

City of Rochelle, Illinois

Comprehensive Annual Financial Report
For the Fiscal Year Ended
April 30, 2016



Prepared by:
Finance Department

Chris Cardott
Finance Director

CITY OF ROCHELLE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2016

Prepared by
Finance Department

Chris Cardott
Finance Director

CITY OF ROCHELLE, ILLINOIS
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CITY OF ROCHELLE, ILLINOIS

List of Elected and Appointed Officers and Officials

April 30, 2016

Mayor

Chet Olson

City Council

Don Burke

Dave Eckhardt

Bil Hayes

Kathy Hollonbeck

Dan McDermott

Tom McDermott

City Clerk

Bruce W. McKinney

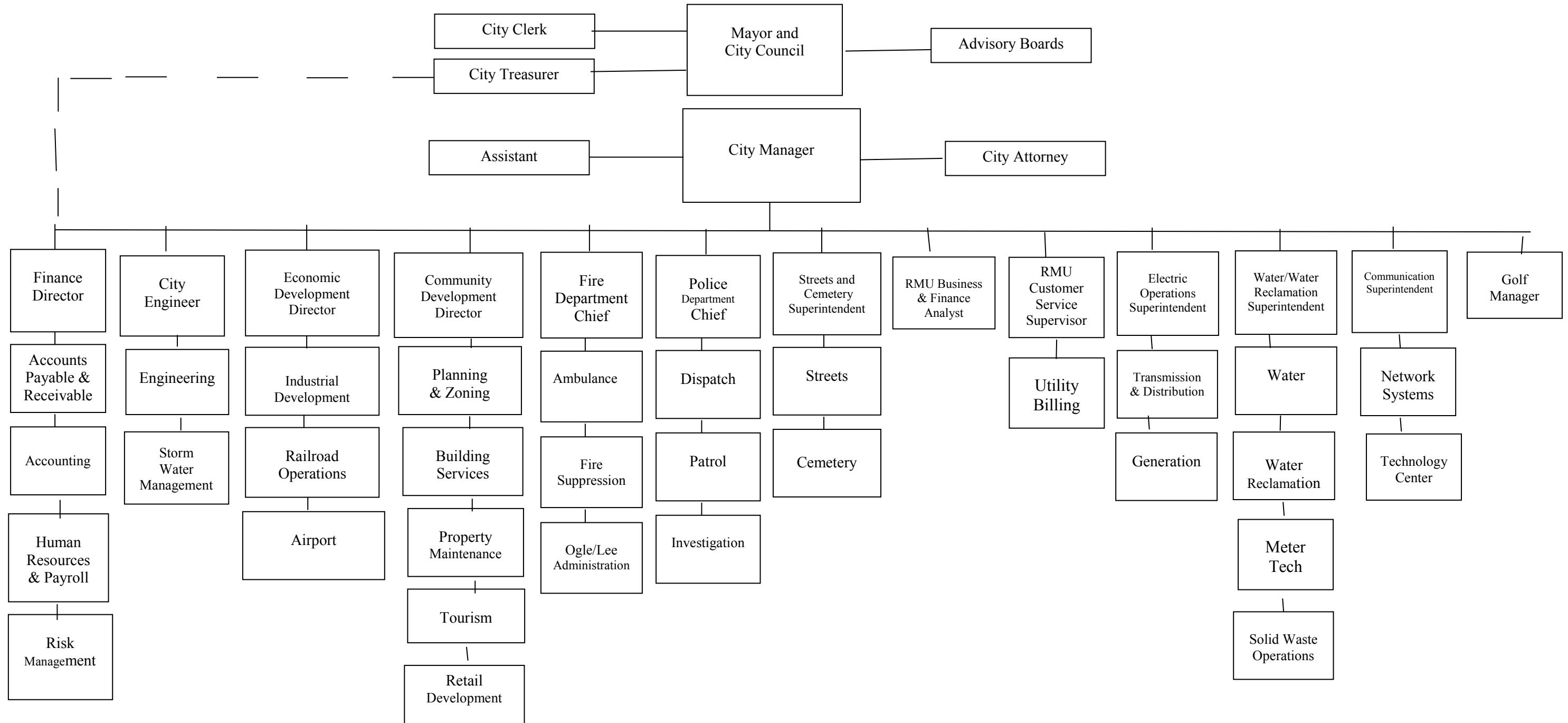
City Manager

David Plyman

Finance Director

Chris Cardott

CITY OF ROCHELLE
Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Rochelle
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO



September 19, 2016

Mayor Chet Olson and City Council
City of Rochelle, Illinois

The Comprehensive Annual Financial Report (CAFR) of the City of Rochelle for the fiscal year ended April 30, 2016 is hereby submitted. State law requires an annual audit for local governments. The audit must be conducted in accordance with generally-accepted auditing standards, include all of the accounts and funds of the City, and be completed within six months after the close of the fiscal year. The City is required to issue a report on its financial position and activity presented in conformance with generally-accepted accounting principles (GAAP). This report represents a comprehensive picture of the City's financial activities and has been published to fulfill the requirements for the fiscal year ended April 30, 2016.

The financial report consists of management's representations concerning the finances of the City of Rochelle. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Rochelle's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The independent auditor issued an unmodified ("clean") opinion on the City's financial statements for the year ended April 30, 2016. The independent auditor's report is located at the beginning of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Rochelle, founded in 1853, located 80 miles west of Chicago, with quick access to two major highways and serves a population of 9,574. The City of Rochelle is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

420 North 6th Street
Rochelle, IL 61068
www.cityofrochelle.net



The City of Rochelle operates under the Council Manager form of government that was approved by public referendum in 1994. The City operates under the City Manager Statutes of the State of Illinois which states that “The City Manager shall be the Chief Administrative Officer of the City and shall be responsible to the City Council for the proper administration of all affairs of the City.” Working closely with the City Council, city staff, community organizations, the business community and citizens, the City Manager’s office ensures that quality services and programs are available to meet the needs of the City of Rochelle.

The City of Rochelle provides a full range of services, including police and fire protection, refuse collection, snow and leaf removal, traffic control, on- and off-street parking, building inspections, licenses and permits, construction and maintenance of streets and other infrastructure, cemetery maintenance, water and water reclamation service, electric service, and advanced communication services.

The City Council is required to adopt an initial budget for the fiscal year no later than April 30 preceding the beginning of the fiscal year on May 1. This annual budget serves as the foundation for the City of Rochelle’s financial planning and control. The budget is prepared by fund and department. Department heads may transfer resources within a department as they see fit. The City Manager may transfer resources between departments; however transfers between funds require the approval from the City Council.

Local economy

The City of Rochelle is located 80 miles outside the City of the Chicago. Close to 200 Chamber of Commerce member businesses call Rochelle home, including Rochelle Foods, Americold, Hillshire Brands, Bay Valley Foods, Cain Millwork, Clark Dietrich Building Systems, Silgan Containers, DelMonte, Central Refrigeration, Allstate Insurance, Coated Sands Solutions and Nippon Sharyo Manufacturing, LLC to name just a few. The City of Rochelle boasts a rich transportation history; two Class 1 Railroads, the Union Pacific and Burlington Northern Santa Fe, the Union Pacific Global III Intermodal, Interstates I-39 and I-88 and our own municipal airport.

In the past ten years, over \$1.5B of capital investment has been made in Rochelle; \$60M in public infrastructure advancements, 4.5M sq. ft. of industrial space added, and well over 2,200 jobs have been created. Through a recession, commercial and retail development in the City is on the rise. Phase I of the Electrical System infrastructure upgrade is in progress. Some areas will receive new wires, either overhead or underground and others will receive utility pole replacements.

During the past ten years, the unemployment rate for Rochelle rose from 6.6% in 2007 to a high of 18.5% in 2010. The April 2016 unemployment rate for Rochelle was 6.3%.



Long-term financial planning and major initiatives

The City of Rochelle continues to work on the unified Brand Leadership Team (BLT) to fund the development of a unique community brand with a compelling message and a five-year strategic plan. The Brand Leadership Team (BLT) is in place and preparing to take action on the Branding, Development and Marketing plan that will capitalize on Rochelle's assets and unique attributes to positively impact all aspects of the local economy, tourism, and new residential development. The City's Community Development Department will take an active role in this initiative.

Relevant financial policies

The City of Rochelle has adopted a Fraud Prevention & Detection Policy and is in the process of adopting a comprehensive set of additional financial policies that set forth the basic framework for the overall fiscal management of the City. These policies are to assist the decision making process of the City Council and the Administration. These policies are to provide guidelines for evaluating both current activities and proposals for future programs and budgets.

Financial policies aid the City by improving financial management, financial position and the credit worthiness of the City. They also serve to ensure that all financial transactions conducted by or on behalf of the City are made in a manner and method which provides for the most proficient and effective management of the financial resources and funds of the City. Policies currently under development include; Travel Expense Control Act Policy, Fund Balance Policy (25% of operating expenditures), Investment Policy, Debt Policy, and Internal Control Policy.

Awards & Acknowledgements

The City of Rochelle's electric division received the American Public Power Association's RP3 Designation for providing Rochelle area customers with the highest degree of reliable and safe electrical service. The City's electrical division was recognized for demonstrating proficiency in four key disciplines: reliability, safety, workforce development and system improvement. The City of Rochelle has successfully completed the PJM Integration for the FERC Tariff for the twenty miles of 138 kV transmission assets allowing for \$1.2 Million per/year in operational revenue which comes into the City as credits towards transmission expenditures. The City of Rochelle's unique and innovative use of \$50,000 grant award from APPA DEED uses technology in an efficient way to save energy costs for our commercial customers through a rooftop HVAC project.

Respectfully submitted,

David Plyman

David Plyman
City Manager

Chris Cardott

Chris Cardott
Finance Director

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www.cityofrochelle.net



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois (the City) as of and for the year ended April 30, 2016 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 13, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sikich LLP

Naperville, Illinois
September 19, 2016

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Rochelle offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending April 30, 2016. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Rochelle exceeded its liabilities and deferred inflows of resources by \$128,373,818 (net position). Of this amount, \$5,758,492 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$10,287,212 is restricted for specific purposes (restricted net position), and \$112,328,114 is the net investment in capital assets.
- The City's total net position decreased by \$7,946,837. Governmental activities net position decreased by \$8,488,439, while business-type net position increased by \$541,602.
- The governmental activities net position decrease of \$8,488,439 is primarily due to a change in accounting principle (adoption of GASB 68) this year.
- On April 30, 2016, the City's governmental funds reported combined fund balances of \$4,246,579, a decrease of \$135,952 from April 30, 2015. Unassigned fund balance was \$1,024,106 at year end.
- Revenues for the governmental activities increased from the previous year by 5%. Expenditures increased by 13%. The increases were due to the completion of grant-funded projects and a larger debt service payment.
- The assets and deferred outflows of resources of the Electric Utility exceed its liabilities and deferred inflows of resources by \$42,807,526 (net position). Of this amount, \$10,136,305 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$7,529,152 is restricted for debt service (restricted net position), and \$25,142,069 is the net investment in capital assets.
- The assets and deferred outflows of resources of the Water and Water Reclamation Utility exceeded its liabilities and deferred inflows of resources by \$37,896,391 (net position). Of this amount, \$5,001,642 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$877,511 is restricted for debt service (restricted net position), and \$32,017,238 is the net investment in capital assets.
- Operating revenues for the Electric Utility were up 11% while expenses were up 2%. Operating revenue increases came from new industrial customers and an added revenue stream. Operating expenses increased slightly while purchased power costs remained stable.
- Operating revenues for the Water and Water Reclamation Utility were down 9%, while operating expenses were up 1%. Operating revenues decreased due to a leak at a Water Reclamation industrial customer's site that has since been corrected.

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 City's assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

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

Proprietary Funds – The City maintains eight proprietary funds, six of which are enterprise funds and two 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 as well as information concerning the City's funding of pension benefit obligations to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

**Table 1
Condensed Statements of Net Position**

	2016	2015	2016	2015	2016	2015
	Governmental	Governmental	Business-type	Business-type	2016	2015
	Activities	Activities	Activities	Activities	Total	Total
Current Assets/Deferred Outflows of Resources	\$ 12,975,441	\$ 9,211,341	\$ 34,293,500	\$ 35,279,382	\$ 47,268,941	\$ 44,490,723
Capital Assets	51,046,839	48,124,038	87,887,767	80,146,216	138,934,606	128,270,254
Total Assets and Deferred Outflows	<u>64,022,280</u>	<u>57,335,379</u>	<u>122,181,267</u>	<u>115,425,598</u>	<u>186,203,547</u>	<u>172,760,977</u>
Long-term Liabilities	19,182,291	3,811,792	26,760,087	23,442,827	45,942,378	27,244,619
Other Liabilities/Deferred Inflows of Resources	4,547,666	4,742,825	7,339,685	4,442,878	11,887,351	9,195,703
Total Liabilities and Deferred Inflows	<u>23,729,957</u>	<u>8,554,617</u>	<u>34,099,772</u>	<u>27,885,705</u>	<u>57,829,729</u>	<u>36,440,322</u>
Net investment in capital assets	49,182,739	48,124,038	63,145,375	57,302,570	112,328,114	105,426,608
Restricted	1,880,549	2,173,094	8,406,663	10,930,174	10,287,212	13,103,268
Unrestricted (Deficit)	<u>(10,770,965)</u>	<u>(1,516,370)</u>	<u>16,529,457</u>	<u>19,307,14</u>	<u>5,724,492</u>	<u>17,790,779</u>
Total Net Position	<u>\$ 40,292,323</u>	<u>\$ 48,780,762</u>	<u>\$ 88,081,495</u>	<u>\$ 87,539,893</u>	<u>\$ 128,373,818</u>	<u>\$ 136,320,655</u>

The largest portion of the City's net position (88%) 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 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (4%) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Table 2
Condensed Statement of Activities**

	2016	2015	2016	2015	2016	2015
	Governmental	Governmental	Business-type	Business-type	2016	2015
	Activities	Activities	Activities	Activities	Total	Total
Revenues:						
Program Revenues						
Charges for Services	\$ 2,610,362	\$ 2,134,917	\$ 45,935,541	\$ 43,482,459	\$ 48,545,903	\$ 45,617,376
Operating Grants and contributions	271,822	252,066	-	-	271,822	252,066
Capital Grants and Contributions	633,615	774,261	25,511	803,867	659,126	1,578,128
General Revenues						
Property Taxes	3,069,810	2,826,331	58,563	57,837	3,128,373	2,884,168
Other Taxes	5,152,175	5,142,079	-	-	5,152,175	5,142,079
Other	59,950	85,475	686,074	385,232	746,024	470,707
Total Revenues	<u>11,797,734</u>	<u>11,215,129</u>	<u>46,705,689</u>	<u>44,729,395</u>	<u>58,503,423</u>	<u>55,944,524</u>
Expenses:						
General Government	2,413,156	2,024,267	-	-	2,413,156	2,024,267
Public Safety	6,846,217	5,506,420	-	-	6,846,217	5,506,420
Public Works	3,746,863	3,975,074	-	-	3,746,863	3,975,074
Conservation and Development	792,489	534,560	-	-	792,489	534,560
Public Service Enterprises	198,816	162,196	-	-	198,816	162,196
Landfill	-	-	827,404	577,716	827,404	577,716
Airport	-	-	592,585	536,528	592,585	536,528
Electric	-	-	35,706,844	34,790,641	35,706,844	34,790,641
Water and Water Reclamation	-	-	4,284,257	4,235,635	4,284,257	4,235,635
Communications	-	-	724,692	815,032	724,692	815,032
Technology Center	-	-	930,401	875,591	930,401	875,591
Interest and Fiscal Charges	130,792	84,999	-	-	130,792	84,999
Total Expenses	<u>14,128,333</u>	<u>12,287,516</u>	<u>43,066,183</u>	<u>41,831,143</u>	<u>57,194,516</u>	<u>54,118,659</u>
Income (Loss) Before Transfers	(2,330,599)	(1,072,387)	3,639,506	2,898,252	1,308,907	1,825,865
Transfers	<u>2,161,975</u>	<u>1,963,096</u>	<u>(2,161,975)</u>	<u>(1,963,096)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>(168,624)</u>	<u>890,709</u>	<u>1,477,531</u>	<u>935,156</u>	<u>1,308,907</u>	<u>1,825,865</u>
Net Position, May 1	48,780,762	47,890,053	87,539,893	86,604,737	136,320,655	134,494,790
Changes in Accounting Principle	<u>(8,319,815)</u>	<u>-</u>	<u>(935,929)</u>	<u>-</u>	<u>(9,255,744)</u>	<u>-</u>
Net Position, May 1, Restated	<u>40,460,947</u>	<u>47,890,053</u>	<u>86,603,964</u>	<u>86,604,737</u>	<u>127,064,911</u>	<u>134,494,790</u>
Net Position, April 30	<u>40,292,323</u>	<u>48,780,762</u>	<u>88,081,495</u>	<u>87,539,893</u>	<u>128,373,818</u>	<u>136,320,655</u>

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net position by \$8,488,439. This decrease is primarily a result of the following item:

- Change in accounting principle to record pension liabilities on the financial statements (GASB 68)

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$541,602. This increase is primarily a result of the following items:

- System upgrades in Electric and Water and Water Reclamation
 - Deployment of services to new residential, commercial, and industrial developments
-

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

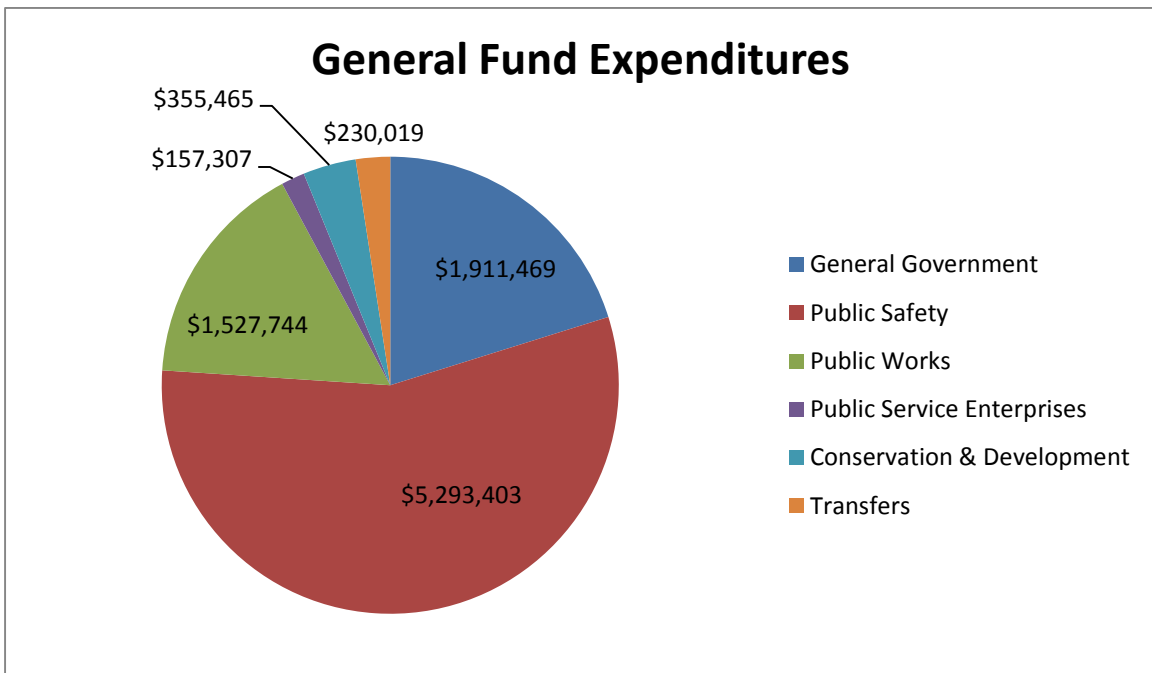
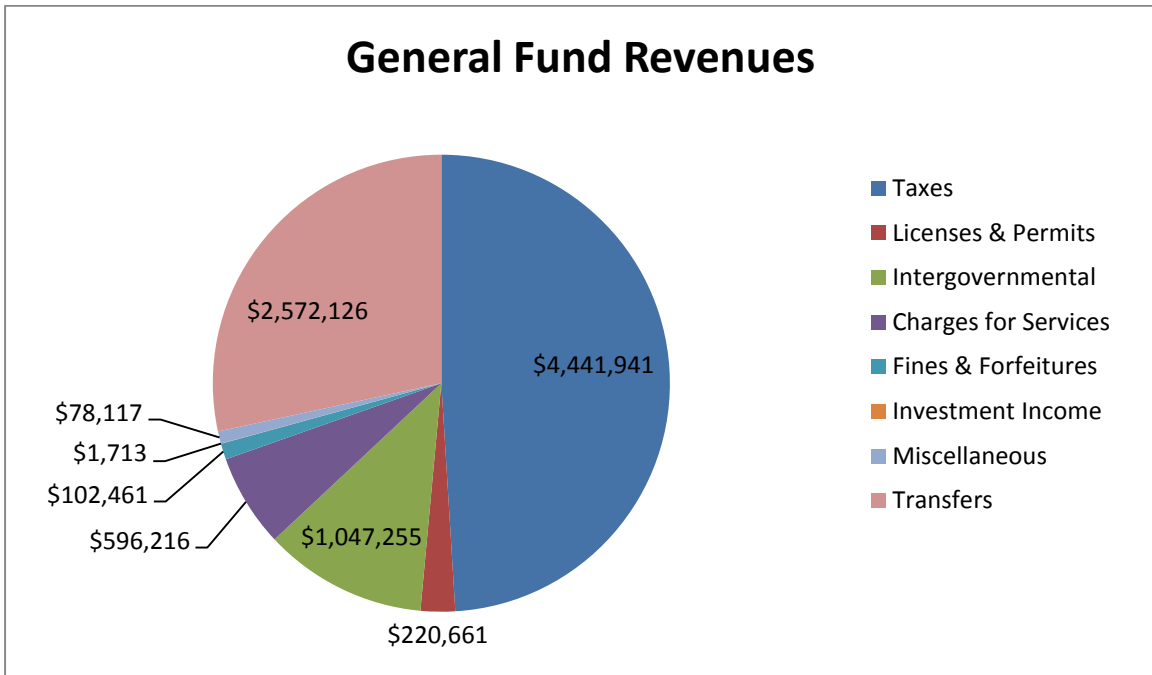
The focus of the City of Rochelle's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the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

At April 30, 2016, the City's governmental funds reported combined fund balances of \$4,246,579. Approximately 24% of this amount, \$1,024,106 constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$3,222,473 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 decreased \$414,917 or 21% due to lower sales tax and ambulance revenue and a transfer to the Insurance Fund. Unrestricted, unassigned fund balance increased \$166,369.

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



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

GOVERNMENTAL FUNDS (cont.)

Capital Improvement Fund

Fund balance of the capital improvement fund is \$56,087 and is all restricted for future projects and expenditures. Fund balance increased by \$188,732 as proceeds from the issuance of debt certificates and transfers in were greater than current year expenditures of \$4,509,941.

Non-major Governmental Funds

Fund balance of all other governmental funds is \$2,731,047 of which all but \$217,950 (nonspendable prepaid items and \$178,417 unassigned deficit) are restricted or assigned for future projects and expenditures.

Proprietary Funds

The City of Rochelle's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities. The City's four major enterprise funds include electric, water and water reclamation, communications, and technology center. The total net position of the electric fund is \$42,807,526. Of that, \$7,529,152 is restricted for debt service and \$25,142,069 is the net investment of capital assets. The water and water reclamation net position is \$37,896,390. That includes \$877,511 restricted for debt service and \$32,017,238 for the net investment in capital assets. The communications fund currently has a net position of (\$295,878) of which \$829,842 is the net investment in capital assets. The net position of the technology center is \$764,227 and includes \$1,125,088 for the net investment in capital assets. Additional information on the major proprietary funds is as follows:

Electric Operations

Electric operations increased the 2016 utility's net position by \$58,364. This increase is primarily a result of the following items:

- Stability of purchased power costs
- Purchased 6 MW of peak shaving equipment
- Expansion of the Caron Road substation
- Addition of FERC tariff revenue stream

Water/Water Reclamation Operations

Water/Water Reclamation operations increased the 2016 utility's net position by \$353,098. This increase is primarily a result of the following items:

- Additional revenue from a temporary water reclamation contract
- Construction of a new well and tower
- Sanitary Sewer System 1 Upgrade

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Communication Operations

Communication operations decreased the 2016 utility's net position by \$155,801. This utility continues to work on the following:

- System expansion
- Marketing to fiber and VOIP customers

Technology Center

Technology Center operations increased the 2016 utility's net position by \$219,504. This increase is primarily a result of the following item:

- Addition of colocation customer
- Filling all available rack space

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget had total appropriations of \$9,698,591. Actual expenditures, including transfers (out) were \$9,475,407, resulting in a \$223,184 favorable variance due to not filling open positions.

Total revenues and other sources were \$9,060,490, \$642,961 less than the final budget.

CAPITAL ASSETS

At the end fiscal year 2016, the City had invested a total of \$138,934,606 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	2016 Governmental Activities	2015 Governmental Activities	2016 Business-type Activities	2015 Business-type Activities	2016 Total	2015 Total
Construction in progress	\$ 1,110,563	\$ 221,885	\$ 10,538,007	\$ 5,587,953	\$ 11,648,570	\$ 5,809,838
Land and other assets not being depreciated	5,552,030	5,510,198	3,397,940	3,397,940	8,949,970	8,908,138
Buildings and improvements	3,381,157	3,115,916	7,260,948	6,301,931	10,642,105	9,417,847
Machinery and equipment	7,681,393	6,960,218	10,700,609	10,503,248	18,382,002	17,463,466
Infrastructure and utility plant	<u>60,793,944</u>	<u>57,862,207</u>	<u>133,599,621</u>	<u>127,369,973</u>	<u>194,393,565</u>	<u>185,232,180</u>
 Total Capital Assets	 78,519,087	 73,670,424	 165,497,125	 153,161,045	 244,016,212	 226,831,469
 Less: Accumulated Depreciation	 <u>(27,472,248)</u>	 <u>(25,546,386)</u>	 <u>(77,609,358)</u>	 <u>(73,014,829)</u>	 <u>(105,081,606)</u>	 <u>(98,561,215)</u>
 Net Capital Assets	 <u>\$ 51,046,839</u>	 <u>\$ 48,124,038</u>	 <u>\$ 87,887,767</u>	 <u>\$ 80,146,216</u>	 <u>\$ 138,934,606</u>	 <u>\$ 128,270,254</u>

CAPITAL ASSETS (cont.)

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

- Improvements to City sidewalks, streets, and alleys
- General system upgrades and extensions to electric, water, and waste water
- Expansion of the Caron Road substation
- Sanitary Sewer System 1 Upgrade

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

LONG-TERM DEBT

At April 30, 2016, the City had business-type activities debt including \$28,111,811 of long-term debt outstanding. \$15,755,000 of this is revenue debt, \$3,811,656 is IEPA loans, \$3,705,000 in debt certificates, \$585,000 is a general obligation bond, and \$4,255,155 of other long-term debt (net pension liability, unamortized premium, and compensated absences). The City also has governmental activities debt outstanding of \$19,507,572. \$4,520,000 is in the form of general obligation tax increment financing bond and debt certificates, while \$14,987,572 is made up of net pension liabilities, unamortized premium, compensated absences, and the net other postemployment benefit obligation. The debt is payable either through the City's enterprise funds/business type activities, the TIF, or tax levy. See notes 4-6 on pages 39-44 for more information on the City's long-term debt.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2017 City budget. None of these conditions are anticipated to significantly change the overall financial position of the City.

REQUESTS FOR INFORMATION

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

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2016

	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and Investments	\$ 3,801,565	\$ 13,877,138	\$ 17,678,703
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	2,381,778	63,415	2,445,193
Accounts	516,379	5,785,421	6,301,800
Accrued Interest	-	857	857
Other	54,630	342,927	397,557
Prepaid Expenses	392,288	633,636	1,025,924
Due from Other Governments	994,014	562,065	1,556,079
Internal Balances	(148,277)	148,277	-
Inventory	-	2,366,560	2,366,560
Restricted Assets			
Restricted Cash and Investments	202,336	7,415,048	7,617,384
Cash Held at Paying Agent	-	991,615	991,615
Special Assessments	-	284,301	284,301
Capital Assets			
Not Depreciated	6,662,593	13,935,947	20,598,540
Depreciated (Net of Accumulated Depreciation)	44,384,246	73,951,820	118,336,066
 Total Assets	 59,241,552	 120,359,027	 179,600,579
DEFERRED OUTFLOWS OF RESOURCES			
Pension Items - IMRF	1,135,246	1,600,287	2,735,533
Pension Items - Police	1,824,519	-	1,824,519
Pension Items - Fire	1,820,963	-	1,820,963
Unamortized Loss on Refunding	-	221,953	221,953
 Total Deferred Outflows of Resources	 4,780,728	 1,822,240	 6,602,968
 Total Assets and Deferred Outflows of Resources	 64,022,280	 122,181,267	 186,203,547

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2016

	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Accounts Payable	\$ 831,647	\$ 4,889,782	\$ 5,721,429
Due to Other Governments	30,027	-	30,027
Accrued Payroll	175,625	69,256	244,881
Accrued Interest Payable	61,367	483,839	545,206
Customer Advances	-	259,482	259,482
Other Payables	-	145,664	145,664
Deposits Payable	395,554	76,523	472,077
Debt Certificates Payable	170,000	-	170,000
Long-Term Liabilities			
Due Within One Year	325,281	1,351,724	1,677,005
Due in More than One Year	19,182,291	26,760,087	45,942,378
	<hr/>	<hr/>	<hr/>
Total Liabilities	21,171,792	34,036,357	55,208,149
DEFERRED INFLOWS OF RESOURCES			
Pension Items - Police	176,387	-	176,387
Deferred Property Taxes	2,381,778	63,415	2,445,193
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	2,558,165	63,415	2,621,580
	<hr/>	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	23,729,957	34,099,772	57,829,729
NET POSITION			
Net Investment in Capital Assets	49,182,739	63,145,375	112,328,114
Restricted for			
Audit	3,236	-	3,236
Maintenance of Roadways	50,692	-	50,692
Tourism	242,212	-	242,212
Capital Improvements	1,042,541	-	1,042,541
Community Development	787	-	787
Economic Development	361,688	-	361,688
Public Safety	32,219	-	32,219
Cemetery	140,630	-	140,630
Debt Service	6,544	8,406,663	8,413,207
Unrestricted (Deficit)	(10,770,965)	16,529,457	5,758,492
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 40,292,323	\$ 88,081,495	\$ 128,373,818

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,413,156	\$ 1,823,521	\$ -	\$ -
Public Safety	6,846,217	492,360	-	-
Public Works	3,746,863	243,586	271,822	633,615
Public Service Enterprises	198,816	32,860	-	-
Conservation and Development	792,489	18,035	-	-
Interest	130,792	-	-	-
Total Governmental Activities	14,128,333	2,610,362	271,822	633,615
Business-Type Activities				
Electric	35,706,844	37,475,729	-	-
Water and Water Reclamation	4,284,257	5,050,143	-	-
Communications	724,692	628,911	-	-
Technology Center	930,401	1,185,971	-	-
Landfill	827,404	1,233,518	-	-
Airport	592,585	361,269	-	25,511
Total Business-Type Activities	43,066,183	45,935,541	-	25,511
TOTAL PRIMARY GOVERNMENT	\$ 57,194,516	\$ 48,545,903	\$ 271,822	\$ 659,126

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (589,635)	\$ -	\$ (589,635)
	(6,353,857)	-	(6,353,857)
	(2,597,840)	-	(2,597,840)
	(165,956)	-	(165,956)
	(774,454)	-	(774,454)
	(130,792)	-	(130,792)
	<u>(10,612,534)</u>	<u>-</u>	<u>(10,612,534)</u>
	-	1,768,885	1,768,885
	-	765,886	765,886
	-	(95,781)	(95,781)
	-	255,570	255,570
	-	406,114	406,114
	-	(205,805)	(205,805)
	<u>-</u>	<u>2,894,869</u>	<u>2,894,869</u>
	<u>(10,612,534)</u>	<u>2,894,869</u>	<u>(7,717,665)</u>
General Revenues			
Taxes			
Property and Replacement	3,069,810	58,563	3,128,373
Sales and Use	3,023,254	-	3,023,254
Telecommunications	365,031	-	365,031
Hotel/Motel	240,367	-	240,367
Utility	358,799	-	358,799
Other	144,399	-	144,399
Shared Income Tax	1,020,325	-	1,020,325
Investment Income	5,962	43,871	49,833
Miscellaneous	43,588	642,203	685,791
Gain on sale of capital assets	10,400	-	10,400
Transfers In (Out)	2,161,975	(2,161,975)	-
Total	<u>10,443,910</u>	<u>(1,417,338)</u>	<u>9,026,572</u>
CHANGE IN NET POSITION	<u>(168,624)</u>	<u>1,477,531</u>	<u>1,308,907</u>
NET POSITION, MAY 1	48,780,762	87,539,893	136,320,655
Change in Accounting Principle	<u>(8,319,815)</u>	<u>(935,929)</u>	<u>(9,255,744)</u>
NET POSITION, MAY 1, RESTATED	<u>40,460,947</u>	<u>86,603,964</u>	<u>127,064,911</u>
NET POSITION, APRIL 30	<u>\$ 40,292,323</u>	<u>\$ 88,081,495</u>	<u>\$ 128,373,818</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 898,060	\$ 389,109	\$ 2,514,396	\$ 3,801,565
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	1,826,983	-	554,795	2,381,778
Accounts	121,797	40,457	354,125	516,379
Prepaid Items	171,592	-	217,950	389,542
Due from Other Governments	756,134	-	237,880	994,014
Due from Other Funds	30,949	-	24,050	54,999
Restricted Assets				
Cash and Investments	-	202,336	-	202,336
TOTAL ASSETS	<u>\$ 3,805,515</u>	<u>\$ 631,902</u>	<u>\$ 3,903,196</u>	<u>\$ 8,340,613</u>

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)

April 30, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 265,791	\$ 314,381	\$ 163,355	\$ 743,527
Accrued Payroll	162,182	-	6,365	168,547
Deposits Payable	5,000	65,642	324,912	395,554
Advances from Other Funds	-	-	114,440	114,440
Due to Other Governments	30,027	-	-	30,027
Due to Other Funds	-	-	64,369	64,369
Accrued Interest Payable	-	25,792	-	25,792
Debt Certificates Payable	-	170,000	-	170,000
 Total Liabilities	 463,000	 575,815	 673,441	 1,712,256
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	1,826,983	-	554,795	2,381,778
 Total Liabilities and Deferred Inflows of Resources	 2,289,983	 575,815	 1,228,236	 4,094,034
FUND BALANCES				
Nonspendable Prepaid Items	171,592	-	217,950	389,542
Restricted for Audit	-	-	3,236	3,236
Restricted for Maintenance of Roadways	-	-	50,692	50,692
Restricted for Tourism	-	-	242,212	242,212
Restricted for Capital Improvements	-	49,543	992,998	1,042,541
Restricted for Community Development	787	-	-	787
Restricted for Economic Development	-	-	361,688	361,688
Restricted for Public Safety	-	-	32,219	32,219
Restricted for Cemetery	140,630	-	-	140,630
Restricted for Debt Service	-	6,544	-	6,544
Unrestricted				
Assigned for Ambulance Replacement	-	-	27,214	27,214
Assigned for Stormwater	-	-	119,483	119,483
Assigned for Railroad	-	-	768,745	768,745
Assigned for Capital Purposes	-	-	36,940	36,940
Unassigned	1,202,523	-	(178,417)	1,024,106
 Total Fund Balances	 1,515,532	 56,087	 2,674,960	 4,246,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
	\$ 3,805,515	\$ 631,902	\$ 3,903,196	\$ 8,340,613

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, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,246,579
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	51,046,839
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	1,135,246
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	1,648,132
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	1,820,963
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	(2,690,000)
General Obligation Debt Certificates	(1,830,000)
Accrued interest payable	(35,575)
Unamortized bond premium	(89,217)
Compensated absences payable	(384,477)
Net pension liability - IMRF	(2,101,150)
Net pension liability - Police Pension	(6,440,387)
Net pension liability - Fire Pension	(5,805,079)
Other postemployment benefit payable	(151,178)
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>(78,373)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 40,292,323</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, 2016

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 4,441,941	\$ -	\$ 2,740,922	\$ 7,182,863
Licenses and Permits	220,661	-	66,790	287,451
Intergovernmental	1,047,255	27,850	850,657	1,925,762
Charges for Services	596,216	-	1,558,342	2,154,558
Fines and Forfeitures	102,461	-	-	102,461
Investment Income	1,713	357	3,892	5,962
Miscellaneous	67,717	-	60,560	128,277
Total Revenues	6,477,964	28,207	5,281,163	11,787,334
EXPENDITURES				
Current				
General Government	1,911,469	48,899	304,208	2,264,576
Public Safety	5,293,403	-	426,591	5,719,994
Public Works	1,527,744	-	521,689	2,049,433
Public Service Enterprises	157,307	-	17,106	174,413
Conservation and Development	355,465	-	403,259	758,724
Capital Outlay	-	4,240,490	599,581	4,840,071
Debt Service				
Principal	-	170,000	115,000	285,000
Interest and Fiscal Charges	-	50,552	87,680	138,232
Total Expenditures	9,245,388	4,509,941	2,475,114	16,230,443
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,767,424)	(4,481,734)	2,806,049	(4,443,109)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	2,000,000	-	2,000,000
Premium on Bonds Issued	-	36,644	-	36,644
Transfers In	2,572,126	2,633,822	230,019	5,435,967
Transfers (Out)	(230,019)	-	(2,673,931)	(2,903,950)
Sale of Capital Assets	10,400	-	-	10,400
Total Other Financing Sources (Uses)	2,352,507	4,670,466	(2,443,912)	4,579,061
NET CHANGE IN FUND BALANCES	(414,917)	188,732	362,137	135,952
FUND BALANCES (DEFICIT), MAY 1	1,930,449	(132,645)	2,312,823	4,110,627
FUND BALANCES, APRIL 30	\$ 1,515,532	\$ 56,087	\$ 2,674,960	\$ 4,246,579

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 135,952
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	4,848,663
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	(1,925,862)
Change in compensated absences	(85,196)
Change in other postemployment benefit obligation	(27,245)
The increase in interest payable is reported as an increase of expense on the statement of activities	7,440
The proceeds of long-term debt are recorded as an other financing source in governmental funds but as a liability in the statement of activities	(2,000,000)
The premium on bonds sold is recorded as an other financing source in the governmental funds but as a liability in the statement of activities	(36,644)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal on the government-wide financial statements	285,000
The change in the Illinois Municipal Retirement Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resources	(187,948)
The change in the Police Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource	(412,675)
The change in the Fire Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resources	(323,192)
The addition (reduction) in net position of certain activities of Internal Service Funds is included in governmental funds	<u>(446,917)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (168,624)</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2016

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CURRENT ASSETS			
Cash and Investments	\$ 7,432,456	\$ 4,481,422	\$ -
Receivables			
Property Taxes	-	-	-
Accounts	4,847,853	694,383	55,976
Accrued Interest	-	857	-
Other	199,093	143,834	-
Prepaid Expenses	592,015	38,906	2,715
Inventory	2,323,733	3,480	-
Deposits	-	-	-
Due from Other Governments	-	562,065	-
Due from Other Funds	-	-	-
Restricted Assets			
Cash and Investments	6,557,069	857,979	-
Cash Held at Paying Agent	972,083	19,532	-
Total Current Assets	<u>22,924,302</u>	<u>6,802,458</u>	<u>58,691</u>
NONCURRENT ASSETS			
Advance to Other Funds	577,520	-	-
Special Assessments	-	284,301	-
Total Noncurrent Assets	<u>577,520</u>	<u>284,301</u>	<u>-</u>
CAPITAL ASSETS			
Nondepreciable	5,234,480	6,263,548	-
Depreciable	78,973,130	58,099,381	3,689,301
Accumulated Depreciation	<u>(42,424,805)</u>	<u>(28,534,035)</u>	<u>(2,859,459)</u>
Net Capital Assets	<u>41,782,805</u>	<u>35,828,894</u>	<u>829,842</u>
Total Assets	<u>65,284,627</u>	<u>42,915,653</u>	<u>888,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Items - IMRF	953,771	444,880	105,619
Unamortized Loss on Refunding	221,953	-	-
Total Deferred Outflows of Resources	<u>1,175,724</u>	<u>444,880</u>	<u>105,619</u>
Total Assets and Deferred Outflows of Resources	<u>66,460,351</u>	<u>43,360,533</u>	<u>994,152</u>

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 95,017	\$ 1,868,243	\$ 13,877,138	\$ -
-	63,415	63,415	-
92,328	94,881	5,785,421	-
-	-	857	-
-	-	342,927	54,630
-	-	633,636	2,746
-	39,347	2,366,560	-
-	-	-	-
-	-	562,065	-
-	57,887	57,887	-
-	-	7,415,048	-
-	-	991,615	-
187,345	2,123,773	32,096,569	57,376
-	961,059	1,538,579	-
-	-	284,301	-
-	961,059	1,822,880	-
519,453	1,918,466	13,935,947	-
5,431,981	5,367,385	151,561,178	116,880
(1,121,346)	(2,669,713)	(77,609,358)	(116,880)
4,830,088	4,616,138	87,887,767	-
5,017,433	7,700,970	121,807,216	57,376
60,811	35,206	1,600,287	-
-	-	221,953	-
60,811	35,206	1,822,240	-
5,078,244	7,736,176	123,629,456	57,376

(This statement is continued on the following pages.)

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2016

	Business-Type Activities		
	Electric Utility	Water Reclamation	Water Communications
CURRENT LIABILITIES			
Accounts Payable	\$ 4,137,256	\$ 672,162	\$ 7,373
Customer Advances	259,482	-	-
Accrued Payroll	43,818	17,856	2,872
Accrued Interest Payable	327,083	15,451	-
Other Payables	145,664	-	-
Deposits Payable	-	73,785	2,738
Due to Other Funds	-	-	-
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	645,000	-	-
IEPA Loans Payable	-	266,119	-
Compensated Absences Payable	111,564	49,835	12,521
Total Current Liabilities	5,669,867	1,095,208	25,504
LONG-TERM LIABILITIES			
Advance from Other Funds	-	-	1,069,043
Net Pension Liability	1,765,269	823,397	195,483
Long-Term Debt, Net of Current Maturities			
General Obligation Debt Payable	-	-	-
Revenue Bonds Payable	15,110,000	-	-
IEPA Loans Payable	-	3,545,537	-
Unamortized Bond Premium/Discount	1,107,689	-	-
Total Long-Term Liabilities	17,982,958	4,368,934	1,264,526
Total Liabilities	23,652,825	5,464,142	1,290,030
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	23,652,825	5,464,142	1,290,030
NET POSITION			
Net Investment in Capital Assets	25,142,069	32,017,238	829,842
Restricted for Debt Service	7,529,152	877,511	-
Unrestricted (Deficit)	10,136,305	5,001,642	(1,125,720)
TOTAL NET POSITION (DEFICIT)	\$ 42,807,526	\$ 37,896,391	\$ (295,878)

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 923	\$ 72,068	\$ 4,889,782	\$ 88,120
-	-	259,482	-
2,928	1,782	69,256	7,078
131,836	9,469	483,839	-
-	-	145,664	-
-	-	76,523	-
-	24,050	24,050	24,467
220,000	35,000	255,000	-
-	-	645,000	-
-	-	266,119	-
5,688	5,997	185,605	16,084
361,375	148,366	7,300,320	135,749
355,096	-	1,424,139	-
112,551	65,161	2,961,861	-
3,485,000	550,000	4,035,000	-
-	-	15,110,000	-
-	-	3,545,537	-
-	-	1,107,689	-
3,952,647	615,161	28,184,226	-
4,314,022	763,527	35,484,546	135,749
-	63,415	63,415	-
-	63,415	63,415	-
4,314,022	826,942	35,547,961	135,749
1,125,088	4,031,138	63,145,375	-
-	-	8,406,663	-
(360,866)	2,878,096	16,529,457	(78,373)
\$ 764,222	\$ 6,909,234	\$ 88,081,495	\$ (78,373)

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, 2016

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
OPERATING REVENUES			
Charges for Services	\$ 37,475,729	\$ 5,050,143	\$ 628,911
Miscellaneous	573,668	68,535	-
Total Operating Revenues	<u>38,049,397</u>	<u>5,118,678</u>	<u>628,911</u>
OPERATING EXPENSES			
Administration	-	-	-
Operations	32,373,769	2,798,882	648,769
Depreciation and Amortization	2,732,127	1,462,081	75,091
Total Operating Expenses	<u>35,105,896</u>	<u>4,260,963</u>	<u>723,860</u>
OPERATING INCOME (LOSS)	<u>2,943,501</u>	<u>857,715</u>	<u>(94,949)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	-	-	-
Investment Income	28,528	10,341	-
Interest Expense	(600,948)	(23,294)	(832)
Total Non-Operating Revenues (Expenses)	<u>(572,420)</u>	<u>(12,953)</u>	<u>(832)</u>
NET INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	<u>2,371,081</u>	<u>844,762</u>	<u>(95,781)</u>
TRANSFERS			
Transfers In	-	-	-
Transfers (Out)	(1,758,391)	(226,735)	-
Total Transfers	<u>(1,758,391)</u>	<u>(226,735)</u>	<u>-</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>612,690</u>	<u>618,027</u>	<u>(95,781)</u>
NET POSITION (DEFICIT), MAY 1	42,749,162	37,543,293	(140,077)
Change in Accounting Principle	(554,326)	(264,929)	(60,020)
NET POSITION (DEFICIT), MAY 1, RESTATED	<u>42,194,836</u>	<u>37,278,364</u>	<u>(200,097)</u>
NET POSITION (DEFICIT), APRIL 30	<u>\$ 42,807,526</u>	<u>\$ 37,896,391</u>	<u>\$ (295,878)</u>

Business-Type Activities			Governmental
Technology Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,185,971	\$ 1,594,787	\$ 45,935,541	\$ 477,810
-	-	642,203	-
1,185,971	1,594,787	46,577,744	477,810
-	-	-	555,140
624,308	1,207,434	37,653,162	-
144,132	181,098	4,594,529	-
768,440	1,388,532	42,247,691	555,140
417,531	206,255	4,330,053	(77,330)
-	58,563	58,563	-
335	4,667	43,871	455
(161,961)	(31,457)	(818,492)	-
(161,626)	31,773	(716,058)	455
255,905	238,028	3,613,995	(76,875)
-	389,983	389,983	-
-	(566,832)	(2,551,958)	(370,042)
-	(176,849)	(2,161,975)	(370,042)
-	25,511	25,511	-
255,905	86,690	1,477,531	(446,917)
544,718	6,842,797	87,539,893	368,544
(36,401)	(20,253)	(935,929)	-
508,317	6,822,544	86,603,964	368,544
\$ 764,222	\$ 6,909,234	\$ 88,081,495	\$ (78,373)

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2016

	Business-Type Activities		
	Electric Utility	Water and Water Reclamation	Communications
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 38,370,746	\$ 5,049,186	\$ 135,473
Receipts from Interfund Services Transactions	-	-	440,847
Payments to Suppliers	(31,359,446)	(987,619)	(223,875)
Payments to Employees	(1,374,636)	(1,275,421)	(292,842)
Payments to Other Funds	(146,045)	(930,386)	(102,691)
Net Cash from Operating Activities	<u>5,490,619</u>	<u>1,855,760</u>	<u>(43,088)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	-	-
Receipts of Loans from Other Funds	493,048	-	159,115
Repayment of Loans from Other Funds	-	-	(55,139)
Interest Paid on Interfund Loans	-	-	(832)
Transfers (Out)	(1,758,391)	(226,735)	-
Net Cash from Noncapital Financing Activities	<u>(1,265,343)</u>	<u>(226,735)</u>	<u>103,144</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(5,989,788)	(3,373,769)	(60,056)
Issuance of Long-Term Debt	-	2,503,817	-
Principal Payments on Long-Term Debt	(645,000)	(258,700)	-
Interest Payments on Long-Term Debt	(654,382)	(25,647)	-
Grant Receipts	-	-	-
Net Cash from Capital and Related Financing Activities	<u>(7,289,170)</u>	<u>(1,154,299)</u>	<u>(60,056)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	<u>28,528</u>	<u>10,331</u>	<u>-</u>
Net Cash from Investing Activities	<u>28,528</u>	<u>10,331</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,035,366)</u>	<u>485,057</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, MAY 1	<u>17,024,891</u>	<u>4,854,344</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 13,989,525</u></u>	<u><u>\$ 5,339,401</u></u>	<u><u>\$ -</u></u>

Business-Type Activities			Governmental
Nonmajor			Activities
Technology Center	Enterprise Funds	Total	Internal Service
\$ 1,041,387	\$ 1,748,156	\$ 46,344,948	\$ -
81,680	-	522,527	482,248
(146,268)	(1,067,313)	(33,784,521)	(126,242)
(179,096)	(59,304)	(3,181,299)	(431,628)
(289,034)	(110,117)	(1,578,273)	-
508,669	511,422	8,323,382	(75,622)
-	58,563	58,563	-
-	14,138	666,301	-
(49,242)	(1,528,401)	(1,632,782)	-
(2,263)	(2,200)	(5,295)	-
-	-	(1,985,126)	(345,575)
(51,505)	(1,457,900)	(2,898,339)	(345,575)
(191,381)	(249,599)	(9,864,593)	-
-	-	2,503,817	-
(210,000)	(30,000)	(1,143,700)	-
(167,171)	(30,028)	(877,228)	-
-	25,511	25,511	-
(568,552)	(284,116)	(9,356,193)	-
335	4,667	43,861	455
335	4,667	43,861	455
(111,053)	(1,225,927)	(3,887,289)	(420,742)
206,070	3,094,170	25,179,475	420,742
\$ 95,017	\$ 1,868,243	\$ 21,292,186	\$ -

(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, 2016

	<u>Business-Type Activities</u>		
	<u>Electric Utility</u>	<u>Water and Water Reclamation</u>	<u>Communications</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 2,943,501	\$ 857,715	\$ (94,949)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	2,732,127	1,462,081	75,091
Changes in Assets and Liabilities			
Accounts Receivable	(395,561)	37,977	(52,591)
Other Receivables	552,166	(142,821)	-
Prepaid Expenses	(269,984)	3,262	8,032
Inventory	(57,893)	-	-
Deposits	368,658	5,945	-
Special Assesements	-	29,407	-
Deferred Outflow - Pension Items - IMRF	(854,501)	(404,944)	(93,261)
Accounts Payable	(349,161)	(477,470)	4,530
Customer Advances	(203,914)	-	-
Accrued Payroll	6,506	3,034	(107)
Other Payables	9,115	-	-
Compensated Absences	(2,843)	2,978	(580)
Net Pension Obligation	1,012,403	478,596	110,747
NET CASH FROM OPERATING ACTIVITIES	\$ 5,490,619	\$ 1,855,760	\$ (43,088)
CASH AND INVESTMENTS			
Cash and Investments	\$ 7,432,456	\$ 4,481,422	\$ -
Restricted Cash and Investments	6,557,069	857,979	-
TOTAL CASH AND INVESTMENTS	\$ 13,989,525	\$ 5,339,401	\$ -
NONCASH TRANSACTIONS			
Transfers of Capital Assets	\$ 5,876,712	\$ -	\$ -
Illinois EPA Loan Receivable	-	562,065	-
Illinois EPA Loan Payable	-	(562,065)	-
TOTAL NONCASH TRANSACTIONS	\$ 5,876,712	\$ -	\$ -

Business-Type Activities			Governmental
Nonmajor			Activities
Technology Center	Enterprise Funds	Total	Internal Service
\$ 417,531	\$ 206,255	\$ 4,330,053	\$ (77,330)
144,132	181,098	4,594,529	-
(62,904)	153,369	(319,710)	-
-	-	409,345	4,438
-	-	(258,690)	(514)
-	(13,183)	(71,076)	-
-	-	374,603	-
-	-	29,407	-
(55,541)	(31,333)	(1,439,580)	-
(183)	(27,730)	(850,014)	(4,749)
-	-	(203,914)	-
133	1,775	11,341	2,327
-	-	9,115	-
(107)	4,009	3,457	206
65,608	37,162	1,704,516	-
<u>\$ 508,669</u>	<u>\$ 511,422</u>	<u>\$ 8,323,382</u>	<u>\$ (75,622)</u>
\$ 95,017	\$ 1,868,243	\$ 13,877,138	\$ -
-	-	7,415,048	-
<u>\$ 95,017</u>	<u>\$ 1,868,243</u>	<u>\$ 21,292,186</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,876,712	\$ -
-	-	562,065	-
-	-	(562,065)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,876,712</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

ASSETS

Cash and Short-Term Investments	\$ 562,592
Investments, at Fair Value	
U.S. Treasury Securities	1,737,722
U.S. Agency Securities	2,506,929
Equity Mutual Funds	8,634,884
Corporate Bonds	1,988,231
Municipal Bonds	1,136,917
Equities	1,231,751
Annuity Contracts	173,575
Receivables	
Accrued Interest	<u>56,042</u>
 Total Assets	 <u>18,028,643</u>

LIABILITIES

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

NET POSITION RESTRICTED FOR PENSIONS \$ 18,028,643

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, 2016

ADDITIONS

Contributions	
Employer Contributions	\$ 666,629
Employee Contributions	230,849
	<hr/>
Total Contributions	897,478
	<hr/>
Investment Income	
Net Depreciation in Fair Value of Investments	(778,453)
Interest	587,615
	<hr/>
Total Investment Income	(190,838)
Less Investment Expense	(79,987)
	<hr/>
Net Investment Income	(270,825)
	<hr/>
Total Additions	626,653
	<hr/>

DEDUCTIONS

Benefits and Refunds	1,392,149
Administrative Expenses	40,046
	<hr/>
Total Deductions	1,432,195
	<hr/>

NET DECREASE (805,542)

NET POSITION RESTRICTED FOR PENSIONS

May 1	18,834,185
	<hr/>
April 30	\$ 18,028,643
	<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF ROCHELLE, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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CITY OF ROCHELLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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 Capital Improvement Fund accounts for the financial resources that are restricted, committed or assigned to be used for the acquisition or construction of, and/or additions to major capital facilities.

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 non-operating.

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

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

E. Cash and Investments

Cash and Cash Equivalents

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

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, 2016 for debt and equity securities and contract values for mutual funds.

F. Property Taxes

Property taxes for 2015 are levied in December 2015 and attach as an enforceable lien on the property on January 1, 2015. Tax bills are prepared by the County and issued on or about May 1, 2016 and August 1, 2016, and are due and collectible on or about June 1, 2016 and September 1, 2016. The County collects the taxes and remits them periodically to the City. Those 2015 taxes are intended to finance the 2017 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unavailable revenue. The 2016 tax levy has not been recorded as a receivable at April 30, 2016, as the tax attached as a lien on property as of January 1, 2016; however, the tax will not be levied until December 2016 and, accordingly, is not measurable at April 30, 2016.

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) method.

H. Restricted Assets

Certain cash and investments in the Electric Utility Fund and Water and Water Reclamation Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. Cash held with paying agent is held for payment of the Illinois EPA Loan (Askvig) and Series 2008 Electric System Revenue Refunding Revenue Bonds. These assets are reflected as restricted cash and investments and restrictions of net position.

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.

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

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 except for police officers and firefighters.

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

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 City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Manager and Finance Director through the City's Fund Balance Policy. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

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

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

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

At April 30, 2016, the City had \$393,691 of net position and fund balances that were restricted for capital improvements and maintenance of roadways as a result of enabling legislation adopted by the City.

Q. Use of Estimates

The preparation of financial statements in conformity with 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.

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.

2. CASH AND INVESTMENTS (Continued)

City Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. Unless matched to a specific cash flow, the City does not directly invest in securities maturing more than five years from the date of purchase.

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.

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

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
GOVERNMENTAL ACTIVITIES					
Capital Assets not Being Depreciated					
Land	\$ 3,171,317	\$ 41,832	\$ -	\$ -	\$ 3,213,149
Land Right of Way	2,338,881	-	-	-	2,338,881
Construction in Progress	221,885	3,505,920	-	(2,617,242)	1,110,563
Total Capital Assets not Being Depreciated	5,732,083	3,547,752	-	(2,617,242)	6,662,593
Capital Assets Being Depreciated					
Buildings	3,115,916	265,241	-	-	3,381,157
Machinery and Equipment	6,960,218	721,175	-	-	7,681,393
Bridges	10,507,752	8,008	-	-	10,515,760
Streets	29,602,921	-	-	2,617,242	32,220,163
Stormwater	4,701,899	-	-	-	4,701,899
Sidewalks	2,627,141	306,487	-	-	2,933,628
Railroad Spur	10,108,864	-	-	-	10,108,864
Street Lights	313,630	-	-	-	313,630
Total Capital Assets Being Depreciated	67,938,341	1,300,911	-	2,617,242	71,856,494
Less Accumulated Depreciation for					
Buildings	1,663,904	138,331	-	-	1,802,235
Machinery and Equipment	5,198,242	401,433	-	-	5,599,675
Bridges	1,424,317	210,315	-	-	1,634,632
Streets	11,926,933	771,997	-	-	12,698,930
Stormwater	3,604,275	117,547	-	-	3,721,822
Sidewalks	824,593	73,341	-	-	897,934
Railroad Spur	814,070	202,443	-	-	1,016,513
Street Lights	90,052	10,455	-	-	100,507
Total Accumulated Depreciation	25,546,386	1,925,862	-	-	27,472,248
Total Capital Assets Being Depreciated, Net	42,391,955	(624,951)	-	2,617,242	44,384,246
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 48,124,038	\$ 2,922,801	\$ -	\$ -	\$ 51,046,839

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 96,293
Public Safety	211,845
Public Works	1,598,465
Public Service Enterprises	19,259
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 1,925,862

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

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 3,397,940	\$ -	\$ -	\$ 3,397,940
Construction in Progress	5,587,953	13,081,620	8,131,566	10,538,007
Total Capital Assets not Being Depreciated	8,985,893	13,081,620	8,131,566	13,935,947
Capital Assets Being Depreciated				
Infrastructure	46,397,962	1,399,618	-	47,797,580
Equipment	10,503,248	197,361	-	10,700,609
Other Tangible Assets	2,134,356	-	-	2,134,356
Structures and Improvements	2,024,420	787,106	-	2,811,526
Building	4,277,511	171,911	-	4,449,422
General	8,257,808	102,923	-	8,360,731
Generation	12,349,710	412,956	1,216,663	11,547,003
Transmission	13,188,016	698,466	-	13,886,482
Distribution	45,042,121	4,908,631	77,283	49,873,469
Total Capital Assets Being Depreciated	144,175,152	8,678,972	1,292,946	151,561,178
Less Accumulated Depreciation for				
Infrastructure	21,084,547	1,201,939	-	22,286,486
Equipment	6,167,007	283,943	-	6,450,950
Other Tangible Assets	1,509,945	48,972	-	1,558,917
Structures and Improvements	776,375	108,325	-	884,700
Building	752,121	100,730	-	852,851
General	3,898,002	191,349	-	4,089,351
Generation	6,376,520	194,102	-	6,570,622
Transmission	7,665,986	505,593	-	8,171,579
Distribution	24,784,326	1,959,576	-	26,743,902
Total Accumulated Depreciation	73,014,829	4,594,529	-	77,609,358
Total Capital Assets Being Depreciated, Net	71,160,323	4,084,443	1,292,946	73,951,820
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 80,146,216	\$ 17,166,063	\$ 9,424,512	\$ 87,887,767

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

4. LONG-TERM DEBT

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

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
GO TIF Bonds	\$ 2,805,000	\$ -	\$ 115,000	\$ 2,690,000	\$ 125,000
GO Debt Certificates	-	2,000,000	170,000	1,830,000	-
Unamortized Bond Premium	59,055	36,644	6,482	89,217	-
Compensated Absences*	315,159	242,982	157,580	400,561	200,281
Net Pension Liability - IMRF*	870,245	1,230,905	-	2,101,150	-
Net Pension Liability - Police*	4,379,580	2,060,807	-	6,440,387	-
Net Pension Liability - Fire*	3,660,924	2,144,155	-	5,805,079	-
Net Other Postemployment Benefit Obligation*	123,933	27,245	-	151,178	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,213,896	\$ 7,742,738	\$ 449,062	\$ 19,507,572	\$ 325,281

*These liabilities are primarily retired by the General Fund.

As discussed in Note 13, beginning balances were restated to record the opening net pension liability amounts and to write off the previously reported net pension obligations for the Illinois Municipal Retirement Fund, Police Pension Fund and Firefighters' Pension Fund.

	Balances May 1, Restated	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Revenue Bonds					
2008 Refunding Bonds	\$ 1,260,000	\$ -	\$ 615,000	\$ 645,000	\$ 645,000
2014 Electric System Bonds	6,000,000	-	-	6,000,000	-
2015 Electric System Bonds	9,110,000	-	-	9,110,000	-
Total Revenue Bonds	16,370,000	-	615,000	15,755,000	645,000
General Obligation Debt Certificates	3,915,000	-	210,000	3,705,000	220,000
General Obligation Bonds	615,000	-	30,000	585,000	35,000
IEPA Revolving Loans	1,004,474	3,065,882	258,700	3,811,656	266,119
Unamortized Premium	1,195,497	-	87,808	1,107,689	-
Compensated Absences	182,148	185,605	182,148	185,605	185,605
Net Pension Liability - IMRF	1,226,731	1,735,130	-	2,961,861	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 24,508,850	\$ 4,986,617	\$ 1,383,656	\$ 28,111,811	\$ 1,351,724

As discussed in Note 13, beginning balances were restated to record the opening net pension liability amounts and to write-off the previously reported net pension obligations for the Illinois Municipal Retirement Fund.

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

4. LONG-TERM DEBT (Continued)

Bonds payable and other long-term obligations at April 30, 2016 are comprised of the following, excluding the refunded bonds that are defeased in-substance:

General Obligation Debt

	Total	Current
\$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.	\$ 3,705,000	\$ 220,000
\$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 3.9% to 5.2%, retired by the Airport Fund, a nonmajor enterprise fund.	585,000	35,000
\$2,000,000 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$170,000 from June 1, 2016 to June 1, 2027, interest at 2% to 4.5%, retired by the Capital Improvements Fund, a major governmental fund.	1,830,000	-
TOTAL GENERAL OBLIGATION DEBT	\$ 6,120,000	\$ 255,000
\$2,955,000 Series 2013 General Obligation Refunding (Tax Increment Financing Alternate Revenue Source) Bonds, due in annual installments of \$60,000 to \$260,000, through December 1, 2030, interest from 2% to 4%.	\$ 2,690,000	\$ 125,000
TOTAL TIF FUND ALTERNATE REVENUE BONDS	\$ 2,690,000	\$ 125,000

Revenue Bonds

	Total	Current
\$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 3.5% to 4.5%.	\$ 645,000	\$ 645,000
\$6,000,000 Series 2014 Electric System Revenue Bonds due in annual installments of \$95,000 to \$1,215,000, through May 1, 2034, interest from 2% to 5%.	6,000,000	-
\$9,110,000 Series 2015 Electric System Revenue Refunding Revenue Bonds, due in annual installments of \$505,000 to \$830,000, through May 1, 2030, interest from 3% to 4%.	9,110,000	-
TOTAL ELECTRIC FUND REVENUE BONDS	\$ 15,755,000	\$ 645,000

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

4. LONG-TERM DEBT (Continued)

Revenue and Alternate Revenue Source Bonds Illinois EPA Loans

	<u>Total</u>	<u>Current</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%.	\$ 357,434	\$ 236,577
\$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 2.5%.	388,340	29,542
\$4,300,000 Illinois EPA low interest loan related to the Well #12 Project.*	<u>3,065,882</u>	<u>-</u>
TOTAL WATER AND WATER RECLAMATION IEPA LOANS	<u>\$ 3,811,656</u>	<u>\$ 266,119</u>

*The City had not drawn the full amount of the IEPA loan at April 30, 2016; therefore, a debt service to maturity schedule is not available.

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, net pension liabilities and net OPEB obligations) as of April 30, 2016, are as follows:

Fiscal Year Ending April 30,	Business-Type Activities General Obligation Debt		Governmental Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 255,000	\$ 186,612	\$ -	\$ 29,250
2018	265,000	175,852	170,000	56,800
2019	275,000	164,667	170,000	53,188
2020	290,000	162,102	170,000	49,150
2021	300,000	148,752	165,000	44,550
2022-2026	1,700,000	524,905	825,000	144,374
2027-2031	<u>1,205,000</u>	<u>113,433</u>	<u>330,000</u>	<u>14,851</u>
TOTAL	<u>\$ 4,290,000</u>	<u>\$ 1,476,323</u>	<u>\$ 1,830,000</u>	<u>\$ 392,163</u>

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

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity (Continued)

Fiscal Year Ending April 30,	Revenue Bonds		General Obligation Alternate Revenue Debt	
	Principal	Interest	Principal	Interest
2017	\$ 645,000	\$ 639,653	\$ 125,000	\$ 85,380
2018	600,000	616,615	130,000	82,880
2019	615,000	598,865	135,000	80,280
2020	630,000	580,190	140,000	76,905
2021	650,000	558,240	145,000	73,405
2022-2026	3,655,000	2,382,800	855,000	304,495
2027-2031	4,430,000	1,581,480	1,160,000	140,937
2032-2036	4,530,000	466,750	-	-
TOTAL	\$ 15,755,000	\$ 7,424,593	\$ 2,690,000	\$ 844,282

Fiscal Year Ending April 30,	Illinois EPA Loans	
	Principal	Principal
2017	\$ 266,119	\$ 17,795
2018	151,139	10,169
2019	31,045	7,659
2020	31,825	6,879
2021	32,626	6,078
2022-2026	175,859	17,661
2027-2031	57,161	1,075
TOTAL	\$ 745,774	\$ 67,316

Revenue Source Bonds

The City issued the Series 2008 Refunding Electric Alternate Revenue Source Bonds, the Series 2014 Electric Revenue Alternate Revenue Source Bonds and the Series 2015 Refunding Electric Alternate Revenue Source Bonds to provide funds for electric capital improvements. These bonds are payable from a pledge of the City's electric revenues and are being repaid by the Electric Fund. The bonds are payable solely from electric revenues and are payable through 2034. The total principal and interest remaining to be paid on the bonds as of April 30, 2015 is \$23,179,593. Principal and interest paid for the current year was \$1,161,293 or 20.39% of total customer net revenues of \$5,696,529.

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

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, 2016, there was one bond outstanding. The aggregate principal amount payable was \$4,900,000.

6. REVENUE BONDS

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

Account	Amount	Nature of Authorized Expenditures
Operation and Maintenance	Sufficient amount to pay reasonable expenses for one month's operations	Expenses of operating, maintaining and repairing the system
Bond and Interest	Amount sufficient to pay the current bond and interest maturities	Paying principal and interest on bonds
Bond Reserve	\$30,000 per month until account aggregates an amount equal to bond and interest requirements for any succeeding fiscal year	Paying principal and interest on bonds when there are insufficient funds in the bond and interest account
Depreciation, Improvement and Extension	\$20,000 per month until the account aggregates a minimum of \$7,000,000	Cost of extraordinary maintenance, necessary replacement and improvement or extension of the system
Capital Improvement	\$120,000 per month until the account aggregates a minimum of \$1,500,000	Capital improvements and repairs to or extensions of the System and any extraordinary repairs or replacements
Surplus Revenue	The amount remaining after payment into the above four accounts	Making up deficiencies in the aforementioned accounts, paying of junior lien bonds and for any other lawful corporate purpose

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

6. REVENUE BONDS (Continued)

The City has complied with all significant limitations, restrictions and bond covenants during the year ended April 30, 2016. 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	\$ 1,853,204
Bond Reserve Account	2,143,111
Capital Improvement Account	<u>1,556,991</u>
Depreciation, Improvement and Extension Account	<u>2,853,357</u>
TOTAL	<u><u>\$ 8,406,663</u></u>

7. DEFINED BENEFIT PENSION PLANS

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

A. Plan Description

Illinois Municipal Retirement Fund

Plan Administration

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

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2015 (plan measurement date), IMRF membership consisted of:

Inactive Employees or their Beneficiaries	
Currently Receiving Benefits	105
Inactive Employees Entitled to but not yet Receiving Benefits	31
Active Employees	<u>89</u>
 TOTAL	 <u><u>225</u></u>

Benefits Provided

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

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

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 11.83% of covered payroll.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.75%
Salary Increases	3.75% to 14.50%
Interest Rate	7.50%
Cost of Living Adjustment	3.00%
Asset Valuation Method	Market Value

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2015	\$ 35,512,493	\$ 33,415,517	\$ 2,096,976
Changes for the Period			
Service Cost	633,562	-	633,562
Interest	2,620,202	-	2,620,202
Difference Between Expected and Actual Experience	803,929	-	803,929
Changes in Assumptions	43,813	-	43,813
Employer Contributions	-	687,703	(687,703)
Employee Contributions	-	280,253	(280,253)
Net Investment Income	-	165,264	(165,264)
Benefit Payments and Refunds	(1,693,209)	(1,693,209)	-
Administrative Expense	-	-	-
Other (Net Transfer)	-	2,251	(2,251)
Net Changes	2,408,297	(557,738)	2,966,035
BALANCES AT DECEMBER 31, 2015	\$ 37,920,790	\$ 32,857,779	\$ 5,063,011

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2016, the City recognized pension expense of \$1,136,667.

At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference Between Expected and Actual Experience	\$ 609,245	\$ -	\$ 609,245
Changes in Assumption	33,203	-	33,203
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,851,030	-	1,851,030
Contributions after Measurement Date	242,055	-	242,055
TOTAL	<u>\$ 2,735,533</u>	<u>\$ -</u>	<u>\$ 2,735,533</u>

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

<u>Year Ending April 30,</u>	
2017	\$ 910,106
2018	668,051
2019	668,051
2020	489,325
TOTAL	<u>\$ 2,735,533</u>

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.48% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net Pension Liability	\$ 9,795,833	\$ 5,063,011	\$ 1,140,092

Police Pension Plan

Plan Administration

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

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

Plan Membership

At April 30, 2016, the measurement date, membership consisted of:

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive 2.5% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. For the year ended April 30, 2016, the City's contribution was 26.71% of covered payroll.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

Investment Policy

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Cash	3.00%	1.00%
U.S. Fixed Income	32.00%	1.21%
Emerging Markets Debt	3.00%	3.36%
U.S. Large Cap Equity	5.00%	6.00%
U.S. Small/Mid Cap Equity	7.50%	7.04%
U.S. Preferred Securities	4.00%	4.02%
U.S. Convertible Bonds	6.00%	5.05%
International Developed Markets Equity	6.00%	6.97%
Emerging Markets Equity	9.00%	8.52%
Real Estate	7.50%	7.02%
Tactical All Asset	10.00%	4.70%
MLP's	4.00%	4.20%
Floating Rate Notes	3.00%	4.10%

The long-term expected real rates of return are net of a 2.5% factor for inflation and investment expense. ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations

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

Investment Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.66%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 1,188,549	\$ -	\$ 614,081	\$ 317,196	\$ 257,272
U.S. Agency Obligations	694,462	-	143,559	25,906	524,997
Corporate Bonds	1,494,986	-	394,051	811,586	289,349
TOTAL	\$ 3,377,997	\$ -	\$ 1,151,691	\$ 1,154,688	\$ 1,071,618

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

Credit Risk

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2016
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	2.50% to 17.91%
Discount Rate	6.75%
Cost of Living Adjustments	3.00%
Asset Valuation Method	Market

Mortality rates were based on rates developed in a 2016 study performed by the actuary for Illinois Police Officers. Other demographic assumption rates are based on a review of assumptions in the actuary's 2016 study for Illinois Police Officers.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate

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

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

Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 15,181,931	\$ 10,802,351	\$ 4,379,580
Changes for the Period			
Service Cost	280,429	-	280,429
Interest	996,514	-	996,514
Difference Between Expected and Actual Experience	(203,820)	-	(203,820)
Changes in Assumptions	1,183,719	-	1,183,719
Employer Contributions	-	360,627	(360,627)
Employee Contributions	-	137,476	(137,476)
Net Investment Income	-	(283,084)	283,084
Benefit Payments and Refunds	(837,526)	(837,526)	-
Administrative Expense	-	(18,984)	18,984
Net Changes	1,419,316	(641,491)	2,060,807
BALANCES AT APRIL 30, 2016	\$ 16,601,247	\$ 10,160,860	\$ 6,440,387

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2016, the City recognized police pension expense of \$773,302.

At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ -	\$ 176,387
Changes in Assumption	1,024,402	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>800,117</u>	<u>-</u>
TOTAL	<u><u>\$ 1,824,519</u></u>	<u><u>\$ 176,387</u></u>

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

Year Ending April 30,	
<u> </u>	
2017	\$ 331,914
2018	331,914
2019	331,914
2020	331,911
2021	131,884
Thereafter	<u>188,595</u>
TOTAL	<u><u>\$ 1,648,132</u></u>

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 8,961,197	\$ 6,440,387	\$ 4,393,789

Firefighters' Pension Plan

Plan Administration

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

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

Plan Membership

At April 30, 2016, the measurement date, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	10
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>13</u>
TOTAL	<u><u>23</u></u>

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

The following is a summary of benefits of the plan as provided for in ILCS:

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. For the year ended April 30, 2016, the City's contribution was 33.09% of covered payroll.

Investment Policy

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28%	6.5%
Small Cap Domestic Equity	8%	8.5%
International Equity	4%	6.8%
Fixed Income	60%	1.3%

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected real rates of return are net of a 3.15% factor for inflation and investment expense. ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using *Stocks, Bonds, Bills and Inflation 2015 Yearbook - Morningstar*, for the period of December 31, 1925 through December 31, 2015. The long-term expected rate of return on the Internal Equity class was based on the MCSI EAFE index for the period of December 31, 1976 through December 31, 2015. The long-term expected rates of return are the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major assets class. Best estimates or geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

Concentrations

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

Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.45%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 549,173	\$ -	\$ 393,595	\$ 155,578	\$ -
U.S. Agency Obligations	1,812,467	50,332	517,756	854,104	390,275
Corporate Bonds	493,245	101,098	232,152	159,995	-
State and Local Obligations	1,136,917	-	-	330,185	806,732
TOTAL	\$ 3,991,802	\$ 151,430	\$ 1,143,503	\$ 1,499,862	\$ 1,197,007

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

Credit Risk

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

Custodial Credit Risk

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Custodial Credit Risk (Continued)

manager purchasing the mutual funds to also serve as custodian over the investment. To limit its exposure, the manager has purchased an excess SIPC policy to cover any investment losses not covered by the limits of SIPC.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2016
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	2.50% to 15%
Discount Rate	6.75%
Cost of Living Adjustments	3.00%
Asset Valuation Method	Market

Mortality rates were based on rates developed in a 2016 study performed by the actuary for Illinois Firefighters. Other demographic assumption rates are based on a review of assumptions in the actuary's 2016 study for Illinois Firefighters.

Discount Rate

The discount rate used to measure the total pension liability was 6.60%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members.

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate (Continued)

Therefore, the long-term expected rate of return on pension plan investments of 6.75% was blended with the index rate of 3.32% for tax exempt general obligation municipal bonds rated AA or better at April 30, 2016 to arrive at a discount rate of 6.60% used to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$11,692,758	\$ 8,031,834	\$ 3,660,924
Changes for the Period			
Service Cost	217,247	-	217,247
Interest	753,420	-	753,420
Difference Between Expected and Actual Experience	663,185	-	663,185
Changes in Assumptions	900,875	-	900,875
Employer Contributions	-	306,002	(306,002)
Employee Contributions	-	93,373	(93,373)
Net Investment Income	-	12,259	(12,259)
Benefit Payments and Refunds	(554,623)	(554,623)	-
Administrative Expense	-	(21,062)	21,062
Net Changes	1,980,104	(164,051)	2,144,155
BALANCES AT APRIL 30, 2016	\$13,672,862	\$ 7,867,783	\$ 5,805,079

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

For the year ended April 30, 2016, the City recognized firefighters' pension expense of \$629,194.

At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 594,389	\$ -
Changes in Assumption	807,423	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>419,151</u>	<u>-</u>
 TOTAL	 <u>\$ 1,820,963</u>	 <u>\$ -</u>

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

Year Ending April 30,	
<u> </u>	
2017	\$ 267,036
2018	267,036
2019	267,036
2020	267,035
2021	162,248
Thereafter	<u>590,572</u>
 TOTAL	 <u>\$ 1,820,963</u>

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6.60% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.60%) or 1 percentage point higher (7.60%) than the current rate:

	1% Decrease (5.60%)	Current Discount Rate (6.60%)	1% Increase (7.60%)
Net Pension Liability	\$ 7,797,461	\$ 5,805,079	\$ 4,178,849

8. RISK MANAGEMENT

The City is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, workers' compensation and employee's health. The City purchases third party indemnity insurance to limit its exposure to losses.

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. The potential exposure, where determinable, faced by the City from lawsuits is approximately \$800,000.

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

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 1.9%; therefore, the utilities were required to transfer 1.9%, 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.

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 \$494 million as of January 1, 2016 (most recent information available).

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

9. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

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 post closure costs, with no liability to the City. The leasing parties are responsible for any remediation costs. The lease will run as long as the capacity permits for the disposal of solid waste remains, or a minimum of 20 years. The Operator paid an initiation fee of \$200,000. The Operator will also pay a base fee of \$75,000 payable in quarterly installments and a usage fee based on a tonnage fee, or 6.1% 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 \$60,000 per year through April 30, 2018.

10. INDIVIDUAL FUND DISCLOSURES

A. Due From/To Other Funds

Due from/to other funds at April 30, 2016 consisted of the following:

Fund	Due From	Due To
General	\$ 30,949	\$ -
Nonmajor Governmental	24,050	64,369
Nonmajor Enterprise	57,887	24,050
Internal Service Funds	-	24,467
TOTAL	\$ 112,886	\$ 112,886

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

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

B. Advances From/To Other Funds

Advances from/to other funds at April 30, 2016 consisted of the following:

Fund	Advance To	Advance From
Electric Utility	\$ 577,520	\$ -
Technology Center	-	355,096
Communications	-	1,069,043
Nonmajor Governmental	-	114,440
Nonmajor Enterprise	961,059	-
TOTAL	\$ 1,538,579	\$ 1,538,579

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

- \$577,520 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.
- \$961,059 advanced from the Landfill Fund (Nonmajor Enterprise Fund) to the Communications Fund and TIF Development Fund (Nonmajor Governmental Fund) to cover cash deficits. Repayment is not expected within one year.

C. Interfund Transfers

Interfund transfers during the year ended April 30, 2016 consisted of the following:

	Transfer In	Transfer Out
General	\$ 2,572,126	\$ 230,019
Capital Improvement Fund	2,633,822	-
Water and Water Reclamation	-	226,735
Electric	-	1,758,391
Internal Service Funds	-	370,042
Nonmajor Governmental	230,019	2,673,931
Nonmajor Enterprise	389,983	566,832
TOTAL	\$ 5,825,950	\$ 5,825,950

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

10. INDIVIDUAL FUND DISCLOSURES (Continued)

C. Interfund Transfers (Continued)

The purposes of significant interfund transfers are as follows:

- \$2,572,126 transferred to the General Fund was made up of \$1,758,391 from the Electric Utility Fund, \$226,735 from the Water and Water Reclamation Fund, \$525,000 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and city policies. \$62,000 was transferred from the Nonmajor Governmental Funds (\$12,000 from the Overweight Truck Permit Fund to pay for administrative fees and \$50,000 from the Motor Fuel tax to fund lighting improvements). The transfers will not be repaid.
- \$2,633,802 transferred to the Capital Improvement Fund from Nonmajor Governmental Funds (Utility Tax Fund \$116,336, Motor Fuel Tax Fund \$1,417,522, Overweight Truck Permits Fund \$91,000, Railroad Fund \$24,760, Solid Waste Fund \$41,832 and Sales Tax Fund \$942,372) for annual sidewalk maintenance and miscellaneous street maintenance and CIP projects. These transfers will not be repaid.

D. Fund Balance/Net Position Deficits

As of April 30, 2016, the IMRF Fund, TIF Development Fund and the Golf Course Fund had deficit fund balances of \$6,482, \$114,439 and \$57,495, respectively.

As of April 30, 2016, the Communications Fund had a deficit net position of \$295,878.

11. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at April 30, 2016:

GOVERNMENTAL ACTIVITIES	
Telecommunications Tax	\$ 83,707
Income Tax	152,528
Use Tax	54,274
Sales Tax	658,112
Auto Rental Tax	189
Video Gaming Tax	23,415
Motor Fuel Tax	<u>21,789</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 994,014</u>
BUSINESS-TYPE ACTIVITIES	
IEPA Loan	<u>\$ 562,065</u>

12. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

The City provides 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.

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.

C. Membership

At April 30, 2015 (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>107</u>
 TOTAL	 <u><u>107</u></u>

D. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Active employees do not contribute to the plan until retirement.

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. 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 2014, 2015 and 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 51,522	\$ 18,973	36.83%	\$ 94,160
2015	33,374	3,601	10.79%	123,933
2016	34,883	7,638	21.90%	151,178

The net OPEB obligation (NOPEBO) as April 30, 2016 was calculated as follows:

Annual Required Contribution	\$ 34,057
Interest on Net OPEB Obligation	4,957
Adjustment to Annual Required Contribution	<u>(4,131)</u>
Annual OPEB Cost	34,883
Contributions Made	<u>(7,638)</u>
Increase in Net OPEB Obligation	27,245
Net OPEB Obligation, Beginning of Year	<u>123,933</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 151,178</u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2015 (most recent information available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 291,160
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	291,160
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 7,276,593
UAAL as a Percentage of Covered Payroll	4.00%

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. 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 annual required contributions 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, 2015 actuarial valuation (most recent information available), the entry-age actuarial cost method was used. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.5% reduced to an ultimate healthcare cost trend rate of 5.5%. 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.

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

13. CHANGE IN ACCOUNTING PRINCIPLE

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in Accounting Principle	
To Record the IMRF Net Pension Liability	\$ (870,245)
To Record IMRF Deferred Outflows of Resources	92,289
To Write-Off the IMRF Net Pension Obligation	111,678
To Record the Police Pension Net Pension Liability	(4,379,580)
To Write-Off the Police Pension Net Pension Obligation	208,815
To Record the Firefighters' Pension Net Pension Liability	(3,660,924)
To Write-Off the Firefighters' Pension Net Pension Obligation	<u>178,152</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (8,319,815)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
Change in Accounting Principle	
To Record the IMRF Net Pension Liability	\$ (1,226,731)
To Record the IMRF Deferred Outflows of Resources	130,094
To Write-Off the IMRF Net Pension Obligation	<u>160,708</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (935,929)</u>

With the implementation of GASB Statements No. 68 and No. 71, the City is required to retroactively record the net pension liabilities, write off the net pension obligations and record deferred outflows of resources for contributions subsequent to the measurement date (IMRF).

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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 4,608,147	\$ 4,441,941	\$ (166,206)
Licenses and Permits	191,000	220,661	29,661
Intergovernmental	1,078,678	1,047,255	(31,423)
Charges for Services	1,011,000	596,216	(414,784)
Fines and Forfeitures	133,000	102,461	(30,539)
Investment Income	3,500	1,713	(1,787)
Miscellaneous	106,000	67,717	(38,283)
Total Revenues	7,131,325	6,477,964	(653,361)
EXPENDITURES			
Current			
General Government	2,092,496	1,911,469	(181,027)
Public Safety	5,451,677	5,293,403	(158,274)
Public Works	1,657,979	1,527,744	(130,235)
Public Service Enterprises	160,332	157,307	(3,025)
Conservation and Development	336,107	355,465	19,358
Total Expenditures	9,698,591	9,245,388	(453,203)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,567,266)	(2,767,424)	(200,158)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,572,126	2,572,126	-
Transfers (Out)	-	(230,019)	(230,019)
Sale of Capital Assets	-	10,400	10,400
Total Other Financing Sources (Uses)	2,572,126	2,352,507	(219,619)
NET CHANGE IN FUND BALANCE	\$ 4,860	(414,917)	\$ (419,777)
FUND BALANCE, MAY 1		1,930,449	
FUND BALANCE, APRIL 30		\$ 1,515,532	

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Federal Grants	\$ 55,000	\$ 27,850	\$ (27,150)
Investment Income	-	357	357
	<hr/>	<hr/>	<hr/>
Total Revenues	55,000	28,207	(26,793)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General Government			
Contractual Services	-	48,899	48,899
Capital Outlay	8,858,000	4,240,490	(4,617,510)
Debt Service			
Principal	-	170,000	170,000
Interest and Fiscal Charges	150,000	50,552	(99,448)
	<hr/>	<hr/>	<hr/>
Total Expenditures	9,008,000	4,509,941	(4,498,059)
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,953,000)	(4,481,734)	4,471,266
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	5,000,000	2,000,000	(3,000,000)
Premium on Bonds Issued	-	36,644	36,644
Transfers In	2,944,350	2,633,822	(310,528)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	7,944,350	4,670,466	(3,273,884)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (1,008,650)</u>	188,732	<u>\$ 1,197,382</u>
		<hr/>	
FUND BALANCE (DEFICIT), MAY 1		(132,645)	
		<hr/>	
FUND BALANCE, APRIL 30		<u>\$ 56,087</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2016

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)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	\$ -	\$ 461,198	\$ -	\$ 461,198	\$ 8,044,646	5.73%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	291,160	-	291,160	7,276,593	4.00%
2016	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

(See independent auditor's report.)

CITY OF ROCHELLE

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

April 30, 2016

	<u>2016</u>
Actuarially Determined Contribution	\$ 683,782
Contributions in Relation to the Actuarially Determined Contribution	<u>683,782</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>
Covered-Employee Payroll	\$ 6,035,344
Contributions as a Percentage of Covered-Employee Payroll	11.33%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013 and 2014. Additional information as of the December 31, 2013 actuarial valuation is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 4.40% to 16.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

CITY OF ROCHELLE

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

April 30, 2016

	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 263,541	\$ 366,575
Contributions in Relation to the Actuarially Determined Contribution	<u>276,905</u>	<u>360,627</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (13,364)</u>	<u>\$ 5,948</u>
Covered-Employee Payroll	\$ 1,586,341	\$ 1,349,905
Contributions as a Percentage of Covered-Employee Payroll	17.46%	26.71%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of April 30 of the two prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 2.50% to 17.91% plus 2.50% for inflation compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

CITY OF ROCHELLE

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

April 30, 2016

	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 273,650	\$ 337,824
Contributions in Relation to the Actuarially Determined Contribution	<u>278,524</u>	<u>306,002</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (4,874)</u>	<u>\$ 31,822</u>
Covered-Employee Payroll	\$ 909,588	\$ 924,791
Contributions as a Percentage of Covered-Employee Payroll	30.62%	33.09%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of April 30 of the two prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 2.50% to 15% plus 2.50% for inflation compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2016

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 16,079	\$ 23,160	69.43%
2012	16,079	23,160	69.43%
2013	18,973	50,495	37.57%
2014	18,973	50,495	37.57%
2015	3,601	32,747	11.00%
2016	7,638	34,057	22.43%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

	<u>2016</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 633,562
Interest	2,620,202
Difference Between Expected and Actual Experience of the Total Pension Liability	803,929
Changes of Assumptions	43,813
Benefit Payments, Including Refunds of Member Contributions	<u>(1,693,209)</u>
Net Change in Total Pension Liability	2,408,297
Total Pension Liability - Beginning	<u>35,512,493</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 37,920,790</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 687,703
Contributions - Member	280,253
Net Investment Income	165,264
Benefit Payments, Including Refunds of Member Contributions	(1,693,209)
Other (Net Transfer)	<u>2,251</u>
Net Change in Plan Fiduciary Net Position	(557,738)
Plan Fiduciary Net Position - Beginning	<u>33,415,517</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 32,857,779</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 5,063,011</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.65%
Covered-Employee Payroll	\$ 6,035,344
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	83.89%

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

	<u>2015</u>	<u>2016</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 285,666	\$ 280,429
Interest	971,183	996,514
Differences Between Actual and Expected Experience	-	(203,820)
Changes in Assumptions	-	1,183,719
Benefit Payments, Including Refunds of Member Contributions	<u>(925,616)</u>	<u>(837,526)</u>
Net Change in Total Pension Liability	331,233	1,419,316
Total Pension Liability - Beginning	<u>14,850,698</u>	<u>15,181,931</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 15,181,931</u>	<u>\$ 16,601,247</u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 276,905	\$ 360,627
Contributions - Member	138,909	137,476
Net Investment Income	504,446	(283,084)
Benefit Payments, Including Refunds of Member Contributions	(925,616)	(837,526)
Administrative Expense	<u>(17,065)</u>	<u>(18,984)</u>
Net Change in Plan Fiduciary Net Position	(22,421)	(641,491)
Plan Fiduciary Net Position - Beginning	<u>10,824,772</u>	<u>10,802,351</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 10,802,351</u>	<u>\$ 10,160,860</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 4,379,580</u>	<u>\$ 6,440,387</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.15%	61.21%
Covered-Employee Payroll	\$ 1,586,341	\$ 1,349,905
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	276.08%	477.10%

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

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

	<u>2015</u>	<u>2016</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 215,229	\$ 217,247
Interest	741,514	753,420
Differences Between Actual and Expected Experience	-	663,185
Changes in Assumptions	-	900,875
Benefit Payments, Including Refunds of Member Contributions	<u>(498,763)</u>	<u>(554,623)</u>
Net Change in Total Pension Liability	457,980	1,980,104
Total Pension Liability - Beginning	<u>11,234,778</u>	<u>11,692,758</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 11,692,758</u></u>	<u><u>\$ 13,672,862</u></u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 278,524	\$ 306,002
Contributions - Member	91,671	93,373
Net Investment Income	520,913	12,259
Benefit Payments, Including Refunds of Member Contributions	<u>(498,763)</u>	<u>(554,623)</u>
Administrative Expense	<u>(16,044)</u>	<u>(21,062)</u>
Net Change in Plan Fiduciary Net Position	376,301	(164,051)
Plan Fiduciary Net Position - Beginning	<u>7,655,533</u>	<u>8,031,834</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 8,031,834</u></u>	<u><u>\$ 7,867,783</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 3,660,924</u></u>	<u><u>\$ 5,805,079</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.69%	57.54%
Covered-Employee Payroll	\$ 909,588	\$ 942,791
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	402.48%	615.73%

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

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

April 30, 2016

	<u>2015</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	4.74%	(2.66%)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

April 30, 2016

	2015	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.70%	(0.45%)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

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 and the Golf Course Fund. All annual appropriations lapse at fiscal year end.

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

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following 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.

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

2. INDIVIDUAL FUND DISCLOSURES

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

Fund	Excess
Ambulance Replacement	\$ 451,681
IMRF	851
Insurance	926
Social Security	3,548
TIF	5,319

**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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property	\$ 1,591,028	\$ 1,521,265	\$ (69,763)
Road and Bridge	155,000	159,445	4,445
Local Use	177,119	221,800	44,681
Telecommunications	420,000	365,031	(54,969)
State Sales	1,965,000	1,867,981	(97,019)
Replacement	200,000	180,817	(19,183)
Video Gaming	100,000	125,602	25,602
Total Taxes	4,608,147	4,441,941	(166,206)
Licenses and Permits			
Licenses			
Amusement	2,000	-	(2,000)
Liquor	22,000	22,875	875
Franchise	115,000	127,133	12,133
Permits			
Building	52,000	70,653	18,653
Total Licenses and Permits	191,000	220,661	29,661
Intergovernmental			
Shared Income Tax	928,678	1,020,325	91,647
Federal Grants	150,000	26,930	(123,070)
Total Intergovernmental	1,078,678	1,047,255	(31,423)
Charges for Services			
Fire Protection	60,000	60,000	-
Ambulance Fees	550,000	246,112	(303,888)
Police Services	75,000	83,787	8,787
Planning/Zoning Fees	75,000	12,337	(62,663)
Grave Opening Fees	21,500	18,725	(2,775)
Brush Pick-Up Fees	85,500	85,500	-
Cemetery Lot Sales	16,000	11,630	(4,370)
Cemetery Receipts	3,000	2,505	(495)
Water Reclamation Solid Waste	125,000	75,620	(49,380)
Total Charges for Services	1,011,000	596,216	(414,784)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Fines and Forfeitures			
Circuit Court	\$ 130,000	\$ 100,386	\$ (29,614)
Alarm	3,000	2,075	(925)
Total Fines and Forfeitures	133,000	102,461	(30,539)
Investment Income	3,500	1,713	(1,787)
Miscellaneous			
Refunds/Reimbursements	15,000	-	(15,000)
Miscellaneous	91,000	67,717	(23,283)
Total Miscellaneous	106,000	67,717	(38,283)
TOTAL REVENUES	\$ 7,131,325	\$ 6,477,964	\$ (653,361)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Mayor and Council			
Salaries	\$ 50,500	\$ 50,778	\$ 278
Travel Expenditures and Dues	3,000	1,986	(1,014)
Conferences	4,000	1,977	(2,023)
Supplies and Equipment	600	629	29
Other Professional Services	100	30	(70)
Printing	200	-	(200)
Publications	100	-	(100)
Community Relations	800	981	181
Equipment	2,000	-	(2,000)
Total Mayor and Council	61,300	56,381	(4,919)
City Clerk			
Salaries	96,483	110,730	14,247
Health Insurance	19,670	19,926	256
Postage	7,000	8,911	1,911
Data Processing Services	750	-	(750)
Publishing	1,000	52	(948)
Printing	500	85	(415)
Travel Expenditures and Dues	5,100	2,894	(2,206)
Tuition and Training	700	590	(110)
Publications	300	205	(95)
Conferences	3,500	310	(3,190)
Office Supplies	1,500	2,947	1,447
Other Professional Services	300	224	(76)
Microcomputer Software	300	198	(102)
Maintenance of Equipment	300	-	(300)
Equipment	1,000	-	(1,000)
Brush Grove Drainage	2,500	2,500	-
Miscellaneous Charges	14,000	14,408	408
Total City Clerk	154,903	163,980	9,077
Municipal Building			
Salaries	39,342	39,554	212
Health Insurance	7,670	7,369	(301)
Maintenance (Buildings)	9,000	7,150	(1,850)
Maintenance (Grounds)	1,000	324	(676)
Maintenance (Other)	1,800	2,240	440
Network Administration	129,137	129,137	-
Other Professional Services	35,000	34,034	(966)
Postage	-	30	30
Utilities	60,000	79,297	19,297
Telephone	2,000	2,084	84
Travel Expenditures	200	115	(85)
Garbage Disposal/Recycling	500	486	(14)
Other Contractual Services	1,000	144	(856)
Property Tax	4,500	4,200	(300)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Municipal Building (Continued)			
Maintenance Supplies	\$ 7,200	\$ 2,223	\$ (4,977)
Office Supplies	2,500	3,995	1,495
General Supplies	5,000	4,620	(380)
Building Improvements	20,000	19,222	(778)
Equipment	-	819	819
Other Improvements	155,000	147,674	(7,326)
Public Relations	26,000	26,126	126
Sales Tax Rebates	60,000	26,294	(33,706)
Administrative Services	175,322	175,320	(2)
Total Municipal Building	742,171	712,457	(29,714)
City Attorney			
Legal	135,000	109,550	(25,450)
Conferences	250	-	(250)
Publications and Dues	100	77	(23)
Total City Attorney	135,350	109,627	(25,723)
City Manager			
Salaries	160,350	163,609	3,259
Health Insurance	27,341	26,212	(1,129)
Other Professional Services	5,000	4,000	(1,000)
Postage	-	6	6
Telephone	3,600	2,937	(663)
Publishing	-	66	66
Dues	3,000	3,741	741
Travel	2,500	1,322	(1,178)
Tuition	6,000	8,951	2,951
Publications	150	384	234
Conferences	3,700	4,525	825
Office Supplies	500	355	(145)
Public Relations	1,000	1,681	681
Equipment	1,000	900	(100)
Miscellaneous Charges	-	80	80
Total City Manager	214,141	218,769	4,628
Building, Zoning and Engineering			
Salaries	388,645	385,482	(3,163)
Health Insurance	84,186	80,414	(3,772)
Maintenance (Building)	12,200	9,716	(2,484)
Maintenance (Equipment)	1,600	-	(1,600)
Maintenance (Vehicles)	3,500	2,980	(520)
Engineering	26,000	30,652	4,652
Legal Services	1,900	4,980	3,080
Medical Services	100	210	110
Other Professional Services	175,100	45,536	(129,564)
Postage	350	59	(291)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Building, Zoning and Engineering (Continued)			
Telephone	\$ 3,600	\$ 5,880	\$ 2,280
Printing	600	786	186
Dues	2,700	3,774	1,074
Travel	2,750	3,496	746
Training	4,000	5,318	1,318
Publications	3,050	4,778	1,728
Public Relations	2,000	1,538	(462)
Utilities	4,700	5,968	1,268
Supplies (Equipment)	3,400	3,626	226
Office Supplies	2,500	3,185	685
Operating Supplies	-	66	66
Microcomputer Software	5,000	-	(5,000)
General Supplies	600	795	195
Small Tools	850	453	(397)
Gasoline and Oil	6,050	3,877	(2,173)
Capital Improvements	38,700	35,589	(3,111)
Software	5,600	5,420	(180)
Nuisance Abatement	3,500	2,504	(996)
Conference Expenditures	1,300	3,025	1,725
Miscellaneous	150	148	(2)
	<hr/>	<hr/>	<hr/>
Total Building, Zoning and Engineering	784,631	650,255	(134,376)
	<hr/>	<hr/>	<hr/>
Total General Government	2,092,496	1,911,469	(181,027)
	<hr/>	<hr/>	<hr/>
PUBLIC SAFETY			
Police Department			
Salaries	2,106,132	2,074,704	(31,428)
Health Insurance	400,087	358,589	(41,498)
Pension Contribution	365,754	360,627	(5,127)
Uniform Allowance	35,000	19,214	(15,786)
Maintenance (Equipment)	34,000	30,131	(3,869)
Maintenance (Vehicles)	40,000	35,616	(4,384)
Medical Services	2,000	2,230	230
Data Processing Services	26,000	19,211	(6,789)
Other Professional Services	12,000	5,876	(6,124)
Postage	150	162	12
Telephone	15,000	18,919	3,919
Printing and Publishing	3,600	5,370	1,770
Dues	5,000	7,129	2,129
Travel	5,000	2,294	(2,706)
Training	15,000	5,260	(9,740)
Utilities	1,400	1,195	(205)
Animal Control	3,000	400	(2,600)
Supplies (Equipment)	500	-	(500)
Supplies (Vehicles)	4,000	5,456	1,456
Office Supplies	6,000	6,391	391
Operating Supplies	17,000	15,798	(1,202)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Police Department (Continued)			
Gas and Oil	\$ 65,000	\$ 38,318	\$ (26,682)
K9 Supplies	1,919	6,589	4,670
Prisoner Supplies	2,500	1,045	(1,455)
Capital Improvements	142,924	166,464	23,540
Miscellaneous	12,987	17,469	4,482
Total Police Department	3,321,953	3,204,457	(117,496)
Fire Department			
Salaries	1,263,664	1,287,750	24,086
Health Insurance	207,713	198,608	(9,105)
Pension Contribution	310,357	306,002	(4,355)
Uniform Allowance	11,000	12,361	1,361
Maintenance (Building)	8,000	9,622	1,622
Maintenance (Equipment)	9,000	11,589	2,589
Maintenance (Vehicles)	9,000	9,400	400
Medical Services	7,600	1,890	(5,710)
Other Professional Services	40,000	32,416	(7,584)
Postage	200	32	(168)
Telephone	9,500	5,184	(4,316)
Printing and Publishing	-	555	555
Dues	1,400	932	(468)
Travel	1,800	2,468	668
Training	6,000	6,749	749
Tuition Reimbursement	2,000	1,120	(880)
Publications	1,300	1,120	(180)
Utilities	19,000	16,561	(2,439)
Supplies (Building)	3,000	1,561	(1,439)
Supplies (Equipment)	5,000	4,846	(154)
Supplies (Vehicles)	4,000	4,021	21
Capital Outlay - Equipment	57,490	19,712	(37,778)
Capital Outlay - Other	113,500	129,163	15,663
Office Supplies	2,000	1,986	(14)
Operating Supplies	14,000	14,009	9
Janitorial Supplies	4,200	3,237	(963)
Gas and Oil	19,000	6,052	(12,948)
Total Fire Department	2,129,724	2,088,946	(40,778)
Total Public Safety	5,451,677	5,293,403	(158,274)
PUBLIC WORKS			
Streets			
Salaries	735,046	692,830	(42,216)
Health Insurance	153,033	137,650	(15,383)
Uniform Allowance	3,000	2,661	(339)
Maintenance (Building)	7,500	7,243	(257)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)			
Streets (Continued)			
Maintenance (Equipment)	\$ 31,000	\$ 31,897	\$ 897
Maintenance (Streets)	30,000	29,446	(554)
Maintenance (Snow Removal)	5,000	793	(4,207)
Maintenance (Service Vehicles)	15,000	19,303	4,303
Maintenance (Other)	5,000	2,725	(2,275)
Janitorial Services	1,000	2,393	1,393
Other Professional Services	14,000	11,336	(2,664)
Postage	100	4	(96)
Telephone	4,000	4,888	888
Printing and Publishing	300	340	40
Travel	500	693	193
Training	3,500	2,658	(842)
Utilities	15,000	12,131	(2,869)
Street Lighting	173,000	162,419	(10,581)
Lease or Rentals	5,000	4,225	(775)
Supplies (Vehicles)	35,000	40,813	5,813
Supplies (Streets)	52,000	54,730	2,730
Supplies (Snow Removal)	125,000	92,633	(32,367)
Supplies (Safety)	3,500	3,646	146
Supplies (Other)	31,200	29,923	(1,277)
Office Supplies	2,000	1,870	(130)
Operating Supplies	8,000	7,302	(698)
Gas and Oil	65,000	48,428	(16,572)
Capital Outlay	134,800	122,653	(12,147)
Miscellaneous	500	111	(389)
Total Streets	1,657,979	1,527,744	(130,235)
Total Public Works	1,657,979	1,527,744	(130,235)
PUBLIC SERVICE ENTERPRISES			
Cemetery			
Salaries	76,712	69,308	(7,404)
Health Insurance	19,670	18,207	(1,463)
Uniform Allowance	500	258	(242)
Maintenance (Buildings)	2,000	7,925	5,925
Maintenance (Equipment)	1,500	1,879	379
Maintenance (Vehicles)	300	58	(242)
Other Professional Services	5,000	9,759	4,759
Telephone	1,100	1,545	445
Printing and Publishing	200	120	(80)
Travel	100	-	(100)
Training	100	20	(80)
Utilities	3,400	2,609	(791)
Supplies (Vehicles)	500	-	(500)
Supplies (Other)	2,350	1,659	(691)

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SERVICE ENTERPRISES (Continued)			
Cemetery (Continued)			
Operating Supplies	\$ 700	\$ 325	\$ (375)
Gas and Oil	5,800	2,028	(3,772)
Capital Outlay	3,500	5,009	1,509
Equipment	36,800	36,598	(202)
Miscellaneous	100	-	(100)
Total Cemetery	<u>160,332</u>	<u>157,307</u>	<u>(3,025)</u>
Total Public Service Enterprises	<u>160,332</u>	<u>157,307</u>	<u>(3,025)</u>
CONSERVATION AND DEVELOPMENT			
Economic Development			
Salaries	223,045	225,681	2,636
Health Insurance	36,062	31,426	(4,636)
Other Professional Services	53,400	77,516	24,116
Postage	100	-	(100)
Telephone	1,900	1,488	(412)
Dues	500	250	(250)
Travel	5,500	6,409	909
Publications	200	121	(79)
Office Supplies	1,900	1,741	(159)
Equipment	11,000	8,320	(2,680)
Miscellaneous	2,500	2,513	13
Total Economic Development	<u>336,107</u>	<u>355,465</u>	<u>19,358</u>
Total Conservation and Development	<u>336,107</u>	<u>355,465</u>	<u>19,358</u>
TOTAL EXPENDITURES	<u>\$ 9,698,591</u>	<u>\$ 9,245,388</u>	<u>\$ (453,203)</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCHELLE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	Special Revenue				
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax	IMRF Fund
ASSETS					
Cash and Investments	\$ 3,236	\$ -	\$ 28,846	\$ 230,076	\$ -
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	39,006	82,795	-	-	212,994
Accounts	-	-	-	27,300	-
Prepaid Items	-	217,950	-	-	-
Due from Other Governments	-	-	21,789	-	-
Due from Other Funds	-	-	-	-	-
TOTAL ASSETS	\$ 42,242	\$ 300,745	\$ 50,635	\$ 257,376	\$ 212,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 13,832	\$ -
Accrued Payroll	-	-	-	1,332	-
Deposits Payable	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Due to Other Funds	-	-	-	-	6,482
Total Liabilities	-	-	-	15,164	6,482
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	39,006	82,795	-	-	212,994
Total Deferred Inflows of Resources	39,006	82,795	-	-	212,994
Total Liabilities and Deferred Inflows of Resources	39,006	82,795	-	15,164	219,476
FUND BALANCES					
Nonspendable Prepaid Items	-	217,950	-	-	-
Restricted for Audit	3,236	-	-	-	-
Restricted for Maintenance of Roadways	-	-	50,635	-	-
Restricted for Tourism	-	-	-	242,212	-
Restricted for Capital Improvements	-	-	-	-	-
Restricted for Economic Development	-	-	-	-	-
Restricted for Public Safety	-	-	-	-	-
Unrestricted					
Assigned for Ambulance Replacement	-	-	-	-	-
Assigned for Stormwater	-	-	-	-	-
Assigned for Railroad	-	-	-	-	-
Assigned for Capital Purposes	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	(6,482)
Total Fund Balances (Deficit)	3,236	217,950	50,635	242,212	(6,482)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,242	\$ 300,745	\$ 50,635	\$ 257,376	\$ 212,994

Social Security	Special Revenue			Capital Projects				Sales Tax
	TIF	Foreign Fire Insurance	Overweight Truck Permits	Ambulance Replacement	Stormwater	Utility Tax		
\$ -	\$ 362,333	\$ 32,219	\$ 57	\$ 27,214	\$ 119,483	\$ 362,562	\$ 383,273	
220,000	-	-	-	-	-	-	-	
-	-	-	-	-	-	31,072	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	216,091	
-	-	-	-	-	-	-	-	
\$ 220,000	\$ 362,333	\$ 32,219	\$ 57	\$ 27,214	\$ 119,483	\$ 393,634	\$ 599,364	
\$ -	\$ 645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	645	-	-	-	-	-	-	
220,000	-	-	-	-	-	-	-	
220,000	-	-	-	-	-	-	-	
220,000	645	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	57	-	-	-	-	
-	-	-	-	-	-	-	-	
-	361,688	-	-	-	-	393,634	599,364	
-	-	32,219	-	-	-	-	-	
-	-	-	-	27,214	-	-	-	
-	-	-	-	-	119,483	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	361,688	32,219	57	27,214	119,483	393,634	599,364	
\$ 220,000	\$ 362,333	\$ 32,219	\$ 57	\$ 27,214	\$ 119,483	\$ 393,634	\$ 599,364	

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	Capital Projects				Total
	TIF Development	Railroad	Technology Park	Golf Course	
ASSETS					
Cash and Investments	\$ -	\$ 907,016	\$ 36,940	\$ 21,141	\$ 2,514,396
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	-	-	-	-	554,795
Accounts	-	295,753	-	-	354,125
Prepaid Items	-	-	-	-	217,950
Due from Other Governments	-	-	-	-	237,880
Due from Other Funds	-	24,050	-	-	24,050
TOTAL ASSETS	\$ -	\$ 1,226,819	\$ 36,940	\$ 21,141	\$ 3,903,196
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 132,142	\$ -	\$ 16,736	\$ 163,355
Accrued Payroll	-	1,020	-	4,013	6,365
Deposits Payable	-	324,912	-	-	324,912
Advances from Other Funds	114,440	-	-	-	114,440
Due to Other Funds	-	-	-	57,887	64,369
Total Liabilities	114,440	458,074	-	78,636	673,441
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	-	-	-	-	554,795
Total Deferred Inflows of Resources	-	-	-	-	554,795
Total Liabilities and Deferred Inflows of Resources	114,440	458,074	-	78,636	1,228,236
FUND BALANCES					
Nonspendable Prepaid Items	-	-	-	-	217,950
Restricted for Audit	-	-	-	-	3,236
Restricted for Maintenance of Roadways	-	-	-	-	50,692
Restricted for Tourism	-	-	-	-	242,212
Restricted for Capital Improvements	-	-	-	-	992,998
Restricted for Economic Development	-	-	-	-	361,688
Restricted for Public Safety	-	-	-	-	32,219
Unrestricted					
Assigned for Ambulance Replacement	-	-	-	-	27,214
Assigned for Stormwater	-	-	-	-	119,483
Assigned for Railroad	-	768,745	-	-	768,745
Assigned for Capital Purposes	-	-	36,940	-	36,940
Unassigned (Deficit)	(114,440)	-	-	(57,495)	(178,417)
Total Fund Balances (Deficit)	(114,440)	768,745	36,940	(57,495)	2,674,960
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 1,226,819	\$ 36,940	\$ 21,141	\$ 3,903,196

(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, 2016

	Special Revenue				
	Audit	Insurance	Motor Fuel Tax	Hotel/Motel Tax	IMRF Fund
REVENUES					
Taxes	\$ 37,844	\$ 213,282	\$ -	\$ 240,367	\$ 204,561
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	850,657	-	-
Charges For Services	-	-	-	-	-
Investment Income	7	30	1,179	160	51
Miscellaneous	-	-	-	31,183	-
Total Revenues	37,851	213,312	851,836	271,710	204,612
EXPENDITURES					
Current					
General Government	34,662	58,431	-	-	54,491
Public Safety	-	241,745	-	-	50,088
Public Works	-	82,222	-	-	119,522
Public Service Enterprises	-	5,076	-	-	9,260
Conservation and Development	-	-	-	279,567	33,490
Capital Outlay	-	-	-	2,149	-
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	34,662	387,474	-	281,716	266,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,189	(174,162)	851,836	(10,006)	(62,239)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	219,678	-	-	-
Transfers (Out)	-	-	(1,467,522)	(19,941)	-
Total Other Financing Sources (Uses)	-	219,678	(1,467,522)	(19,941)	-
NET CHANGE IN FUND BALANCES	3,189	45,516	(615,686)	(29,947)	(62,239)
FUND BALANCES (DEFICIT), MAY 1	47	172,434	666,321	272,159	55,757
FUND BALANCES (DEFICIT), APRIL 30	\$ 3,236	\$ 217,950	\$ 50,635	\$ 242,212	\$ (6,482)

Special Revenue							
Social Security	TIF	Foreign Fire Insurance	Overweight Truck Permits	Ambulance Replacement	Stormwater	Utility Tax	Sales Tax
\$ 191,648	\$ 560,948	\$ -	\$ -	\$ -	\$ -	\$ 358,799	\$ 933,473
-	-	-	66,790	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,139	-	-
40	269	25	15	260	87	521	572
-	-	18,797	-	-	-	-	-
191,688	561,217	18,822	66,805	260	2,226	359,320	934,045
17,624	139,000	-	-	-	-	-	-
130,714	-	4,044	-	-	-	-	-
43,270	-	-	3,187	-	-	-	-
2,770	-	-	-	-	-	-	-
10,792	-	-	-	-	-	-	-
-	-	11,506	-	451,681	7,250	-	-
-	115,000	-	-	-	-	-	-
-	87,680	-	-	-	-	-	-
205,170	341,680	15,550	3,187	451,681	7,250	-	-
(13,482)	219,537	3,272	63,618	(451,421)	(5,024)	359,320	934,045
10,341	-	-	-	-	-	-	-
-	-	-	(103,000)	-	-	(116,336)	(942,372)
10,341	-	-	(103,000)	-	-	(116,336)	(942,372)
(3,141)	219,537	3,272	(39,382)	(451,421)	(5,024)	242,984	(8,327)
3,141	142,151	28,947	39,439	478,635	124,507	150,650	607,691
\$ -	\$ 361,688	\$ 32,219	\$ 57	\$ 27,214	\$ 119,483	\$ 393,634	\$ 599,364

(This statement is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Capital Projects				Total
	TIF Development	Railroad	Technology Park	Golf Course	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,740,922
Licenses and Permits	-	-	-	-	66,790
Intergovernmental	-	-	-	-	850,657
Charges For Services	-	1,538,168	-	18,035	1,558,342
Investment Income	-	650	26	-	3,892
Miscellaneous	-	8,084	-	2,496	60,560
Total Revenues	-	1,546,902	26	20,531	5,281,163
EXPENDITURES					
Current					
General Government	-	-	-	-	304,208
Public Safety	-	-	-	-	426,591
Public Works	-	273,185	303	-	521,689
Public Service Enterprises	-	-	-	-	17,106
Conservation and Development	1,384	-	-	78,026	403,259
Capital Outlay	56,995	70,000	-	-	599,581
Debt Service					
Principal	-	-	-	-	115,000
Interest and Fiscal Charges	-	-	-	-	87,680
Total Expenditures	58,379	343,185	303	78,026	2,475,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(58,379)	1,203,717	(277)	(57,495)	2,806,049
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	230,019
Transfers (Out)	-	(24,760)	-	-	(2,673,931)
Total Other Financing Sources (Uses)	-	(24,760)	-	-	(2,443,912)
NET CHANGE IN FUND BALANCES	(58,379)	1,178,957	(277)	(57,495)	362,137
FUND BALANCES (DEFICIT), MAY 1	(56,061)	(410,212)	37,217	-	2,312,823
FUND BALANCES (DEFICIT), APRIL 30	\$ (114,440)	\$ 768,745	\$ 36,940	\$ (57,495)	\$ 2,674,960

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 38,500	\$ 37,844	\$ (656)
Investment Income	-	7	7
Total Revenues	<u>38,500</u>	<u>37,851</u>	<u>(649)</u>
EXPENDITURES			
Current			
General Government			
Contractual Services	<u>34,673</u>	<u>34,662</u>	<u>(11)</u>
Total Expenditures	<u>34,673</u>	<u>34,662</u>	<u>(11)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,827</u>	3,189	<u>\$ (638)</u>
FUND BALANCE, MAY 1		<u>47</u>	
FUND BALANCE, APRIL 30		<u>\$ 3,236</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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 217,000	\$ 213,282	\$ (3,718)
Investment Income	-	30	30
	<hr/>	<hr/>	<hr/>
Total Revenues	217,000	213,312	(3,688)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General Government			
Contractual Services	58,291	58,431	140
Public Safety			
Contractual Services	241,168	241,745	577
Public Works			
Contractual Services	82,025	82,222	197
Public Service Enterprises			
Contractual Services	5,064	5,076	12
	<hr/>	<hr/>	<hr/>
Total Expenditures	386,548	387,474	926
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(169,548)	(174,162)	(4,614)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	219,678	219,678
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	219,678	219,678
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (169,548)</u>	45,516	<u>\$ 215,064</u>
FUND BALANCE, MAY 1		<hr/> 172,434	
FUND BALANCE, APRIL 30		<u><u>\$ 217,950</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 243,000	\$ 244,892	\$ 1,892
Other Intergovernmental	417,350	605,765	188,415
Investment Income	300	1,179	879
	<hr/>	<hr/>	<hr/>
Total Revenues	660,650	851,836	191,186
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	660,650	851,836	191,186
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(1,007,350)	(1,467,522)	(460,172)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,007,350)	(1,467,522)	(460,172)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (346,700)</u>	<u>(615,686)</u>	<u>\$ (268,986)</u>
FUND BALANCE, MAY 1		<u>666,321</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 50,635</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Hotel/Motel Tax	\$ 240,000	\$ 240,367	\$ 367
Investment Income	250	160	(90)
Miscellaneous	25,000	31,183	6,183
	<hr/>	<hr/>	<hr/>
Total Revenues	265,250	271,710	6,460
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Conservation and Development			
Personal Services	75,946	76,723	777
Commodities	20,850	6,993	(13,857)
Contractual Services	163,735	162,443	(1,292)
Miscellaneous	43,750	33,408	(10,342)
Capital Outlay	10,000	2,149	(7,851)
	<hr/>	<hr/>	<hr/>
Total Expenditures	314,281	281,716	(32,565)
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,031)	(10,006)	39,025
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	-	(19,941)	(19,941)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(19,941)	(19,941)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (49,031)</u>	(29,947)	<u>\$ 19,084</u>
FUND BALANCE, MAY 1		<hr/>	272,159
FUND BALANCE, APRIL 30		<u>\$ 242,212</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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 170,000	\$ 167,084	\$ (2,916)
Replacement Taxes	37,477	37,477	-
Investment Income	25	51	26
	<hr/>	<hr/>	<hr/>
Total Revenues	207,502	204,612	(2,890)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General Government			
Pension Contributions	54,317	54,491	174
Public Safety			
Pension Contributions	49,928	50,088	160
Public Works			
Pension Contributions	119,142	119,522	380
Public Service Enterprises			
Pension Contributions	9,230	9,260	30
Conservation and Development			
Pension Contributions	33,383	33,490	107
	<hr/>	<hr/>	<hr/>
Total Expenditures	266,000	266,851	851
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (58,498)</u>	<u>(62,239)</u>	<u>\$ (3,741)</u>
FUND BALANCE, MAY 1		<u>55,757</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u><u>\$ (6,482)</u></u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 195,000	\$ 191,648	\$ (3,352)
Investment Income	50	40	(10)
	<hr/>	<hr/>	<hr/>
Total Revenues	195,050	191,688	(3,362)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General Government			
Payroll Taxes	17,319	17,624	305
Public Safety			
Payroll Taxes	128,454	130,714	2,260
Public Works			
Payroll Taxes	42,522	43,270	748
Public Service Enterprises			
Payroll Taxes	2,722	2,770	48
Conservation and Development			
Payroll Taxes	10,605	10,792	187
	<hr/>	<hr/>	<hr/>
Total Expenditures	201,622	205,170	3,548
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	(6,572)	(13,482)	(6,910)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	10,341	10,341
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	10,341	10,341
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (6,572)</u>	<u>(3,141)</u>	<u>\$ 3,431</u>
FUND BALANCE, MAY 1		<u>3,141</u>	
FUND BALANCE, APRIL 30		<u><u>\$ -</u></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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 545,545	\$ 560,948	\$ 15,403
Investment Income	500	269	(231)
	<hr/>	<hr/>	<hr/>
Total Revenues	546,045	561,217	15,172
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General Government			
Contractual Services	133,681	139,000	5,319
Debt Service			
Principal	115,000	115,000	-
Interest and Fiscal Charges	87,680	87,680	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	336,361	341,680	5,319
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 209,684</u>	219,537	<u>\$ 9,853</u>
FUND BALANCE, MAY 1		<u>142,151</u>	
FUND BALANCE, APRIL 30		<u>\$ 361,688</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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 100	\$ 25	\$ (75)
Miscellaneous	21,000	18,797	(2,203)
Total Revenues	21,100	18,822	(2,278)
EXPENDITURES			
Current			
Public Safety			
Contractual Services	24,000	4,044	(19,956)
Capital Outlay	22,000	11,506	(10,494)
Total Expenditures	46,000	15,550	(30,450)
NET CHANGE IN FUND BALANCE	<u>\$ (24,900)</u>	3,272	<u>\$ 28,172</u>
FUND BALANCE, MAY 1		<u>28,947</u>	
FUND BALANCE, APRIL 30		<u>\$ 32,219</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Licenses and Permits	\$ 70,000	\$ 66,790	\$ (3,210)
Investment Income	200	15	(185)
	<hr/>	<hr/>	<hr/>
Total Revenues	70,200	66,805	(3,395)
EXPENDITURES			
Current			
Public Works			
Contractual Services	6,500	3,187	(3,313)
	<hr/>	<hr/>	<hr/>
Total Expenditures	6,500	3,187	(3,313)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	63,700	63,618	(82)
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(107,000)	(103,000)	4,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(107,000)	(103,000)	4,000
NET CHANGE IN FUND BALANCE	\$ (43,300)	(39,382)	\$ 3,918
	<hr/>	<hr/>	<hr/>
FUND BALANCE, MAY 1		39,439	
		<hr/>	
FUND BALANCE, APRIL 30		\$ 57	
		<hr/>	

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 100	\$ 260	\$ 160
Total Revenues	100	260	160
EXPENDITURES			
Capital Outlay	-	451,681	451,681
Total Expenditures	-	451,681	451,681
NET CHANGE IN FUND BALANCE	<u>\$ 100</u>	(451,421)	<u>\$ (451,521)</u>
FUND BALANCE, MAY 1		<u>478,635</u>	
FUND BALANCE, APRIL 30		<u>\$ 27,214</u>	

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges for Services	\$ 15,000	\$ 2,139	\$ (12,861)
Investment Income	100	87	(13)
	<hr/>	<hr/>	<hr/>
Total Revenues	15,100	2,226	(12,874)
EXPENDITURES			
Current			
Public Works			
Contractual Services	4,000	-	(4,000)
Capital Outlay	171,000	7,250	(163,750)
	<hr/>	<hr/>	<hr/>
Total Expenditures	175,000	7,250	(167,750)
NET CHANGE IN FUND BALANCE	<u>\$ (159,900)</u>	(5,024)	<u>\$ 154,876</u>
FUND BALANCE, MAY 1		<hr/> 124,507	
FUND BALANCE, APRIL 30		<hr/> \$ 119,483	

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Utility Taxes	\$ 381,000	\$ 358,799	\$ (22,201)
Investment Income	1,000	521	(479)
	<hr/>	<hr/>	<hr/>
Total Revenues	382,000	359,320	(22,680)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	382,000	359,320	(22,680)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(425,000)	(116,336)	308,664
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(425,000)	(116,336)	308,664
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (43,000)</u>	242,984	<u>\$ 285,984</u>
FUND BALANCE, MAY 1		<hr/>	
		150,650	
		<hr/>	
FUND BALANCE, APRIL 30		<u>\$ 393,634</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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Sales Tax	\$ 1,058,000	\$ 933,473	\$ (124,527)
Investment Income	500	572	72
	<hr/>		
Total Revenues	1,058,500	934,045	(124,455)
<hr/>			
EXPENDITURES			
Current			
General Government	1,000	-	(1,000)
	<hr/>		
Total Expenditures	1,000	-	(1,000)
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,057,500	934,045	(123,455)
<hr/>			
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(1,367,000)	(942,372)	424,628
	<hr/>		
Total Other Financing Sources (Uses)	(1,367,000)	(942,372)	424,628
<hr/>			
NET CHANGE IN FUND BALANCE	\$ (309,500)	(8,327)	\$ 301,173
<hr/>			
FUND BALANCE, MAY 1		607,691	
<hr/>			
FUND BALANCE, APRIL 30		\$ 599,364	
<hr/>			

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for Services	1,089,965	1,538,168	448,203
Investment Income	1,000	650	(350)
Miscellaneous	8,083	8,084	1
	<hr/>	<hr/>	<hr/>
Total Revenues	1,099,048	1,546,902	447,854
EXPENDITURES			
Current			
Public Works			
Personal Services	116,028	51,375	(64,653)
Commodities	11,000	544	(10,456)
Contractual Services	20,050	7,067	(12,983)
Other Services	18,500	15,095	(3,405)
Contractual Services	98,050	199,104	101,054
Capital Outlay	672,300	70,000	(602,300)
	<hr/>	<hr/>	<hr/>
Total Expenditures	935,928	343,185	(592,743)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	163,120	1,203,717	1,040,597
OTHER FINANCING SOURCES (USES)			
Bonds Issued	100,982	-	(100,982)
Transfers (Out)	-	(24,760)	(24,760)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	100,982	(24,760)	(125,742)
NET CHANGE IN FUND BALANCE	<hr/>	<hr/>	<hr/>
	\$ 264,102	1,178,957	\$ 914,855
FUND BALANCE (DEFICIT), MAY 1		<hr/>	<hr/>
		(410,212)	
FUND BALANCE, APRIL 30		<hr/>	<hr/>
		\$ 768,745	

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment Income	\$ 40	\$ 26	\$ (14)
Total Revenues	<u>40</u>	<u>26</u>	<u>(14)</u>
EXPENDITURES			
Current			
Public Works			
Contractual Services	1,100	303	(797)
Capital Outlay	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>
Total Expenditures	<u>29,100</u>	<u>303</u>	<u>(28,797)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (29,060)</u>	<u>(277)</u>	<u>\$ 28,783</u>
FUND BALANCE, MAY 1		<u>37,217</u>	
FUND BALANCE, APRIL 30		<u>\$ 36,940</u>	

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

April 30, 2016

	Landfill	Airport	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ 1,868,243	\$ -	\$ 1,868,243
Receivables			
Property Taxes	-	63,415	63,415
Accounts	92,099	2,782	94,881
Grants	-	-	-
Due from Other Funds	57,887	-	57,887
Inventory	-	39,347	39,347
	<hr/>		
Total Current Assets	2,018,229	105,544	2,123,773
NONCURRENT ASSETS			
Advance from Other Funds	961,059	-	961,059
	<hr/>		
Total Noncurrent Assets	961,059	-	961,059
CAPITAL ASSETS			
Nondepreciable	708,564	1,209,902	1,918,466
Depreciable	453,185	4,914,200	5,367,385
Accumulated Depreciation	(295,277)	(2,374,436)	(2,669,713)
	<hr/>		
Total Capital Assets	866,472	3,749,666	4,616,138
	<hr/>		
Total Assets	3,845,760	3,855,210	7,700,970
DEFERRED OUTFLOWS OF RESOURCES			
Pension Items - IMRF	-	35,206	35,206
	<hr/>		
Total Deferred Outflows of Resources	-	35,206	35,206
	<hr/>		
Total Assets and Deferred Outflows of Resrouces	3,845,760	3,890,416	7,736,176

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Continued)

April 30, 2016

	Landfill	Airport	Total Nonmajor Enterprise
CURRENT LIABILITIES			
Accounts Payable	\$ 28,864	\$ 43,204	\$ 72,068
Accrued Payroll	163	1,619	1,782
Accrued Interest Payable	-	9,469	9,469
Due to Other Funds	-	24,050	24,050
General Obligation Bonds Payable	-	35,000	35,000
Compensated Absences Payable	-	5,997	5,997
Total Current Liabilities	29,027	119,339	148,366
LONG-TERM LIABILITIES			
Net Pension Liability	-	65,161	65,161
General Obligation Bonds Payable	-	550,000	550,000
Total Long-Term Liabilities	-	615,161	615,161
Total Liabilities	29,027	734,500	763,527
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	-	63,415	63,415
Total Deferred Inflows of Resources	-	63,415	63,415
Total Liabilities and Deferred Inflows of Resources	29,027	797,915	826,942
NET POSITION			
Net Investment in Capital Assets	866,472	3,164,666	4,031,138
Unrestricted	2,950,261	(72,165)	2,878,096
TOTAL NET POSITION	\$ 3,816,733	\$ 3,092,501	\$ 6,909,234

(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, 2016

	Landfill	Airport	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 1,233,518	\$ 361,269	\$ 1,594,787
Total Operating Revenues	1,233,518	361,269	1,594,787
OPERATING EXPENSES			
Personal Services	458	70,459	70,917
Commodities	-	240,450	240,450
Contractual Services	807,200	87,390	894,590
Equipment and Improvements	-	1,477	1,477
Depreciation/Amortization	17,546	163,552	181,098
Total Operating Expenses	825,204	563,328	1,388,532
OPERATING INCOME (LOSS)	408,314	(202,059)	206,255
OTHER INCOME (EXPENSE)			
Taxes	-	58,563	58,563
Investment Income	4,651	16	4,667
Interest Expense	(2,200)	(29,257)	(31,457)
Total Other Income (Expense)	2,451	29,322	31,773
NET INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	410,765	(172,737)	238,028
TRANSFERS			
Transfers In	389,983	-	389,983
Transfers (Out)	(566,832)	-	(566,832)
Total Transfers In (Out)	(176,849)	-	(176,849)
CAPITAL GRANTS AND CONTRIBUTIONS	-	25,511	25,511
CHANGE IN NET POSITION	233,916	(147,226)	86,690
NET POSITION, MAY 1	3,582,817	3,259,980	6,842,797
Prior Period Adjustment	-	(20,253)	(20,253)
NET POSITION, MAY 1, RESTATED	3,582,817	3,239,727	6,822,544
NET POSITION, APRIL 30	\$ 3,816,733	\$ 3,092,501	\$ 6,909,234

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Landfill	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,283,966	\$ 464,190	\$ 1,748,156
Payments to Suppliers	(722,470)	(344,843)	(1,067,313)
Payments to Employees	(318)	(58,986)	(59,304)
Payments to Other Funds	(85,500)	(24,617)	(110,117)
Net Cash from Operating Activities	<u>475,678</u>	<u>35,744</u>	<u>511,422</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from Property Taxes	-	58,563	58,563
Interfund Activity	(1,528,401)	14,138	(1,514,263)
Interest Paid on Interfund Loans	(2,200)	-	(2,200)
Net Cash from Noncapital Financing Activities	<u>(1,530,601)</u>	<u>72,701</u>	<u>(1,457,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(175,455)	(74,144)	(249,599)
Principal Payments on Long-Term Debt	-	(30,000)	(30,000)
Interest Payments on Long-Term Debt	-	(30,028)	(30,028)
Grant Receipts	-	25,511	25,511
Net Cash from Capital and Related Financing Activities	<u>(175,455)</u>	<u>(108,661)</u>	<u>(284,116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>4,651</u>	<u>16</u>	<u>4,667</u>
Net Cash from Investing Activities	<u>4,651</u>	<u>16</u>	<u>4,667</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,225,727)	(200)	(1,225,927)
CASH AND CASH EQUIVALENTS, MAY 1	<u>3,093,970</u>	<u>200</u>	<u>3,094,170</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 1,868,243</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,868,243</u></u>

(This schedule is continued on the following page.)

CITY OF ROCHELLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2015

	<u>Landfill</u>	<u>Airport</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 408,314	\$ (202,059)	\$ 206,255
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation and amortization	17,546	163,552	181,098
Changes in Assets and Liabilities			
Accounts Receivables	50,448	102,921	153,369
Inventory	-	(13,183)	(13,183)
Deferred Outflows - Pension Items - IMRF	-	(31,333)	(31,333)
Accounts Payable	(770)	(26,960)	(27,730)
Accrued Payroll	140	1,635	1,775
Compensated Absences	-	4,009	4,009
Net Pension Liability	-	37,162	37,162
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 475,678</u>	<u>\$ 35,744</u>	<u>\$ 511,422</u>
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 1,868,243	\$ -	\$ 1,868,243
TOTAL CASH AND INVESTMENTS	<u>\$ 1,868,243</u>	<u>\$ -</u>	<u>\$ 1,868,243</u>
NONCASH TRANSACTIONS			
Contributions	\$ -	\$ -	\$ -
TOTAL NONCASH TRANSACTIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

	Health Insurance	Administrative Services	Total
CURRENT ASSETS			
Cash and Investments	\$ -	\$ -	\$ -
Receivables			
Other	-	54,630	54,630
Prepaid Expenses	-	2,746	2,746
Total Current Assets	-	57,376	57,376
CAPITAL ASSETS			
Depreciable Capital Assets	-	116,880	116,880
Accumulated Depreciation	-	(116,880)	(116,880)
Total Capital Assets	-	-	-
Total Assets	-	57,376	57,376
CURRENT LIABILITIES			
Accounts Payable	-	88,120	88,120
Accrued Payroll	-	7,078	7,078
Compensated Absences Payable	-	16,084	16,084
Due to Other Funds	-	24,467	24,467
Total Liabilities	-	135,749	135,749
NET POSITION			
Unrestricted (Deficit)	-	(78,373)	(78,373)
TOTAL NET POSITION	\$ -	\$ (78,373)	\$ (78,373)

(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, 2016

	Health Insurance	Administrative Services	Total
OPERATING REVENUES			
Charges for Services			
Contributions			
City	\$ -	\$ 477,810	\$ 477,810
Total Operating Revenues	-	477,810	477,810
OPERATING EXPENSES			
Administration			
Personnel	-	434,161	434,161
Commodities	-	21,184	21,184
Contractual Services	-	88,745	88,745
Claims and Premiums	1,600	-	1,600
Other	-	9,450	9,450
Total Operating Expenses	1,600	553,540	555,140
OPERATING INCOME (LOSS)	(1,600)	(75,730)	(77,330)
NON-OPERATING REVENUES			
Investment Income	455	-	455
Total Non-Operating Revenues	455	-	455
NET INCOME (LOSS) BEFORE TRANSFERS	(1,145)	(75,730)	(76,875)
TRANSFERS			
Transfers (Out)	(370,042)	-	(370,042)
Total Transfers	(370,042)	-	(370,042)
CHANGE IN NET POSITION	(371,187)	(75,730)	(446,917)
NET POSITION (DEFICIT), MAY 1	371,187	(2,643)	368,544
NET POSITION (DEFICIT), APRIL 30	\$ -	\$ (78,373)	\$ (78,373)

(See independent auditor's report.)

CITY OF ROCHELLE, ILLINOIS

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

For the Year Ended April 30, 2016

	Health Insurance	Administrative Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ -	\$ 482,248	\$ 482,248
Payments to Suppliers	(4,630)	(121,612)	(126,242)
Payments to Employees	-	(431,628)	(431,628)
Net Cash from Operating Activities	(4,630)	(70,992)	(75,622)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Activity	(370,042)	24,467	(345,575)
Net Cash from Noncapital Financing Activities	(370,042)	24,467	(345,575)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Capital Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	455	-	455
Net Cash from Investing Activities	455	-	455
NET DECREASE IN CASH AND CASH EQUIVALENTS	(374,217)	(46,525)	(420,742)
CASH AND CASH EQUIVALENTS, MAY 1	374,217	46,525	420,742
CASH AND CASH EQUIVALENTS, APRIL 30	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,600)	\$ (75,730)	\$ (77,330)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Other Receivables		4,438	4,438
Prepaid Expenses	-	(514)	(514)
Accounts Payable	(3,030)	(1,719)	(4,749)
Accrued Payroll	-	2,327	2,327
Compensated Absences	-	206	206
NET CASH FROM OPERATING ACTIVITIES	\$ (4,630)	\$ (70,992)	\$ (75,622)
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
TOTAL CASH AND INVESTMENTS	\$ -	\$ -	\$ -

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCHELLE, ILLINOIS

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

April 30, 2016

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 223,287	\$ 339,305	\$ 562,592
Investments, at Fair Value			
U.S. Treasury Securities	1,188,549	549,173	1,737,722
U.S. Agency Securities	694,462	1,812,467	2,506,929
Equity Mutual Funds	5,308,152	3,326,732	8,634,884
Corporate Bonds	1,494,986	493,245	1,988,231
Municipal Bonds	-	1,136,917	1,136,917
Equities	1,231,751	-	1,231,751
Annuity Contracts	-	173,575	173,575
Receivables			
Accrued Interest	19,673	36,369	56,042
 Total Assets	 10,160,860	 7,867,783	 18,028,643
LIABILITIES			
None	-	-	-
 Total Liabilities	 -	 -	 -
NET POSITION RESTRICTED FOR PENSIONS			
	\$ 10,160,860	\$ 7,867,783	\$ 18,028,643

(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, 2016

	<u>Pension Trust</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
ADDITIONS			
Contributions			
Employer Contributions	\$ 360,627	\$ 306,002	\$ 666,629
Employee Contributions	137,476	93,373	230,849
Total Contributions	<u>498,103</u>	<u>399,375</u>	<u>897,478</u>
Investment Income			
Net Appreciation in Fair Value of Investments	(509,710)	(268,743)	(778,453)
Interest	290,112	297,503	587,615
Total Investment Income	(219,598)	28,760	(190,838)
Less Investment Expense	(63,486)	(16,501)	(79,987)
Net Investment Income	<u>(283,084)</u>	<u>12,259</u>	<u>(270,825)</u>
Total Additions	<u>215,019</u>	<u>411,634</u>	<u>626,653</u>
DEDUCTIONS			
Benefits and Refunds	837,526	554,623	1,392,149
Administrative Expenses	18,984	21,062	40,046
Total Deductions	<u>856,510</u>	<u>575,685</u>	<u>1,432,195</u>
NET INCREASE	(641,491)	(164,051)	(805,542)
NET POSITION RESTRICTED FOR PENSIONS			
May 1	<u>10,802,351</u>	<u>8,031,834</u>	<u>18,834,185</u>
April 30	<u>\$ 10,160,860</u>	<u>\$ 7,867,783</u>	<u>\$ 18,028,643</u>

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	126-135
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax.	136-139
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	140-144
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	145-146
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	147-151

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

CITY OF ROCHELLE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 25,940,768	\$ 25,949,166	\$ 28,030,635	\$ 31,233,702
Restricted	1,077,029	1,036,904	2,411,932	3,346,501
Unrestricted	5,967,521	7,395,510	8,122,109	3,454,217
TOTAL GOVERNMENTAL ACTIVITIES	\$ 32,985,318	\$ 34,381,580	\$ 38,564,676	\$ 38,034,420
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	\$ 37,862,528	\$ 39,438,963	\$ 43,441,197	\$ 45,629,528
Restricted	11,101,991	11,469,672	12,148,422	10,420,612
Unrestricted	7,559,510	10,404,915	10,280,867	14,096,522
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 56,524,029	\$ 61,313,550	\$ 65,870,486	\$ 70,146,662
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 63,803,296	\$ 65,388,129	\$ 71,471,832	\$ 76,863,230
Restricted	12,179,020	12,506,576	14,560,354	13,767,113
Unrestricted	13,527,031	17,800,425	18,402,976	17,550,739
TOTAL PRIMARY GOVERNMENT	\$ 89,509,347	\$ 95,695,130	\$ 104,435,162	\$ 108,181,082

*The City implemented GASB Statement No. 68 in 2016.

Data Source

Audited Financial Statements

2011	2012	2013	2014	2015	*2016
\$ 32,486,431	\$ 35,209,156	\$ 45,652,694	\$ 46,244,092	\$ 48,124,038	\$ 49,182,739
3,136,885	2,714,044	2,153,415	2,601,692	2,173,047	1,880,549
904,527	(397,013)	(1,720,909)	(955,731)	(1,516,370)	(10,770,965)
<u>\$ 36,527,843</u>	<u>\$ 37,526,187</u>	<u>\$ 46,085,200</u>	<u>\$ 47,890,053</u>	<u>\$ 48,780,715</u>	<u>\$ 40,292,323</u>
\$ 47,880,962	\$ 51,245,063	\$ 54,389,403	\$ 57,684,867	\$ 57,302,570	\$ 63,145,375
11,479,611	11,056,287	10,475,599	12,873,509	10,930,174	8,406,663
16,805,412	19,458,333	19,281,545	16,046,361	19,307,149	16,529,457
<u>\$ 76,165,985</u>	<u>\$ 81,759,683</u>	<u>\$ 84,146,547</u>	<u>\$ 86,604,737</u>	<u>\$ 87,539,893</u>	<u>\$ 88,081,495</u>
\$ 80,367,393	\$ 86,454,219	\$ 100,042,097	\$ 103,928,959	\$ 105,426,608	\$ 112,328,114
14,616,496	13,770,331	12,629,014	15,475,201	13,103,221	10,287,212
17,709,939	19,061,320	17,560,636	15,090,630	17,790,779	5,758,492
<u>\$ 112,693,828</u>	<u>\$ 119,285,870</u>	<u>\$ 130,231,747</u>	<u>\$ 134,494,790</u>	<u>\$ 136,320,608</u>	<u>\$ 128,373,818</u>

CITY OF ROCHELLE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	*2010
EXPENSES				
Governmental Activities				
General Government	\$ 1,809,425	\$ 1,947,228	\$ 2,100,584	\$ 1,950,767
Public Safety	3,111,407	3,343,768	3,432,012	4,237,541
Public Works	2,943,385	2,713,935	4,471,342	3,245,912
Public Service Enterprises	166,394	183,626	112,396	114,165
Conservation and Development	395,805	1,188,500	319,690	373,212
Interest	1,450	-	-	-
Total Governmental Activities Expenses	<u>8,427,866</u>	<u>9,377,057</u>	<u>10,436,024</u>	<u>9,921,597</u>
BUSINESS-TYPE ACTIVITIES				
Electric	14,124,953	17,168,822	21,711,141	23,805,717
Water and Water Reclamation	3,848,738	3,794,004	3,859,428	3,841,246
Communications	1,196,404	1,358,233	1,300,613	1,385,080
Technology Center	-	-	-	-
Landfill	1,542,005	353,953	368,709	392,533
Airport	117,906	141,915	322,260	327,708
Total Business-Type Activities Expenses	<u>20,830,006</u>	<u>22,816,927</u>	<u>27,562,151</u>	<u>29,752,284</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 29,257,872</u>	<u>\$ 32,193,984</u>	<u>\$ 37,998,175</u>	<u>\$ 39,673,881</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 214,882	\$ 342,483	\$ 398,599	\$ 559,303
Public Safety	560,364	512,424	614,804	518,090
Public Works	1,897,854	780,942	772,105	288,333
Public Service Enterprises	49,027	34,847	32,324	50,957
Operating Grants and Contributions	373,037	287,411	272,880	243,436
Capital Grants and Contributions	1,940,898	76,226	3,116,176	1,621,522
Total Governmental Activities Program Revenues	<u>5,036,062</u>	<u>2,034,333</u>	<u>5,206,888</u>	<u>3,281,641</u>
Business-Type Activities				
Charges for Services				
Electric	17,099,445	20,746,634	25,145,569	27,710,497
Water and Water Reclamation	3,772,991	4,138,912	4,259,594	4,698,794
Communications	1,183,642	879,289	868,496	1,176,630
Technology Center	-	-	-	-
Landfill	882,685	1,079,860	1,377,573	772,976
Airport	53,209	52,541	166,446	130,168
Operating Grants and Contributions	-	-	-	20,534
Capital Grants and Contributions	354,977	926,079	520,718	724,986
Total Business-Type Activities Program Revenues	<u>23,346,949</u>	<u>27,823,315</u>	<u>32,338,396</u>	<u>35,234,585</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 28,383,011</u>	<u>\$ 29,857,648</u>	<u>\$ 37,545,284</u>	<u>\$ 38,516,226</u>

2011	2012	2013	2014	2015	2016
\$ 2,196,004	\$ 1,984,007	\$ 2,061,279	\$ 1,991,208	\$ 2,024,267	\$ 2,413,156
4,312,468	4,715,710	5,034,276	5,240,013	5,506,420	6,846,217
3,418,490	4,219,449	4,841,587	3,643,889	3,975,074	3,746,863
123,050	136,065	138,179	277,549	162,196	198,816
2,009,540	2,148,272	514,955	374,558	534,560	792,489
124,897	167,859	180,611	172,584	84,999	130,792
12,184,449	13,371,362	12,770,887	11,699,801	12,287,516	14,128,333
20,856,403	23,599,387	27,290,007	30,900,842	34,790,641	35,706,844
3,792,934	3,906,034	3,989,355	4,198,382	4,235,635	4,284,257
995,213	847,598	1,104,006	834,028	815,032	724,692
419,894	431,483	564,706	815,123	875,591	930,401
450,491	397,471	452,664	502,936	577,716	827,404
416,249	766,300	611,097	739,131	536,528	592,585
26,931,184	29,948,273	34,011,835	37,990,442	41,831,143	43,066,183
\$ 39,115,633	\$ 43,319,635	\$ 46,782,722	\$ 49,690,243	\$ 54,118,659	\$ 57,194,516
\$ 784,120	\$ 726,043	\$ 562,912	\$ 715,864	\$ 1,063,522	\$ 1,823,521
571,893	652,764	654,474	489,758	695,058	492,360
277,489	310,538	277,273	338,940	335,859	243,586
43,761	37,253	45,047	45,374	40,478	50,895
428,029	316,878	311,353	292,235	252,066	271,822
41,255	3,855,271	10,852,788	1,131,988	774,261	633,615
2,146,547	5,898,747	12,703,847	3,014,159	3,161,244	3,515,799
24,929,112	27,399,527	28,677,373	31,727,508	33,991,035	37,475,729
4,740,039	4,710,716	4,895,848	5,020,871	5,640,153	5,050,143
951,319	947,423	962,487	831,694	680,050	628,911
486,759	565,308	626,084	1,127,944	1,359,234	1,185,971
654,873	662,243	981,632	1,178,675	1,396,251	1,233,518
192,519	462,822	384,818	462,817	415,736	361,269
-	-	-	-	-	-
2,754,075	2,601,474	1,516,037	1,655,641	803,867	25,511
34,708,696	37,349,513	38,044,279	42,005,150	44,286,326	45,961,052
\$ 36,855,243	\$ 43,248,260	\$ 50,748,126	\$ 45,019,309	\$ 47,447,570	\$ 49,476,851

CITY OF ROCHELLE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	*2010
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (3,391,804)	\$ (7,342,724)	\$ (5,229,136)	\$ (6,639,956)
Business-Type Activities	2,516,943	5,006,388	4,776,245	5,482,301
TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)	\$ (874,861)	\$ (2,336,336)	\$ (452,891)	\$ (1,157,655)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property and Replacement	\$ 1,156,013	\$ 1,251,787	\$ 1,403,627	\$ 1,889,327
Sales and Use	2,022,908	2,824,081	2,855,679	2,403,416
Telecommunications	72,326	184,305	297,346	348,392
Hotel/Motel	158,998	159,115	147,275	159,410
Utility	275,254	336,659	344,422	343,304
Other	186,590	357,623	326,528	-
Shared Income Tax	812,824	887,895	829,930	748,490
Investment Income	186,360	237,815	167,615	53,718
Miscellaneous	343,346	1,488,656	1,582,260	49,611
Gain on sale of capital assets	-	-	-	-
Transfers In	975,350	1,011,050	1,457,550	1,709,418
Total Governmental Activities	6,189,969	8,738,986	9,412,232	7,705,086
Business-Type Activities				
Property and Replacement	-	-	-	-
Investment Income	874,365	834,321	634,594	290,761
Miscellaneous	(18,577)	7,713	14,506	65,419
Transfers	(975,350)	(1,011,050)	(1,457,550)	(1,709,418)
Total Business-Type Activities	(119,562)	(169,016)	(808,450)	(1,353,238)
TOTAL PRIMARY GOVERNMENT	\$ 6,070,407	\$ 8,569,970	\$ 8,603,782	\$ 6,351,848
CHANGE IN NET POSITION				
Governmental Activities	\$ 2,798,165	\$ 1,396,262	\$ 4,183,096	\$ 1,065,130
Business-Type Activities	2,397,381	4,837,372	3,967,795	4,129,063
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 5,195,546	\$ 6,233,634	\$ 8,150,891	\$ 5,194,193

*The City began recording the property tax levies for the police and fire pension funds as both a revenue and an expenditure in the General Fund in fiscal year 2010.

Data Source

Audited Financial Statements

2011	2012	2013	2014	2015	2016
\$ (10,037,902)	\$ (7,472,615)	\$ (67,040)	\$ (8,685,642)	\$ (9,126,272)	\$ (10,612,534)
7,777,512	7,401,240	4,032,444	4,014,708	2,455,183	2,894,869
\$ (2,260,390)	\$ (71,375)	\$ 3,965,404	\$ (4,670,934)	\$ (6,671,089)	\$ (7,717,665)
\$ 1,974,363	\$ 1,968,013	\$ 2,160,763	\$ 2,605,811	\$ 2,826,331	\$ 3,069,810
2,632,904	2,769,309	2,874,151	3,161,390	3,081,073	3,023,254
427,963	350,589	419,475	394,192	409,595	365,031
182,649	202,782	214,837	199,768	212,328	240,367
366,631	362,786	350,293	378,945	373,430	358,799
58,759	17,040	40,440	99,417	128,027	144,399
734,758	778,540	862,814	932,950	937,626	1,020,325
35,049	15,762	8,689	3,483	3,581	5,962
70,095	43,903	27,949	99,939	81,894	43,588
-	-	-	-	-	10,400
2,048,154	1,962,235	1,666,642	1,949,164	1,963,096	2,161,975
8,531,325	8,470,959	8,626,053	9,825,059	10,016,981	10,443,910
-	-	-	58,912	57,837	58,563
195,532	45,097	37,417	35,054	31,851	43,871
94,433	109,596	127,225	96,902	353,381	642,203
(2,048,154)	(1,962,235)	(1,666,642)	(1,949,164)	(1,963,096)	(2,161,975)
(1,758,189)	(1,807,542)	(1,502,000)	(1,758,296)	(1,520,027)	(1,417,338)
\$ 6,773,136	\$ 6,663,417	\$ 7,124,053	\$ 8,066,763	\$ 8,496,954	\$ 9,026,572
\$ (1,506,577)	\$ 998,344	\$ 8,559,013	\$ 1,139,417	\$ 890,709	\$ (168,624)
6,019,323	5,593,698	2,530,444	2,256,412	935,156	1,477,531
\$ 4,512,746	\$ 6,592,042	\$ 11,089,457	\$ 3,395,829	\$ 1,825,865	\$ 1,308,907

CITY OF ROCHELLE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Cemetery	-	-	-	-
Community Development	-	-	-	-
Unassigned	-	-	-	-
Reserved				
Cemetery	105,849	110,093	115,644	150,587
Noncurrent Interfunds	-	252,073	71,514	-
Unreserved				
Designated	-	-	-	-
Undesignated	1,255,443	1,101,816	1,464,610	1,553,850
TOTAL GENERAL FUND	\$ 1,361,292	\$ 1,463,982	\$ 1,651,768	\$ 1,704,437
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable Prepaid Items	\$ -	\$ -	\$ -	\$ -
Restricted				
Maintenance of Roadways	-	-	-	-
Tourism	-	-	-	-
Capital Improvements	-	-	-	-
Economic Development	-	-	-	-
Specific Purposes	-	-	-	-
Public Safety	-	-	-	-
Unrestricted				
Committed - Ambulance Replacement	-	-	-	-
Assigned - Ambulance Replacement	-	-	-	-
Assigned - Stormwater	-	-	-	-
Assigned - Railroad	-	-	-	-
Assigned - Capital Purposes	-	-	-	-
Unassigned	-	-	-	-
Reserved				
Prepaid Items	100,117	111,814	115,357	174,436
Encumbrances	-	-	3,873,358	-
Maintenance of Roadways	-	-	-	318,896
Economic Development	-	-	-	-
Tourism	-	-	-	42,744
Stormwater	-	-	-	471,570
Railroad	-	-	-	375,094
Capital Improvements	-	-	-	1,957,497
Employee Retirement	-	-	-	16,785
Public Safety	-	-	-	-
Unreserved				
Designated - Special Revenue Funds	3,201,982	3,821,132	3,261,871	-
Designated - Capital Projects Funds	-	494,844	-	-
Undesignated - Special Revenue Funds	(62,284)	(113,853)	(237,854)	662,414
Undesignated - Capital Projects Funds	(177,130)	(63,775)	(676,351)	531,410
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 3,062,685	\$ 4,250,162	\$ 6,336,381	\$ 4,550,846

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

Data Source

Audited Financial Statements

	2011	2012*	2013	2014	2015	2016
\$	-	\$ -	\$ -	\$ -	\$ 687,504	\$ 171,592
	-	114,786	150,081	114,916	138,314	140,630
	-	-	-	-	68,477	787
	-	1,666,585	1,633,858	1,715,903	1,036,154	1,202,523
	150,587	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,658,810	-	-	-	-	-
\$	1,809,397	\$ 1,781,371	\$ 1,783,939	\$ 1,830,819	\$ 1,930,449	\$ 1,515,532
\$	-	\$ 231,445	\$ 85,262	\$ 212,505	\$ 215,260	\$ 217,950
	-	572,821	557,533	683,554	705,760	50,692
	-	80,970	68,898	269,541	272,159	242,212
	-	1,831,206	1,343,870	1,504,837	758,341	1,042,541
	-	49,480	-	2,961	142,151	361,688
	-	1,099	-	-	58,945	3,236
	-	-	33,033	25,883	28,947	32,219
	-	139,702	-	-	-	-
	-	521,931	368,127	478,307	478,635	27,214
	-	332,081	301,017	143,697	124,507	119,483
	-	231,580	-	-	-	768,745
	-	45,430	42,433	37,470	37,217	36,940
	-	(761,279)	(1,528,752)	(1,074,194)	(641,744)	(178,417)
	160,533	-	-	-	-	-
	-	-	-	-	-	-
	231,058	-	-	-	-	-
	1,285,461	-	-	-	-	-
	74,632	-	-	-	-	-
	303,906	-	-	-	-	-
	478,785	-	-	-	-	-
	1,572,045	-	-	-	-	-
	1,416	-	-	-	-	-
	57,508	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	394,871	-	-	-	-	-
	92,660	-	-	-	-	-
\$	4,652,875	\$ 3,276,466	\$ 1,271,421	\$ 2,284,561	\$ 2,180,178	\$ 2,724,503

CITY OF ROCHELLE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2007	2008	2009	2010
REVENUES				
Taxes	\$ 4,967,133	\$ 6,269,295	\$ 6,456,562	\$ 5,902,149
Licenses and Permits	205,000	332,903	544,061	242,025
Intergovernmental	642,306	90,731	2,937,116	1,648,868
Charges for Services	656,493	607,761	620,360	980,909
Fines and Forfeitures	161,840	133,919	163,509	136,744
Investment Income	169,098	199,065	155,229	53,718
Miscellaneous	1,028,493	553,671	939,856	91,144
TOTAL REVENUES	7,830,363	8,187,345	11,816,693	9,055,557
EXPENDITURES				
Current				
General Government	2,152,213	2,248,586	2,421,142	1,844,546
Public Safety	2,979,996	3,247,958	3,359,306	3,821,495
Public Works	1,501,670	1,487,518	1,809,495	1,676,185
Public Service Enterprises	163,792	174,191	103,959	111,924
Conservation and Development	391,072	360,976	317,624	373,495
Capital Outlay	1,993,070	1,560,760	4,455,289	4,817,498
Debt Service				
Principal	85,000	-	-	-
Interest and Fiscal Charges	1,450	65,047	125,000	-
TOTAL EXPENDITURES	9,268,263	9,145,036	12,591,815	12,645,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,437,900)	(957,691)	(775,122)	(3,589,586)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,866,741	2,137,470	3,320,497	5,178,633
Transfers (Out)	(891,391)	(1,126,420)	(1,862,947)	(3,469,215)
Bonds Issued	125,000	-	-	-
Premium on Bonds Issued	-	-	-	-
Sale of Capital Assets	-	1,236,808	1,607,414	5,637
Total Other Financing Sources (Uses)	1,100,350	2,247,858	3,064,964	1,715,055
NET CHANGE IN FUND BALANCES	\$ (337,550)	\$ 1,290,167	\$ 2,289,842	\$ (1,874,531)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.93%	0.71%	1.54%	0.00%

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

Data Source

Audited Financial Statements

	2011	2012	2013	2014	2015	2016
\$	6,378,028	\$ 5,653,479	\$ 6,038,257	\$ 6,817,791	\$ 7,007,823	\$ 7,182,863
	409,189	337,529	214,563	346,245	262,205	287,451
	313,884	4,324,922	5,771,389	1,399,886	1,963,953	1,925,762
	1,062,705	1,164,543	1,120,525	1,051,482	1,726,395	2,154,558
	126,109	118,596	140,596	132,548	99,198	102,461
	35,049	15,762	8,689	3,483	3,581	5,962
	299,288	792,640	110,898	201,432	151,974	128,277
	8,624,252	12,407,471	13,404,917	9,952,867	11,215,129	11,787,334
	1,978,377	1,878,005	1,975,333	2,099,082	1,978,273	2,264,576
	4,285,461	4,340,991	4,893,561	5,115,991	5,343,694	5,719,994
	1,890,401	1,976,169	2,208,093	1,815,695	1,998,301	2,049,433
	121,799	126,227	123,943	296,959	138,957	174,413
	2,005,648	463,174	507,463	371,996	530,128	758,724
	3,070,397	6,821,716	7,194,270	1,798,044	3,964,145	4,840,071
	-	-	-	3,000,000	90,000	285,000
	58,800	167,859	174,148	212,008	89,480	138,232
	13,410,883	15,774,141	17,076,811	14,709,775	14,132,978	16,230,443
	(4,786,631)	(3,366,670)	(3,671,894)	(4,756,908)	(2,917,849)	(4,443,109)
	4,331,074	3,857,182	4,083,047	4,155,467	5,611,857	5,435,967
	(2,282,920)	(1,894,947)	(2,416,405)	(2,025,908)	(2,698,761)	(2,903,950)
	2,940,000	-	-	2,955,000	-	2,000,000
	-	-	-	66,933	-	36,644
	5,466	-	2,775	-	-	10,400
	4,993,620	1,962,235	1,669,417	5,151,492	2,913,096	4,579,061
\$	206,989	\$ (1,404,435)	\$ (2,002,477)	\$ 394,584	\$ (4,753)	\$ 135,952
	0.54%	1.44%	1.55%	23.95%	1.70%	3.72%

CITY OF ROCHELLE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Farm Property	Residential Property	Commercial Property	Industrial Property	State Railroad	Local Railroad	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2006	\$ 850,731	\$ 93,242,143	\$ 34,340,785	\$ 35,694,739	\$ 10,138,426	\$ 7,520	\$ 174,274,344	\$ 0.82000	\$ 522,875,320	33.33%
2007	962,767	101,750,437	37,317,891	39,506,811	12,666,694	7,520	192,212,120	0.82055	576,694,029	33.33%
2008	833,836	106,462,882	38,612,621	41,563,018	14,776,635	7,520	202,256,512	0.78730	606,830,219	33.33%
2009	2,230,164	104,635,888	38,614,776	47,980,162	15,112,210	7,520	208,580,720	0.83491	625,804,740	33.33%
2010	2,767,461	100,367,572	39,119,561	47,657,566	15,509,994	7,520	205,429,674	0.86035	616,350,657	33.33%
2011	3,046,220	96,694,673	38,846,206	64,981,630	15,597,849	7,520	219,174,098	0.87663	657,588,053	33.33%
2012	3,073,447	91,492,076	40,876,648	67,372,730	15,949,007	7,520	218,771,428	0.94226	656,379,922	33.33%
2013	3,114,773	84,613,120	42,499,156	78,233,664	16,786,145	7,520	225,254,378	1.00483	675,830,717	33.33%
2014	3,131,074	80,191,232	43,456,382	78,870,652	16,761,683	7,520	222,418,543	1.05366	667,322,361	33.33%
2015	3,255,060	80,299,631	46,016,248	87,823,817	17,667,970	7,520	235,070,246	1.01410	705,281,266	33.33%

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

Data Source

Office of the County Treasurer

CITY OF ROCHELLE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
DIRECT CITY RATE										
City of Rochelle	0.62280	0.60496	0.64129	0.67901	0.68140	0.70545	0.74480	0.67390	0.71125	0.65046
City of Rochelle Pension	0.19475	0.21559	0.14601	0.15590	0.17895	0.17118	0.19750	0.33090	0.34241	0.36364
Total Direct City Rate	0.81755	0.82055	0.78730	0.83491	0.86035	0.87663	0.94230	1.00480	1.05366	1.01410
OVERLAPPING RATES										
Ogle County	0.53990	0.54752	0.55172	0.55352	0.55378	0.54556	0.55358	0.55690	0.56104	0.56200
Ogle County Mental Health	0.05815	0.05531	0.05160	0.05324	0.05303	0.05301	0.05321	0.05377	0.05561	0.05073
Ogle County Extension	0.00975	-	0.01001	0.00989	0.00985	0.00982	0.00985	0.00929	0.00955	0.00941
Ogle County Veterans Assistance	0.00554	0.00518	0.00500	0.00445	0.00631	0.00628	0.00631	0.00498	0.00512	0.00504
Ogle County Senior Services	0.01439	-	0.01488	0.01493	0.01507	0.01473	0.01478	0.01407	0.01447	0.01529
Ogle County Pension	0.09158	0.09328	0.09339	0.09661	0.09623	0.09588	0.09920	0.12282	0.12931	0.15287
Rochelle High School 212	2.53929	2.52167	2.48689	2.50209	2.49890	2.46049	2.53074	2.54466	2.49790	2.51481
Rochelle High School 212 Pension	0.06002	0.06076	0.04550	0.05335	0.04072	0.04900	0.05085	0.04555	0.04618	0.04541
Rochelle Grade School 231	3.06467	3.01198	2.92436	2.96004	3.00536	3.00860	3.01011	3.00422	3.05081	3.22491
Rochelle Grade School 231 Pension	0.04489	0.04706	0.05021	0.07090	0.04611	0.06052	0.06343	0.06671	0.07571	0.07223
Kishwaukee College 523	0.54180	0.54816	0.54521	0.56208	0.55874	0.57423	0.64306	0.72368	0.71134	0.69299
Flagg Rochelle Library	0.22984	0.19719	0.16893	0.16574	0.16934	0.16809	0.17032	0.17025	0.17934	0.17706
Flagg Rochelle Library Pension	0.01289	0.01187	0.00939	0.01050	0.01145	0.01131	0.00977	0.00993	0.01231	0.01212
Flagg Rochelle Parks	0.30388	0.30698	0.68912	0.69766	0.69445	0.54898	0.56849	0.59249	0.60141	0.59049
Flagg Rochelle Park Pension	0.00905	0.00875	0.00893	0.00906	0.02145	0.01620	0.01781	0.01691	0.02084	0.01230
Flagg Road	0.29554	0.29046	0.29100	0.29684	0.30609	0.31393	0.32745	0.33521	0.35007	0.35250
Flagg Township	0.15506	0.14669	0.14734	0.13975	0.14081	0.14863	0.15385	0.15735	0.16995	0.17566
Flagg Township Pension	0.01000	0.01008	0.01010	0.02204	0.01930	0.02016	0.02344	0.02415	0.02778	0.02604

Data Source

Office of the County Clerk

CITY OF ROCHELLE, ILLINOIS
PRINCIPAL PROPERTY TAXPAYERS
PRIOR YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2015			2007		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Americold Acquisition LLC	Distribution & Warehouse	\$ 12,830,264	1	5.46%			
Nippon Sharyo	Manufacturing	12,234,370	2	5.20%	5,912,056	1	3.39%
Meeting House Business Center	Distribution Center	10,326,690	3	4.39%			
Illinois River Energy LLC	Ethanol Plant	10,107,333	4	4.30%	2,548,535	6	1.46%
Sara Lee Corporation	Distribution Center	9,063,424	5	3.86%			
ICON Pac Owner	Land Development	6,374,687	6	2.71%			
Total Logistic Control LLC	Cold Storage	5,502,195	7	2.34%	3,009,693	4	1.73%
Rochelle Development LLC	Land Development	3,464,891	8	1.47%	3,500,524	3	2.01%
Northern Trust	Data Center	3,225,200	9	1.37%			
AllSate Insurance	Data Center	2,310,660	10	0.98%			
Erie Foods International	Distribution				1,893,235	8	1.09%
DP Industrial, LLC	Distribution Center				3,572,786	2	2.05%
Rochelle Foods, Inc (Hormel)	Meat Packing Plant				2,666,562	5	1.53%
Americold Real Estate LP	Distribution & Watrehouse				2,400,760	7	1.38%
Rochelle Travel Plaza	Truck Stop				1,628,513	9	0.93%
Rochelle Hotel, LLC	Hotel				1,575,432	10	0.90%
TOTAL		<u>\$ 75,439,714</u>		<u>32.08%</u>	<u>\$ 28,708,096</u>		<u>16.47%</u>

*Information for the current year is not available, therefore, information is presented for the prior year.

Data Source

Office of the County Treasurer

CITY OF ROCHELLE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2006	\$ 1,424,780	\$ 1,351,531	94.86%	\$ -	\$ 1,351,531	94.86%	
2007	1,577,200	1,514,053	96.00%	-	1,514,053	96.00%	
2008	1,593,367	1,548,945	97.21%	-	1,548,945	97.21%	
2009	1,741,490	1,673,492	96.10%	-	1,673,492	96.10%	
2010	1,736,927	1,675,106	96.44%	-	1,675,106	96.44%	
2011	1,921,386	1,796,512	93.50%	-	1,796,512	93.50%	
2012	2,017,884	1,919,824	95.14%	-	1,919,824	95.14%	
2013	2,167,126	2,062,815	95.19%	-	2,062,815	95.19%	
2014	2,227,858	2,189,648	98.28%	-	2,189,648	98.28%	
*2015	2,277,251	N/A	N/A	N/A	N/A	N/A	

N/A - Information not available

*2015 property taxes will not all be received until the end of fiscal year 2017.

Data Source

Office of the Ogle County Treasurer

CITY OF ROCHELLE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Actual Taxable Value (1) of Property	Per Capita (2)	Debt Outstanding as a Percentage of Personal Income
	General Obligation Bonds	General Obligation TIF Bonds	General Obligation Debt Certificates	Promissory Note	Revenue Bonds	General Obligation Debt Certificates	General Obligation Bonds	IEPA Revolving Loans				
2007	\$ -	\$ -	\$ -	\$ 190,047	\$ 21,315,000	\$ -	\$ -	\$ 2,729,852	\$ 24,234,899	13.91%	\$ 2,457.65	10.71%
2008	-	-	-	125,000	20,065,000	-	-	2,624,391	22,814,391	11.87%	2,311.49	10.07%
2009	-	-	-	-	18,875,000	5,000,000	-	2,399,788	26,274,788	12.99%	2,665.33	11.62%
2010	-	-	-	-	17,380,000	4,835,000	750,000	2,206,107	25,171,107	12.07%	2,631.31	12.51%
2011	-	-	-	-	15,885,000	4,665,000	735,000	1,969,163	23,254,163	11.32%	2,422.56	11.52%
2012	-	2,940,000	-	-	14,330,000	4,490,000	705,000	1,738,116	24,203,116	11.04%	2,538.88	12.07%
2013	-	2,940,000	-	-	13,165,000	4,305,000	675,000	1,500,446	22,585,446	10.32%	2,359.04	11.21%
2014	-	2,895,000	-	-	11,950,000	4,115,000	645,000	1,255,964	20,860,964	9.26%	2,178.92	9.50%
2015	-	2,805,000	-	-	16,370,000	3,915,000	615,000	1,004,474	24,709,474	11.11%	2,590.36	10.93%
2016	-	2,690,000	1,830,000	-	15,755,000	3,705,000	585,000	3,811,656	28,376,656	12.07%	2,989.85	12.62%

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

(1) Assessed value and actual value of taxable property

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

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2016

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village	City's Share of Debt
City of Rochelle	\$ 4,520,000	100.00%	\$ 4,520,000
Flagg-Rochelle Park District	800,000	74.18%	593,463
School District Number 161	65,000	30.05%	19,533
District 231	8,280,000	75.47%	6,248,618
District 212	13,740,000	56.39%	7,748,129
Kishwaukee Community College	53,312,342	10.40%	5,542,689
Subtotal	<u>76,197,342</u>		<u>20,152,432</u>
TOTAL	<u><u>\$ 80,717,342</u></u>		<u><u>\$ 24,672,432</u></u>

Note: Overlapping information presented as of March 30, 2015 (most recent available)

Data Sources

Official Statement

CITY OF ROCHELLE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2007	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2008	-	5,000,000	-	5,000,000	2.60%	506.59
2009	-	5,585,000	-	5,585,000	2.76%	566.54
2010	-	5,400,000	-	5,400,000	2.59%	564.50
2011	2,940,000	5,195,000	-	8,135,000	3.96%	847.48
2012	2,940,000	4,980,000	-	7,920,000	3.61%	830.80
2013	2,895,000	4,760,000	-	7,655,000	3.50%	799.56
2014	2,895,000	4,760,000	-	7,655,000	3.40%	799.56
2015	2,805,000	4,530,000	-	7,335,000	3.30%	768.95
2016	4,520,000	4,290,000	-	8,810,000	3.75%	928.25

* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 136 for property value data.

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

Data Source

City Records

CITY OF ROCHELLE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2016

ASSESSED VALUATION - 2015 TAX YEAR	<u>\$ 235,070,246</u>
Legal debt limit - 8.625% of assessed valuation	\$ 20,274,809
Amount of debt applicable to debt limit	<u>6,120,000</u>
LEGAL DEBT MARGIN	<u>\$ 14,154,809</u>

Data Source

City records

CITY OF ROCHELLE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Levy Years

Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legal debt limit	\$ 16,578,295	\$ 17,444,624	\$ 17,990,087	\$ 17,718,309	\$ 18,903,766	\$ 18,869,036	\$ 19,428,190	\$ 19,428,190	\$ 19,183,599	\$ 20,274,809
Total net debt applicable to limit	-	5,000,000	5,585,000	5,400,000	5,195,000	4,980,000	4,760,000	4,760,000	4,530,000	6,120,000
LEGAL DEBT MARGIN	\$ 16,578,295	\$ 12,444,624	\$ 12,405,087	\$ 12,318,309	\$ 13,708,766	\$ 13,889,036	\$ 14,668,190	\$ 14,668,190	\$ 14,653,599	\$ 14,154,809
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	0.00%	28.66%	31.04%	30.48%	27.48%	26.39%	24.50%	24.50%	23.61%	30.19%

Data Source

City records

CITY OF ROCHELLE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	9,861	\$ 226,280,367	\$ 22,947	N/A	2,928	6.6%
2008	9,870	226,486,890	22,947	35.0	2,858	11.0%
2009	9,858	226,211,526	22,947	35.0	2,735	16.8%
2010	9,566	201,249,508	21,038	35.0	2,654	18.5%
2011	9,599	201,943,762	21,038	35.0	2,540	16.7%
2012	9,533	200,555,254	21,038	35.0	2,529	15.0%
2013	9,574	201,417,812	21,038	36.0	2,480	12.9%
2014	9,574	219,694,578	22,947	36.0	2,415	7.3%
2015	9,539	226,045,683	23,697	36.6	2,027	5.4%
2016	9,491	224,908,227	23,697	36.5	2,531	6.3%

N/A - Information not available

Unemployment rate is the twelve month average.

Data Sources

City Records
US Census Bureau
Office of the County Clerk
IL Board of Education

CITY OF ROCHELLE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007		
	Number of Employees	Rank	% of Total City Population	Number of Employees	Rank	% of Total City Population
Rochelle Foods	760	1	8.01%	760	1	7.71%
Nippon Sharyo	324	2	3.41%			
Rochelle Community Hospital	261	3	2.75%	168	4	1.70%
Americold	232	4	2.44%	100	8	1.01%
Elementary School District #231	230	5	2.42%			
Hillshire Brands	215	6	2.27%			
Silgan Containers	200	7	2.11%			
Central Refrigeration	191	8	2.01%			
High Schol District #212	155	9	1.63%	152	5	1.54%
DelMonte	140	10	1.48%	140	6	1.42%
Eaton Corporation				200	2	2.03%
J.W. Peters				200	2	2.03%
City of Rochelle				116	7	1.18%
Erie Foods				65	9	0.66%
TOTAL	2,708		28.53%	1,141		19.28%

Data Source

Economic Development

CITY OF ROCHELLE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Mayor and City Council	7	7	7	7	7	7	7	7	7	7
City Manager	2	2	2	2	2	2	2	2	2	3
Municipal Building	1	1	1	2	1.5	1.5	1.5	1.5	1.0	2.0
City Clerk	2	2	2	2	2	2	2	2	1	1
Cemetery	1	2	2	2	1	1	1	1	1	1
Community Development	4	3	5	5	4	4	4	3	4	5
Economic Development	2	2	2	2	3	3	3	3	2	1
Engineering	4	2	2	2	2	2	2	2	2	2
Fire	13	13	13	13	13	13	13	12	13	13
Police	21	18	19	19	18	20	20	20	21	21
Street	9	9	9	9	10	10	10	10	10	10
ENTERPRISE FUND										
Airport	-	-	1	2	1.5	1.5	1.5	1.5	1.5	1.5
Utilities - Technology Center	-	-	-	-	-	-	1	1	2	2
Utilities - Communications/ Network Administration	7	6	7	7	6	6	5	6	3	3
Utilities - Electric	31	28	28	30	31	31	31	31	28	28
Utilities - Water	4	4	4	4	4	4	4	4	5	5
Utilities - Water Reclamation	8	8	8	8	9	9	8	8	8	8
INTERNAL FUND										
Administrative Services	4	4	5	5	6	6	6	6	6	6

Data Source

City Budget File

CITY OF ROCHELLE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2006	2007	2008	2009
COMMUNITY DEVELOPMENT				
New Construction Single Family Permits	9	15	1	-
Number of Permits Issued	N/A	462	456	440
Building and Engineering Inspections	N/A	1,386	1,368	1,320
POLICE				
DUI Arrests	55	73	58	64
Criminal Arrests	712	638	569	583
Accidents	443	463	402	364
Ordinance Enforcement	70	95	157	57
Total Tickets	1,814	1,370	1,772	1,698
Total Calls	11,626	10,611	10,677	9,735
FIRE				
Number of Fire Calls Answered	511	523	473	560
Number of EMS Calls Answered	1,470	1,574	1,529	1,589
PUBLIC WORKS				
Trees Planted	23	14	15	9
Trees Removed	23	20	36	21
Street Sweeping (Tons)	297	352	751	512
Street Sweeping (Hours)	1,200	1,200	1,200	1,200
Snow Removal (Hours)	1,917	2,199	1,962	1,312
Catch Basins/Inlets Cleaned	800	600	500	1,200
Sidewalk Replacement (Square Feet)	31,414	31,414	38,138	57,220
WATER AND SEWER				
Water MGD Pumped (Millions/Gallons)	N/A	N/A	N/A	N/A
Water MGD Billed (Millions/Gallons)	N/A	N/A	N/A	N/A
Sewer MGD Treated (Millions/Gallons)	N/A	N/A	N/A	N/A
Water Meter Installations (New)	35	30	17	16
Water Meter Exchanges	192	219	159	248
Hydrants Flushed	620	620	620	630
ELECTRIC				
Pole Replacements	N/A	N/A	N/A	N/A
Electric Meter Installations	N/A	N/A	N/A	N/A

N/A - Not Available

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

Data Source

City Records

2010	2011	2012	2013	2014	2015
11	-	-	-	3	3
483	454	467	364	393	359
1,449	1,362	1,401	1,092	1,179	1,077
61	79	55	55	38	22
449	434	434	310	321	268
332	314	333	374	437	433
55	37	25	21	29	14
1,332	1,376	1,373	1,244	846	795
10,925	10,990	*15,515	*22,371	6,023	17,264
279	241	235	276	208	274
1,476	1,554	1,649	1,741	1,749	1,470
12	12	15	24	109	70
25	27	32	47	122	133
799	494	323	340	359	350
1,200	1,200	1,200	1,200	1,200	1,200
1,755	739	1,217	1,929	1,764	641
1,200	600	800	1,200	500	900
49,279	49,009	50,816	47,996	47,500	18,430
N/A	N/A	N/A	N/A	2.95	2.74
N/A	N/A	N/A	N/A	2.57	2.37
N/A	N/A	N/A	N/A	2.36	2.76
9	11	7	17	6	5
173	199	260	290	176	250
630	640	640	640	285	-
N/A	N/A	N/A	44	27	34
N/A	N/A	N/A	532	1,461	1,081

CITY OF ROCHELLE, ILLINOIS

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010
GENERAL GOVERNMENT				
General Government Buildings	N/A	N/A	N/A	48
PUBLIC SAFETY				
Police				
Number of Squad Cars	N/A	N/A	N/A	15
Fire				
Number of Vehicles	9	9	9	10
PUBLIC WORKS				
Number of Vehicles and Equipment	N/A	N/A	N/A	25
Streets (Lane Miles)	N/A	N/A	N/A	160
Alleys (Miles)	N/A	N/A	N/A	7
Bridges and Structures	N/A	N/A	N/A	20
WATER AND SEWER				
Number of Vehicles and Equipment	N/A	N/A	N/A	14
Water Mains (Miles)	N/A	N/A	N/A	63
Water Towers	N/A	N/A	N/A	4
Wells and Wellhouses	N/A	N/A	N/A	4
Sanitary Sewers (Miles)	N/A	N/A	N/A	74
Lift Stations	N/A	N/A	N/A	9
Number of Manholes	N/A	N/A	N/A	294
Number of Fire Hydrants	N/A	N/A	N/A	707
ELECTRIC				
Number of Vehicles	N/A	N/A	N/A	16
Overhead Line (Miles)	N/A	N/A	N/A	150
Underground Line (Miles)	N/A	N/A	N/A	58
COMMUNICATIONS				
Fiber (Miles)	N/A	N/A	N/A	35

N/A - Information not available

Data Source

City Records

2011	2012	2013	2014	2015	2016
48	49	46	48	48	48
15	14	14	17	17	17
11	12	12	12	12	12
25	23	23	24	24	24
160	160	160	160	160	160
7	7	7	7	7	7
20	20	20	20	20	20
14	14	14	15	15	15
63	63	63	63	63	63
4	4	4	4	5	5
4	4	4	4	5	5
74	74	74	74	74	74
9	11	11	12	12	12
294	294	294	294	294	294
707	707	707	707	707	707
16	18	19	19	19	19
150	150	150	150	150	150
58	58	58	58	58	58
35	35	45	45	45	45