

CITY OF ROCHELLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2013

Prepared by
Finance Department

Chris Frye
Finance Manager

CITY OF ROCHELLE, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis	MD&A 1-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	4-5
Statement of Activities	6-7
Fund Financial Statements	
Governmental Funds	
Balance Sheet	8
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	11
Proprietary Funds	
Statement of Net Position.....	12-15
Statement of Revenues, Expenses and Changes in Net Position	16-17
Statement of Cash Flows.....	18-21

CITY OF ROCHELLE, ILLINOIS
 TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page(s)</u>
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Funds	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24-62
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	63
Schedule of Funding Progress	
Illinois Municipal Retirement Fund	64
Police Pension Fund	65
Firefighters' Pension Fund	66
Other Postemployment Benefit Plan	67
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	68
Police Pension Fund	69
Firefighters' Pension Fund	70
Other Postemployment Benefit Plan	71
Notes to Required Supplementary Information.....	72
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Major Governmental Funds	
Schedule of Detailed Revenues - Budget and Actual - General Fund.....	73-74
Schedule of Detailed Expenditures - Budget and Actual - General Fund.....	75-80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Railroad Fund	81

CITY OF ROCHELLE, ILLINOIS
 TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
COMBINING AND INDIVIDUAL FUND	
FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
Nonmajor Governmental Funds	
Combining Balance Sheet	82-84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	85-87
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Audit Fund.....	88
Insurance Fund.....	89
Motor Fuel Tax Fund.....	90
Hotel/Motel Tax Fund	91
IMRF Fund	92
Social Security Fund.....	93
Tax Increment Financing Fund.....	94
Foreign Fire Insurance Fund.....	95
Ambulance Replacement Fund.....	96
Capital Improvement Fund.....	97
Stormwater Fund	98
Utility Tax Fund	99
Sales Tax Fund	100
Technology Park Fund.....	101
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	102
Combining Statement of Revenues, Expenses and Changes in Net Position	103
Combining Statement of Cash Flows	104
Internal Service Funds	
Combining Statement of Net Position.....	105
Combining Statement of Revenues, Expenses and Changes in Net Position	106
Combining Statement of Cash Flows	107
Fiduciary Funds	
Pension Trust Funds	
Combining Statement of Net Position.....	108
Combining Statement of Changes in Plan Net Position.....	109

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochelle, Illinois, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2013, 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.

Emphasis of Matter

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended April 30, 2013. Statement No. 63 added new classifications on the statement of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of position to the new classifications contained in GASB Statement No. 63. Our opinions are not modified with respect to this matter.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rochelle, Illinois' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 11, 2013, on our consideration of the City of Rochelle, Illinois' internal control over financial reporting and on 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 Auditing Standards in considering the City of Rochelle, Illinois' internal control over financial reporting and compliance.

Naperville, Illinois
September 11, 2013

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

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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, 2013. 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 \$130,231,747 (net position). Of this amount, \$17,560,636 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$12,629,014 is restricted for specific purposes (restricted net position), and \$100,042,097 is the net investment in capital assets.
 - The City's total net position increased by \$10,559,013. Governmental activities net position increased by \$8,559,013, while business-type net position increased by \$2,386,864.
 - The governmental activities net position increase of \$8,559,013 is primarily due to an increase in capital grants and contributions of \$10,852,788 related to various ongoing grant-funded City projects.
 - On April 30, 2013, the City's governmental funds reported combined fund balances of \$3,055,360, a decrease of \$2,002,477 from April 30, 2013. Unassigned fund balance was \$105,106 at year end.
 - Revenues for the governmental activities increased from the previous year by 8%. Expenditures increased by 8%.
 - The assets of the Electric Utility exceed its liabilities by \$43,929,241 (net position). Of this amount, \$14,341,318 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$8,745,614 is restricted for debt service (restricted net position), and \$20,842,309 is the net investment in capital assets.
 - The assets of the Water and Water Reclamation Utility exceeded its liabilities by \$34,822,349 (net position). Of this amount, \$4,252,620 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$1,729,985 is restricted for debt service (restricted net position), and \$28,839,744 is the net investment in capital assets.
 - Operating revenues for the Electric Utility were up 5% while expenses were up 16%. Operating expenses increased due to the power costs increasing. Operating revenues increased less than operating expenses because of a change to the calculation of wholesale power costs being passed on to our customers.
 - Operating revenues for the Water and Water Reclamation Utility were up 4%, while operating expenses were up 3%.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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

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

FUND FINANCIAL STATEMENTS

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

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

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

The City maintains 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 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, 2013

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

**Table 1
Condensed Statements of Net Position**

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-type	Business-type	2013	2012
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Current and Other Assets	\$ 7,999,564	\$ 10,525,522	\$ 34,563,408	\$ 33,805,768	\$ 42,562,972	\$ 44,331,290
Capital Assets	<u>45,652,694</u>	<u>35,209,156</u>	<u>73,951,037</u>	<u>72,392,015</u>	<u>119,603,731</u>	<u>107,601,171</u>
Total Assets and Deferred Outflows	<u>53,652,258</u>	<u>45,734,678</u>	<u>108,514,445</u>	<u>106,197,783</u>	<u>162,166,703</u>	<u>151,932,461</u>
Long-term Liabilities	3,497,390	3,188,157	19,976,656	19,668,863	23,474,046	22,857,020
Other Liabilities	<u>4,069,668</u>	<u>5,020,334</u>	<u>4,391,242</u>	<u>4,769,237</u>	<u>8,460,910</u>	<u>9,789,571</u>
Total Liabilities and Deferred Inflows	<u>7,567,058</u>	<u>8,208,491</u>	<u>24,367,898</u>	<u>24,438,100</u>	<u>31,934,956</u>	<u>32,646,591</u>
Net investment in capital assets	45,652,694	35,209,156	54,389,403	51,245,063	100,042,097	86,454,219
Restricted	2,153,415	2,714,044	10,475,599	11,056,287	12,629,014	13,770,331
Unrestricted	<u>(1,720,909)</u>	<u>(397,013)</u>	<u>19,281,545</u>	<u>19,458,333</u>	<u>17,560,636</u>	<u>19,061,320</u>
Total Net Position	<u>\$ 46,085,200</u>	<u>\$ 37,526,187</u>	<u>\$ 84,146,547</u>	<u>\$ 81,759,683</u>	<u>\$ 130,231,747</u>	<u>\$ 119,285,870</u>

The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (13%) 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 position, 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, 2013

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

Table 2
Condensed Statement of Activities

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-type	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
Revenues:						
Program Revenues						
Charges for Services	\$ 1,539,706	\$ 1,726,598	\$ 36,528,242	\$ 34,748,039	\$ 38,067,948	\$ 36,474,637
Operating Grants and contributions	311,353	316,878	-	-	311,353	316,878
General Revenues						
Property Taxes	2,160,763	1,968,013	59,460	61,985	2,220,223	2,029,998
Other Taxes	4,762,010	4,481,046	-	-	4,762,010	4,481,046
Other	36,638	59,665	105,182	92,708	141,820	152,373
Total Revenues	<u>8,810,470</u>	<u>8,552,200</u>	<u>36,692,884</u>	<u>34,902,732</u>	<u>45,503,354</u>	<u>43,454,932</u>
Expenses:						
General Government	2,061,279	1,984,007	-	-	2,061,279	1,984,007
Public Safety	5,034,276	4,715,710	-	-	5,034,276	4,715,710
Public Works	4,841,587	4,219,449	-	-	4,841,587	4,219,449
Conservation and Development	514,955	2,148,272	-	-	514,955	464,900
Public Service Enterprises	138,179	136,065	-	-	138,179	1,819,437
Landfill	-	-	452,664	397,471	452,664	397,471
Airport	-	-	611,097	766,300	611,097	766,300
Electric	-	-	27,290,007	23,599,387	27,290,007	23,599,387
Water and Water Reclamation	-	-	3,989,355	3,906,034	3,989,355	3,906,034
Communications	-	-	1,104,006	847,598	1,104,006	847,598
Technology Center	-	-	564,706	431,483	564,706	431,483
Interest and Fiscal Charges	180,611	167,859	-	-	180,611	167,859
Total Expenses	<u>12,770,887</u>	<u>13,371,362</u>	<u>34,011,835</u>	<u>29,948,273</u>	<u>46,782,722</u>	<u>43,319,635</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	(3,960,417)	(4,819,162)	2,681,049	4,954,459	(1,279,368)	135,297
Capital Grants and Contributions	10,852,788	3,855,271	1,516,037	2,601,474	12,368,825	6,456,745
Transfers	1,666,642	1,962,235	(1,666,642)	(1,962,235)	-	-
Changes in Net Position	8,559,013	998,344	2,530,444	5,593,698	11,089,457	6,592,042
Beginning Net Position, restated	<u>37,526,187</u>	<u>36,527,843</u>	<u>81,616,103</u>	<u>76,165,985</u>	<u>119,142,290</u>	<u>112,693,828</u>
Net Position End-of-Year	<u>\$ 46,085,200</u>	<u>\$ 37,526,187</u>	<u>\$ 84,146,547</u>	<u>\$ 81,759,683</u>	<u>\$130,231,747</u>	<u>\$119,285,870</u>

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by \$8,559,013. 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 position by \$2,530,444. 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, 2013, the City's governmental funds reported combined fund balances of \$3,055,360. Approximately 3% of this amount, \$105,106 constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$2,950,254 is nonspendable in form (prepaid items), restricted or unrestricted (assigned) for various capital improvements, tourism/employee benefits, and other specific purposes.

General Fund

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$2,568 or 0.1%. Unrestricted, unassigned fund balance decreased \$32,727.

Railroad Fund

The railroad fund decreased its fund balance by \$774,834 from \$231,580 at April 30, 2012 to \$(543,254) at April 30, 2013.

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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

GOVERNMENTAL FUNDS (cont.)

Non-major Governmental Funds

Fund balance of all other governmental funds is \$1,814,675 which all but \$85,262 (nonspendable prepaid items) are restricted or assigned for future projects and expenditures.

Proprietary Funds

The City of Rochelle's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget had total appropriations of \$8,295,457. Actual expenditures were \$8,199,670, resulting in a \$95,787 favorable variance.

Total revenues and other sources were \$8,202,238, \$126,972 less than the final budget.

CAPITAL ASSETS

At the end fiscal year 2013, the City had invested a total of \$ 119,603,731 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

Table 3
Capital Assets

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-type	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
Construction in progress	\$ -	\$ 1,258,346	\$ 1,004,572	\$ 1,475,379	\$ 1,004,572	\$ 2,733,725
Land and other assets not being depreciated	5,369,492	5,369,492	3,397,940	2,355,315	8,767,432	7,724,807
Buildings and improvements	3,036,479	3,036,479	6,223,602	6,203,468	9,260,081	9,239,947
Machinery and equipment	6,116,591	5,771,159	10,429,065	10,406,375	16,545,656	16,177,534
Infrastructure and utility plant	<u>53,322,734</u>	<u>40,421,683</u>	<u>120,257,927</u>	<u>115,335,355</u>	<u>173,580,661</u>	<u>155,757,038</u>
Total Capital Assets	67,845,296	55,857,159	141,313,106	135,775,892	209,158,402	191,633,0151
Less: Accumulated Depreciation	<u>(22,192,602)</u>	<u>(20,648,003)</u>	<u>(67,362,069)</u>	<u>(63,383,877)</u>	<u>(89,554,671)</u>	<u>(84,031,880)</u>
Net Capital Assets	<u>\$ 45,652,694</u>	<u>\$ 35,209,156</u>	<u>\$ 73,951,037</u>	<u>\$ 72,392,015</u>	<u>\$ 119,603,731</u>	<u>\$ 107,601,171</u>

CITY OF ROCHELLE

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2013

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

CAPITAL ASSETS (cont.)

- Continuation of improvements to City sidewalks
 - General system upgrades to electric, water, and waste water
 - Continuation of the wireless broadband deployment
 - Rail extension
 - Airport expansion
-

LONG-TERM DEBT

At April 30, 2013, the City had \$19,125,000 of long-term bonds and loans outstanding. \$13,165,000 of this is revenue debt, \$4,305,000 is debt certificates, \$675,000 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.

BASIC FINANCIAL STATEMENTS

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 4,184,430	\$ 13,454,209	\$ 17,638,639
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	2,116,200	61,915	2,178,115
Accounts	1,531,666	4,419,881	5,951,547
Grants	-	701,206	701,206
Accrued Interest	-	1,089	1,089
Other	42,585	253,417	296,002
Prepaid Expenses	87,523	185,278	272,801
Due from Other Governments	954,883	221,612	1,176,495
Due to/from Other Funds	(1,712,052)	1,712,052	-
Inventory	-	1,745,735	1,745,735
Deposits	-	871,040	871,040
Restricted Assets			
Restricted Cash and Investments	751,437	9,164,811	9,916,248
Cash Held at Paying Agent	-	1,310,788	1,310,788
Special Assessments	-	372,508	372,508
Net Pension Asset	42,892	-	42,892
Capital Assets			
Not Depreciated	5,369,492	4,402,512	9,772,004
Depreciated (Net of Accumulated Depreciation)	40,283,202	69,548,525	109,831,727
Total Assets	53,652,258	108,426,578	162,078,836
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	-	87,867	87,867
Total Deferred Outflows of Resources	-	87,867	87,867
Total Assets and Deferred Outflows of Resources	53,652,258	108,514,445	162,166,703

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2013

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 557,349	\$ 3,200,061	\$ 3,757,410
Claims Payable	129,221	-	129,221
Accrued Payroll	364,309	20,909	385,218
Accrued Interest Payable	72,560	440,020	512,580
Customer Advances	-	488,785	488,785
Other Payables	830,030	139,651	969,681
Deposits Payable	-	39,901	39,901
Long-Term Liabilities			
Due Within One Year	196,466	1,852,589	2,049,055
Due in More than One Year	3,300,924	18,124,067	21,424,991
Total Liabilities	5,450,859	24,305,983	29,756,842
DEFERRED INFLOWS OF RESOURCES			
Unearned Property Taxes	2,116,199	61,915	2,178,114
Total Deferred Inflows of Resources	2,116,199	61,915	2,178,114
Total Liabilities and Deferred Inflows of Resources	7,567,058	24,367,898	31,934,956
NET POSITION			
Net Investment in Capital Assets	45,652,694	54,389,403	100,042,097
Restricted for			
Maintenance of Roadways	557,533	-	557,533
Tourism	68,898	-	68,898
Capital Improvements	1,343,870	-	1,343,870
Public Safety	33,033	-	33,033
Public Service Enterprises	150,081	-	150,081
Debt Service	-	10,475,599	10,475,599
Unrestricted	(1,720,909)	19,281,545	17,560,636
TOTAL NET POSITION	\$ 46,085,200	\$ 84,146,547	\$ 130,231,747

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,061,279	\$ 562,912	\$ 1,006	\$ -
Public Safety	5,034,276	654,474	-	-
Public Works	4,841,587	277,273	231,981	10,852,788
Public Service Enterprises	138,179	45,047	-	-
Conservation and Development	514,955	-	-	-
Interest	180,611	-	78,366	-
Total Governmental Activities	12,770,887	1,539,706	311,353	10,852,788
Business-Type Activities				
Electric	27,290,007	28,677,373	-	-
Water and Water Reclamation	3,989,355	4,895,848	-	802,496
Communications	1,104,006	962,487	-	-
Technology Center	564,706	626,084	-	-
Landfill	452,664	981,632	-	-
Airport	611,097	384,818	-	713,541
Total Business-Type Activities	34,011,835	36,528,242	-	1,516,037
TOTAL PRIMARY GOVERNMENT	\$ 46,782,722	\$ 38,067,948	\$ 311,353	\$ 12,368,825

	<u>Net (Expense) Revenue and Change in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
	\$ (1,497,361)	\$ -	\$ (1,497,361)
	(4,379,802)	-	(4,379,802)
	6,520,455	-	6,520,455
	(93,132)	-	(93,132)
	(514,955)	-	(514,955)
	(102,245)	-	(102,245)
	(67,040)	-	(67,040)
	-	1,387,366	1,387,366
	-	1,708,989	1,708,989
	-	(141,519)	(141,519)
	-	61,378	61,378
	-	528,968	528,968
	-	487,262	487,262
	-	4,032,444	4,032,444
	(67,040)	4,032,444	3,965,404
General Revenues			
Taxes			
Property and Replacement	2,160,763	59,460	2,220,223
Sales and Use	2,874,151	-	2,874,151
Telecommunications	419,475	-	419,475
Hotel/Motel	214,837	-	214,837
Utility	350,293	-	350,293
Other	40,440	-	40,440
Shared Income Tax	862,814	-	862,814
Investment Income	8,689	37,417	46,106
Miscellaneous	27,949	67,765	95,714
Transfers In (Out)	1,666,642	(1,666,642)	-
Total	8,626,053	(1,502,000)	7,124,053
CHANGE IN NET POSITION	8,559,013	2,530,444	11,089,457
NET POSITION, MAY 1	37,526,187	81,759,683	119,285,870
Prior period adjustment	-	(143,580)	(143,580)
NET POSITION, MAY 1, RESTATED	37,526,187	81,616,103	119,142,290
NET POSITION, APRIL 30	\$ 46,085,200	\$ 84,146,547	\$ 130,231,747

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2013

	General	Railroad	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 767,831	\$ -	\$ 2,358,893	\$ 3,126,724
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	1,351,695	-	764,505	2,116,200
Accounts	208,022	1,269,379	54,265	1,531,666
Prepaid Items	-	-	85,262	85,262
Due from Other Governments	711,965	-	242,918	954,883
Due from Other Funds	755,069	-	-	755,069
Restricted Assets				
Cash and Investments	-	751,437	-	751,437
TOTAL ASSETS	\$ 3,794,582	\$ 2,020,816	\$ 3,505,843	\$ 9,321,241
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 216,689	\$ 102,018	\$ 171,595	\$ 490,302
Accrued Payroll	362,229	-	-	362,229
Deposits Payable	80,030	750,000	-	830,030
Due to Other Funds	-	1,712,052	755,069	2,467,121
Total Liabilities	658,948	2,564,070	926,664	4,149,682
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	1,351,695	-	764,504	2,116,199
Total Liabilities and Deferred Inflows of Resources	2,010,643	2,564,070	1,691,168	6,265,881
FUND BALANCES				
Nonspendable Prepaid Items	-	-	85,262	85,262
Restricted for Maintenance of Roadways	-	-	557,533	557,533
Restricted for Tourism	-	-	68,898	68,898
Restricted for Capital Improvements	-	-	1,343,870	1,343,870
Restricted for Public Safety	-	-	33,033	33,033
Restricted for Cemetery	150,081	-	-	150,081
Unrestricted				
Assigned for Ambulance Replacement	-	-	368,127	368,127
Assigned for Stormwater	-	-	301,017	301,017
Assigned for Capital Purposes	-	-	42,433	42,433
Unassigned	1,633,858	(543,254)	(985,498)	105,106
Total Fund Balances	1,783,939	(543,254)	1,814,675	3,055,360
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,794,582	\$ 2,020,816	\$ 3,505,843	\$ 9,321,241

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 3,055,360
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	45,652,694
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	(72,560)
Compensated absences payable	(257,520)
Net pension obligation	(222,848)
Other postemployment benefit payable	(61,611)
The net position of the internal service fund are included in the governmental activities in the statement of net position	888,793
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>42,892</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 46,085,200</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, 2013

	General	Railroad	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,824,087	\$ -	\$ 2,214,170	\$ 6,038,257
Licenses and Permits	214,563	-	-	214,563
Intergovernmental	863,820	3,980,931	926,638	5,771,389
Charges for Services	820,736	290,824	8,965	1,120,525
Fines and Forfeitures	140,596	-	-	140,596
Investment Income	1,906	1,502	5,281	8,689
Miscellaneous	81,113	8,083	21,702	110,898
Total Revenues	5,946,821	4,281,340	3,176,756	13,404,917
EXPENDITURES				
Current				
General Government	1,667,348	-	307,985	1,975,333
Public Safety	4,498,052	-	395,509	4,893,561
Public Works	1,688,131	174,071	345,891	2,208,093
Public Service Enterprises	105,382	-	18,561	123,943
Conservation and Development	240,757	-	266,706	507,463
Capital Outlay	-	4,632,103	2,562,167	7,194,270
Debt Service				
Interest and Fiscal Charges	-	-	174,148	174,148
Total Expenditures	8,199,670	4,806,174	4,070,967	17,076,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,252,849)	(524,834)	(894,211)	(3,671,894)
OTHER FINANCING SOURCES (USES)				
Proceeds from Disposal of Capital Assets	2,775	-	-	2,775
Transfers In	2,252,642	-	1,830,405	4,083,047
Transfers (Out)	-	(250,000)	(2,166,405)	(2,416,405)
Total Other Financing Sources (Uses)	2,255,417	(250,000)	(336,000)	1,669,417
NET CHANGE IN FUND BALANCES	2,568	(774,834)	(1,230,211)	(2,002,477)
FUND BALANCES, MAY 1	1,781,371	231,580	3,044,886	5,057,837
FUND BALANCES, APRIL 30	\$ 1,783,939	\$ (543,254)	\$ 1,814,675	\$ 3,055,360

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, 2013

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (2,002,477)
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	5,866,420
Contributed capital assets are recorded as capital contributions in the statement of activities	6,255,566
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(832)
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	(1,677,616)
Change in compensated absences	(31,758)
Change in net pension obligation	(117,168)
Change in other postemployment benefit obligation	(32,015)
The increase in interest payable is reported as an increase of expense on the statement of activities	(6,463)
The addition (reduction) in net position of certain activities of internal service funds is included in governmental funds	334,831
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(29,475)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 8,559,013</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2013

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT ASSETS			
Cash and Investments	\$ 7,067,709	\$ 3,697,764	\$ 3,342
Receivables			
Property Taxes	-	-	-
Accounts	3,603,481	680,227	24,979
Grants	-	-	-
Accrued Interest	-	1,089	-
Other	233,884	19,533	-
Prepaid Expenses	153,928	18,519	12,831
Inventory	1,699,916	3,480	-
Deposits	871,040	-	-
Due from Other Governments	-	221,612	-
Due from Other Funds	2,688,110	-	-
Restricted Assets			
Cash and Investments	8,123,114	1,041,697	-
Cash Held at Paying Agent	622,500	688,288	-
Total Current Assets	25,063,682	6,372,209	41,152
NONCURRENT ASSETS			
Advance to Other Funds	1,628,392	-	-
Special Assessments	-	372,508	-
Total Noncurrent Assets	1,628,392	372,508	-
CAPITAL ASSETS			
Nondepreciable	697,664	1,204,408	-
Depreciable	69,524,494	54,632,323	3,344,746
Accumulated Depreciation	(37,585,712)	(24,209,490)	(2,640,415)
Net Capital Assets	32,636,446	31,627,241	704,331
Total Assets	59,328,520	38,371,958	745,483
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	58,723	29,144	-
Total Deferred Outflows of Resources	58,723	29,144	-
Total Assets and Deferred Outflows of Resources	59,387,243	38,401,102	745,483

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 97,109	\$ 2,588,285	\$ 13,454,209	\$ 1,057,706
-	61,915	61,915	-
8,708	102,486	4,419,881	-
-	701,206	701,206	-
-	-	1,089	-
-	-	253,417	42,585
-	-	185,278	2,261
-	42,339	1,745,735	-
-	-	871,040	-
-	-	221,612	-
-	-	2,688,110	-
-	-	9,164,811	-
-	-	1,310,788	-
105,817	3,496,231	35,079,091	1,102,552
-	-	1,628,392	-
-	-	372,508	-
-	-	2,000,900	-
519,453	1,980,987	4,402,512	-
5,119,136	4,289,895	136,910,594	116,880
(690,517)	(2,235,935)	(67,362,069)	(116,880)
4,948,072	4,034,947	73,951,037	-
5,053,889	7,531,178	111,031,028	1,102,552
-	-	87,867	-
-	-	87,867	-
5,053,889	7,531,178	111,118,895	1,102,552

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2013

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT LIABILITIES			
Accounts Payable	\$ 2,503,978	\$ 601,008	\$ 25,342
Customer Advances	488,785	-	-
Accrued Payroll	12,570	5,352	2,426
Accrued Interest Payable	254,049	38,576	-
Other Payables	139,651	-	-
Deposits Payable	-	37,138	2,763
Claims Payable	-	-	-
Due to Other Funds	-	-	302,253
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	570,000	645,000	-
IEPA Loans Payable	-	244,482	-
Compensated Absences Payable	110,954	41,757	16,276
Total Current Liabilities	4,079,987	1,613,313	349,060
LONG-TERM LIABILITIES			
Advance from Other Funds	-	-	387,345
Net Pension Obligation	95,155	38,281	11,846
Long-Term Debt, Net of Current Maturities			
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	11,285,000	665,000	-
IEPA Loans Payable	-	1,255,964	-
Unamortized Bond Premium/Discount	(2,140)	6,195	-
Total Long-Term Liabilities	11,378,015	1,965,440	399,191
Total Liabilities	15,458,002	3,578,753	748,251
DEFERRED INFLOWS OF RESOURCES			
Unearned Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	15,458,002	3,578,753	748,251
NET POSITION			
Net Investment in Capital Assets	20,842,309	28,839,744	704,331
Restricted for Debt Service	8,745,614	1,729,985	-
Unrestricted (Deficit)	14,341,318	4,252,620	(707,099)
TOTAL NET POSITION (DEFICIT)	\$ 43,929,241	\$ 34,822,349	\$ (2,768)

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 6,962	\$ 62,771	\$ 3,200,061	\$ 67,047
-	-	488,785	-
-	561	20,909	2,080
136,756	10,639	440,020	-
-	-	139,651	-
-	-	39,901	-
-	-	-	129,221
-	673,805	976,058	-
190,000	30,000	220,000	-
-	-	1,215,000	-
-	-	244,482	-
-	4,120	173,107	15,411
333,718	781,896	7,157,974	213,759
852,380	388,667	1,628,392	-
5,053	3,713	154,048	-
4,115,000	645,000	4,760,000	-
-	-	11,950,000	-
-	-	1,255,964	-
-	-	4,055	-
4,972,433	1,037,380	19,752,459	-
5,306,151	1,819,276	26,910,433	213,759
-	61,915	61,915	-
-	61,915	61,915	-
5,306,151	1,881,191	26,972,348	213,759
643,072	3,359,947	54,389,403	-
-	-	10,475,599	-
(895,334)	2,290,040	19,281,545	888,793
\$ (252,262)	\$ 5,649,987	\$ 84,146,547	\$ 888,793

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2013

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
OPERATING REVENUES			
Charges for Services	\$ 28,677,373	\$ 4,895,848	\$ 962,487
Miscellaneous	51,170	16,595	-
Total Operating Revenues	28,728,543	4,912,443	962,487
OPERATING EXPENSES			
Administration	-	-	-
Operations	24,607,324	2,524,040	909,866
Depreciation and Amortization	2,164,888	1,350,329	192,811
Total Operating Expenses	26,772,212	3,874,369	1,102,677
OPERATING INCOME (LOSS)	1,956,331	1,038,074	(140,190)
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	-	-
Grants	-	-	-
Investment Income	19,507	13,193	-
Interest Expense	(517,795)	(114,986)	(1,329)
Total Nonoperating Revenues (Expenses)	(498,288)	(101,793)	(1,329)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,458,043	936,281	(141,519)
TRANSFERS			
Transfers In	-	-	-
Transfers (Out)	(1,371,520)	(214,122)	-
Total Transfers	(1,371,520)	(214,122)	-
CONTRIBUTIONS	-	802,496	-
CHANGE IN NET POSITION	86,523	1,524,655	(141,519)
NET POSITION (DEFICIT), MAY 1	43,935,944	33,316,134	138,751
Prior Period Adjustment	(93,226)	(18,440)	-
NET POSITION (DEFICIT), MAY 1, RESTATED	43,842,718	33,297,694	138,751
NET POSITION (DEFICIT), APRIL 30	\$ 43,929,241	\$ 34,822,349	\$ (2,768)

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 626,084	\$ 1,366,450	\$ 36,528,242	\$ 2,445,861
-	-	67,765	-
626,084	1,366,450	36,596,007	2,445,861
-	-	-	2,111,891
234,124	903,903	29,179,257	-
143,380	126,785	3,978,193	-
377,504	1,030,688	33,157,450	2,111,891
248,580	335,762	3,438,557	333,970
-	59,460	59,460	-
-	713,541	713,541	-
382	4,335	37,417	861
(187,202)	(33,073)	(854,385)	-
(186,820)	744,263	(43,967)	861
61,760	1,080,025	3,394,590	334,831
-	169,000	169,000	-
-	(250,000)	(1,835,642)	-
-	(81,000)	(1,666,642)	-
-	-	802,496	-
61,760	999,025	2,530,444	334,831
(295,583)	4,664,437	81,759,683	553,962
(18,439)	(13,475)	(143,580)	-
(314,022)	4,650,962	81,616,103	553,962
\$ (252,262)	\$ 5,649,987	\$ 84,146,547	\$ 888,793

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2013

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 28,545,549	\$ 4,906,447	\$ 435,162
Receipts from Interfund Services Transactions	-	-	550,450
Receipts from Employees and Retirees	-	-	-
Payments to Suppliers	(22,156,503)	(607,235)	(272,078)
Payments to Employees	(1,270,517)	(1,098,216)	(416,358)
Payments to Other Funds	(733,653)	(809,289)	(206,467)
Net Cash from Operating Activities	4,384,876	2,391,707	90,709
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	-	-
Receipts of Loans from Other Funds	-	-	302,254
Repayment of Loans from Other Funds	-	-	(215,133)
Interest Paid on Interfund Loans	-	-	(1,329)
Loans provided to Other Funds	(2,973,331)	-	-
Transfers In	-	-	-
Transfers (Out)	(1,371,520)	(214,122)	-
Net Cash from Noncapital Financing Activities	(4,344,851)	(214,122)	85,792
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(1,625,181)	(605,172)	(173,159)
Principal Payments on Long-Term Debt	(545,000)	(857,669)	-
Interest Payments on Long-Term Debt	(533,394)	(119,200)	-
Grant Receipts	-	-	-
Net Cash from Capital and Related Financing Activities	(2,703,575)	(1,582,041)	(173,159)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	19,507	13,442	-
Net Cash from Investing Activities	19,507	13,442	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,644,043)	608,986	3,342
CASH AND CASH EQUIVALENTS, MAY 1	17,834,866	4,130,475	-
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 15,190,823	\$ 4,739,461	\$ 3,342

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 485,697	\$ 1,321,479	\$ 35,694,334	\$ -
131,679	-	682,129	2,519,053
-	-	-	335,547
(140,736)	(602,803)	(23,779,355)	(1,635,160)
-	(101,919)	(2,887,010)	(444,650)
(82,641)	(105,972)	(1,938,022)	-
393,999	510,785	7,772,076	774,790
-	59,460	59,460	-
27,653	1,062,472	1,392,379	-
(48,801)	(120,782)	(384,716)	-
(2,703)	-	(4,032)	-
-	-	(2,973,331)	-
-	169,000	169,000	-
-	(250,000)	(1,835,642)	-
(23,851)	920,150	(3,576,882)	-
(75,044)	(1,103,681)	(3,582,237)	-
(185,000)	(30,000)	(1,617,669)	-
(191,851)	(33,462)	(877,907)	-
-	12,334	12,334	-
(451,895)	(1,154,809)	(6,065,479)	-
382	7,112	40,443	861
382	7,112	40,443	861
(81,365)	283,238	(1,829,842)	775,651
178,474	2,305,047	24,448,862	282,055
\$ 97,109	\$ 2,588,285	\$ 22,619,020	\$ 1,057,706

(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, 2013

	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)	\$ 1,956,331	\$ 1,038,074	\$ (140,190)
Adjustments to Reconcile Operating Income			
(Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	2,164,888	1,350,329	192,811
Changes in Assets and Liabilities			
Accounts Receivable	(96,564)	5,842	23,061
Other Receivables	(68,506)	(18,734)	65
Prepaid Expenses	63,304	18,439	(10,419)
Inventory	260,301	-	20,223
Deposits	-	6,896	100
Accounts Payable	108,883	(12,581)	5,299
Customer Advances	(17,924)	-	-
Accrued Payroll	(1,668)	(3,939)	(68)
Claims Payable	-	-	-
Other Payables	(8,108)	-	-
Compensated Absences	13,829	6,703	1,604
Net Pension Obligation	10,110	678	(1,777)
NET CASH FROM OPERATING ACTIVITIES	\$ 4,384,876	\$ 2,391,707	\$ 90,709
CASH AND INVESTMENTS			
Cash and Investments	\$ 7,067,709	\$ 3,697,764	\$ 3,342
Restricted Cash and Investments	8,123,114	1,041,697	-
TOTAL CASH AND INVESTMENTS	\$ 15,190,823	\$ 4,739,461	\$ 3,342
NONCASH TRANSACTIONS			
Contributions	\$ -	\$ 787,204	\$ -
TOTAL NONCASH TRANSACTIONS	\$ -	\$ 787,204	\$ -

Business-Type Activities			Governmental
Technology	Nonmajor		Activities
Center	Enterprise	Total	Internal
	Funds		Service
\$ 248,580	\$ 335,762	\$ 3,438,557	\$ 333,970
143,380	126,785	3,978,193	-
(8,708)	(44,971)	(121,340)	-
-	-	(87,175)	408,739
-	-	71,324	(354)
-	42,003	322,527	-
-	-	6,996	-
5,694	49,172	156,467	(1,018)
-	-	(17,924)	-
-	(125)	(5,800)	(431)
-	-	-	32,522
-	-	(8,108)	-
-	1,754	23,890	1,362
5,053	405	14,469	-
<u>\$ 393,999</u>	<u>\$ 510,785</u>	<u>\$ 7,772,076</u>	<u>\$ 774,790</u>
\$ 97,109	\$ 2,588,285	\$ 13,454,209	\$ 1,057,706
-	-	9,164,811	-
<u>\$ 97,109</u>	<u>\$ 2,588,285</u>	<u>\$ 22,619,020</u>	<u>\$ 1,057,706</u>
\$ -	\$ -	\$ 787,204	\$ 787,204
\$ -	\$ -	\$ 787,204	\$ 787,204

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

April 30, 2013

ASSETS	
Cash and Short-Term Investments	\$ 755,000
Investments, at Fair Value	
U.S. Treasury Securities	4,344,766
U.S. Agency Securities	937,333
Certificates of Deposit	349,364
Equity Mutual Funds	5,343,214
Corporate Bonds	879,960
Municipal Bonds	1,544,155
Equities	3,922,676
Annuity Contracts	231,509
Receivables	
Accrued Interest	<u>57,237</u>
 Total Assets	 <u>18,365,214</u>
LIABILITIES	
None	<u>-</u>
 Total Liabilities	 <u>-</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 18,365,214</u></u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2013

ADDITIONS

Contributions

Employer Contributions	\$ 323,392
Employee Contributions	<u>205,652</u>

Total Contributions	<u>529,044</u>
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Investment Income

Net Appreciation (Depreciation) in Fair Value of Investments	803,936
Interest	<u>504,773</u>

Total Investment Income	1,308,709
Less Investment Expense	<u>(91,315)</u>

Net Investment Income	<u>1,217,394</u>
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Total Additions	<u>1,746,438</u>
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DEDUCTIONS

Benefits and Refunds	1,181,604
Administrative Expenses	<u>22,856</u>

Total Deductions	<u>1,204,460</u>
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NET INCREASE	541,978
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NET POSITION HELD IN TRUST
FOR PENSION BENEFITS

May 1	<u>17,823,236</u>
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April 30	<u><u>\$ 18,365,214</u></u>
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See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2013

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number(s)</u>
1	Summary of Significant Accounting Policies	25-33
2	Cash and Investments	34-38
3	Capital Assets	38-40
4	Long-Term Debt	40-44
5	Industrial Revenue Bonds	44
6	Revenue Bonds	44-45
7	Defined Benefit Pension Plans	46-54
8	Risk Management	55
9	Contracts, Commitments and Contingencies	56-57
10	Individual Fund Disclosures	57-59
11	Receivables	59
12	Other Postemployment Benefits	60-62
13	Restatement	62
14	Subsequent Event	62

CITY OF ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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).

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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 Railroad Fund is used to account for railcar fees assigned for railroad improvements.

The City reports the following major proprietary funds:

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

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

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

E. Cash and Investments

Cash and Cash Equivalents

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

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, 2013 for debt and equity securities and contract values for mutual funds.

F. Property Taxes

Property taxes for 2012 are levied in December 2012 and attach as an enforceable lien on the property on January 1, 2012. Tax bills are prepared by the County and issued on or about May 1, 2013 and August 1, 2013, and are due and collectible on or about June 1, 2013 and September 1, 2013. The County collects the taxes and remits them periodically to the City. Those 2012 taxes are intended to finance the 2014 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unearned revenue. The 2013 tax levy has not been recorded as a receivable at April 30, 2013, as the tax attached as a lien on property as of January 1, 2013; however, the tax will not be levied until December 2013 and, accordingly, is not measurable at April 30, 2013.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

Inventory is valued at average cost on a first in first out (FIFO) 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 position. Restricted cash and investments in the governmental activities/governmental funds is a deposit from a developer for rail improvements.

I. Prepaid Items/Expenses

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

J. Capital Assets

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

<u>Asset Class</u>	<u>Capitalization Threshold</u>
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)

J. 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

K. Vacation, Sick Pay and Other Employee Benefits

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

L. Interfund Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Receivables/Payables

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

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

N. Long-Term Obligations

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

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

O. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance/Net Position

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

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

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

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

At April 30, 2013, the City had \$323,255 of net position and fund balances that were restricted for capital improvements as a result of enabling legislation adopted by the City.

Q. 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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The City 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.

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, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 35,185	\$ -	\$ 35,185	\$ -	\$ -
TOTAL	\$ 35,185	\$ -	\$ 35,185	\$ -	\$ -

2. CASH AND INVESTMENTS (Continued)

City Investments (Continued)

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.

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.

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

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 2,692,365	\$ 322,410	\$ 1,834,925	\$ 166,181	\$ 368,849
U.S. Agency Obligations	875,831	-	-	-	875,831
Corporate Bonds	879,960	-	211,736	478,406	189,818
TOTAL	\$ 4,448,156	\$ 322,410	\$ 2,046,661	\$ 644,587	\$ 1,434,498

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 A+ to BBB- 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%

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

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments (Continued)

The aggregate of equities, mutual funds and variable annuities cannot exceed 55%. 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.

Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 1,652,401	\$ 101,565	\$ 996,803	\$ 554,033	\$ -
U.S. Agency Obligations	61,502	-	-	803	60,699
State and Local Obligations	1,544,155	-	-	315,592	1,228,563
Negotiable Certificates of Deposit	349,364	297,264	52,100	-	-
TOTAL	\$ 3,607,422	\$ 398,829	\$ 1,048,903	\$ 870,428	\$ 1,289,262

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 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.

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

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments (Continued)

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.

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, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 3,030,611	\$ -	\$ -	\$ 3,030,611
Land Right of Way	2,338,881	-	-	2,338,881
Construction in Progress	1,258,346	90,685	1,349,031	-
Total Capital Assets not Being Depreciated	<u>6,627,838</u>	<u>90,685</u>	<u>1,349,031</u>	<u>5,369,492</u>
Capital Assets Being Depreciated				
Buildings	3,036,479	-	-	3,036,479
Machinery and Equipment	5,771,159	479,281	133,849	6,116,591
Bridges	3,072,551	6,255,566	-	9,328,117
Streets	26,372,183	2,018,521	-	28,390,704
Stormwater	4,552,223	-	-	4,552,223
Sidewalks	2,042,295	-	-	2,042,295
Railroad Spur	4,068,801	4,626,964	-	8,695,765
Street Lights	313,630	-	-	313,630
Total Capital Assets Being Depreciated	<u>49,229,321</u>	<u>13,380,332</u>	<u>133,849</u>	<u>62,475,804</u>

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

3. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Buildings	\$ 1,540,163	\$ 61,219	\$ -	\$ 1,601,382
Machinery and Equipment	4,196,329	404,075	133,017	4,467,387
Bridges	841,038	186,562	-	1,027,600
Streets	9,841,867	676,260	-	10,518,127
Stormwater	3,259,116	113,806	-	3,372,922
Sidewalks	649,683	51,057	-	700,740
Railroad Spur	261,119	174,183	-	435,302
Street Lights	58,688	10,454	-	69,142
Total Accumulated Depreciation	<u>20,648,003</u>	<u>1,677,616</u>	<u>133,017</u>	<u>22,192,602</u>
 Total Capital Assets Being Depreciated, Net	 <u>28,581,318</u>	 <u>11,702,716</u>	 <u>832</u>	 <u>40,283,202</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	 <u>\$ 35,209,156</u>	 <u>\$ 11,793,401</u>	 <u>\$ 1,349,863</u>	 <u>\$ 45,652,694</u>

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

GOVERNMENTAL ACTIVITIES		
General Government		\$ 83,881
Public Safety		184,538
Public Works		1,392,421
Public Service Enterprises		<u>16,776</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		 <u>\$ 1,677,616</u>

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 2,355,315	\$ 1,042,625	\$ -	\$ 3,397,940
Construction in Progress	1,475,379	2,754,028	3,224,835	1,004,572
Total Capital Assets not Being Depreciated	<u>3,830,694</u>	<u>3,796,653</u>	<u>3,224,835</u>	<u>4,402,512</u>
 Capital Assets Being Depreciated				
Infrastructure	42,129,713	2,255,299	-	44,385,012
Equipment	10,406,375	22,690	-	10,429,065
Other Tangible Assets	2,111,408	22,948	-	2,134,356
Structures and Improvements	1,930,956	20,134	-	1,951,090
Building	4,272,512	-	-	4,272,512
General	7,573,856	269,529	-	7,843,385
Generation	7,437,835	936,584	-	8,374,419
Transmission	10,379,271	-	-	10,379,271
Distribution	45,703,272	1,438,212	-	47,141,484
Total Capital Assets Being Depreciated	<u>131,945,198</u>	<u>4,965,396</u>	<u>-</u>	<u>136,910,594</u>

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

3. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Infrastructure	\$ 17,645,829	\$ 1,096,439	\$ -	\$ 18,742,268
Equipment	5,377,469	259,100	-	5,636,569
Other Tangible Assets	1,347,248	56,917	-	1,404,165
Structures and Improvements	575,070	64,657	-	639,727
Building	440,605	106,442	-	547,047
General	3,225,132	302,123	-	3,527,255
Generation	6,487,787	97,572	-	6,585,359
Transmission	6,708,062	377,576	-	7,085,638
Distribution	21,576,675	1,617,366	-	23,194,041
Total Accumulated Depreciation	63,383,877	3,978,192	-	67,362,069
 Total Capital Assets Being Depreciated, Net	 68,561,321	 987,204	 -	 69,548,525
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	 \$ 72,392,015	 \$ 4,783,857	 \$ 3,224,835	 \$ 73,951,037

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	\$ 60,000
Compensated Absences*	239,811	160,050	126,930	272,931	136,466
Net Pension Obligation - IMRF*	96,995	10,055	-	107,050	-
Net Pension Obligation - Police	8,685	107,113	-	115,798	-
Net Other Postemployment Benefit Obligation*	29,596	32,015	-	61,611	-
 TOTAL GOVERNMENTAL ACTIVITIES	 \$ 3,315,087	 \$ 309,233	 \$ 126,930	 \$ 3,497,390	 \$ 196,466

*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	2,965,000	-	545,000	2,420,000	570,000
2008 Refunding Bonds	1,930,000	-	620,000	1,310,000	645,000
 Total Revenue Bonds	 14,330,000	 -	 1,165,000	 13,165,000	 1,215,000

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

4. LONG-TERM DEBT (Continued)

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
(Continued)					
General Obligation Debt Certificates	\$ 4,490,000	\$ -	\$ 185,000	\$ 4,305,000	\$ 190,000
General Obligation Bonds	705,000	-	30,000	675,000	30,000
IEPA Revolving Loans	1,738,116	-	237,670	1,500,446	244,482
Unamortized Discount	(42,047)	-	(2,347)	(39,700)	-
Unamortized Premium	62,469	-	18,714	43,755	-
Compensated Absences	149,217	173,107	149,217	173,107	173,107
Net Pension Obligation	139,579	16,425	1,956	154,048	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 21,572,334	\$ 189,532	\$ 1,785,210	\$ 19,976,656	\$ 1,852,589

Bonds payable and other long-term obligations at April 30, 2013 are comprised of the following, excluding the refunded bonds that are defeased in-substance:

General Obligation Debt

	Total	Current Portion
\$5,000,000 2008 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$350,000 from June 30, 2009 to June 30, 2028, interest at 4.27%, retired by the Technology Center Fund.	\$ 4,305,000	\$ 190,000
\$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.	675,000	30,000
TOTAL GENERAL OBLIGATION DEBT	\$ 4,980,000	\$ 220,000
\$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%.	\$ 2,940,000	\$ 60,000
TOTAL TIF FUND ALTERNATE REVENUE BONDS	\$ 2,940,000	\$ 60,000

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

4. LONG-TERM DEBT (Continued)

Revenue Bonds

	<u>Total</u>	<u>Current Portion</u>
\$9,435,000 Series 2005 Electric System Revenue Bonds, due in annual installments of \$505,000 to \$880,000, through May 1, 2030, interest from 4.00% to 4.75%.	\$ 9,435,000	\$ -
\$5,755,000 Series 2008 Electric System Revenue Refunding Revenue Bonds, due in annual installments of \$565,000 to \$665,000, through May 1, 2016, interest from 3.50% to 4.50%.	2,420,000	570,000
TOTAL ELECTRIC FUND REVENUE BONDS	\$ 11,855,000	\$ 570,000

	<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%.	\$ 1,310,000	\$ 645,000
TOTAL WATER AND WATER RECLAMATION FUND REVENUE BONDS	\$ 1,310,000	\$ 645,000

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%.	\$ 1,027,767	\$ 217,064
\$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%.	472,679	27,418
TOTAL WATER AND WATER RECLAMATION IEPA LOANS	\$ 1,500,446	\$ 244,482

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

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, insurance claims and net OPEB obligations) as of April 30, 2013, are as follows:

April 30,	General Obligation Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
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	265,000	175,852	505,000	403,098
2019-2023	1,500,000	731,143	2,865,000	1,694,290
2024-2028	1,860,000	363,566	3,540,000	1,060,181
2029-2031	410,000	19,150	2,525,000	241,425
TOTAL	\$ 4,980,000	\$ 2,095,271	\$ 13,165,000	\$ 5,279,081

April 30,	General Obligation Alternate Revenue Debt		Illinois EPA Loans	
	Principal	Interest	Principal	Interest
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	125,000	161,332	151,140	10,169
2019-2023	720,000	706,174	163,230	30,290
2024-2028	970,000	461,405	165,286	9,061
2029-2031	750,000	108,631	-	-
TOTAL	\$ 2,940,000	\$ 2,120,627	\$ 1,500,446	\$ 164,387

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, 2013 is \$1,358,694. Principal and interest paid for the current year was \$678,363 or 28.37% of total customer net revenues of \$2,391,026.

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

4. LONG-TERM DEBT (Continued)

Revenue Source Bonds (Continued)

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, 2013 is \$17,085,386. Principal and interest paid for the current year was \$1,063,998 or 25.45% of total customer net revenues of \$4,181,540.

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 position. At April 30, 2013, \$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, 2013, there was one bond outstanding. The aggregate principal amount payable was \$5,950,000.

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

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

6. REVENUE BONDS (Continued)

Account	Amount	Nature of Authorized Expenditures
Bond and Interest	Amount sufficient to pay the current bond and interest maturities	Paying principal and interest on bonds
Bond Reserve	\$30,000 per month until account aggregates an amount equal to bond and interest requirements for any succeeding fiscal year	Paying principal and interest on bonds when there are insufficient funds in the bond and interest account
Depreciation, Improvement and Extension	\$20,000 per month until the account aggregates a minimum of \$7,000,000	Cost of extraordinary maintenance, necessary replacement and improvement or extension of the system
Surplus Revenue	The amount remaining after payment into the above four accounts	Making up deficiencies in the aforementioned accounts, paying of junior lien bonds and for any other lawful corporate purpose

The City has complied with all significant limitations, restrictions and bond covenants during the year ended April 30, 2013. The restricted assets and restricted net position for purposes other than bond proceeds and the expenses of operating, maintaining and repairing the system, is as follows:

RESTRICTED BOND ORDINANCE ACCOUNTS	
Bond and Interest Account	\$ 1,529,295
Bond Reserve Account	1,630,400
Depreciation, Improvement and Extension Account	<u>7,315,904</u>
 TOTAL	 <u><u>\$ 10,475,599</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.

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 2012 and 2013 were 11.76% and 12.83% of covered payroll, respectively. The employer required contributions for 2012 and 2013 were 12.28% and 12.83% of covered payroll, respectively.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

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, 2012 (most recent information available), the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	17
Current Employees	
Vested	10
Nonvested	11
	<hr/>
TOTAL	<u>38</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).

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 proceeding calendar year.

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 \$172,117 for the year ended April 30, 2013, which was approximately 11.67% 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, 2012 (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	4
Nonvested	8
	<hr/>
TOTAL	<u>21</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.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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.

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 \$151,275 for the year ended April 30, 2013 which was approximately 19.62% of covered payroll.

B. Significant Investments

There are no significant investments (other than U.S. Government obligations) in any one organization that represent 5.00% or more of plan net position 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	21 Years, Closed	29 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)	2011	\$ 647,651	\$ 222,989	\$ 124,246
	2012	664,244	227,440	188,396
	2013	689,207	279,230	180,750
Actual Contributions	2011	\$ 495,970	\$ 205,593	\$ 229,306
	2012	579,351	119,932	91,222
	2013	664,684	172,117	151,275
Percentage of APC Contributed	2011	76.58%	92.20%	184.29%
	2012	87.22%	52.73%	48.42%
	2013	96.44%	61.64%	83.69%
NPO (Asset)	2011	\$ 151,681	\$ (98,823)	\$ (169,541)
	2012	236,574	8,685	(72,367)
	2013	261,097	115,798	(42,892)

The NPO (asset) at April 30, 2013 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 684,148	\$ 279,240	\$ 176,233
Interest on Net Pension Obligation (Asset)	17,743	623	(5,428)
Adjustment to Annual Required Contribution	(12,684)	(633)	9,945
Annual Pension Cost	689,207	279,230	180,750
Contributions Made	664,684	172,117	151,275
(Increase) Decrease in Net Pension Obligation (Asset)	24,523	107,113	29,475
Net Pension Obligation (Asset), Beginning of Year	236,574	8,685	(72,367)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 261,097	\$ 115,798	\$ (42,892)

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, 2012 for IMRF and April 30, 2012 (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)	\$ 17,944,176	\$ 12,807,902	\$ 8,756,844
Actuarial Value of Plan Assets	13,665,791	11,083,685	7,268,372
Unfunded Actuarial Accrued Liability (UAAL)	4,278,385	1,724,217	1,488,472
Funded Ratio (Actuarial Value of Plan Assets/AAL)	76.16%	86.54%	83.00%
Covered Payroll (Active Plan Members)	\$ 5,334,655	\$ 1,474,601	\$ 729,664
UAAL as a Percentage of Covered Payroll	80.20%	116.93%	203.99%

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 POSITION			
Cash and Short-Term Investments	\$ 702,073	\$ 52,927	\$ 755,000
Investments, at Fair Value			
U.S. Treasury Securities	2,692,365	1,652,401	4,344,766
U.S. Agency Securities	875,831	61,502	937,333
Certificates of Deposit	-	349,364	349,364
Equity Mutual Funds	1,661,211	3,682,003	5,343,214
Corporate Bonds	879,960	-	879,960
Municipal Bonds	-	1,544,155	1,544,155
Equities	3,922,676	-	3,922,676
Annuity Contracts	-	231,509	231,509
Receivables			
Accrued Interest	22,484	34,753	57,237
Total Assets	10,756,600	7,608,614	18,365,214
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
	\$10,756,600	\$ 7,608,614	\$18,365,214

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	\$ 172,117	\$ 151,275	\$ 323,392
Employee Contributions	129,908	75,744	205,652
Total Contributions	302,025	227,019	529,044
Investment Income			
Net Appreciation			
In Fair Value of Investments	436,895	367,041	803,936
Interest	271,483	233,290	504,773
Total Investment Income	708,378	600,331	1,308,709
Less Investment Expense	(87,507)	(3,808)	(91,315)
Net Investment Income	620,871	596,523	1,217,394
Total Additions	922,896	823,542	1,746,438
DEDUCTIONS			
Benefits and Refunds	707,868	473,736	1,181,604
Administrative Expenses	13,292	9,564	22,856
Total Deductions	721,160	483,300	1,204,460
NET INCREASE	201,736	340,242	541,978
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1	10,554,864	7,268,372	17,823,236
April 30	\$ 10,756,600	\$ 7,608,614	\$ 18,365,214

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, 2013 and 2012 are as follows:

	2013	2012
CLAIMS PAYABLE, MAY 1	\$ 96,699	\$ 147,205
Add Claims Incurred and Claims Adjustment	1,937,574	2,373,429
Less Claims Paid	1,905,052	2,423,935
CLAIMS PAYABLE, APRIL 30	<u>\$ 129,221</u>	<u>\$ 96,699</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.

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

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 \$518 million as of January 1, 2013 (most recent information available).

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 2014. 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, 2013 consisted of the following:

	Due From	Due To
General	\$ 755,069	\$ -
Railroad	-	1,712,052
Electric	2,688,110	-
Communications	-	302,253
Health Insurance	3,606	-
Administrative Services	-	3,606
Nonmajor Governmental	-	755,069
Nonmajor Enterprise	-	673,805
	<hr/>	<hr/>
TOTAL	\$ 3,446,785	\$ 3,446,785

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

A. (Continued)

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

B. Advances from/to other funds at April 30, 2013 consisted of the following:

	Advance To	Advance From
Electric Utility	\$ 1,628,392	\$ -
Technology Center	-	852,380
Communications	-	387,345
Nonmajor Enterprise Funds	-	388,667
TOTAL	\$ 1,628,392	\$ 1,628,392

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

- \$1,239,725 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.
- \$388,667 advanced from the Electric Utility Fund to the non-major enterprise funds to fund the purchase of a share of a golf course. Repayment is not expected within one year.

C. Interfund transfers during the year ended April 30, 2013 consisted of the following:

	Transfer In	Transfer Out
General	\$ 2,252,642	\$ -
Railroad	-	250,000
Water and Water Reclamation	-	214,122
Electric	-	1,371,520
Nonmajor Governmental	1,830,405	2,166,405
Nonmajor Enterprise	169,000	250,000
TOTAL	\$ 4,252,047	\$4,252,047

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

C. (Continued)

The purposes of significant interfund transfers are as follows:

- \$2,252,642 transferred to the General Fund was made up of \$1,371,520 from the Electric Utility Fund, \$81,000 from the Railroad Fund, \$214,122 from the Water and Water Reclamation Fund, \$336,000 from the Nonmajor Governmental Funds, 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.
- \$1,938,405 transferred to the Nonmajor Governmental Funds (Capital Improvement Fund) from the Nonmajor Governmental Funds (Utility Tax Fund \$484,682, Motor Fuel Tax Fund \$388,456, and Sales Tax Fund \$1,065,267) for annual sidewalk maintenance and miscellaneous street maintenance, and CIP projects. These transfers will not be repaid.
- \$169,000 transferred to the Nonmajor Enterprise Funds from the Railroad fund to provide funds for continued capital improvements. These transfers will not be repaid.

D. Fund Balance/Net Position Deficits

As of April 30, 2013, the Audit Fund, the Insurance Fund, the IMRF Fund, the Social Security Fund, the TIF Fund, the TIF Development Fund and the Capital Improvement Fund had deficit fund balances of \$293, \$436,275, \$52,025, \$24,888, \$100,264, \$56,061 and \$230,430, respectively.

As of April 30, 2013, the Technology Center Fund and the Administrative Service Fund (Internal Service) had deficit net positions of \$252,262 and \$42,409, respectively.

11. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at April 30, 2013:

GOVERNMENTAL ACTIVITIES	
Telecommunications Tax	\$ 97,192
Income Tax	139,368
Use Tax	35,170
Sales Tax	657,448
Auto Rental Tax	29
Video Gaming Tax	9,211
Motor Fuel Tax	16,465
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 954,883</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.

Membership

At April 30, 2012 (most recent information available), 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, 2013, retirees contributed \$2,920. Active employees do not contribute to the plan until retirement.

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 2011, 2012 and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
April 30, 2011	\$ 23,407	\$ 16,079	68.69%	\$ 22,146
April 30, 2012	23,529	16,079	68.34%	29,596
April 30, 2013	50,988	18,973	37.21%	61,611

The net OPEB obligation (NOPEBO) as April 30, 2013 was calculated as follows:

Annual Required Contribution	\$ 50,495
Interest on Net OPEB Obligation	1,480
Adjustment to Annual Required Contribution	<u>(987)</u>
Annual OPEB Cost	50,988
Contributions Made	<u>18,973</u>
Increase in Net OPEB Obligation	32,015
Net OPEB Obligation, Beginning of Year	<u>29,596</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 61,611</u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2012 (most recent information available) 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)	-
Covered Payroll (Active Plan Members)	\$ 8,044,646
UAAL as a Percentage of Covered Payroll	5.73%

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

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.

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 (most recent information available) actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 5.00% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.00% reduced to an ultimate healthcare cost trend rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advanced 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.

13. RESTATEMENT

Net positions of business-type activities have been restated by \$(143,580) due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. With the implementation of GASB Statement No. 65, the City is required to write off previous bond issuance costs which were being amortized over the life of the bonds and to expense these amounts in the year of issuance.

14. SUBSEQUENT EVENT

On June 6, 2013, the City issued \$2,955,000 of General Obligation Refunding Bonds (Tax Increment Financing Alternate Revenue Source), Series 2013, to fully refund the Taxable General Obligation Bonds (Tax Increment Financing Alternate Revenue Source), Series 2010.

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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 3,835,474	\$ 3,824,087	\$ (11,387)
Licenses and Permits	304,200	214,563	(89,637)
Intergovernmental	758,000	863,820	105,820
Charges for Services	955,844	820,736	(135,108)
Fines and Forfeitures	122,550	140,596	18,046
Investment Income	4,500	1,906	(2,594)
Miscellaneous	96,000	81,113	(14,887)
Total Revenues	6,076,568	5,946,821	(129,747)
EXPENDITURES			
Current			
General Government	1,643,566	1,667,348	23,782
Public Safety	4,570,697	4,498,052	(72,645)
Public Works	1,718,039	1,688,131	(29,908)
Public Service Enterprises	114,458	105,382	(9,076)
Conservation and Development	248,697	240,757	(7,940)
Total Expenditures	8,295,457	8,199,670	(95,787)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,218,889)	(2,252,849)	(33,960)
OTHER FINANCING SOURCES (USES)			
Proceeds from disposal of capital assets	-	2,775	2,775
Transfers In	2,252,642	2,252,642	-
Total Other Financing Sources (Uses)	2,252,642	2,255,417	2,775
NET CHANGE IN FUND BALANCE	\$ 33,753	2,568	\$ (31,185)
FUND BALANCE, MAY 1		<u>1,781,371</u>	
FUND BALANCE, APRIL 30		<u>\$ 1,783,939</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2013

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)
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%
2012	13,665,791	17,944,176	76.16%	4,278,385	5,334,655	80.20%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION FUND

April 30, 2013

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)
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	11,083,685	12,807,902	86.54%	1,724,217	1,474,601	116.93%
2013	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, 2013

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)
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	7,268,372	8,756,844	83.00%	1,488,472	729,664	203.99%
2013	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, 2013

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%
2013	N/A	N/A	N/A	N/A	N/A	N/A

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, 2013

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2013	664,684	684,148	97.16%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2013

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2013	172,117	279,240	61.64%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

April 30, 2013

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2013	151,275	176,233	85.84%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2013

<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%
2013	18,973	50,495	37.57%

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, 2013

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>
Insurance	\$ 210,061
Hotel/Motel Tax	22,198
TIF Fund	29,842
Ambulance Replacement	146,488

**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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property	\$ 1,189,474	\$ 1,134,175	\$ (55,299)
Road and Bridge	130,000	138,961	8,961
Local Use	156,000	153,644	(2,356)
Telecommunications	330,000	419,475	89,475
State Sales	1,850,000	1,782,010	(67,990)
Replacement	180,000	177,084	(2,916)
Video Gaming	-	18,738	18,738
Total Taxes	<u>3,835,474</u>	<u>3,824,087</u>	<u>(11,387)</u>
Licenses and Permits			
Licenses			
Amusement	2,500	2,010	(490)
Liquor	16,800	23,875	7,075
Franchise	109,000	112,107	3,107
Other	70,400	8,151	(62,249)
Permits			
Building	105,500	68,420	(37,080)
Total Licenses and Permits	<u>304,200</u>	<u>214,563</u>	<u>(89,637)</u>
Intergovernmental			
Shared Income Tax	758,000	862,814	104,814
State Grants	-	1,006	1,006
Total Intergovernmental	<u>758,000</u>	<u>863,820</u>	<u>105,820</u>
Charges for Services			
Fire Protection	44,772	44,397	(375)
Ambulance Fees	544,572	358,404	(186,168)
Police Services	65,000	111,077	46,077
Planning/Zoning Fees	75,000	70,061	(4,939)
Grave Opening Fees	21,500	24,825	3,325
Brush Pick-up Fees	85,500	85,500	-
Cemetery Lot Sales	15,000	16,963	1,963
Cemetery Receipts	4,500	3,259	(1,241)
Water Reclamation Solid Waste	100,000	106,250	6,250
Total Charges for Services	<u>955,844</u>	<u>820,736</u>	<u>(135,108)</u>

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Fines and Forfeitures			
Circuit Court	\$ 120,000	\$ 139,496	\$ 19,496
Alarm	2,550	1,100	(1,450)
Total Fines and Forfeitures	122,550	140,596	18,046
Investment Income	4,500	1,906	(2,594)
Miscellaneous			
Refunds/Reimbursements	66,000	20,852	(45,148)
Miscellaneous	30,000	60,261	30,261
Total Miscellaneous	96,000	81,113	(14,887)
TOTAL REVENUES	\$ 6,076,568	\$ 5,946,821	\$ (129,747)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Mayor and Council			
Salaries	\$ 50,500	\$ 50,888	\$ 388
Travel Expenditures and Dues	7,000	2,676	(4,324)
Conferences	4,000	2,649	(1,351)
Supplies and Equipment	600	562	(38)
Other Professional Services	200	-	(200)
Printing	200	105	(95)
Publications	200	50	(150)
Community Relations	500	928	428
Equipment	2,000	-	(2,000)
Total Mayor and Council	65,200	57,858	(7,342)
City Clerk			
Salaries	109,018	109,333	315
Health Insurance	30,461	32,738	2,277
Postage	7,000	5,231	(1,769)
Other Professional Services	-	59	59
Publishing	1,500	936	(564)
Printing	750	-	(750)
Travel Expenditures and Dues	4,100	3,058	(1,042)
Tuition and Training	700	190	(510)
Publications	500	72	(428)
Conferences	1,200	1,055	(145)
Office Supplies	1,500	1,542	42
Microcomputer Software	300	-	(300)
Maintenance of Equipment	500	114	(386)
Equipment	3,000	571	(2,429)
Brush Grove Drainage	2,500	2,500	-
Miscellaneous Charges	7,000	13,220	6,220
Total City Clerk	170,029	170,619	590
Municipal Building			
Salaries	47,285	47,143	(142)
Health Insurance	21,083	16,995	(4,088)
Maintenance (Buildings)	7,000	7,867	867
Maintenance (Grounds)	600	373	(227)
Maintenance (Other)	1,850	1,029	(821)
Network Administration	236,531	236,531	-
Publishing	-	107	107
Other Professional Services	27,500	25,957	(1,543)
Utilities	56,455	59,039	2,584
Telephone	3,250	3,412	162
Garbage Disposal/Recycling	500	567	67

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Municipal Building (Continued)			
Other Contractual Services	\$ 1,000	\$ 2,625	\$ 1,625
Property Tax	4,225	3,034	(1,191)
Maintenance Supplies	14,500	9,522	(4,978)
Office Supplies	3,000	2,405	(595)
General Supplies	5,000	5,111	111
Equipment	4,000	3,934	(66)
Public Relations	26,200	25,426	(774)
Sales Tax Rebates	-	15,245	15,245
Administrative Services	64,656	64,656	-
Total Municipal Building	524,635	530,978	6,343
City Attorney			
Legal	115,000	134,416	19,416
Conferences	250	240	(10)
Other Professional Services	1,200	-	(1,200)
Publications and Dues	100	68	(32)
Total City Attorney	116,550	134,724	18,174
City Manager			
Salaries	124,378	132,139	7,761
Health Insurance	19,919	22,949	3,030
Other Professional Services	5,000	7,500	2,500
Telephone	1,500	1,131	(369)
Dues	2,200	2,664	464
Travel	4,000	2,815	(1,185)
Tuition	700	-	(700)
Publications	100	10	(90)
Conferences	2,500	1,145	(1,355)
Office Supplies	1,000	267	(733)
Public Relations	2,000	770	(1,230)
Equipment	1,000	-	(1,000)
Total City Manager	164,297	171,390	7,093
Building, Zoning and Engineering			
Salaries	379,356	390,588	11,232
Health Insurance	93,709	100,030	6,321
Maintenance (Building)	1,000	379	(621)
Maintenance (Equipment)	1,500	1,904	404
Maintenance (Vehicles)	3,000	1,666	(1,334)
Engineering	61,000	43,917	(17,083)
Legal Services	-	1,600	1,600
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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Building, Zoning and Engineering (Continued)			
Other Professional Services	\$ 17,700	\$ 21,949	\$ 4,249
Postage	-	528	528
Telephone	4,000	4,368	368
Printing	850	74	(776)
Dues	2,000	1,395	(605)
Travel	1,100	954	(146)
Training	1,400	859	(541)
Publications	4,750	3,778	(972)
Utilities	3,100	4,396	1,296
Postage	50	13	(37)
Supplies (Equipment)	2,500	2,418	(82)
Office Supplies	2,400	2,504	104
General Supplies	480	459	(21)
Small Tools	840	1,123	283
Gasoline and Oil	5,700	5,505	(195)
Capital Improvements	7,620	4,536	(3,084)
Software	6,200	4,965	(1,235)
Miscellaneous	2,600	1,781	(819)
	<u>602,855</u>	<u>601,779</u>	<u>(1,076)</u>
Total Building, Zoning and Engineering	602,855	601,779	(1,076)
	<u>1,643,566</u>	<u>1,667,348</u>	<u>23,782</u>
Total General Government	1,643,566	1,667,348	23,782
PUBLIC SAFETY			
Police Department			
Salaries	2,009,254	1,908,673	(100,581)
Health Insurance	454,512	490,942	36,430
Pension Contribution	174,577	168,821	(5,756)
Uniform Allowance	20,000	11,763	(8,237)
Maintenance (Equipment)	32,000	31,236	(764)
Maintenance (Vehicles)	21,000	32,742	11,742
Medical Services	1,200	1,496	296
Data Processing Services	20,000	17,649	(2,351)
Other Professional Services	1,000	336	(664)
Postage	700	190	(510)
Telephone	18,000	16,692	(1,308)
Printing and Publishing	3,000	3,746	746
Dues	5,300	2,743	(2,557)
Travel	2,000	1,211	(789)
Training	12,000	4,826	(7,174)
Tuition Reimbursement	4,176	1,095	(3,081)
Utilities	1,200	1,205	5
Animal Control	5,000	3,364	(1,636)
Supplies (Equipment)	500	-	(500)
Supplies (Vehicles)	3,000	3,679	679
Office Supplies	10,000	6,156	(3,844)
Operating Supplies	10,000	11,399	1,399

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Police Department (Continued)			
Gas and Oil	\$ 66,000	\$ 73,240	\$ 7,240
K9 Supplies	500	11,936	11,436
Prisoner Supplies	1,000	166	(834)
Capital Improvements	61,400	64,105	2,705
Miscellaneous	2,500	13,448	10,948
Total Police Department	2,939,819	2,882,859	(56,960)
Fire Department			
Salaries	1,072,543	1,087,293	14,750
Health Insurance	238,961	233,832	(5,129)
Pension Contribution	151,658	151,225	(433)
Uniform Allowance	12,000	10,103	(1,897)
Maintenance (Building)	5,000	5,779	779
Maintenance (Equipment)	7,000	4,567	(2,433)
Maintenance (Vehicles)	8,000	6,845	(1,155)
Medical Services	4,500	-	(4,500)
Other Professional Services	43,566	33,012	(10,554)
Postage	200	64	(136)
Telephone	8,400	8,614	214
Printing and Publishing	500	538	38
Dues	1,200	2,342	1,142
Travel	1,750	2,230	480
Training	7,000	7,053	53
Tuition Reimbursement	2,000	2,190	190
Publications	1,000	1,058	58
Utilities	17,000	14,912	(2,088)
Supplies (Building)	3,000	2,493	(507)
Supplies (Equipment)	5,000	3,690	(1,310)
Supplies (Vehicles)	5,000	2,083	(2,917)
Office Supplies	2,500	2,246	(254)
Operating Supplies	12,600	11,330	(1,270)
Janitorial Supplies	2,500	3,444	944
Gas and Oil	18,000	18,250	250
Total Fire Department	1,630,878	1,615,193	(15,685)
Total Public Safety	4,570,697	4,498,052	(72,645)
PUBLIC WORKS			
Streets			
Salaries	722,822	720,846	(1,976)
Health Insurance	187,417	196,909	9,492
Uniform Allowance	3,000	2,669	(331)
Maintenance (Building)	7,000	4,736	(2,264)
Maintenance (Equipment)	32,500	28,472	(4,028)

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)			
Streets (Continued)			
Maintenance (Streets)	\$ 23,500	\$ 22,777	\$ (723)
Maintenance (Snow Removal)	10,000	1,995	(8,005)
Maintenance (Service Vehicles)	15,000	14,455	(545)
Maintenance (Other)	5,000	804	(4,196)
Janitorial Services	3,000	2,693	(307)
Other Professional Services	15,000	11,719	(3,281)
Postage	200	15	(185)
Telephone	5,100	3,660	(1,440)
Printing and Publishing	500	773	273
Travel	300	98	(202)
Training	1,000	450	(550)
Utilities	16,000	15,277	(723)
Street Lighting	146,000	155,008	9,008
Lease or Rentals	5,000	2,000	(3,000)
Community Relations	500	-	(500)
Supplies (Vehicles)	35,000	26,308	(8,692)
Supplies (Streets)	52,000	42,733	(9,267)
Supplies (Snow Removal)	82,000	89,686	7,686
Supplies (Safety)	3,500	3,792	292
Supplies (Other)	34,200	26,244	(7,956)
Office Supplies	2,000	861	(1,139)
Operating Supplies	8,000	7,086	(914)
Gas and Oil	66,500	69,154	2,654
Capital Outlay	235,500	236,880	1,380
Miscellaneous	500	31	(469)
Total Streets	1,718,039	1,688,131	(29,908)
Total Public Works	1,718,039	1,688,131	(29,908)
PUBLIC SERVICE ENTERPRISES			
Cemetery			
Salaries	71,025	67,364	(3,661)
Health Insurance	21,083	21,868	785
Uniform Allowance	500	480	(20)
Maintenance (Buildings)	800	1,706	906
Maintenance (Equipment)	2,200	1,777	(423)
Maintenance (Vehicles)	1,000	318	(682)
Other Professional Services	3,500	3,324	(176)
Telephone	800	696	(104)
Travel	100	-	(100)
Training	100	20	(80)
Utilities	2,300	2,136	(164)
Supplies (Vehicles)	500	481	(19)
Supplies (Other)	2,950	1,356	(1,594)

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SERVICE ENTERPRISES (Continued)			
Cemetery (Continued)			
Operating Supplies	\$ 1,200	\$ 475	\$ (725)
Gas and Oil	6,200	3,381	(2,819)
Miscellaneous	200	-	(200)
Total Cemetery	114,458	105,382	(9,076)
Total Public Service Enterprises	114,458	105,382	(9,076)
CONSERVATION AND DEVELOPMENT			
Economic Development			
Salaries	177,754	182,349	4,595
Health Insurance	51,543	43,096	(8,447)
Other Professional Services	4,000	1,338	(2,662)
Postage	250	230	(20)
Telephone	2,500	1,877	(623)
Dues	650	552	(98)
Travel	4,000	5,149	1,149
Training	1,000	60	(940)
Publications	250	91	(159)
Office Supplies	2,000	2,169	169
Equipment	3,000	2,750	(250)
Miscellaneous	1,750	1,096	(654)
Total Economic Development	248,697	240,757	(7,940)
Total Conservation and Development	248,697	240,757	(7,940)
TOTAL EXPENDITURES	\$ 8,295,457	\$ 8,199,670	\$ (95,787)

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 4,212,597	\$ 3,980,931	\$ (231,666)
Charges For Services	360,000	290,824	(69,176)
Investment Income	700	1,502	802
Miscellaneous	758,083	8,083	(750,000)
Total Revenues	5,331,380	4,281,340	(1,050,040)
EXPENDITURES			
Current			
Public Works			
Personal Services	115,015	106,976	(8,039)
Commodities	19,000	1,990	(17,010)
Contractual Services	-	10,048	10,048
Other Services	12,000	993	(11,007)
Contractual Services	47,000	54,064	7,064
Capital Outlay	5,199,597	4,632,103	(567,494)
Total Expenditures	5,392,612	4,806,174	(586,438)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,232)	(524,834)	(463,602)
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCE	\$ (311,232)	(774,834)	\$ (463,602)
FUND BALANCE, MAY 1		231,580	
FUND BALANCE (DEFICIT), APRIL 30		\$ (543,254)	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2013

	Special Revenue			
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 541,069	\$ 48,842
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	34,502	279,999	-	-
Accounts	-	-	-	21,096
Prepaid Items	-	85,262	-	-
Due from Other Governments	-	-	16,464	-
TOTAL ASSETS	\$ 34,502	\$ 365,261	\$ 557,533	\$ 69,938
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,040
Due to Other Funds	293	521,537	-	-
Total Liabilities	293	521,537	-	1,040
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	34,502	279,999	-	-
Total Deferred Inflows of Resources	34,502	279,999	-	-
Total Liabilities and Deferred Inflows of Resources	34,795	801,536	-	1,040
FUND BALANCES				
Nonspendable Prepaid Items	-	85,262	-	-
Restricted for Maintenance of Roadways	-	-	557,533	-
Restricted for Tourism	-	-	-	68,898
Restricted for Capital Improvements	-	-	-	-
Restricted for Public Safety	-	-	-	-
Unrestricted				
Assigned for Ambulance Replacement	-	-	-	-
Assigned for Stormwater	-	-	-	-
Assigned for Capital Purposes	-	-	-	-
Unassigned (Deficit)	(293)	(521,537)	-	-
Total Fund Balances (Deficit)	(293)	(436,275)	557,533	68,898
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 34,502	\$ 365,261	\$ 557,533	\$ 69,938

IMRF Fund	Special Revenue			Capital Projects				Utility Tax
	Social Security	TIF	Foreign Fire Insurance	Capital Improvement	Ambulance Replacement	Stormwater		
\$ -	\$ -	\$ -	\$ 33,033	\$ (59,875)	\$ 368,127	\$ 301,017	\$ 290,086	
238,001	212,003	-	-	-	-	-	-	
-	-	-	-	-	-	-	33,169	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>\$ 238,001</u>	<u>\$ 212,003</u>	<u>\$ -</u>	<u>\$ 33,033</u>	<u>\$ (59,875)</u>	<u>\$ 368,127</u>	<u>\$ 301,017</u>	<u>\$ 323,255</u>	
\$ -	\$ -	\$ -	\$ -	\$ 170,555	\$ -	\$ -	\$ -	
52,025	24,889	100,264	-	-	-	-	-	
52,025	24,889	100,264	-	170,555	-	-	-	
238,001	212,002	-	-	-	-	-	-	
238,001	212,002	-	-	-	-	-	-	
290,026	236,891	100,264	-	170,555	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	323,255	
-	-	-	33,033	-	-	-	-	
-	-	-	-	-	368,127	-	-	
-	-	-	-	-	-	301,017	-	
-	-	-	-	-	-	-	-	
(52,025)	(24,888)	(100,264)	-	(230,430)	-	-	-	
(52,025)	(24,888)	(100,264)	33,033	(230,430)	368,127	301,017	323,255	
<u>\$ 238,001</u>	<u>\$ 212,003</u>	<u>\$ -</u>	<u>\$ 33,033</u>	<u>\$ (59,875)</u>	<u>\$ 368,127</u>	<u>\$ 301,017</u>	<u>\$ 323,255</u>	

(This statement is continued on the following page.)

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

April 30, 2013

	Capital Projects			Total
	Sales Tax	TIF Development	Technology Park	
ASSETS				
Cash and Investments	\$ 794,161	\$ -	\$ 42,433	\$ 2,358,893
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	-	764,505
Accounts	-	-	-	54,265
Prepaid Items	-	-	-	85,262
Due from Other Governments	226,454	-	-	242,918
TOTAL ASSETS	\$ 1,020,615	\$ -	\$ 42,433	\$ 3,505,843
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 171,595
Due to Other Funds	-	56,061	-	755,069
Total Liabilities	-	56,061	-	926,664
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	-	-	-	764,504
Total Deferred Inflows of Resources	-	-	-	764,504
Total Liabilities and Deferred Inflows of Resources	-	56,061	-	1,691,168
FUND BALANCES				
Nonspendable Prepaid Items	-	-	-	85,262
Restricted for Maintenance of Roadways	-	-	-	557,533
Restricted for Tourism	-	-	-	68,898
Restricted for Capital Improvements	1,020,615	-	-	1,343,870
Restricted for Public Safety	-	-	-	33,033
Unrestricted				
Assigned for Ambulance Replacement	-	-	-	368,127
Assigned for Stormwater	-	-	-	301,017
Assigned for Capital Purposes	-	-	42,433	42,433
Unassigned (Deficit)	-	(56,061)	-	(985,498)
Total Fund Balances (Deficit)	1,020,615	(56,061)	42,433	1,814,675
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,020,615	\$ -	\$ 42,433	\$ 3,505,843

(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, 2013

	Special Revenue			
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax
REVENUES				
Taxes	\$ 31,092	\$ 208,262	\$ -	\$ 214,837
Intergovernmental	-	-	372,906	-
Charges For Services	-	-	-	-
Investment Income	7	-	262	89
Miscellaneous	-	-	-	-
Total Revenues	31,099	208,262	373,168	214,926
EXPENDITURES				
Current				
General Government	32,491	104,212	-	-
Public Safety	-	302,215	-	-
Public Works	-	109,423	-	-
Public Service Enterprises	-	5,211	-	-
Conservation and Development	-	-	-	226,998
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	32,491	521,061	-	226,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,392)	(312,799)	373,168	(12,072)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	(388,456)	-
Total Other Financing Sources (Uses)	-	-	(388,456)	-
NET CHANGE IN FUND BALANCES	(1,392)	(312,799)	(15,288)	(12,072)
FUND BALANCES (DEFICIT), MAY 1	1,099	(123,476)	572,821	80,970
FUND BALANCES (DEFICIT), APRIL 30	\$ (293)	\$ (436,275)	\$ 557,533	\$ 68,898

IMRF Fund	Special Revenue			Capital Projects			Utility Tax
	Social Security	TIF	Foreign Fire Insurance	Capital Improvement	Ambulance Replacement	Stormwater	
\$ 222,429	\$ 183,769	\$ 64,990	\$ -	\$ -	\$ -	\$ -	\$ 350,293
-	-	78,366	-	475,366	-	-	-
-	-	-	-	-	-	8,965	-
26	46	-	40	2,039	517	380	744
-	-	-	21,702	-	-	-	-
222,455	183,815	143,356	21,742	477,405	517	9,345	351,037
43,141	34,850	16,620	-	76,671	-	-	-
40,930	42,594	-	9,770	-	-	-	-
131,780	92,933	-	-	-	-	8,705	-
7,542	5,808	-	-	-	-	-	-
22,283	17,425	-	-	-	-	-	-
-	-	37,382	28,419	2,253,941	186,023	31,704	-
-	-	174,148	-	-	-	-	-
245,676	193,610	228,150	38,189	2,330,612	186,023	40,409	-
(23,221)	(9,795)	(84,794)	(16,447)	(1,853,207)	(185,506)	(31,064)	351,037
-	-	-	-	1,938,405	(108,000)	-	-
-	-	-	-	-	-	-	(484,682)
-	-	-	-	1,938,405	(108,000)	-	(484,682)
(23,221)	(9,795)	(84,794)	(16,447)	85,198	(293,506)	(31,064)	(133,645)
(28,804)	(15,093)	(15,470)	49,480	(315,628)	661,633	332,081	456,900
\$ (52,025)	\$ (24,888)	\$ (100,264)	\$ 33,033	\$ (230,430)	\$ 368,127	\$ 301,017	\$ 323,255

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2013

	Capital Projects			Total
	Sales Tax	TIF Development	Technology Park	
REVENUES				
Taxes	\$ 938,498	\$ -	\$ -	\$ 2,214,170
Intergovernmental	-	-	-	926,638
Charges For Services	-	-	-	8,965
Investment Income	1,078	-	53	5,281
Miscellaneous	-	-	-	21,702
Total Revenues	939,576	-	53	3,176,756
EXPENDITURES				
Current				
General Government	-	-	-	307,985
Public Safety	-	-	-	395,509
Public Works	-	-	3,050	345,891
Public Service Enterprises	-	-	-	18,561
Conservation and Development	-	-	-	266,706
Capital Outlay	-	24,698	-	2,562,167
Debt Service				
Interest and Fiscal Charges	-	-	-	174,148
Total Expenditures	-	24,698	3,050	4,070,967
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	939,576	(24,698)	(2,997)	(894,211)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	1,830,405
Transfers (Out)	(1,293,267)	-	-	(2,166,405)
Total Other Financing Sources (Uses)	(1,293,267)	-	-	(336,000)
NET CHANGE IN FUND BALANCES	(353,691)	(24,698)	(2,997)	(1,230,211)
FUND BALANCES (DEFICIT), MAY 1	1,374,306	(31,363)	45,430	3,044,886
FUND BALANCES (DEFICIT), APRIL 30	\$ 1,020,615	\$ (56,061)	\$ 42,433	\$ 1,814,675

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 33,000	\$ 31,092	\$ (1,908)
Investment Income	100	7	(93)
	<hr/>		
Total Revenues	33,100	31,099	(2,001)
	<hr/>		
EXPENDITURES			
Current			
General Government			
Contractual Services	34,150	32,491	(1,659)
	<hr/>		
Total Expenditures	34,150	32,491	(1,659)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (1,050)</u>	(1,392)	<u>\$ (342)</u>
FUND BALANCE, MAY 1		<u>1,099</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (293)</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 221,000	\$ 208,262	\$ (12,738)
Total Revenues	221,000	208,262	(12,738)
EXPENDITURES			
Current			
General Government			
Contractual Services	62,200	104,212	42,012
Public Safety			
Contractual Services	180,380	302,215	121,835
Public Works			
Contractual Services	65,310	109,423	44,113
Public Service Enterprises			
Contractual Services	3,110	5,211	2,101
Total Expenditures	311,000	521,061	210,061
NET CHANGE IN FUND BALANCE	<u>\$ (90,000)</u>	(312,799)	<u>\$ (222,799)</u>
FUND BALANCE (DEFICIT), MAY 1		<u>(123,476)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (436,275)</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 243,000	\$ 272,906	\$ 29,906
Other Intergovernmental	418,000	100,000	(318,000)
Investment Income	500	262	(238)
Total Revenues	<u>661,500</u>	<u>373,168</u>	<u>(288,332)</u>
EXPENDITURES			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>661,500</u>	<u>373,168</u>	<u>(288,332)</u>
OTHER FINANCING (USES)			
Transfers (Out)	<u>(807,000)</u>	<u>(388,456)</u>	<u>418,544</u>
Total Other Financing (Uses)	<u>(807,000)</u>	<u>(388,456)</u>	<u>418,544</u>
NET CHANGE IN FUND BALANCE	<u>\$ (145,500)</u>	<u>(15,288)</u>	<u>\$ 130,212</u>
FUND BALANCE, MAY 1		<u>572,821</u>	
FUND BALANCE, APRIL 30		<u>\$ 557,533</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Hotel/Motel Tax	\$ 230,000	\$ 214,837	\$ (15,163)
Investment Income	150	89	(61)
Total Revenues	<u>230,150</u>	<u>214,926</u>	<u>(15,224)</u>
EXPENDITURES			
Current			
Conservation and Development			
Contractual Services	197,050	215,841	18,791
Miscellaneous	7,750	11,157	3,407
Total Expenditures	<u>204,800</u>	<u>226,998</u>	<u>22,198</u>
NET CHANGE IN FUND BALANCE	<u>\$ 25,350</u>	(12,072)	<u>\$ (37,422)</u>
FUND BALANCE, MAY 1		<u>80,970</u>	
FUND BALANCE, APRIL 30		<u>\$ 68,898</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 191,000	\$ 179,997	\$ (11,003)
Replacement Taxes	42,105	42,432	327
Investment Income	50	26	(24)
	<hr/>		
Total Revenues	233,155	222,455	(10,700)
<hr/>			
EXPENDITURES			
Current			
General Government			
Pension Contributions	45,164	43,141	(2,023)
Public Safety			
Pension Contributions	42,850	40,930	(1,920)
Public Works			
Pension Contributions	137,962	131,780	(6,182)
Public Service Enterprises			
Pension Contributions	7,896	7,542	(354)
Conservation and Development			
Pension Contributions	23,328	22,283	(1,045)
	<hr/>		
Total Expenditures	257,200	245,676	(11,524)
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (24,045)</u>	(23,221)	<u>\$ 824</u>
FUND BALANCE (DEFICIT), MAY 1		<u>(28,804)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (52,025)</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 195,000	\$ 183,769	\$ (11,231)
Investment Income	75	46	(29)
	<hr/>		
Total Revenues	195,075	183,815	(11,260)
	<hr/>		
EXPENDITURES			
Current			
General Government			
Payroll Taxes	35,100	34,850	(250)
Public Safety			
Payroll Taxes	42,900	42,594	(306)
Public Works			
Payroll Taxes	93,600	92,933	(667)
Public Service Enterprises			
Payroll Taxes	5,850	5,808	(42)
Conservation and Development			
Payroll Taxes	17,550	17,425	(125)
	<hr/>		
Total Expenditures	195,000	193,610	(1,390)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ 75</u>	(9,795)	<u>\$ (9,870)</u>
FUND BALANCE (DEFICIT), MAY 1		<u>(15,093)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (24,888)</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ -	\$ 64,990	\$ 64,990
Intergovernmental	78,366	78,366	-
Investment Income	100	-	(100)
	<hr/>		
Total Revenues	78,466	143,356	(100)
	<hr/>		
EXPENDITURES			
Current			
General Government			
Contractual Services	1,160	16,620	15,460
Capital Outlay	23,000	37,382	14,382
Debt Service			
Interest and Fiscal Charges	174,148	174,148	-
	<hr/>		
Total Expenditures	198,308	228,150	29,842
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (119,842)</u>	(84,794)	<u>\$ (29,942)</u>
FUND BALANCE (DEFICIT), MAY 1		<u>(15,470)</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (100,264)</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 60	\$ 40	\$ (20)
Miscellaneous	17,000	21,702	4,702
Total Revenues	<u>17,060</u>	<u>21,742</u>	<u>4,682</u>
EXPENDITURES			
Current			
Public Safety			
Contractual Services	15,000	9,770	(5,230)
Capital Outlay	36,350	28,419	(7,931)
Total Expenditures	<u>51,350</u>	<u>38,189</u>	<u>(13,161)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (34,290)</u>	<u>(16,447)</u>	<u>\$ 17,843</u>
FUND BALANCE, MAY 1		<u>49,480</u>	
FUND BALANCE, APRIL 30		<u>\$ 33,033</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 2,000	\$ 517	\$ (1,483)
Total Revenues	2,000	517	(1,483)
EXPENDITURES			
Capital Outlay	39,535	186,023	146,488
Total Expenditures	39,535	186,023	146,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(37,535)</u>	<u>(185,506)</u>	<u>(147,971)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(108,000)	(108,000)	-
Total Other Financing Sources (Uses)	(108,000)	(108,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (145,535)</u>	<u>(293,506)</u>	<u>\$ (147,971)</u>
FUND BALANCE, MAY 1		<u>661,633</u>	
FUND BALANCE, APRIL 30		<u>\$ 368,127</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Federal Grants	\$ 180,000	\$ 25,366	\$ (154,634)
State Grants	450,000	450,000	-
Investment Income	6,000	2,039	(3,961)
Miscellaneous	257,000	-	(257,000)
Total Revenues	893,000	477,405	(415,595)
EXPENDITURES			
Current			
General Government	-	76,671	76,671
Capital Outlay	4,409,177	2,253,941	(2,155,236)
Total Expenditures	4,409,177	2,330,612	(2,078,565)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,516,177)	(1,853,207)	1,662,970
OTHER FINANCING SOURCES (USES)			
Transfers In	2,919,000	1,938,405	(980,595)
Total Other Financing Sources (Uses)	2,919,000	1,938,405	(980,595)
NET CHANGE IN FUND BALANCE	\$ (597,177)	85,198	\$ 682,375
FUND BALANCE (DEFICIT), MAY 1		(315,628)	
FUND BALANCE (DEFICIT), APRIL 30		\$ (230,430)	

(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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges For Services	\$ 45,000	\$ 8,965	\$ (36,035)
Investment Income	600	380	(220)
Total Revenues	<u>45,600</u>	<u>9,345</u>	<u>(36,255)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	4,000	8,705	4,705
Capital Outlay	374,000	31,704	(342,296)
Total Expenditures	<u>378,000</u>	<u>40,409</u>	<u>(337,591)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (332,400)</u></u>	<u>(31,064)</u>	<u><u>\$ 301,336</u></u>
FUND BALANCE, MAY 1		<u>332,081</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 301,017</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Utility Taxes	\$ 364,000	\$ 350,293	\$ (13,707)
Investment Income	600	744	144
Total Revenues	<u>364,600</u>	<u>351,037</u>	<u>(13,563)</u>
EXPENDITURES			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>364,600</u>	<u>351,037</u>	<u>(13,563)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	<u>(742,000)</u>	<u>(484,682)</u>	<u>257,318</u>
Total Other Financing Sources (Uses)	<u>(742,000)</u>	<u>(484,682)</u>	<u>257,318</u>
NET CHANGE IN FUND BALANCE	<u>\$ (377,400)</u>	<u>(133,645)</u>	<u>\$ 243,755</u>
FUND BALANCE, MAY 1		<u>456,900</u>	
FUND BALANCE, APRIL 30		<u>\$ 323,255</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Sales Tax	\$ 876,000	\$ 938,498	\$ 62,498
Investment Income	1,000	1,078	78
	<hr/>		
Total Revenues	877,000	939,576	62,576
	<hr/>		
EXPENDITURES			
Current			
General Government	6,000	-	(6,000)
	<hr/>		
Total Expenditures	6,000	-	(6,000)
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	871,000	939,576	68,576
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(1,748,000)	(1,293,267)	454,733
	<hr/>		
Total Other Financing Sources (Uses)	(1,748,000)	(1,293,267)	454,733
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (877,000)</u>	(353,691)	<u>\$ 523,309</u>
FUND BALANCE, MAY 1		<u>1,374,306</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 1,020,615</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, 2013

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 100	\$ 53	\$ (47)
Total Revenues	<u>100</u>	<u>53</u>	<u>(47)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	23,750	3,050	(20,700)
Capital Outlay	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Total Expenditures	<u>173,750</u>	<u>3,050</u>	<u>(170,700)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (173,650)</u>	<u>(2,997)</u>	<u>\$ 170,653</u>
FUND BALANCE, MAY 1		<u>45,430</u>	
FUND BALANCE, APRIL 30		<u>\$ 42,433</u>	

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

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

April 30, 2013

	Landfill	Airport	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ 2,588,085	\$ 200	\$ 2,588,285
Receivables			
Property Taxes	-	61,915	61,915
Accounts	82,388	20,098	102,486
Grants	-	701,206	701,206
Inventory	-	42,339	42,339
Total Current Assets	<u>2,670,473</u>	<u>825,758</u>	<u>3,496,231</u>
CAPITAL ASSETS			
Nondepreciable	708,563	1,272,424	1,980,987
Depreciable	277,730	4,012,165	4,289,895
Accumulated Depreciation	<u>(277,730)</u>	<u>(1,958,205)</u>	<u>(2,235,935)</u>
Total Capital Assets	<u>708,563</u>	<u>3,326,384</u>	<u>4,034,947</u>
Total Assets	<u>3,379,036</u>	<u>4,152,142</u>	<u>7,531,178</u>
CURRENT LIABILITIES			
Accounts Payable	26,676	36,095	62,771
Accrued Payroll	77	484	561
Due to Other Funds	-	673,805	673,805
Accrued Interest Payable	-	10,639	10,639
General Obligation Bonds Payable	-	30,000	30,000
Compensated Absences Payable	-	4,120	4,120
Total Current Liabilities	<u>26,753</u>	<u>755,143</u>	<u>781,896</u>
LONG-TERM LIABILITIES			
Net Pension Obligation	-	3,713	3,713
General Obligation Bonds Payable	-	645,000	645,000
Advances from other funds	<u>388,667</u>	<u>-</u>	<u>388,667</u>
Total Long-Term Liabilities	<u>388,667</u>	<u>648,713</u>	<u>1,037,380</u>
Total Liabilities	<u>415,420</u>	<u>1,403,856</u>	<u>1,819,276</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes	-	61,915	61,915
Total Deferred Inflows of Resources	<u>-</u>	<u>61,915</u>	<u>61,915</u>
Total Liabilities and Deferred Inflows of Resources	<u>415,420</u>	<u>1,465,771</u>	<u>1,881,191</u>
NET POSITION			
Net Investment in Capital Assets	708,563	2,651,384	3,359,947
Unrestricted	<u>2,255,053</u>	<u>34,987</u>	<u>2,290,040</u>
TOTAL NET POSITION	<u>\$ 2,963,616</u>	<u>\$ 2,686,371</u>	<u>\$ 5,649,987</u>

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2013

	Landfill	Airport	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 981,632	\$ 384,818	\$ 1,366,450
Total Operating Revenues	981,632	384,818	1,366,450
OPERATING EXPENSES			
Personal Services	-	90,641	90,641
Commodities	3,258	276,780	280,038
Contractual Services	449,406	67,621	517,027
Equipment and Improvements	-	16,197	16,197
Depreciation/Amortization	-	126,785	126,785
Total Operating Expenses	452,664	578,024	1,030,688
OPERATING INCOME (LOSS)	528,968	(193,206)	335,762
OTHER INCOME (EXPENSE)			
Taxes	-	59,460	59,460
Grants	-	713,541	713,541
Investment Income	4,335	-	4,335
Interest Expense	-	(33,073)	(33,073)
Total Other Income (Expense)	4,335	739,928	744,263
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	533,303	546,722	1,080,025
TRANSFERS IN (OUT)			
Railroad Fund	-	169,000	169,000
General Fund	(250,000)	-	(250,000)
Total Transfers In (Out)	(250,000)	169,000	(81,000)
CHANGE IN NET POSITION	283,303	715,722	999,025
NET POSITION, MAY 1	2,680,313	1,984,124	4,664,437
Prior period adjustment	-	(13,475)	(13,475)
NET POSITION, MAY 1, RESTATED	2,680,313	1,970,649	4,650,962
NET POSITION, APRIL 30	\$ 2,963,616	\$ 2,686,371	\$ 5,649,987

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2013

	Landfill	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 952,775	\$ 368,704	\$ 1,321,479
Payments to Suppliers	(327,805)	(274,998)	(602,803)
Payments to Employees	(13,344)	(88,575)	(101,919)
Payments to Other Funds	(85,500)	(20,472)	(105,972)
Net Cash from Operating Activities	<u>526,126</u>	<u>(15,341)</u>	<u>510,785</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	59,460	59,460
Interfund activity	138,667	722,023	860,690
Net Cash from Noncapital Financing Activities	<u>138,667</u>	<u>781,483</u>	<u>920,150</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(388,667)	(715,014)	(1,103,681)
Principal Payments on Long-Term Debt	-	(30,000)	(30,000)
Interest Payments on Long-Term Debt	-	(33,462)	(33,462)
Grant Receipts	-	12,334	12,334
Net Cash from Capital and Related Financing Activities	<u>(388,667)</u>	<u>(766,142)</u>	<u>(1,154,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	7,112	-	7,112
Net Cash from Investing Activities	<u>7,112</u>	<u>-</u>	<u>7,112</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	283,238	-	283,238
CASH AND CASH EQUIVALENTS, MAY 1	2,304,847	200	2,305,047
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,588,085	\$ 200	\$ 2,588,285
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 528,968	\$ (193,206)	\$ 335,762
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation and amortization	-	126,785	126,785
Changes in Assets and Liabilities			
Accounts Receivables	(28,857)	(16,114)	(44,971)
Inventory	-	42,003	42,003
Accounts Payable	26,046	23,126	49,172
Accrued Payroll	(31)	(94)	(125)
Compensated Absences	-	1,754	1,754
Net Pension Obligation	-	405	405
NET CASH FROM OPERATING ACTIVITIES	\$ 526,126	\$ (15,341)	\$ 510,785
CASH AND INVESTMENTS			
Cash and Cash Equivalents	<u>\$ 2,588,085</u>	<u>\$ 200</u>	<u>\$ 2,588,285</u>
TOTAL CASH AND INVESTMENTS	\$ 2,588,085	\$ 200	\$ 2,588,285

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

April 30, 2013

	Health Insurance	Administrative Services	Total
CURRENT ASSETS			
Cash and Investments	\$ 1,055,941	\$ 1,765	\$ 1,057,706
Receivables			
Other	876	41,709	42,585
Prepaid Expenses	-	2,261	2,261
Due from other funds	3,606	-	3,606
Total Current Assets	1,060,423	45,735	1,106,158
CAPITAL ASSETS			
Depreciable Capital assets	-	116,880	116,880
Accumulated Depreciation	-	(116,880)	(116,880)
Total Capital Assets	-	-	-
Total Assets	1,060,423	45,735	1,106,158
CURRENT LIABILITIES			
Accounts Payable	-	67,047	67,047
Accrued Payroll	-	2,080	2,080
Due to Other Funds		3,606	3,606
Claims Payable	129,221	-	129,221
Compensated Absences Payable	-	15,411	15,411
Total Liabilities	129,221	88,144	217,365
NET POSITION			
Unrestricted	931,202	(42,409)	888,793
TOTAL NET POSITION	\$ 931,202	\$ (42,409)	\$ 888,793

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2013

	Health Insurance	Administrative Services	Total
OPERATING REVENUES			
Charges for Services			
Contributions			
City	\$ 1,714,402	\$ 395,912	\$ 2,110,314
Employee	332,627	-	332,627
Retiree	2,920	-	2,920
Total Contributions	2,049,949	395,912	2,445,861
Total Operating Revenues	2,049,949	395,912	2,445,861
OPERATING EXPENSES			
Administration			
Personnel	-	445,581	445,581
Commodities	-	14,304	14,304
Contractual Services	-	71,831	71,831
Claims and Premiums	1,572,902	-	1,572,902
Other	-	7,273	7,273
Total Operating Expenses	1,572,902	538,989	2,111,891
OPERATING INCOME (LOSS)	477,047	(143,077)	333,970
NONOPERATING REVENUES			
Investment Income	861	-	861
Total Nonoperating Revenues	861	-	861
CHANGE IN NET POSITION	477,908	(143,077)	334,831
NET POSITION, MAY 1	453,294	100,668	553,962
NET POSITION (DEFICIT), APRIL 30	\$ 931,202	\$ (42,409)	\$ 888,793

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended April 30, 2013

	Health Insurance	Administrative Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 2,124,838	\$ 394,215	\$ 2,519,053
Receipts from Employees and Retirees	335,547	-	335,547
Payments to Suppliers	(1,540,380)	(94,780)	(1,635,160)
Payments to Employees	-	(444,650)	(444,650)
Net Cash from Operating Activities	920,005	(145,215)	774,790
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund activity	(3,606)	3,606	-
Net Cash from Noncapital Financing Activities	(3,606)	3,606	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Capital Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	861	-	861
Net Cash from Investing Activities	861	-	861
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	917,260	(141,609)	775,651
CASH AND CASH EQUIVALENTS, MAY 1	138,681	143,374	282,055
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 1,055,941	\$ 1,765	\$ 1,057,706
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 477,047	\$ (143,077)	\$ 333,970
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Other Receivables	410,436	(1,697)	408,739
Prepaid Expenses	-	(354)	(354)
Accounts Payable	-	(1,018)	(1,018)
Accrued Payroll	-	(431)	(431)
Compensated Absences	-	1,362	1,362
Claims Payable	32,522	-	32,522
NET CASH FROM OPERATING ACTIVITIES	\$ 920,005	\$ (145,215)	\$ 774,790
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 1,055,941	\$ 1,765	\$ 1,057,706
TOTAL CASH AND INVESTMENTS	\$ 1,055,941	\$ 1,765	\$ 1,057,706

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS

April 30, 2013

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 702,073	\$ 52,927	\$ 755,000
Investments, at Fair Value			
U.S. Treasury Securities	2,692,365	1,652,401	4,344,766
U.S. Agency Securities	875,831	61,502	937,333
Certificates of Deposit	-	349,364	349,364
Equity Mutual Funds	1,661,211	3,682,003	5,343,214
Corporate Bonds	879,960	-	879,960
Municipal Bonds	-	1,544,155	1,544,155
Equities	3,922,676	-	3,922,676
Annuity Contracts	-	231,509	231,509
Receivables			
Accrued Interest	22,484	34,753	57,237
Total Assets	10,756,600	7,608,614	18,365,214
LIABILITIES			
None	-	-	-
Total Liabilities	-	-	-
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
	\$ 10,756,600	\$ 7,608,614	\$ 18,365,214

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2013

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 172,117	\$ 151,275	\$ 323,392
Employee Contributions	129,908	75,744	205,652
Total Contributions	302,025	227,019	529,044
Investment Income			
Net Appreciation in Fair Value of Investments	436,895	367,041	803,936
Interest	271,483	233,290	504,773
Total Investment Income	708,378	600,331	1,308,709
Less Investment Expense	(87,507)	(3,808)	(91,315)
Net Investment Income	620,871	596,523	1,217,394
Total Additions	922,896	823,542	1,746,438
DEDUCTIONS			
Benefits and Refunds	707,868	473,736	1,181,604
Administrative Expenses	13,292	9,564	22,856
Total Deductions	721,160	483,300	1,204,460
NET INCREASE	201,736	340,242	541,978
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1	10,554,864	7,268,372	17,823,236
April 30	\$ 10,756,600	\$ 7,608,614	\$ 18,365,214

(See independent auditor's report.)