LOSS)	(158,469)	70,497	(87,972)
NONOPERATING REVENUES			
Investment Income	5,016	-	5,016
Total Nonoperating Revenues	5,016	-	5,016
CHANGE IN NET ASSETS	(153,453)	70,497	(82,956)
NET ASSETS, MAY 1	606,747	30,171	636,918
NET ASSETS, APRIL 30	\$ 453,294	\$ 100,668	\$ 553,962

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2012

	Health Insurance	Administrative Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 797,388	\$ 568,977	\$ 1,366,365
Receipts from Employees and Retirees	283,350	-	283,350
Payments to Suppliers	(1,701,025)	(84,333)	(1,785,358)
Payments to Employees	-	(425,137)	(425,137)
Net Cash from Operating Activities	(620,287)	59,507	(560,780)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Investing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	9,559	-	9,559
Net Cash from Investing Activities	9,559	-	9,559
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(610,728)	59,507	(551,221)
CASH AND CASH EQUIVALENTS, MAY 1	749,409	83,867	833,276
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 138,681	\$ 143,374	\$ 282,055
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (158,469)	\$ 70,497	\$ (87,972)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Other Receivables	(411,312)	(5,031)	(416,343)
Prepaid Expenses	-	(1,321)	(1,321)
Accounts Payable	-	2,763	2,763
Accrued payroll	-	(9,075)	(9,075)
Compensated Absences	-	1,674	1,674
Claims Payable	(50,506)	-	(50,506)
NET CASH FROM OPERATING ACTIVITIES	\$ (620,287)	\$ 59,507	\$ (560,780)
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 138,681	\$ 143,374	\$ 282,055
TOTAL CASH AND INVESTMENTS	\$ 138,681	\$ 143,374	\$ 282,055

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

April 30, 2012

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and Short-Term Investments	\$ 768,038	\$ 121,865	\$ 889,903
Investments, at Fair Value			
U.S. Treasury Securities	1,846,675	1,639,452	3,486,127
U.S. Agency Securities	1,699,080	94,457	1,793,537
Certificates of Deposit	75,698	1,132,617	1,208,315
Equity Mutual Funds	343,311	3,310,274	3,653,585
Corporate Bonds	1,299,183	-	1,299,183
Municipal Bonds	-	683,772	683,772
Equities	4,492,581	-	4,492,581
Annuity Contracts	-	264,577	264,577
Receivables			
Accrued Interest	30,298	21,358	51,656
Total Assets	10,554,864	7,268,372	17,823,236
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 10,554,864	\$ 7,268,372	\$ 17,823,236

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2012

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 119,932	\$ 91,222	\$ 211,154
Employee Contributions	123,927	79,106	203,033
Total Contributions	243,859	170,328	414,187
Miscellaneous Income	5,536	4,168	9,704
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(239,217)	68,304	(170,913)
Interest	355,509	222,664	578,173
Total Investment Income	116,292	290,968	407,260
Less Investment Expense	(129,452)	(10,240)	(139,692)
Net Investment Income	(13,160)	280,728	267,568
Total Additions	236,235	455,224	691,459
DEDUCTIONS			
Benefits and Refunds	670,965	446,004	1,116,969
Administrative Expenses	15,082	-	15,082
Total Deductions	686,047	446,004	1,132,051
NET INCREASE (DECREASE)	(449,812)	9,220	(440,592)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	11,004,676	7,259,152	18,263,828
April 30	\$ 10,554,864	\$ 7,268,372	\$ 17,823,236

(See independent auditor's report.)