

**NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED**

**Ratings:  
S&P: "AA" (Stable Outlook)  
BAM Insured  
S&P: "AA-" (Stable Outlook) UNDERLYING  
SEE "BOND RATINGS" HEREIN**

*Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*

**City of Rochelle, Ogle and Lee Counties, Illinois  
\$4,795,000 General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023**

**Dated: Date of Delivery**

**Due: May 1, as further described on the inside cover page**

The General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023 (the "Bonds"), of the City of Rochelle, Ogle and Lee Counties, Illinois (the "City"), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by UMB Bank, N.A., Kansas City, Missouri, as bond registrar and paying agent for the Bonds, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each May 1 and November 1, commencing November 1, 2023.

Proceeds of the Bonds will be used to (a) construct improvements to the City's electric system (the "System"), and (b) pay costs associated with the issuance of the Bonds. See "THE PROJECT" herein.

The Bonds due on or after May 1, 2033, are subject to redemption prior to maturity at the option of the City, as a whole or in part, on any date on or after May 1, 2032, at the redemption price of par plus accrued interest to the redemption date. See "THE BONDS—Redemption" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and APPENDIX D herein.



In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City, payable (a) together with the City's General Obligation Bonds (Electric System Alternate Revenue Source), Series 2021, and General Obligation Bonds (Electric System Alternate Revenue Source), Series 2022, from the net revenues derived from the operation of the System (generally, Revenues minus Operations and Maintenance Costs, each as defined herein) subject to certain prior lien accounts as described herein, and (b) from ad valorem taxes as levied against all of the taxable property in the City without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS—Security" herein.

*The Bonds are offered when, as and if issued by the City and received by Robert W. Baird & Co. Incorporated, Naperville, Illinois (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Chapman and Cutler LLP will also act as Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Peterson, Johnson & Murray—Chicago LLC, Chicago, Illinois, as Issuer's Counsel. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about May 5, 2023.*



The date of this Official Statement is April 25, 2023.

**City of Rochelle  
Ogle and Lee Counties, Illinois**

**\$4,795,000 GENERAL OBLIGATION BONDS (ELECTRIC SYSTEM  
ALTERNATE REVENUE SOURCE), SERIES 2023**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

| MATURITY<br>(MAY 1) | AMOUNT    | INTEREST<br>RATE | YIELD | CUSIP<br>NUMBER*<br>(771231) |
|---------------------|-----------|------------------|-------|------------------------------|
| 2024                | \$225,000 | 5.00%            | 3.45% | FA0                          |
| 2025                | 235,000   | 5.00%            | 3.25% | FB8                          |
| 2026                | 245,000   | 5.00%            | 3.15% | FC6                          |
| 2027                | 260,000   | 5.00%            | 3.10% | FD4                          |
| 2028                | 270,000   | 5.00%            | 3.10% | FE2                          |
| 2029                | 285,000   | 5.00%            | 3.15% | FF9                          |
| 2030                | 300,000   | 5.00%            | 3.20% | FG7                          |
| 2031                | 315,000   | 5.00%            | 3.25% | FH5                          |
| 2032                | 330,000   | 5.00%            | 3.30% | FJ1                          |
| 2033                | 345,000   | 5.00%            | 3.35% | FK8                          |
| 2034                | 360,000   | 5.00%            | 3.40% | FL6                          |
| 2035                | 380,000   | 5.00%            | 3.50% | FM4                          |
| 2036                | 400,000   | 4.00%            | 3.95% | FN2                          |
| 2037                | 415,000   | 4.00%            | 4.00% | FP7                          |
| 2038                | 430,000   | 4.00%            | 4.10% | FQ5                          |

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\* CUSIP data herein is provided by the CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the City, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the City is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning BAM and the Bond Insurance Policy has been obtained from BAM. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the City or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and APPENDIX D—Specimen Municipal Bond Insurance Policy.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## **EXHIBITS**

- Exhibit A     — Combined Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Fiscal Years Ended December 31, 2017-2021
- Exhibit B     — General Fund Revenue Sources, Fiscal Year Ended December 31, 2021
- Exhibit C     — Summary of Revenues and Expenditures – General Fund, Fiscal Year Ending December 31, 2022 (Unaudited)

## **APPENDICES**

- Appendix A     — Audited Financial Statements of the City for the Fiscal Year Ended December 31, 2021
- Appendix B     — Proposed Form of Opinion of Bond Counsel
- Appendix C     — Proposed Form of Continuing Disclosure Undertaking
- Appendix D     — Specimen Municipal Bond Insurance Policy

**CITY OF ROCHELLE  
OGLE AND LEE COUNTIES, ILLINOIS**

420 North 6th Street  
Rochelle, Illinois 61068

**Mayor of the City**

John Bearrows

**City Council Members**

Rosaelia Arteaga

John Gruben

Bil Hayes

Dan McDermott

Tom McDermott

Kate Shaw-Dickey

**Administration**

Jeff Fiegenschuh  
*City Manager*

Chris Cardott  
*Finance Director*

Rose Hueramo  
*City Clerk*

Blake Toliver  
*Superintendent of Electric Operations*

**Professional Services**

*Underwriter*  
Robert W. Baird & Co. Incorporated  
Naperville, Illinois

*Bond Counsel and Disclosure Counsel*  
Chapman and Cutler LLP  
Chicago, Illinois

*Issuer's Counsel*  
Peterson, Johnson & Murray—Chicago LLC  
Chicago, Illinois

*Bond Registrar and Paying Agent*  
UMB Bank, N.A.  
Kansas City, Missouri

*Auditor*  
Sikich LLP  
Naperville, Illinois

## **OFFICIAL STATEMENT**

### **City of Rochelle Ogle and Lee Counties, Illinois**

#### **\$4,795,000 General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023**

#### **INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning the City of Rochelle, Ogle and Lee Counties, Illinois (the “*City*”), in connection with the offering and sale of its General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023 (the “*Bonds*”).

This Official Statement contains “forward-looking statements” that are based upon the City’s current expectations and its projections about future events. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect,” “scheduled,” “pro-forma” and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the City. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the City nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

#### **THE BONDS**

#### **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to the Illinois Municipal Code (the “*Municipal Code*”), the Local Government Debt Reform Act of the State of Illinois (the “*Debt Reform Act*”), and all laws amendatory thereof and supplementary thereto, and a bond ordinance adopted by the City Council of the City (the “*City Council*”) on the 24th day of April, 2023, as supplemented by a notification of sale authorized therein and executed in connection with the sale of the Bonds (together, the “*Bond Ordinance*”).

Proceeds of the Bonds will be used to (a) construct certain improvements to the City’s electric system (the “*System*” or the “*Electric System*” each as hereinafter more fully defined), and (b) pay costs associated with the issuance of the Bonds. See “THE PROJECT” herein.

#### **GENERAL DESCRIPTION**

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York

(“DTC”). Principal of and interest on the Bonds will be payable by UMB Bank, N.A., Kansas City, Missouri (the “*Registrar*”).

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each May 1 and November 1, beginning November 1, 2023.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

#### REGISTRATION AND TRANSFER

The Registrar will maintain books (the “*Register*”) for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

#### REDEMPTION

*Optional Redemption.* The Bonds due on or after May 1, 2033, are subject to redemption prior to maturity at the option of the City as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Registrar), on May 1, 2032, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

*General.* The City will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds, the particular portions of Bonds to be redeemed shall be selected

by lot by the Registrar from the Bonds by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the City by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the City are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

## SECURITY

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, are valid and legally binding upon the City and are payable (a) together with the City's General Obligation Bonds (Electric System Alternate Revenue Source), Series 2021 (the "Series 2021 Bonds"), and General Obligation Bonds (Electric System Alternate Revenue Source), Series 2022 (the "Series 2022 Bonds" and, together with the Series 2021 Bonds, the "Prior Alternate Bonds"), from the net revenues derived from the operation of the System (the "Net System Revenues" as hereinafter more fully defined), subject to certain prior lien accounts as described herein (the "Pledged Revenues"), and (b) from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "Pledged Taxes" and, together with the Pledged Revenues, the "Pledged Moneys"), except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

Reference is made to Appendix B for the proposed form of opinion of Bond Counsel.

## DEFINITIONS

“*Accounts*” means, collectively, the accounts within the Electric Fund, namely, the Operation and Maintenance Account, any account created pursuant to a Future Bond Ordinance, the Depreciation Account and the Surplus Account.

“*Additional Bonds*” means any Alternate Bonds or other obligations of the City issued in the future on a parity with and sharing ratably and equally in the Pledged Revenues with the Bonds and the Prior Alternate Bonds.

“*Alternate Bonds*” means any Outstanding bonds issued as alternate bonds under and pursuant to the provisions of the Debt Reform Act and payable from the Pledged Revenues, and includes, expressly, the Bonds and the Prior Alternate Bonds.

“*Bond and Interest Subaccount*” means the Bond and Interest Account of the Electric Fund described in the Bond Ordinance.

“*Bond Fund*” means the 2023 Alternate Bond Fund established under the Bond Ordinance.

“*Depreciation Account*” means the Depreciation Account of the Electric Fund described in the Bond Ordinance.

“*Electric Fund*” or “*Fund*” means the Electric Fund of the City, the existence of which is continued under the Bond Ordinance.

“*Expense Fund*” means the fund established hereunder and further described in the Bond Ordinance.

“*Fiscal Year*” means that twelve-calendar month period beginning on January 1 of the calendar year and ending on December 31 of said calendar year.

“*Future Bond Ordinances*” means the ordinances of the City authorizing the issuance of bonds or other obligations payable from the Revenues, but not including the Bond Ordinance or any ordinance authorizing the issuance of Additional Bonds.

“*Net System Revenues*” means Revenues minus Operations and Maintenance Costs.

“*Operation and Maintenance Account*” means the Operation and Maintenance Account of the Electric Fund.

“*Operation and Maintenance Costs*” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, taxes, including rebate of excess arbitrage profits to the U.S. government, and purchase of electric power for distribution (including all payments by the City pursuant to long term

contracts for such services), electrical transmission expenses, leasehold and other rental fees, and expenses incurred from obligations of any intergovernmental power agency; but excluding debt service, depreciation, capital improvements or replacements (including meter replacements) or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

*“Outstanding”* when used with reference to the Bonds, Prior Alternate Bonds and Additional Bonds means any of those bonds which are outstanding and unpaid; *provided, however,* such term shall not include any one or more of such Bonds, Prior Alternate Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise properly available, sufficient to pay all principal or redemption price thereof, or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal or redemption price of and interest on the Bonds, Prior Alternate Bonds or Additional Bonds.

*“Project Fund”* means the Electric Project Fund established in the Bond Ordinance.

*“Revenues”* means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the City Council as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

*“Surplus Account”* means the Surplus Account of the Electric Fund described in the Bond Ordinance.

*“System”* or the *“Electric System”* means all of the properties and facilities of the electric system of the City as now existing, and as it may hereafter be improved or extended, whether lying within or without the boundaries of the City, as now existing or as may hereafter be acquired, improved or extended while any Bonds, Prior Alternate Bonds or Additional Bonds remain outstanding, including all improvements, additions and extensions thereto or replacements thereof hereafter constructed, installed or acquired by purchase, contract or otherwise, all contracts, rights, agreements, leases and franchises of every nature owned by the City and used or useful or held for use in the operation of the System or any part or portion thereof, including the construction, additions and improvements constituting a part of the hereinafter-defined Project.

## FLOW OF FUNDS

The Bond Ordinance establishes separate accounts in the Electric Fund to be known as the *“Operation and Maintenance Account,”* such other accounts as may be established under any

Future Bond Ordinances, the “*Depreciation Account*,” and the “*Surplus Account*,” to which there will be credited on or before the first day of each month by the financial officer of the City, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Electric Fund, in accordance with the following provisions:

(a) *Operation and Maintenance Account*: There shall be credited to or retained in the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in the Operation and Maintenance Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay Operation and Maintenance Costs for the then current month.

(b) *Accounts Created Pursuant to Future Bond Ordinances*: Future Bond Ordinances may create additional accounts in the Fund for the payment and security of electric revenue bonds that hereafter may be issued by the City. Amounts in the Fund shall be credited to and transferred from said accounts in accordance with the terms of the Future Bond Ordinances.

(c) *Depreciation Account*: Beginning the month after the delivery of the Bonds, there will be credited to the Depreciation Account and held, in cash and investments, such sum as the City, in its sole discretion, may deem reasonable in order to provide an adequate depreciation fund for the System. In Future Bond Ordinances, the City may covenant to make specific monthly deposits to the Depreciation Account and to accumulate funds therein.

Amounts to the credit of the Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service, (ii) for the purpose of acquiring or constructing improvements and extensions to the System, and (iii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default. Future Bond Ordinances may provide for additional deposits to the Depreciation Account and additional uses and transfers of the funds on deposit in the Depreciation Account.

(d) *Surplus Account*: All moneys remaining in the Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in said accounts, shall be credited to the Surplus Account. Funds in the Surplus Account shall first be used to make up any subsequent deficiencies in any of said accounts and then shall be deposited to a separate and segregated account hereby created and designated the “Bond and Interest Subaccount of the Surplus Account” (the “*Bond and Interest Subaccount*”), as follows:

A. There shall be paid into the Bond and Interest Subaccount in each month after the required payments have been made into the Accounts above described, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds, Prior Alternate Bonds and

Additional Bonds and a fractional amount of the principal becoming due on the next succeeding principal maturity date of all Outstanding Bonds, Prior Alternate Bonds and Additional Bonds until there shall have been accumulated in the Bond and Interest Subaccount on or before the month preceding such maturity date of interest or principal, an amount sufficient to pay such principal or interest, or both, of all Outstanding Bonds, Prior Alternate Bonds and Additional Bonds.

B. In computing the fractional amount to be set aside each month in the Bond and Interest Subaccount, the fraction shall be so computed that sufficient funds will be set aside in the Bond and Interest Subaccount and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds, Prior Alternate Bonds and Additional Bonds as the same will become due and shall be not less than one-fifth of the interest becoming due on the next succeeding interest payment date and not less than one-tenth of the principal becoming due on the next succeeding principal payment date on all Outstanding Bonds, Prior Alternate Bonds and Additional Bonds until there is sufficient money in the Bond and Interest Subaccount to pay such principal or interest or both.

C. Credits to the Bond and Interest Subaccount may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in the Bond and Interest Subaccount to meet principal and interest requirements in said Bond and Interest Subaccount for the balance of such Fiscal Year, but such credits shall be resumed at the beginning of the next Fiscal Year.

D. All moneys in said Bond and Interest Subaccount shall be used only for the purpose of paying interest on and principal of the Outstanding Bonds, Prior Alternate Bonds and Additional Bonds.

E. Any funds remaining in the Surplus Account after making the aforesaid deposits to the credit of the Bond and Interest Subaccount, at the discretion of the City Council, shall be used, first, to make up any subsequent deficiencies in any of the accounts hereinabove named; and then, for the remainder of all surplus Revenues, at the discretion of the City Council, for one or more of the following purposes without any priority among them, provided, however, that the City Council may provide for further priority among all or any of such purposes in the future by adoption of an ordinance of the City so specifying such priority:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or
2. For making transfers to the Fund generally to be applied and treated as Revenues when transferred; or
3. For the purpose of calling and redeeming Outstanding Bonds, Prior Alternate Bonds or Additional Bonds payable from the System which are callable at the time; or

4. For the purpose of purchasing Outstanding Bonds, Prior Alternate Bonds or Additional Bonds payable from the System; or
5. For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System; or
6. For any purpose enumerated in any Future Bond Ordinance; or
7. For transfer to the General Fund of the City as an intended payment in lieu of taxes, to the extent permitted by law, to be used for any lawful corporate purpose; or
8. For any other lawful System purpose.

Money to the credit of the Fund or the Project Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

#### GENERAL COVENANTS REGARDING THE BONDS

The City covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding:

- A. The City pledges the Pledged Revenues to the payment of the Bonds, and the City Council covenants and agrees to provide for, collect and apply the Pledged Revenues to the payment of the Bonds and the Prior Alternate Bonds and the provision of not less than an additional .25 times debt service, all in accordance with Section 15 of the Debt Reform Act.
- B. The City will punctually pay or cause to be paid from the Bond and Interest Subaccount and from the Bond Fund the principal of and the interest on the Bonds in strict conformity with the terms of the Bonds and the Bond Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.
- C. The City will pay and discharge, or cause to be paid and discharged, from the Bond and Interest Subaccount and the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the Bond Registrar, or which might impair the security of the Bonds. Nothing herein contained shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.
- D. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project, the Pledged Moneys, the

Bond and Interest Subaccount and the Bond Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the registered owners of not less than ten percent (10%) of the principal amount of the Outstanding Bonds or their representatives authorized in writing.

E. The City will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds shall be uncontested by the City.

F. The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, the Bond Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in the Bond Ordinance.

G. As long as any Bonds are Outstanding, the City will continue to deposit the Pledged Revenues to the Bond and Interest Subaccount and, if applicable, the Pledged Taxes to the Bond Fund. The City covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any Bonds remain Outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Taxes, except as permitted under the Bond Ordinance, as described in “—Abatement of Pledged Taxes” below, and to collect and to segregate the Pledged Moneys. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited to the Bond and Interest Subaccount and the Bond Fund, respectively, as provided in the Bond Ordinance.

H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the City, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the Debt Reform Act.

I. The City will maintain the System in good repair and working order, will operate the same efficiently and faithfully, will promptly proceed with the Project, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and the United States of America.

J. The City will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by the Bond Ordinance, sufficient at all times to pay Operation and Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all bonds of the City which by their terms are payable from the Revenues, and to provide for the creation and maintenance and funding of the respective accounts as provided in Section 13 of the Bond

Ordinance; it is hereby expressly provided that the pledge and establishment of rates or charges for use of the System shall constitute a continuing obligation of the City with respect to such establishment and a continuing appropriation of the amounts received.

K. There shall be charged against all users of the System, including the City, such rates and amounts for electric services as shall be adequate to meet the requirements of the Bond Ordinance. Charges for services rendered to the City shall be made against the City, and payment for the same shall be made monthly from the corporate funds into the Fund as Revenues; *provided, however*, that the City need not charge itself for such services if the City shall have met the requirements of the Bond Ordinance, the Municipal Code and any applicable law and that the City can provide a credit for future electric service charges for certain users of the System pursuant to the Shop Local Rochelle Municipal Utilities Credit Program if the City shall have met the requirements of the Bond Ordinance, the Municipal Code and any applicable law.

L. Within six months following the close of each Fiscal Year, the City will cause the books and accounts of the System to be audited by independent certified public accountants in accordance with appropriate audit standards. Said audit will be available for inspection by the registered owners of any of the Bonds.

#### FILING WITH THE COUNTY CLERKS

The Bond Ordinance provides for the levy of the Pledged Taxes in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds, other than the interest due on the Bonds on November 1, 2023, and the principal and interest due on the Bonds on May 1, 2024, which are expected to be paid from the Pledged Revenues. The Bond Ordinance will be filed with the County Clerks of Ogle and Lee Counties, Illinois (together, the “*County Clerks*”), and will serve as authorization to the County Clerks to extend and collect the Pledged Taxes.

#### ABATEMENT OF PLEDGED TAXES

Whenever the Pledged Revenues or other lawfully available funds are available and on deposit in the Bond and Interest Subaccount to pay all or a portion of the principal of or interest on the Bonds when due, the City Council shall direct the abatement of the Pledged Taxes by such available amount, and proper notification of such abatement shall be filed with the County Clerks in a timely manner to effect such abatement.

#### BOND FUND

All payments made with respect to the Bonds from the Pledged Revenues shall be made directly from the Bond and Interest Subaccount. The Bond Ordinance establishes the Bond Fund, held separate and apart from all other funds and accounts of the City. The purpose of the Bond Fund is to provide a fund to receive and disburse Pledged Taxes. The Bond Fund and its accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Bond Ordinance. In the event there shall be moneys both to the credit of the Bond and Interest Subaccount and the Bond Fund, the Bond Fund shall be fully

depleted before moneys to the credit of the Bond and Interest Subaccount shall be used to pay principal of and interest on the Bonds.

#### TREATMENT OF BONDS AS DEBT

The Bonds will be payable from the Pledged Moneys and will not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes will have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the outstanding Bonds will be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year, in accordance with the Debt Reform Act.

#### ADDITIONAL BONDS

The City is authorized to issue Additional Bonds from time to time payable from the Pledged Revenues as permitted by law and such Additional Bonds may share ratably and equally in the Pledged Revenues with the Bonds and the Prior Alternate Bonds; *provided, however,* that no such Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act. All Additional Bonds shall be payable from the moneys to the credit of the Bond and Interest Subaccount.

#### FUTURE REVENUE BONDS

The City reserves the right to issue without limit bonds payable solely and only from the Revenues, which bonds may have a lien on the Revenues prior to the lien on the Revenues that secures the Outstanding Bonds, *provided* that upon the issuance of such bonds, the City shall be able to demonstrate in the same manner as provided by the Debt Reform Act, as the Debt Reform Act is written at this time, that at such time all Outstanding Bonds could then be issued as if not then having previously been issued; that is, that the requirements of the Debt Reform Act for the issuance of alternate bonds payable from the Revenues shall have been met on such date for all Outstanding Bonds. All such prior lien bonds shall be payable from moneys in accounts created by the Future Bond Ordinances.

#### SUBORDINATE BONDS

The City reserves the right to issue revenue bonds from time to time payable from the Revenues that are subordinate to the Bonds, the Prior Alternate Bonds and Additional Bonds and are payable from the money remaining in the Surplus Account after making required deposits into the Bond and Interest Subaccount.

#### HIGHLIGHTS OF ALTERNATE BONDS

Section 15 of the Debt Reform Act provides that whenever there exists for a governmental unit (such as the City) a revenue source, the governmental unit may issue its general obligation

bonds payable from any revenue source, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from the pledged revenues with the general obligation of the governmental unit as back-up security.

The Debt Reform Act prescribes several conditions that must be met before alternate bonds payable from a revenue source may be issued:

First, alternate bonds must be issued for a lawful corporate purpose. If issued payable from a revenue source, which revenue source is limited in its purposes or applications, then the alternate bonds can only be issued for such limited purposes or applications.

Second, the question of issuance must be submitted to referendum if, within the time provided by law following publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by the requisite number of registered voters in the governmental unit is filed.

Third, an issuer must demonstrate that the pledged revenues are sufficient in each year to provide an amount not less than 1.25 times debt service on the alternate bonds payable from such revenue source previously issued and outstanding and the alternate bonds proposed to be issued. The sufficiency of the revenue source must be supported by the most recent audit of the governmental unit. The audit must be for a fiscal year ending not earlier than 18 months prior to the issuance of the alternate bonds. If the audit does not adequately show such revenue source or if such source of revenue is shown to be insufficient, then the determination of sufficiency must be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters. Such report must demonstrate the sufficiency of the revenues and explain how the revenues will be greater than those shown in the audit. Whenever such sufficiency is demonstrated by reference to a schedule of higher rates or charges for enterprise revenues or a higher tax imposition for a revenue source, such higher rates, charges or taxes must be imposed by a resolution or ordinance adopted prior to the delivery of the alternate bonds.

Fourth, the revenue source must be pledged to the payment of the alternate bonds.

Last, the governmental unit must covenant to provide for, collect and apply the revenue source to the payment of the alternate bonds and to provide for an amount equal to not less than an additional .25 times debt service.

The City will comply with all of the aforementioned conditions prior to the issuance of the Bonds.

## DEBT SERVICE COVERAGE

| LEVY<br>YEAR | NET SYSTEM<br>REVENUES <sup>(1)</sup> | DEBT SERVICE<br>ON THE<br>PRIOR<br>ALTERNATE<br>BONDS <sup>(2)</sup> | DEBT<br>SERVICE ON THE<br>BONDS <sup>(2)</sup> | TOTAL DEBT<br>SERVICE | DEBT SERVICE<br>COVERAGE |
|--------------|---------------------------------------|----------------------------------------------------------------------|------------------------------------------------|-----------------------|--------------------------|
| 2022         | \$3,079,771                           | \$1,492,650                                                          | \$449,774                                      | \$1,942,424           | 1.58x                    |
| 2023         | 3,079,771                             | 1,502,800                                                            | 451,050                                        | 1,953,850             | 1.57x                    |
| 2024         | 3,079,771                             | 1,501,400                                                            | 449,300                                        | 1,950,700             | 1.57x                    |
| 2025         | 3,079,771                             | 1,503,400                                                            | 452,050                                        | 1,955,450             | 1.57x                    |
| 2026         | 3,079,771                             | 1,503,600                                                            | 449,050                                        | 1,952,650             | 1.57x                    |
| 2027         | 3,079,771                             | 1,502,000                                                            | 450,550                                        | 1,952,550             | 1.57x                    |
| 2028         | 3,079,771                             | 1,493,600                                                            | 451,300                                        | 1,944,900             | 1.58x                    |
| 2029         | 3,079,771                             | 1,496,100                                                            | 451,300                                        | 1,947,400             | 1.58x                    |
| 2030         | 3,079,771                             | 1,502,400                                                            | 450,550                                        | 1,952,950             | 1.57x                    |
| 2031         | 3,079,771                             | 1,502,350                                                            | 449,050                                        | 1,951,400             | 1.57x                    |
| 2032         | 3,079,771                             | 1,496,100                                                            | 446,800                                        | 1,942,900             | 1.58x                    |
| 2033         | 3,079,771                             | 1,503,800                                                            | 448,800                                        | 1,952,600             | 1.57x                    |
| 2034         | 3,079,771                             |                                                                      | 449,800                                        | 449,800               | 6.84x                    |
| 2035         | 3,079,771                             |                                                                      | 448,800                                        | 448,800               | 6.86x                    |
| 2036         | 3,079,771                             |                                                                      | 447,200                                        | 447,200               | 6.88x                    |

(1) Source: Comprehensive Annual Financial Report for the Year Ended December 31, 2021, of the City (the “Audit”). Average annual Net System Revenues over the past five fiscal years is \$6,113,000. See “THE ELECTRIC SYSTEM”–Selected Financial Information for the Electric System” herein for more information on the Electric System and Net System Revenues.

(2) Consists of interest due on November 1 of the succeeding calendar year and principal and interest due on May 1 of the second succeeding calendar year.

## THE PROJECT

Proceeds of the Bonds, together with lawfully available funds on hand, will be used to finance improvements to City’s electric system (the “Project”). The Project includes general system improvements, including building a loop around the City that will serve as a backup electric feed to the Ritchie Road substation. The City expects to complete the Project within 18-24 months.

## SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

### SOURCES:

|                            |                   |
|----------------------------|-------------------|
| Principal Amount           | \$4,795,000.00    |
| Net Original Issue Premium | <u>338,464.80</u> |

|               |                |
|---------------|----------------|
| Total Sources | \$5,133,464.80 |
|---------------|----------------|

### USES:

|                      |                   |
|----------------------|-------------------|
| Costs of the Project | \$5,000,000.00    |
| Costs of Issuance*   | <u>133,464.80</u> |

|            |                |
|------------|----------------|
| Total Uses | \$5,133,464.80 |
|------------|----------------|

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\* Includes underwriter's discount, bond insurance premium and other issuance costs.

## RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

### ELECTRIC UTILITY INDUSTRY

The electric utility industry has become increasingly competitive due to regulatory changes and wholesale and retail market developments. Electric utilities are subject to changing federal, state and local statutory and regulatory requirements of licensing and siting of facilities, safety and security, air and water quality, land use and environmental factors. Various factors also affect the operations and financial condition of electric utilities, including compliance with constantly changing environmental, safety, licensing, regulatory, and statutory requirements. Compliance with such requirements, and the possible shutdown of electric generating units and transmission facilities that are not in compliance with such requirements, may result in additional capital and operating expenditures, reduced operating revenue and/or increased purchased power costs for the Electric System.

## PAYMENT OF THE BONDS FROM THE PLEDGED MONEYS

The ability of the City to pay the Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the City. There is no guarantee that the Pledged Revenues will continue to be available at current levels. Nevertheless, in such an event, the City is obligated to extend and collect the Pledged Taxes. If the Pledged Taxes are ever extended for the payment of the Bonds, the amount of the Bonds then outstanding will be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year. See “THE BONDS—Treatment of Bonds as Debt” above.

## CONSTRUCTION RISKS

There are potential risks that could affect the ability of the City to timely complete the Project. While preliminary costs have been projected by the City’s consulting architects, not all of the construction contracts have been let by the City. No assurance can be given that the cost of completing the Project will not exceed available funds.

Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

## FINANCES OF THE STATE OF ILLINOIS

The State continues to experience adverse fiscal conditions. The severe underfunding of the State’s pension systems, which, based on the comprehensive annual financial reports of the State’s five retirement systems, have a combined unfunded pension liability in excess of \$140 billion and a combined funded ratio of approximately 40% contribute to the State’s poor financial health. The State’s ratings are the lowest ratings of all states.

The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State’s finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. The State enacted full budgets for the State fiscal year ending June 30, 2018 (the “*Fiscal Year 2018 Budget*”), for the State fiscal year ending June 30, 2019 (the “*Fiscal Year 2019 Budget*”), for the State fiscal year ending June 30, 2020 (the “*Fiscal Year 2020 Budget*”), for the State fiscal year ending June 30, 2021 (the “*Fiscal Year 2021 Budget*”) and for the State fiscal year ending June 30, 2022 (the “*Fiscal Year 2022 Budget*”).

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State’s general fiscal condition and the underfunding of the State’s pension systems have materially adversely affected the State’s

financial condition and may result in decreased or delayed revenues allocated to the City. In addition, the Fiscal Year 2018 Budget, the Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% for State Fiscal Year 2018 and by 5% for State Fiscal Year 2019 and State Fiscal Year 2020. The Fiscal Year 2021 Budget and the Fiscal Year 2022 Budget did not include any such reduction. The Fiscal Year 2018 Budget, the Fiscal Year 2019 Budget, the Fiscal Year 2020 Budget, the Fiscal Year 2021 Budget and the Fiscal Year 2022 Budget also include a service fee for collection and processing of local-imposed sales taxes. Such fee was 2% of such sales taxes for State Fiscal Year 2018 and was reduced to 1.5% of such sales taxes for State Fiscal Year 2019, State Fiscal Year 2020, State Fiscal Year 2021 and State Fiscal Year 2022. The City cannot determine at this time the financial impact of these provisions on its overall financial condition, but such provisions may result in lower income tax revenues and sales tax revenues distributed to the City.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State, nor can the City predict the effect the State's financial problems, including those caused by the continued spread of the Novel Coronavirus 2019 ("COVID-19") or the various governmental or private actions in reaction thereto, may have on the City's future finances. Despite moneys the State has received and is expected to receive from the federal government, the spread of COVID-19 and the actions taken in response thereto have had, and are expected to continue to have, a significant impact on the State's economy. See "RISK FACTORS—Potential Impact of COVID-19" below.

#### POTENTIAL IMPACT OF COVID-19

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global economies, including economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies.

In response to such expectations, former President Trump declared a "national emergency" and designated the State as part of a national disaster area, which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. Federal legislation, particularly (i) the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law on March 27, 2020, and (ii) the American Rescue Plan Act of 2021, signed into law on March 11, 2021 (the "ARP Act" and, together with the CARES Act, the "*Federal COVID-19 Legislation*"), are each directed at mitigating the economic downturn and health care crisis caused by COVID-19. The CARES Act allocated approximately \$4.9 billion to the State for expenditures incurred due to the public health emergency with respect to COVID-19, split between the State (\$2.7 billion) and local governments (Chicago and Illinois counties with populations that exceed 500,000) (\$2.2 billion). The ARP Act provides additional federal money for states and local government to combat the COVID-19 pandemic including, but not limited to, funds to replace revenues lost as a result of the pandemic. The City received a total of \$673,456 in funding from the Local Coronavirus Urgent Remediation Emergency Support Program (the "CURES Act") through the County of Ogle, Illinois (the "*Ogle*

*County*") and the County of Lee, Illinois. The City also expects to receive approximately \$1.2 million pursuant to the ARP Act. This amount was not included in the City's fiscal year 2021 budget.

In addition to the federal COVID-19 response, Governor Pritzker (the "*Governor*") signed various executive orders (each with 30-day periods of effectiveness which have been extended several times) to prevent the further spread of COVID-19 that have called for social distancing and masking and imposed restrictions on personal mobility, business operations and congregate activities. The Governor implemented a five-phase approach to reopening the State's businesses (the "*Reopening Plan*"), with each successive phase of the Reopening Plan easing certain of the restrictions previously imposed by such prior executive orders. On June 11, 2021, the State began the fifth and final phase of the Reopening Plan.

Under Phase 5 of the Reopening Plan, all sections of the Illinois economy have reopened, with no limitations on the size of gatherings and most public activities, including parties, festivals, weddings, places of worship, conferences and sporting events. Businesses and local municipalities are permitted to continue to enforce more stringent rules. If there is a resurgence of COVID-19 cases, with an increase in hospitalizations and capacity issues for intensive care unit beds, the State could return to a previous phase of the Reopening Plan that would reinstate public health restrictions and mitigations.

#### FUTURE PENSION PLAN FUNDING REQUIREMENTS

The City participates in the Police Pension Plan and the Fire Pension Plan. As of December 31, 2021, the Police Pension Plan had a 70.36% funded ratio and the Fire Pension Plan had a 86.73% funded ratio. Under the Pension Code, the City is required to contribute to each Plan in order to achieve a funded ratio of 90% by 2040. In order to achieve the 90% funded ratio for both Plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City. See "**RETIREMENT PLANS**" herein for a more complete discussion.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City. For fiscal year 2021, the City contributed 100% of the actuarially determined contribution to the Fire Pension Plan and 100% of the actuarially determined contribution to the Police Pension Plan. In each case, such actuarially determined contribution exceeded 100% of the statutory actuarial minimum required contribution. If the City does not make 100% of its statutory actuarial minimum required contributions to the Police Pension Plan and Fire Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations. The City's policy is to fund 100% of the actuarially determined contribution for both the Police Pension Plan and Fire Pension Plan. See "**RETIREMENT PLANS**" herein for a more complete discussion.

## LOCAL ECONOMY

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

## CONCENTRATION OF TAXPAYERS

Based on the City's 2021 equalized assessed valuation (EAV) (including tax increment financing (TIF) EAV), the City's ten largest taxpayers own 33.94% of the total current EAV of taxable property in the City. If one or more of these taxpayers were to relocate from the City or cease operations, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the City could be affected. As a result, the City's ability to repay the Bonds or the timing of repayment could be adversely affected. Furthermore, if any of the largest taxpayers were to relocate or cease operations, the City could experience a significant reduction in EAV. Any reduction in EAV could limit the amount of taxes that the City can extend for corporate purposes.

## LOSS OR CHANGE OF BOND RATINGS

The Bonds have received an underlying credit rating from S&P (as hereinafter defined) and are expected to receive an insured rating from S&P. See "BOND RATINGS" herein. The ratings can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

## SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## CONTINUING DISCLOSURE

A failure by the City to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended

(the “*Exchange Act*”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

## SUITABILITY OF INVESTMENT

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

## FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the “*Service*”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current

procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

## CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

## BANKRUPTCY

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

## BOND INSURANCE

### BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "*Policy*"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

### BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of

Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended (the “*Code*”). No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$490.7 million, \$207.3 million and \$283.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or

any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE.”

*Additional Information Available from BAM*

*Credit Insights Videos.* For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Credit Profiles.* Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (*e.g.*, general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Disclaimers.* The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **THE CITY**

### **GENERAL DESCRIPTION**

The City was incorporated in 1873 and is primarily located in southeast Ogle County, Illinois (“*Ogle County*”), approximately 75 miles west of Chicago, Illinois, and 25 miles south of

Rockford, Illinois. The City is a non-home rule municipality, as defined by the 1970 Constitution of the State, governed by a Mayor and six-member City Council. The City is located near Interstate Routes 88 and 39 and two rail lines (Union Pacific and Burlington Northern/Santa Fe), which connect the City to major cities throughout the United States.

## SERVICES

The City provides various municipal services to its residents. Advanced communication services, electric services, water services, water reclamation and telephone services are provided by the City-owned Rochelle Municipal Utilities. The City's Police Department, consisting of 21 sworn officers, 7 civilian personnel and one K-9 unit, and the City's Fire Department, consisting of 13 full-time personnel and 20 on-call firefighters, provide police and firefighter services for the City.

## EDUCATIONAL INSTITUTIONS

The public school system within the City is operated in part under the administration and control of Rochelle Elementary District Number 231 ("School District 231"). Public high school education is provided in the City by Rochelle Township High School District Number 212 ("School District 212"). Institutions of higher education are located nearby, with Kishwaukee Community College District No. 523 ("Kishwaukee Community College") located 13 miles from the City and Northern Illinois University located 17 miles from the City.

## ECONOMIC DEVELOPMENT

The City of Rochelle Industrial Railroad ("CIR") has been a catalyst for economic development for the City of Rochelle for more than 30 years. The continuous expansion of the rail system has allowed rail-served industries to cut costs and increase efficiency in shipping and receiving operations due to the dual interchanges with the Union Pacific Railroad and BNSF Railway. The CIR was strategically established and located on the growth edge of Chicago's westward commercial frontier to meet the demands of industries looking to locate outside the capacity-constrained Chicago area. Rochelle's Dual Rail service has nearly 2,000 acres of prime industrial development capacity adjacent to the new Rochelle Transload Center ("RTC") and twelve miles of track. The RTC is a rail-truck transload site that can accommodate 60 cars on two tracks. The site is capable of handling shipments including dry bulk, liquid bulk, dimensional, oversize, machinery, metals and other commodities and products.

Burlington Junction Railway ("BJRY") operates the CIR, providing direct switching services to fourteen industries with over 6 million square feet of industrial space. The RTC provides transload services for dozens of industries across Northern Illinois, Eastern Iowa, and Southern Wisconsin. All together the CIR handles over 6,600 rail cars per year.

In the last decade, over \$1.5 billion has been invested in industrial development, \$100 million in infrastructure improvements and more than \$52.4 million spent by new commercial and retail businesses. Food packaging, processing and distribution has been at the center our most recent developments. Americold's automated storage and retrieval system (ASRS)

is built on German technologies which lead the world in cold storage logistics. Hydroponic agriculture technology is being advanced through the completion of Phase 4 of the MightyVine greenhouse which has more than doubled its tomato production over the past 4 years. The city is pleased to announce the recent addition of Starbucks to its growing retail base and the expansion of Johnson Tractor, opening development along the I-88 Corridor.

The City was successful in recruiting Wheatland Tube to repurpose the 35-acre campus of former rail car manufacturer Nippon Sharyo. Wheatland Tube is a division of Zekelman Industries, the largest independent steel pipe and tube manufacturer in North America. Over \$150 million has been invested in the redevelopment of the campus. Rochelle Municipal Utilities and Commonwealth Edison constructed new electric substations adjacent to the campus to supply more than 30 megawatts of power. The total cost of the infrastructure upgrade was \$24 million. Wheatland began operations in 2022.

Committed to business retention and attracting a qualified workforce, the City retained The Next Move Group to provide a comprehensive Workforce Analysis specific to the City that will address competitive wages; geographic locations from which people will drive to the City to work in low, medium, and high wage levels based on zip code data; current certification and skill gaps; strength and weaknesses of the Rochelle labor market and other detailed labor reports. The study will share best practices other communities across America are using to solve workforce issues.

## CITY FINANCES

The City's General Fund has experienced expenditures exceeding revenues in each year for the past five fiscal years. The City has made annual transfers from various enterprise funds as payments in lieu of taxes to maintain the City's General Fund balance over the past five fiscal years. The City continues to monitor the performance of its General Fund and is continuously looking for ways to cut costs and increase revenues, where possible. The City has examined various financial initiatives to improve the performance of its General Fund. In addition, the City has partnered with other local governments, where possible, to produce cost savings for the City. The City is also exploring public-private partnerships which could stimulate economic development and revenues within the City.

## COVID-19 IMPACT ON CITY FINANCES

The extraordinary political constraints imposed by the Governor to combat the COVID-19 pandemic led to severe business interruption in 2020. In anticipation of significant general revenue shortfalls, the City Manager proposed over \$1,000,000 or 9% of the budget in General Fund expenditure reductions. The budget amendment included the cuts to the General Fund and similar cuts in the Electric, Water, Water Reclamation, Railroad, Airport, Golf, and Tourism Funds. The budget amendment was unanimously passed in May 2020. To support local businesses and residents, the City suspended collection of hotel/motel taxes for 6 months, waived liquor licenses and utility late charges for the rest of 2020 and all of 2021, increased the utility low-income assistance program from \$300 per household to \$500 per household, created a Shop Local program that allowed shoppers to get credits of \$60 on their utility bills for shopping in the City, postponed utility disconnections, and granted over \$500,000 in assistance to qualifying local businesses.

## GOVERNMENT

The City is a non-home rule municipality, with a managerial form of government, governed by the City Council. City Council Members are elected at large for staggered four-year terms. The City Council adopts policies and ordinances, which are carried out by the City Council-appointed City Manager.

| OFFICIAL       | POSITION         | TERM EXPIRES              |
|----------------|------------------|---------------------------|
| Mayor          | John Bearrows    | April 2023 <sup>(1)</sup> |
| Council Member | Rosaelia Arteaga | April 2025                |
| Council Member | Bil Hayes        | April 2023 <sup>(1)</sup> |
| Council Member | John Gruben      | April 2023 <sup>(1)</sup> |
| Council Member | Dan McDermott    | April 2025                |
| Council Member | Tom McDermott    | April 2023 <sup>(1)</sup> |
| Council Member | Kate Shaw-Dickey | April 2025                |
| City Manager   | Jeff Fiegenschuh | Appointed                 |

(1) An election to elect the Mayor and City Council members was held on April 4, 2023. Those elected at such election will be seated after the votes of the election are canvassed. The Mayor ran unopposed.

## EMPLOYEE AND UNION MEMBERSHIP AND RELATIONS

The City has 110 full-time employees and 30 part time employees. Of the total number of employees, approximately 51% are represented by a union. Employee-union relations are considered to be good. City personnel are organized as follows:

| EMPLOYEE GROUP             | CONTRACT EXPIRES          | UNION AFFILIATION             | NUMBER OF MEMBERS |
|----------------------------|---------------------------|-------------------------------|-------------------|
| Firefighters               | April 2023 <sup>(1)</sup> | RFFA Local # 3445 IA of FF    | 9                 |
| Police Council             | April 2025                | ICOPs                         | 23                |
| Street Department Cemetery | April 2026                | IBEW Local #196 Div of Street | 8                 |
| Municipal Utilities        | April 2025                | IBEW Local #196               | 28                |

(1) In negotiation.

## POPULATION DATA

The U.S. Census Bureau estimates that the City's current population is approximately 9,380. The estimated populations of the City, the County and the State at the times of the last three U.S. Census surveys were as follows:

| NAME OF ENTITY | 2000       | 2010       | 2020       | PERCENTAGE<br>CHANGE<br>2010-2020 |
|----------------|------------|------------|------------|-----------------------------------|
| The City       | 9,424      | 9,574      | 9,380      | -2.03%                            |
| Ogle County    | 51,032     | 53,497     | 51,788     | -3.19%                            |
| The State      | 12,419,293 | 12,830,632 | 12,812,508 | -0.14%                            |

Source: U.S. Census Bureau.

## EDUCATIONAL CHARACTERISTICS OF PERSONS 25 YEARS AND OLDER

| NAME OF ENTITY | HIGH SCHOOL<br>GRADUATES | 4 OR MORE<br>YEARS OF<br>COLLEGE |
|----------------|--------------------------|----------------------------------|
| The City       | 86.10%                   | 18.50%                           |
| Ogle County    | 91.00%                   | 21.60%                           |
| The State      | 89.90%                   | 36.20%                           |

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

## THE ELECTRIC SYSTEM

### GENERAL INFORMATION

The City owns and operates electric, communications, water, and wastewater system assets. Under the supervision and direction of the Mayor, the City Council and the City Manager, the City's utilities are administered by Rochelle Municipal Utilities ("RMU"), a department within the City. The City and RMU employ 110 full-time equivalent employees.

The Electric System is owned and operated by the City and administered by RMU and has been providing power for City residents, business and industry since 1893. RMU is a Load Serving Entity and Distribution Provider. RMU is not FERC regulated, though it is NERC regulated through its RFC registration. RMU serves the City, the neighboring communities of Creston and Hillcrest and the surrounding rural areas within a 6- to 8-mile radius of the City. RMU's service area encompasses an area of approximately 100 square miles. The population of this service area is presently estimated by the City to be in excess of 16,000. RMU serves approximately 7,263 retail customers.

Wholesale power purchases and electricity generation comprise approximately 95% and 5%, respectively, of the total electricity sourced by RMU. On average, RMU purchases 30 megawatts of power from the Prairie State coal-fired power plant in Lively Grove, Illinois (“*Prairie State*”) each day, which accounts for close to 65 percent of its daily load. RMU also purchases power from the Rochelle Energy Center, a landfill gas-to-energy facility located in the City, and retains all of the renewable energy credits associated with such electricity production. The Rochelle Energy Center is a state-of-the-art, 4.8-megawatt renewable energy facility located at Rochelle Municipal Landfill #2.

RMU owns and operates three generating stations. All three generating stations are supplied by natural gas. RMU is connected to the Commonwealth Edison Company (“*ComEd*”) system in two interconnect points located approximately two miles apart. The Caron Road substation is fed through a 138 kV transmission line to ComEd at a location 6.3 miles south of the City in Steward, Illinois. RMU’s second substation, known as the Twombly Road substation, is fed through a 12 mile 138 kV transmission line to a separate location also in Steward, Illinois. For reliability purposes, RMU constructed a 3-mile 138 kV line which extends due north from the Caron Road substation to provide a redundant feed to the Twombly Road substation. In total, RMU owns 130 miles of distribution lines. In 2022, RMU energized its third transmission class substation. This substation, named Ritchie Road Substation, provides 120 MW of capacity to the industrial area surrounding it. This substation is located in the south-central region of RMU’s service territory.

RMU has obtained all necessary permits and approvals for the operation of its Electric System. There is currently no environmental litigation pending or any other threat in connection with the Electric System.

#### PRAIRIE STATE AND NIMPA

Pursuant to recently passed legislation that was signed into law by the Governor, Prairie State, which began operations in 2012, is expected to shut down entirely by 2045. Further, Prairie State must capture 45% of its carbon emissions by 2035. If Prairie State fails to do so, the legislation affords Prairie State a three-year time frame (*i.e.*, 2038) in which to meet this emissions requirement. The City is a member of the Northern Illinois Municipal Power Agency (NIMPA), along with the Cities of Batavia and Geneva. With the goal of long-term electricity rate stability, NIMPA purchased into the Prairie State project with an ownership interest of 7.5%. This ownership interest required NIMPA to pay 7.5% of the total construction costs for the plant and requires NIMPA to purchase 7.5% of the electricity generated by the plant. NIMPA’s share of the Prairie State power plant construction costs were paid with debt, and debt payments are passed along to each NIMPA member. The term of the debt extends to 2042 for the City. If the Prairie State power plant has to reduce its emissions by taking one of its generators offline prior to the retirement of the debt, the City would be required to continue to make debt payments, and seek another source electricity to bridge the difference. The City cannot predict the effect of legislation on the City’s finances or the Electric System beyond what is stated herein.

## ELECTRIC SYSTEM USERS

The following tables show the City's number of and largest electric users and usage over the last five years:

### NUMBER OF ELECTRIC SYSTEM USERS

| FISCAL YEAR | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | OTHER | TOTAL |
|-------------|-------------|------------|------------|-------|-------|
| 2017        | 5,869       | 993        | 40         | 75    | 6,977 |
| 2018        | 5,866       | 988        | 40         | 75    | 6,969 |
| 2019        | 5,882       | 985        | 40         | 75    | 6,982 |
| 2020        | 5,884       | 975        | 40         | 39    | 6,938 |
| 2021        | 5,891       | 968        | 41         | 39    | 6,939 |

Source: The City.

### TOTAL SALES<sup>(1)</sup>

| FISCAL YEAR | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | OTHER | TOTAL   |
|-------------|-------------|------------|------------|-------|---------|
| 2017        | 44,362      | 46,444     | 251,828    | 643   | 343,277 |
| 2018        | 48,110      | 47,745     | 253,392    | 293   | 349,540 |
| 2019        | 51,831      | 47,633     | 261,492    | 247   | 361,203 |
| 2020        | 65,101      | 39,855     | 275,076    | 218   | 380,250 |
| 2021        | 72,174      | 44,587     | 277,141    | 483   | 394,385 |

Source: The City.

(1) By kWh Billed (000's).

### ELECTRIC SYSTEM BILLINGS<sup>(1)</sup>

| FISCAL YEAR | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | OTHER | TOTAL  |
|-------------|-------------|------------|------------|-------|--------|
| 2017        | 6,190       | 6,304      | 24,218     | 156   | 36,868 |
| 2018        | 6,624       | 6,072      | 23,724     | 150   | 36,570 |
| 2019        | 6,051       | 5,840      | 23,124     | 143   | 35,158 |
| 2020        | 6,264       | 5,063      | 23,298     | 650   | 35,275 |
| 2021        | 6,339       | 5,202      | 23,555     | 3     | 35,099 |

Source: The City.

(1) \$'s in 1,000s.

### LARGEST ELECTRIC SYSTEM USERS

| USER              | PRODUCT/SERVICE    | kWH PURCHASED      | PERCENT OF<br>TOTAL <sup>(1)</sup> | REVENUE             |
|-------------------|--------------------|--------------------|------------------------------------|---------------------|
| IL River Energy   | Renewable Energy   | 75,293,220         | 19.44%                             | \$ 6,170,313        |
| Rochelle Foods    | Food Manufacturing | 42,974,400         | 11.10%                             | 4,065,023           |
| Silgan Containers | Metal Packaging    | 18,398,600         | 4.75%                              | 1,630,321           |
| CG Greenhouses    | Hydroponic         | 25,076,780         | 6.47%                              | 1,581,794           |
| Hormel            | Food Manufacturing | 25,501,772         | 6.58%                              | 1,389,463           |
| Northern Trust    | Data Center        | 15,136,800         | 3.91%                              | 1,345,692           |
| Allstate          | Data Center        | 12,526,600         | 3.23%                              | 1,267,138           |
| Tyson             | Cold Storage       | 10,638,559         | 2.75%                              | 1,005,259           |
| Americold         | Cold Storage       | 1,0381,400         | 2.68%                              | 975,558             |
| Lineage Logistics | Cold Storage       | 6,952,400          | 1.80%                              | 676,025             |
| <b>TOTAL</b>      |                    | <b>242,880,531</b> | <b>62.71%</b>                      | <b>\$20,106,586</b> |

Source: The City. Information regarding the product/service of the users was obtained from publicly available sources.

(1) Percentage of total annual kWh usage.

### ANNUAL KILOWATT USAGE

| FISCAL YEAR<br>ENDING DEC. 31 | GROSS LOAD<br>(kWh) |
|-------------------------------|---------------------|
| 2017                          | 343,423,000         |
| 2018                          | 345,733,000         |
| 2019                          | 350,961,000         |
| 2020                          | 380,030,000         |
| 2021                          | 387,315,000         |

Source: The City.

### SELECTED FINANCIAL INFORMATION FOR THE ELECTRIC SYSTEM

Upon the issuance of the Bonds, the Electric System will continue to be operated on a fiscal year basis. All of the Revenues shall be set aside as collected and be deposited into the Electric Fund established in the Bond Ordinance. The Electric Fund shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of the Bond Ordinance, and will be used only in paying the Operation and Maintenance Costs, paying the principal of and interest on all bonds of the City which by their terms are payable from the Net System Revenues, providing necessary reserve funds, providing an adequate depreciation fund, and providing for the establishment of and expenditure from the respective accounts as described in the Bond Ordinance.

The following financial statements are summarized from audit reports, which represent results of operation of the Electric System in each of the five preceding fiscal years ending December 31:

**CONDENSED BALANCE SHEET (\$S IN 1,000S)**  
**FISCAL YEAR ENDING DECEMBER 31**

|                                          | 2017            | 2018            | 2019            | 2020            | 2021            |
|------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Utility Plant .....                      | \$44,000        | \$43,320        | \$42,411        | \$35,605        | \$41,448        |
| Cash and Investments .....               | 13,159          | 15,711          | 18,401          | 19,999          | 24,917          |
| Other Assets .....                       | 7,330           | 6,687           | 6,888           | 7,376           | 7,135           |
| Total Assets.....                        | <u>64,489</u>   | <u>65,718</u>   | <u>67,700</u>   | <u>62,980</u>   | <u>73,500</u>   |
| Deferred Outflows .....                  | 1,214           | 609             | 1,700           | 703             | 546             |
| Total Assets and Deferred Outflows.....  | <u>\$65,703</u> | <u>\$66,327</u> | <u>\$69,400</u> | <u>\$63,683</u> | <u>\$74,046</u> |
| Equity .....                             | \$45,370        | \$47,299        | \$50,133        | \$59,508        | \$57,893        |
| Revenue Bonds Payable, non-current ..... | 14,877          | 14,180          | 13,458          | 0               | 8,283           |
| Other Liabilities .....                  | 5,456           | 4,848           | 5,809           | 4,175           | 7,870           |
| Total Liabilities and Equity .....       | <u>\$65,703</u> | <u>\$66,327</u> | <u>\$69,400</u> | <u>\$63,683</u> | <u>\$74,046</u> |

The following chart shows the revenue received, expenses paid and changes in retained earnings in the Electric Fund for each of the last five fiscal years ending December 31:

**CONDENSED STATEMENT OF OPERATIONS (\$S IN 1,000s)**  
**FISCAL YEAR ENDING DECEMBER 31**

|                                                                | 2017            | 2018            | 2019            | 2020                 | 2021                 |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|----------------------|----------------------|
| Sales of Electricity .....                                     | \$36,487        | \$36,394        | \$35,153        | \$36,431             | \$35,466             |
| Other Operating Revenues .....                                 | 2,845           | 2,866           | 3,538           | 203                  | 76                   |
| Total Operating Revenues .....                                 | 39,332          | 39,260          | 38,691          | 36,634               | 35,542               |
| Net Purchased Power Expense                                    | 24,678          | 23,690          | 21,357          | 23,303               | 22,912               |
| Other Operating Expenses .....                                 | 7,863           | 7,908           | 9,682           | 7,953                | 9,550                |
| Subtotal-Operating Expenses .....                              | <u>32,541</u>   | <u>31,598</u>   | <u>31,039</u>   | <u>31,256</u>        | <u>32,462</u>        |
| Net Operating Income .....                                     | 6,791           | 7,662           | 7,652           | 5,378 <sup>(1)</sup> | 3,080 <sup>(1)</sup> |
| Depreciation .....                                             | (3,023)         | (2,983)         | (2,531)         | (2,588)              | (2,620)              |
| Other Revenues (Expenses) .....                                | (623)           | (359)           | (520)           | 8,548 <sup>(2)</sup> | 21                   |
| Transfer to City .....                                         | (2,039)         | (1,977)         | (1,967)         | (1,963)              | (2,096)              |
| Net Income .....                                               | <u>1,106</u>    | <u>2,343</u>    | <u>2,834</u>    | <u>9,375</u>         | <u>(1,615)</u>       |
| Beginning Equity, Prior Year .....                             | \$44,582        | \$45,371        | \$47,299        | \$50,133             | \$59,508             |
| Capital Grants/Contributions and Prior Period Adjustment ..... | (317)           | (415)           | 0               | 0                    | 0                    |
| Net Income .....                                               | <u>1,106</u>    | <u>2,343</u>    | <u>2,834</u>    | <u>9,375</u>         | <u>(1,615)</u>       |
| Ending Equity .....                                            | <u>\$45,371</u> | <u>\$47,299</u> | <u>\$50,133</u> | <u>\$59,508</u>      | <u>\$57,893</u>      |
| Net Cash from Operations                                       | \$ 6,789        | \$ 7,302        | \$ 7,774        | \$ 5,094             | \$ 4,918             |

- (1) The City attributes the reduced Net Operating Income in fiscal years 2020 and 2021 to the impact of the COVID-19 pandemic and various action the City took in response thereto. Such actions, which negatively impacted Net Operating Income, included waiving utility late charges for a portion of 2020 and all of 2021, increasing the utility low-income assistance program from \$300 per household to \$500 per household, establishing a Shop Local program that allowed shoppers to get credits of \$60 on their utility bills for shopping in the City and postponing utility disconnections.

- (2) Includes proceeds of the sale of the electrical utility transmission assets as described below.

On June 9, 2020, the City sold its electrical utility transmission assets to ComEd for \$13.7 million. Such assets include approximately 20 miles of transmission lines and associated substation facilities. The City had operated these facilities as a transmission owner since August 1, 2015. The sale of the transmission assets is expected to reduce the System's annual operating costs. Proceeds received from the sale of the transmission assets were used to defease outstanding System revenue bonds. Additional proceeds received from ComEd in connection with the sale of the transmission assets, in the amount of \$3.73 million, were deposited into the General Fund for fiscal year ended December 31, 2020. See "EXHIBIT A—Combined Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Fiscal Years Ended December 31, 2017-2021." The City continues to own and maintain electrical distribution system assets.

## FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE CITY

### DIRECT GENERAL OBLIGATION BONDED DEBT (PRINCIPAL ONLY)

| CALENDAR<br>YEAR | SERIES 2017B<br>BONDS <sup>(1)</sup><br>(JANUARY 1) |
|------------------|-----------------------------------------------------|
| 2024             | \$ 50,000                                           |
| 2025             | 55,000                                              |
| 2026             | 50,000                                              |
| 2027             | 55,000                                              |
| 2028             | 55,000 <sup>(2)</sup>                               |
| 2029             | <u>60,000</u>                                       |
| TOTAL            | \$325,000                                           |

Source: The City.

(1) General Obligation Refunding Bonds, Series 2017B, dated December 14, 2017.

(2) Mandatory sinking fund payment.

### DEBT CERTIFICATES (PRINCIPAL ONLY)

| CALENDAR<br>YEAR | SERIES 2015A<br>CERTIFICATES <sup>(1)</sup><br>(JUNE 1) | SERIES 2017A<br>CERTIFICATES <sup>(2)</sup><br>(JUNE 30) | TOTAL<br>OUTSTANDING<br>CERTIFICATES |
|------------------|---------------------------------------------------------|----------------------------------------------------------|--------------------------------------|
| 2023             | \$165,000                                               | \$ 300,000                                               | \$ 465,000                           |
| 2024             | 165,000                                                 | 310,000                                                  | 475,000                              |
| 2025             | 165,000                                                 | 320,000                                                  | 485,000                              |
| 2026             | 165,000                                                 | 335,000                                                  | 500,000                              |
| 2027             | 165,000                                                 | 350,000                                                  | 515,000                              |
| 2028             | <u>340,000</u>                                          | <u>340,000</u>                                           | <u>340,000</u>                       |
| TOTAL            | \$825,000                                               | \$1,955,000                                              | \$2,780,000                          |

Source: The City.

(1) General Obligation Debt Certificates (Limited Tax), Series 2015A, dated July 7, 2015 (the "Series 2015A Certificates").

(2) General Obligation Refunding Debt Certificates (Limited Tax), Series 2017A, dated December 14, 2017 (the "Series 2017A Certificates").

**ALTERNATE REVENUE BONDS (PRINCIPAL ONLY)**  
**(As of the issuance of the Bonds)**

| CALENDAR<br>YEAR | SERIES 2013<br>BONDS <sup>(1)</sup><br>(DECEMBER 1) | SERIES 2018<br>BONDS <sup>(2)</sup><br>(JANUARY 1) | SERIES 2021<br>BONDS<br>(MAY 1) | SERIES 2022<br>BONDS<br>(MAY 1) | THE BONDS<br>(MAY 1) | TOTAL<br>OUTSTANDING<br>ALTERNATE<br>BONDS |
|------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------|---------------------------------|----------------------|--------------------------------------------|
| 2023             | \$ 170,000 <sup>(3)</sup>                           |                                                    |                                 |                                 |                      | \$ 170,000                                 |
| 2024             | 180,000                                             | \$ 570,000                                         | \$ 465,000                      | \$ 530,000                      | \$ 225,000           | 1,970,000                                  |
| 2025             | 195,000 <sup>(3)</sup>                              | 595,000                                            | 485,000                         | 550,000                         | 235,000              | 2,060,000                                  |
| 2026             | 205,000                                             | 615,000                                            | 505,000                         | 570,000                         | 245,000              | 2,140,000                                  |
| 2027             | 215,000 <sup>(3)</sup>                              | 640,000                                            | 525,000                         | 595,000                         | 260,000              | 2,235,000                                  |
| 2028             | 235,000                                             |                                                    | 545,000                         | 620,000                         | 270,000              | 1,670,000                                  |
| 2029             | 245,000 <sup>(3)</sup>                              |                                                    | 565,000                         | 645,000                         | 285,000              | 1,740,000                                  |
| 2030             | 260,000                                             |                                                    | 585,000                         | 665,000                         | 300,000              | 1,810,000                                  |
| 2031             |                                                     | 605,000                                            | 685,000                         |                                 | 315,000              | 1,605,000                                  |
| 2032             |                                                     | 625,000                                            | 710,000                         |                                 | 330,000              | 1,665,000                                  |
| 2033             |                                                     | 645,000                                            | 730,000                         |                                 | 345,000              | 1,720,000                                  |
| 2034             |                                                     | 660,000                                            | 750,000                         |                                 | 360,000              | 1,770,000                                  |
| 2035             |                                                     | 685,000                                            | 775,000                         |                                 | 380,000              | 1,840,000                                  |
| 2036             |                                                     |                                                    |                                 |                                 | 400,000              | 400,000                                    |
| 2037             |                                                     |                                                    |                                 |                                 | 415,000              | 415,000                                    |
| 2038             |                                                     |                                                    |                                 |                                 | 430,000              | 430,000                                    |
| <b>TOTAL</b>     | <b>\$1,705,000</b>                                  | <b>\$2,420,000</b>                                 | <b>\$6,895,000</b>              | <b>\$7,825,000</b>              | <b>\$4,795,000</b>   | <b>\$23,640,000</b>                        |

Source: The City.

- (1) General Obligation Refunding Bonds (Tax Increment Financing Alternate Revenue Source), Series 2013, dated June 6, 2013 (the "Series 2013 Bonds"). The revenue sources pledged to the payment of the Series 2013 bonds are the incremental taxes derived from the City's applicable tax increment financing redevelopment project area and such other funds of the City lawfully available and annually appropriated for such purpose.
- (2) General Obligation Bonds (Alternate Revenue Source), Series 2018, dated November 29, 2018 (the "Series 2018 Bonds"). The revenue source pledged to the payment of the Series 2018 Bonds is the City's non-home rule sales tax.
- (3) Mandatory sinking fund payment.

**OVERLAPPING GENERAL OBLIGATION BONDED DEBT**  
**(As of March 3, 2023)**

| TAXING BODY                            | OUTSTANDING DEBT <sup>(1)</sup> | APPLICABLE TO THE CITY |                     |
|----------------------------------------|---------------------------------|------------------------|---------------------|
|                                        |                                 | PERCENT                | AMOUNT              |
| Ogle County                            | \$ 0                            | 14.054%                | \$ 0                |
| Flagg-Rochelle Community Park District | 5,470,000                       | 73.353%                | 4,012,428           |
| School District 231                    | 5,055,000                       | 75.736%                | 3,828,435           |
| High School District 212               | 5,475,000                       | 52.654%                | 2,882,832           |
| Kishwaukee Community College           | 52,815,000                      | 9.415%                 | 4,972,634           |
| <b>TOTAL OVERLAPPING BONDED DEBT</b>   |                                 |                        | <b>\$15,696,330</b> |

Source: With respect to the applicable taxing bodies and the percentage of overlapping EAV, the Ogle and Lee County Clerks' Offices. Information regarding the outstanding indebtedness of the overlapping taxing bodies was obtained from publicly-available sources.

- (1) Does not include alternate revenue bonds, such as the Bonds, which, under the Debt Reform Act, are not included in the computation of indebtedness unless the taxes levied to pay the principal of and interest on such alternate revenue bonds are extended for collection by the County Clerks.

## SELECTED FINANCIAL INFORMATION

|                                                                                |                                |
|--------------------------------------------------------------------------------|--------------------------------|
| 2021 Estimated Full Value of Taxable Property:                                 | \$ 882,079,812                 |
| 2021 EAV:                                                                      | \$ 294,026,604 <sup>(1)</sup>  |
| Population Estimate <sup>(2)</sup> :                                           | 9,380                          |
| General Obligation Bonded Debt:                                                | \$ 325,000 <sup>(3)</sup>      |
| Other Direct General Obligation Debt:                                          | <u>5,052,316<sup>(4)</sup></u> |
| Total Direct General Obligation Debt:                                          | \$ 5,377,316                   |
| Percentage to Full Value of Taxable Property:                                  | 0.61%                          |
| Percentage to EAV:                                                             | 1.83%                          |
| Overall Debt Limit (8.625% of EAV):                                            | \$ 25,359,795                  |
| Percentage of Debt Limit:                                                      | 21.20%                         |
| Per Capita:                                                                    | \$ 573                         |
| General Obligation Bonded Debt:                                                | \$ 325,000 <sup>(3)</sup>      |
| Overlapping General Obligation Bonded Debt:                                    | \$ 15,696,330                  |
| General Obligation Bonded Debt and Overlapping General Obligation Bonded Debt: | \$ 16,021,330                  |
| Percentage to Full Value of Taxable Property:                                  | 1.82%                          |
| Percentage to EAV:                                                             | 5.45%                          |
| Per Capita:                                                                    | \$ 1,708                       |

(1) Includes TIF EAV in the amount of \$10,740,194 and Enterprise Zone EAV in the amount of \$15,185,645. See "Tax Increment Financing Districts Located Within the City."

(2) Source: U.S. Census Bureau, 2020 Census.

(3) Excludes (i) alternate revenue bonds, such as the Bonds and the Prior Alternate Bonds, which, under the Debt Reform Act, do not constitute debt of the City unless the taxes levied to pay the principal of and interest on such alternate revenue bonds are extended for collection by the County Clerks, (ii) Illinois Environmental Protection Agency (IEPA) loans, and (iii) debt certificates. As of December 31, 2021, the City had \$11,109,717 outstanding in IEPA Loans, which are payable from the City's water and water reclamation systems. See the Audit for more information on such IEPA loans.

(4) Includes the Series 2015A Certificates, the Series 2017A Certificates, installment contracts and other debt. Excludes alternate revenue bonds.

## STATUTORY DEBT LIMIT

|                                                                          | AMOUNT            | PERCENTAGE<br>OF DEBT LIMIT |
|--------------------------------------------------------------------------|-------------------|-----------------------------|
| 2021 EAV <sup>(1)</sup>                                                  | \$294,026,604     |                             |
| Overall Statutory Debt Limit (8.625% of EAV)                             | 25,359,795        |                             |
| Non-referendum Bond Statutory Debt Limit (0.5% of EAV)                   | 1,470,133         |                             |
| General Obligation Bonded Debt <sup>(2)</sup>                            | 325,000           |                             |
| Other Direct General Obligation Debt                                     | 5,052,316         |                             |
| Total Debt Applicable to the Overall Debt Limit                          | 5,377,316         | 21.20%                      |
| <u>Remaining Overall Debt Limit Margin</u>                               | <u>19,982,479</u> | <u>78.80%</u>               |
| Total Debt Applicable to Non-referendum Bond Statutory Debt Limit        | 325,000           | 22.11%                      |
| Remaining Non-referendum Bond Statutory Debt Limit Margin <sup>(2)</sup> | 1,145,133         | 77.89%                      |

(1) Includes TIF and Enterprise Zone EAV.

(2) Does not include alternate revenue bonds (such as the Bonds and the Prior Alternate Bonds) which, under the Debt Reform Act, do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, unless ad valorem taxes have been extended pursuant to the general obligation, full faith and credit promise supporting alternate revenue bonds, in which case the amount of such alternate revenue bonds then outstanding will be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shows that such alternate revenue bonds have been paid from the pledged revenues supporting such alternate revenue bonds for a complete fiscal year. Does not include revenue bonds or IEPA loans payable solely from the City's water and water reclamation systems, which, under the Municipal Code, do not constitute indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. Also does not include debt certificates.

## COMPOSITION OF EAV

### EAV BY PROPERTY TYPE

|                  | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2021<br>PERCENTAGE |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| Residential      | \$84,223,850         | \$83,935,586         | \$86,099,543         | \$88,403,827         | \$ 93,324,615        | 34.81%             |
| Farm             | 6,473,364            | 6,727,521            | 7,029,352            | 7,888,903            | 9,085,496            | 3.39%              |
| Commercial       | 41,533,656           | 42,416,179           | 42,486,321           | 46,611,035           | 47,972,109           | 17.89%             |
| Industrial       | 92,775,336           | 74,220,535           | 100,621,937          | 97,837,213           | 97,837,213           | 36.49%             |
| Railroad         | 17,652,417           | 17,999,420           | 18,633,835           | 19,034,238           | 19,881,331           | 7.42%              |
| <b>Total EAV</b> | <b>\$242,658,623</b> | <b>\$225,299,241</b> | <b>\$254,870,988</b> | <b>\$259,775,216</b> | <b>\$268,100,764</b> | <b>100.00%</b>     |

Source: Ogle and Lee County Clerks' Offices.

Note: Table does not include TIF and Enterprise Zone EAV.

### EAV BY COUNTY

|                  | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Ogle County      | \$242,654,455        | \$225,294,807        | \$254,866,262        | \$259,770,168        | \$268,097,469        |
| Lee County       | 4,168                | 4,434                | 4,726                | 5,048                | 3,295                |
| <b>Total EAV</b> | <b>\$242,658,623</b> | <b>\$225,299,241</b> | <b>\$254,870,988</b> | <b>\$259,775,216</b> | <b>\$268,100,764</b> |

Source: Ogle and Lee County Clerks' Offices.

Note: Table does not include TIF and Enterprise Zone EAV.

## TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE CITY

A portion of the City's EAV is contained in tax increment financing ("TIF") districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the City, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district must be used for redevelopment purposes. There are no new TIF districts planned in the immediate future.

| LOCATION<br>NAME OF TIF              | YEAR<br>ESTABLISHED | BASE<br>EAV           | 2021 EAV     | INCREMENTAL<br>EAV   |
|--------------------------------------|---------------------|-----------------------|--------------|----------------------|
| Rochelle TIF District <sup>(1)</sup> | 2010                | \$ 15,450             | \$ 6,608,141 | \$ 6,592,691         |
| Rochelle TIF 2                       | 2016                | 9,021,767             | 12,047,564   | 3,025,797            |
| Northern Gateway TIF <sup>(2)</sup>  | 2018                | 6,073,520             | 7,195,226    | 1,121,706            |
|                                      |                     | Total Incremental EAV |              | \$ 10,740,194        |
|                                      |                     | City's Base 2021 EAV  |              | 268,100,764          |
|                                      |                     | Enterprise Zone EAV   |              | 15,185,646           |
|                                      |                     | Total EAV             |              | <u>\$294,026,604</u> |

Source: Ogle and Lee County Clerks' Offices.

(1) Pursuant to an intergovernmental agreement, the City pays the local school districts, in the aggregate, approximately \$150,000 per year from incremental TIF revenues generated by this TIF district.

(2) Pursuant to an intergovernmental agreement, the City pays the local school districts, in the aggregate, approximately \$19,000 per year from incremental TIF revenues generated by this TIF district.

## TREND OF EAV

| LEVY YEAR | EAV <sup>(1)</sup> | PERCENTAGE<br>CHANGE IN EAV FROM<br>PREVIOUS YEAR |
|-----------|--------------------|---------------------------------------------------|
| 2017      | \$242,658,623      | +7.68% <sup>(2)</sup>                             |
| 2018      | 225,299,241        | -7.15%                                            |
| 2019      | 254,870,988        | +13.13%                                           |
| 2020      | 259,775,216        | +1.92%                                            |
| 2021      | 268,100,764        | +3.20%                                            |

Source: Ogle and Lee County Clerks' Offices.

(1) Excludes TIF and Enterprise Zone EAV.

(2) Based on 2016 EAV of \$225,343,149.

## TAXES EXTENDED AND COLLECTED

| TAX LEVY YEAR/<br>COLLECTION YEAR | TAXES<br>EXTENDED | TAXES COLLECTED<br>AND DISTRIBUTED <sup>(1)</sup> | PERCENT<br>COLLECTED |
|-----------------------------------|-------------------|---------------------------------------------------|----------------------|
| 2017/18                           | 2,626,465         | 2,626,139                                         | 99.99%               |
| 2018/19                           | 2,691,314         | 2,690,671                                         | 99.98%               |
| 2019/20                           | 2,756,778         | 2,755,954                                         | 99.97%               |
| 2020/21                           | 2,878,869         | 2,904,212                                         | 100.88%              |
| 2021/22                           | 2,984,071         | 2,965,311                                         | 99.37%               |

Source: Ogle and Lee County Treasurers' Offices.

(1) Excludes interest.

## CITY TAX RATES BY PURPOSE

(Per \$100 EAV)

| PURPOSE               | 2017      | 2018      | 2019      | 2020      | 2021      | MAXIMUM<br>RATE |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------------|
| General Corporate     | \$0.22183 | \$0.20251 | \$0.17362 | \$0.15225 | \$0.11964 | \$0.2500        |
| Bonds & Interest      | 0.00797   | 0.02714   | 0.02319   | 0.02223   | 0.02290   | None            |
| IMRF                  | 0.07344   | 0.07244   | 0.07494   | 0.07353   | 0.05968   | None            |
| Fire Protection       | 0.07357   | 0.07500   | 0.07500   | 0.07500   | 0.07500   | 0.0750          |
| Fire Pension          | 0.15701   | 0.17536   | 0.15342   | 0.16911   | 0.16850   | None            |
| Police Protection     | 0.07357   | 0.07500   | 0.07500   | 0.07500   | 0.07500   | 0.0750          |
| Police Penson         | 0.18837   | 0.22342   | 0.22996   | 0.26086   | 0.26177   | None            |
| Audit                 | 0.00582   | 0.01198   | 0.01138   | 0.01155   | 0.01119   | None            |
| Insurance             | 0.09506   | 0.15606   | 0.11771   | 0.10779   | 0.13987   | None            |
| Street Lighting       | 0.00000   | 0.00000   | 0.00000   | 0.00000   | 0.00000   | 0.0500          |
| Social Security       | 0.09149   | 0.07251   | 0.07062   | 0.07891   | 0.08952   | None            |
| School Crossing Guard | 0.01962   | 0.02000   | 0.02000   | 0.02000   | 0.00200   | 0.0200          |
| City Share R & B      | 0.00000   | 0.00000   | 0.00000   | 0.00000   | 0.01800   | 0.0200          |
| TOTAL CITY TAX RATE   | \$1.00775 | \$1.11142 | \$1.02484 | \$1.04623 | \$1.04307 |                 |

Source: Ogle and Lee County Clerks' Offices.

**REPRESENTATIVE TOTAL TAX RATES  
(Per \$100 EAV)**

| TAXING AUTHORITY                                   | 2017             | 2018             | 2019             | 2020             | 2021             |
|----------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| The City                                           | \$1.00775        | \$1.11142        | \$1.02484        | \$1.04623        | \$1.04307        |
| Ogle County                                        | 0.77861          | 0.76973          | 0.75577          | 0.74823          | 0.73159          |
| Flagg Township                                     | 0.20004          | 0.19439          | 0.19317          | 0.18894          | 0.18229          |
| Flagg Township Road                                | 0.35438          | 0.36180          | 0.36302          | 0.36232          | 0.36004          |
| Flagg-Rochelle Public Library District             | 0.18613          | 0.19250          | 0.18978          | 0.19163          | 0.19637          |
| Flagg-Rochelle Park District                       | 0.59315          | 0.59567          | 0.81993          | 0.77977          | 0.77054          |
| School District 231                                | 3.18461          | 3.24870          | 3.27499          | 3.29225          | 3.26179          |
| School District 212                                | 2.52369          | 2.48720          | 2.39680          | 2.42760          | 2.40087          |
| Kishwaukee Community College                       | 0.66490          | 0.66566          | 0.65504          | 0.64842          | 0.63978          |
| <b>TOTAL REPRESENTATIVE TAX RATE<sup>(1)</sup></b> | <b>\$9.49326</b> | <b>\$9.62707</b> | <b>\$9.67334</b> | <b>\$9.68539</b> | <b>\$9.58634</b> |

Source: Ogle County Clerk's Office.

(1) The total of such rates is the property tax rate paid by a typical resident of the City.

**TEN LARGEST TAXPAYERS**

| TAXPAYER NAME                                | 2021<br>EAV <sup>(1)</sup> | PERCENT OF<br>CITY'S<br>TOTAL EAV |
|----------------------------------------------|----------------------------|-----------------------------------|
| Americold Real Estate LP                     | \$30,678,897               | 10.43%                            |
| Illinois River Energy LLC                    | 13,334,284                 | 4.54%                             |
| Sara Lee Corporation                         | 11,870,000                 | 4.04%                             |
| Pool 1 Industrial IL LLC                     | 11,264,353                 | 3.83%                             |
| Icon Pac Owner Pool 4, Northeast/Midwest LLC | 6,954,205                  | 2.37%                             |
| Pasquesi Farms LLC DBA Mightyvine            | 6,090,051                  | 2.07%                             |
| 1600 Ritchie Court LLC                       | 5,999,400                  | 2.04%                             |
| Lineage Master RE 6 LLC                      | 5,666,195                  | 1.93%                             |
| Sedal Properties LLC                         | 4,078,452                  | 1.39%                             |
| The Northern Trust Co.                       | 3,848,953                  | 1.31%                             |
| <b>Total</b>                                 | <b>\$99,784,790</b>        | <b>33.94%</b>                     |

Source: Ogle County Clerk's Office, except for taxpayer descriptions which are based on publicly available information available to the City.  
Values shown include TIF EAV (if any).

(1) The above taxpayers represent 33.94% of the City's 2021 EAV of \$294,026,604 (includes TIF and Enterprise Zone EAV). Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

## RETAILERS' OCCUPATION AND SERVICE OCCUPATION TAX

The following table shows the distribution of the municipal and non-home rule portions of the Retailers' Occupation, Service Occupation and Use Tax collected by the Illinois Department of Revenue (the “*Department*”) from retailers within the City. The table indicates the level of retail activity in the City.

| CALENDAR<br>YEAR    | MUNICIPAL<br>TAX <sup>(1)</sup> | NON-HOME RULE<br>SALES TAX | TOTAL       |
|---------------------|---------------------------------|----------------------------|-------------|
| 2017                | \$1,907,190                     | \$960,318                  | \$2,867,507 |
| 2018                | 2,064,936                       | 1,046,587                  | 3,111,523   |
| 2019                | 2,229,525                       | 1,113,387                  | 3,342,912   |
| 2020                | 2,083,557                       | 978,929                    | 3,062,486   |
| 2021                | 2,576,129                       | 1,325,728                  | 3,901,857   |
| 2022 <sup>(2)</sup> | 2,218,828                       | 776,472                    | 2,995,300   |

Source: The Department.

- (1) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation Tax, collected on behalf of the City less a State administration fee, and the City's 1% non-home rule share of the State of Illinois Sales Tax Receipts, as collected and disbursed by the State of Illinois. The municipal 1% sales tax includes tax receipts from the sale of food and drugs, which are not taxed by the State.
- (2) Through September, 2022.

The City's non-home rule sales tax was imposed in the City pursuant to a referendum held in 2006 and applies to the same general merchandise base as the State sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs and medical appliances. The non-home rule sales tax is administered and collected by the Department and may be used for expenditures on public infrastructure or property tax relief.

## NEW PROPERTY

The following chart indicates the EAV of “new property” (as defined in the hereinafter-defined Limitation Law) within the City for each of the last five levy years.

| LEVY<br>YEAR | NEW<br>PROPERTY |
|--------------|-----------------|
| 2016         | \$ 4,108,865    |
| 2017         | 2,997,499       |
| 2018         | 219,484         |
| 2019         | 11,395,279      |
| 2020         | 11,943,015      |
| 2021         | 4,884,900       |

Source: Ogle and Lee County Clerks' Offices.

## LARGEST EMPLOYERS

Below is a listing of the largest employers within or near the City:

| EMPLOYER                              | PRODUCT OR SERVICE                                                        | LOCATION | APPROXIMATE NUMBER OF EMPLOYEES |
|---------------------------------------|---------------------------------------------------------------------------|----------|---------------------------------|
| Rochelle Foods, Inc.                  | Pork processing                                                           | Rochelle | 784                             |
| Rochelle Community Hospital           | Inpatient & outpatient medical services                                   | Rochelle | 266                             |
| AmeriCold Logistics, LLC              | Frozen food storage/distribution                                          | Rochelle | 236                             |
| Sara Lee                              | Cold storage/sales & marketing                                            | Rochelle | 213                             |
| Silgan Containers Manufacturing Corp. | Metal lids & containers for the food packaging industry                   | Rochelle | 200                             |
| Bay Valley Foods                      | Labeling/warehouse/distribution                                           | Rochelle | 150                             |
| Del Monte Foods, Inc.                 | Distributor of canned & packaged food products                            | Rochelle | 145                             |
| Total Logistics Control (TLC)         | Refrigerated warehousing, trucking; supply chain and logistics management | Rochelle | 130                             |
| Lineage Logistics, LLC                | Frozen food warehouse                                                     | Rochelle | 125                             |
| Cedar Siding & Lumber, Inc.           | Factory finished siding & related products                                | Rochelle | 110                             |

Sources: 2023 Illinois Services, 2023 Illinois Manufacturers Directories, the Illinois Department of Commerce and Economic Opportunity, and the City.

## UNEMPLOYMENT RATES

|                               | THE CITY | THE COUNTY | STATE OF ILLINOIS |
|-------------------------------|----------|------------|-------------------|
| 2017 – Average                | 6.1%     | 5.1%       | 4.9%              |
| 2018 – Average                | 6.1%     | 4.9%       | 4.4%              |
| 2019 – Average                | 5.4%     | 4.8%       | 4.0%              |
| 2020 – Average <sup>(1)</sup> | 9.6%     | 8.1%       | 9.2%              |
| 2021 – Average <sup>(1)</sup> | 6.8%     | 6.2%       | 6.1%              |
| 2022 – Average                | NA       | 5.1%       | 4.6%              |

Source: State of Illinois Department of Employment Security.

(1) The City attributes the higher unemployment rate to the effects of the COVID-19 pandemic. See “RISK FACTORS—Potential Impact of COVID-19” herein.

## **HOUSING VALUE AND INCOME STATISTICS**

The following table sets forth information regarding median home values and various income related statistics for the City, the County and the State.

|                         | THE CITY  | THE COUNTY | THE STATE |
|-------------------------|-----------|------------|-----------|
| Median Home Value       | \$128,200 | \$156,200  | \$212,600 |
| Median Household Income | 50,500    | 67,534     | 72,563    |
| Median Family Income    | 72,167    | 81,873     | 91,408    |
| Per Capita Income       | 29,378    | 33,280     | 39,571    |

Source: U.S. Census Bureau (2017-2021 American Community Survey).

## **SHORT-TERM BORROWING**

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

## **FUTURE DEBT**

Except for the Bonds, the City does not currently anticipate issuing any additional debt in the next twelve months.

## **DEFAULT RECORD**

The City has no record of default and has met its debt repayment obligations promptly.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### **SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Ogle and Lee Counties. There can be no assurance that the procedures described herein will not change.

### **TAX LEVY AND COLLECTION PROCEDURES**

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is

to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

## EXEMPTIONS

The Illinois Property Tax Code, as amended (the "*Property Tax Code*"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to

the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “*Natural Disaster Exemption*”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

#### PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law, as amended (the “*Limitation Law*”), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies (including school districts) in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and numerous other counties.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds (such as the Bonds) or are for certain refunding purposes.

Public Act 89-510 permits the county boards of all counties not currently subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county.

Under the legislation, the county board of any such county can initiate a binding tax cap referendum at any regularly scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their equalized assessed valuation in the county beginning January 1 of the year following the date of the referendum. With respect to multi-county taxing bodies, the Limitation Law becomes applicable only after (a) each county in which the taxing body is located has held a referendum and (b) the proposition is passed in a county or counties containing a majority of the equalized assessed valuation of the taxing body.

As of the date of the referendum causing tax caps to be applicable to a taxing body, referendum approval would be required in order for the taxing body to issue unlimited tax general obligation bonds. Lee County held a successful referendum on the applicability of the Limitation Law on November 5, 1996. A referendum on the applicability of the Limitation Law has yet to be initiated in Ogle County. No guarantee exists, however, that such a referendum will not be held in Ogle County the future.

If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to the taxes levied by the City to pay the principal of and interest on the Bonds.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The City

cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

## TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "*Law*") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The City covenanted in the Bond Ordinance that it will not take any action or fail to take any action which would adversely affect the ability of the City to levy and collect the taxes levied by the City for payment of principal of and interest on the Bonds, except as described in "THE BONDS—Abatement of Pledged Taxes" herein. The City also covenanted that it will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Ordinance, except as described in "THE BONDS—Abatement of Pledged Taxes" herein.

## RETIREMENT PLANS

The City participates in three defined benefit pension plans: (i) the Illinois Municipal Retirement Fund (the "*IMRF Plan*"), (ii) the Police Pension Plan (the "*Police Pension Plan*"), and (iii) the Firefighters' Pension Plan (the "*Fire Pension Plan*" and, together with the IMRF Plan and the Police Plan, the "*Pension Plans*"). The Pension Plans provide defined benefit pension benefits to the City's employees, retirees and beneficiaries. The IMRF Plan is an agent multiple-employer public employee retirement system, and the Police Pension Plan and the Fire Pension Plan are single-employer pension plans. The City makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the "*Pension Code*"). This section first describes certain concepts related to pensions generally, then describes the applicable provisions of Pension Plans. These concepts are more completely described in Note 6 to the Audit, as hereinafter defined, as well as the supplementary schedules thereto, attached hereto as APPENDIX A.

The Pension Code allows the State Comptroller to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City pursuant to the Recapture Provisions. If the City fails to contribute to the Police Pension Plan or the Fire Pension Plan as required by the Pension Code, the City will be subject to a reallocation of payments of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject retirement fund gives notice of the failure to the City, and (iii) such retirement fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will withhold payments of State funds from the City in an amount not in excess of the delinquent payment amount in the proportion of

100% of the amount of any payments of State funds to the City. Should the Recapture Provisions be invoked as a result of the City's failure to contribute all or a portion of its required contribution, a reduction in payments of State funds may have an adverse impact on the City's finances.

## BACKGROUND REGARDING PENSION PLANS

### *The Actuarial Valuation*

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of a Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards (the “*GASB Standards*”) issued by the Governmental Accounting Standards Board (“*GASB*”), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

### *GASB Standards*

The GASB Standards provide standards for financial reporting and accounting related to pension plans. The GASB Standards require calculation and disclosure of a “*Net Pension Liability*” or “*Net Pension Asset*”, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the “*Total Pension Liability*”) and the fair market value of the pension plan’s assets (referred to as the “*Fiduciary Net Position*”).

Furthermore, the GASB Standards employ a rate, referred to in such statements as the “*Discount Rate*,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

Finally, the GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer, and that an expense (the “*Pension Expense*”) be recognized on the income statement of the City.

### *Pension Plans Remain Governed by the Pension Code*

As described above, the GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the City to the Pension Plans in each year.

### ILLINOIS MUNICIPAL RETIREMENT FUND

The City participates in the IMRF Plan, which is a defined-benefit, agent multiple employer pension plan administered by the Illinois Municipal Retirement Fund (the “*IMRF*”) that acts as a common investment and administrative agent for units of local government and school districts in Illinois. Specifically, the City participates in an IMRF-administered plan for its regular employees (other than those covered by the Police Pension Plan and the Fire Pension Plan). Certain of the provisions of the IMRF Plan are described below. The IMRF Plan is established and administered under statutes adopted by the Illinois General Assembly. The Pension Code sets the benefit provisions of the IMRF Plan, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF Plan, including the City, has an employer reserve account with the IMRF Plan separate and distinct from all other participating employers (the “*IMRF Account*”) along with a unique employer contribution rate determined by the IMRF Board, as described below. The employees of a participating employer receive benefits solely from such employer’s IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website.

See Note 6 to the Audit, attached as APPENDIX A hereto, for additional information on the IMRF Plan’s actuarial methods and assumptions.

#### *Contributions*

Both employers and employees contribute to the IMRF Plan. At present, employees contribute 4.50% of their salary to the IMRF Plan, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF Plan to its employees. The annual rate at which an employer must contribute to the IMRF Plan is established by the IMRF Board of Trustees (the “*IMRF Board*”).

The City’s contribution rate for the fiscal year ended December 31, 2021, was 10.38% of covered payroll, and the City contributed \$719,006 to the IMRF Plan. The City’s actuarially

determined pension contributions and contributions with respect to such contributions for the last three fiscal years were as follows:

| FISCAL YEAR<br>ENDED DEC. 31 | ACTUARILY<br>DETERMINED<br>CONTRIBUTION | ACTUAL<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED |
|------------------------------|-----------------------------------------|------------------------|---------------------------|
| 2019                         | \$593,621                               | \$593,621              | 100.00%                   |
| 2020                         | 770,238                                 | 770,238                | 100.00%                   |
| 2021                         | 719,006                                 | 719,006                | 100.00%                   |

Source: The Audit.

#### *Measures of Financial Position-Regular Plan*

The following table presents the measures of the IMRF Plan's financial position as of December 31, 2018, December 31, 2019, and December 31, 2020, which are presented pursuant to the GASB Standards.

| CALENDAR<br>YEAR | TOTAL<br>PENSION<br>LIABILITY | FIDUCIARY       |                                  |  | OF TOTAL<br>PENSION<br>LIABILITY | DISCOUNT<br>RATE | FIDUCIARY NET<br>POSITION AS A % |
|------------------|-------------------------------|-----------------|----------------------------------|--|----------------------------------|------------------|----------------------------------|
|                  |                               | NET<br>POSITION | NET PENSION<br>LIABILITY/(ASSET) |  |                                  |                  |                                  |
| 2018             | \$42,426,947                  | \$36,415,630    | \$ 6,011,317                     |  | 85.83%                           | 7.25%            |                                  |
| 2019             | 44,145,422                    | 42,318,084      | 1,827,338                        |  | 95.86%                           | 7.25%            |                                  |
| 2020             | 44,753,517                    | 46,909,950      | (2,156,433)                      |  | 104.82%                          | 7.25%            |                                  |

Source: The Audit and the City's Comprehensive Annual Financial Reports for fiscal years ended December 31, 2018-2021.

See Note 6 to the Audit, and the related required supplementary information disclosures, attached as APPENDIX A hereto, for a description of the IMRF Plan, the IMRF Account, the City's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the GASB Standards.

#### POLICE PENSION PLAN

The City provides retirement, death and disability benefits to its sworn police personnel and retirees and their beneficiaries through the Police Pension Plan. The Police Pension Plan is a single-employer defined benefit plan. The benefits provided by the Police Pension Plan and the amount of employer and employee contributions to the Police Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2021, the Police Pension Fund had a membership of 39.

### *Contributions*

As stated above, both the City and its participating employees make contributions to the Police Pension Plan. At present, employees contribute 9.91% of their salary to the Police Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Police Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Police Pension Plan for such year plus an amount sufficient to bring the total assets of the Police Pension Plan up to 90% of the total actuarial liabilities of the Police Pension Plan by the end of fiscal year 2040, as determined by an actuary (the “*Funding Requirement*”). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Police Pension Plan over a closed period of time, the City’s required contributions to the Police Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For the fiscal year ended December 31, 2021, the City’s contribution was 54.07% of covered payroll. For the fiscal year ended December 31, 2021, the City contributed \$949,365 to the Police Pension Plan. The City’s actuarially determined pension contributions and contributions with respect to such contributions for the last three fiscal years were as follows:

| FISCAL YEAR<br>ENDED DEC. 31 | ACTUARILY<br>DETERMINED<br>CONTRIBUTION | ACTUAL<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED |
|------------------------------|-----------------------------------------|------------------------|---------------------------|
| 2019                         | \$614,329                               | \$613,234              | 99.82%                    |
| 2020                         | 715,312                                 | 764,747                | 106.91%                   |
| 2021                         | 827,035                                 | 949,365                | 114.79%                   |

Source: The Audit.

### *Measures of Financial Position*

The following table provides statistical information produced pursuant to the GASB Standards with respect to the Police Pension Plan for each of the last three fiscal years. The Total Pension Liability as of December 31, 2021, was calculated pursuant to the current Discount Rate of 6.75%:

| VALUATION<br>DATE<br>(DECEMBER 31) | TOTAL<br>PENSION<br>LIABILITY | FIDUCIARY<br>NET<br>POSITION | NET<br>PENSION<br>LIABILITY | FIDUCIARY NET<br>POSITION AS A %<br>OF TOTAL PENSION<br>LIABILITY |
|------------------------------------|-------------------------------|------------------------------|-----------------------------|-------------------------------------------------------------------|
| 2019                               | \$20,056,460                  | \$12,094,641                 | \$7,961,819                 | 60.30%                                                            |
| 2020                               | 20,638,206                    | 13,251,724                   | 7,386,482                   | 64.21%                                                            |
| 2021                               | 20,631,013                    | 14,516,584                   | 6,114,429                   | 70.36%                                                            |

Source: The Audit.

See Note 6 to the Audit, and the related required supplementary information disclosures, attached as APPENDIX A hereto, for a description of the Police Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Police Pension Plan, and the financial reporting information required by the GASB Standards.

### FIRE PENSION PLAN

The City provides retirement, death and disability benefits to its sworn fire personnel and retirees and their beneficiaries through the Fire Pension Plan. The Fire Pension Plan is a single-employer defined benefit plan. The benefits provided by the Fire Pension Plan and the amount of employer and employee contributions to the Fire Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2021, the Fire Pension Plan had a membership of 24.

#### *Contributions*

As stated above, both the City and its participating employees make contributions to the Fire Pension Plan. At present, covered employees contribute 9.455% of their salary to the Fire Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Fire Pension Plan to its members.

The Pension Code requires that the City contribute annually the Funding Requirement, the same being the amount necessary to fund the normal cost of the Fire Pension Plan for such year plus an amount sufficient to bring the total assets of the Fire Pension Plan up to 90% of the total actuarial liabilities of the Fire Pension Plan by the end of fiscal year 2040, as determined by an actuary. The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Fire Pension Plan over a closed period of time, the City's required contributions to the Fire Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For fiscal year ended December 31, 2021, the City's contribution was 55.86% of covered payroll. For fiscal year ended December 31, 2021, the City contributed \$658,021 to the Fire Pension Plan. The City's actuarially determined pension contributions and contributions with respect to such contributions for the last three fiscal years were as follows:

| FISCAL YEAR<br>ENDED DEC. 31 | ACTUARILLY<br>DETERMINED<br>CONTRIBUTION | ACTUAL<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED |
|------------------------------|------------------------------------------|------------------------|---------------------------|
| 2019                         | \$482,180                                | \$481,321              | 99.82%                    |
| 2020                         | 477,231                                  | 528,813                | 110.81%                   |
| 2021                         | 536,159                                  | 658,021                | 122.73%                   |

Source: The Audit.

### *Measures of Financial Position*

The following table provides statistical information produced pursuant to the GASB Standards with respect to the Fire Pension Plan for each of the last three fiscal years. The Total Pension Liability as of December 31, 2021, was calculated pursuant to the current Discount Rate of 6.75%:

| VALUATION DATE<br>(DECEMBER 31) | TOTAL<br>PENSION<br>LIABILITY | FIDUCIARY<br>NET<br>POSITION | NET PENSION<br>LIABILITY | FIDUCIARY NET POSITION<br>AS A % OF TOTAL<br>PENSION LIABILITY |
|---------------------------------|-------------------------------|------------------------------|--------------------------|----------------------------------------------------------------|
| 2019                            | \$14,678,955                  | \$ 9,685,438                 | \$4,993,517              | 65.98%                                                         |
| 2020                            | 15,365,732                    | 11,071,799                   | 4,293,933                | 72.06%                                                         |
| 2021                            | 14,245,641                    | 12,335,121                   | 1,890,520                | 86.73%                                                         |

Source: The Audit.

See Note 6 to the Audit, and the related required supplementary information disclosures, attached as APPENDIX A hereto, for a description of the Fire Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Fire Pension Plan, and the financial reporting information required by the GASB Standards.

### DOWNSTATE POLICE AND FIRE PENSION CONSOLIDATION BILL

Public Act 101-0610 ("PA 101-610") authorizes the consolidation of more than 650 police and firefighter pension funds that provide benefits to police and firefighters located outside the boundaries of the City of Chicago, Illinois, into two statewide funds: The Police Officers' Pension

Investment Fund (the “*Consolidated Police Pension Fund*”) and The Firefighters’ Pension Investment Fund (the “*Consolidated Firefighters’ Pension Fund*,” and together with the Consolidated Police Pension Fund, the “*Consolidated Pension Funds*”). Upon consolidation, the Consolidated Police Pension Fund and the Consolidated Firefighters’ Pension Fund will have in excess of \$8 billion and \$6 billion in assets, respectively. The purpose of consolidating local pension funds into the Consolidated Pension Funds is to invest assets more efficiently and to reduce administrative costs in order to generate higher investment returns.

The Consolidated Pension Funds are to be governed by their respective 9-member board of trustees and managed by their respective executive directors. The Consolidated Pension Funds are established with the authority to manage the reserves, funds, assets, securities, properties and moneys of the participating police and fire pension funds which will make up the Consolidated Pension Funds.

Under PA 101-610, each underlying police and fire pension fund will maintain an individual and separate account within the newly established Consolidated Pension Funds. Therefore, no assets or liabilities of any individual police or fire pension fund can be shifted from one pension fund to another. Further, investment returns earned by the Consolidated Pension Funds will be allocated and distributed pro rata among each underlying pension fund account in accordance with the value of the pension fund assets attributable to each fund.

The City has transferred all its pension fund assets to the consolidated pension investment funds.

The City cannot determine at this time the financial impact PA 101-610 will have on the Police Pension Plan and the Fire Pension Plan. It may take several years to determine whether the Consolidated Pension Funds will improve the performance of participating police and fire pension funds by generating additional investment returns and reducing administration costs.

#### **OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing the pension benefits described above, the City provides post-employment healthcare benefits (“*OPEB*”) for eligible retired employees and their dependents through a single-employer defined benefit plan (the “*OPEB Plan*”). The City negotiates the contribution percentages between the City and employees through union contracts and its personnel policy. As of December 31, 2020, the OPEB Plan had a membership of 120. Measured as of December 31, 2020, the City’s total OPEB liability was \$679,504.

For additional information on the City’s post-employment benefits other than pensions, see Note 11 and the required supplementary information to the Audit, attached as APPENDIX A hereto.

#### **BOND RATINGS**

The “AA” (Stable Outlook) rating by S&P on the Bonds is based on the Policy to be issued by BAM concurrently with the delivery of the Bonds. S&P has assigned the Bonds an underlying rating of “AA-” (Stable Outlook). The ratings reflect only the views of such organization and any

explanation of the significance of such ratings may only be obtained from the rating agency. Certain information concerning the Bonds and the City not included in this Official Statement was furnished to S&P and BAM by the City. There is no assurance that the ratings will be maintained for any given period of time or that such ratings may not be changed by S&P if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the City nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such revision or withdrawal.

#### TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Code. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or

wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “*OID Bonds*”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accrued original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accrued original issue discount (the “*Revised Issue Price*”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors

regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Subject to the City's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## **CONTINUING DISCLOSURE**

The City will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “*MSRB*”) pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth below in “APPENDIX C—Proposed Form of Continuing Disclosure Undertaking.”

There have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the *Undertaking* will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the *Undertaking*. The City must report any failure to comply with the *Undertaking* in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **AUDITED FINANCIAL STATEMENTS**

The Audit contained in Appendix A, including the independent auditor’s report accompanying the Audit, has been prepared by Sikich LLP, Naperville, Illinois (the “*Auditor*”), and approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Audit nor has the City requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the Audit. Specific questions or inquiries relating to the financial information of the City since the date of the Audit should be directed to Chris Cardott, Finance Director of the City.

## **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series and maturity of the Bonds, in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset

servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the City takes no responsibility for the accuracy thereof.

The City will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any

notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“*Chapman and Cutler*”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the City. Chapman and Cutler has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although as Disclosure Counsel to the City, Chapman and Cutler has assisted the City with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the City, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor. Peterson, Johnson & Murray-Chicago, LLC, Chicago, Illinois, as Issuer’s Counsel, will pass on certain matters for the City.

## **NO LITIGATION**

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the City with the other customary closing papers when the Bonds are delivered.

## **UNDERWRITING**

Pursuant to the terms of a Bond Purchase Agreement (the “*Agreement*”) between the City and Robert W. Baird & Co. Incorporated, Naperville, Illinois (the “*Underwriter*”), the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$5,080,117.87. The purchase price will produce an underwriting spread of approximately 1.1126% of principal amount if all Bonds are sold at the initial offering prices. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

## AUTHORIZATION

This Official Statement has been approved by the City for distribution to prospective purchasers of the Bonds. The City Council, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, this Official Statement, together with any supplements thereto, as of the date hereof, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Chris Cardott

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Finance Director

City of Rochelle,

Ogle and Lee Counties, Illinois

April 25, 2023

## EXHIBITS

Exhibits A and C show the City's recent financial history for the General Fund of the City. Exhibit B provides information on the General Fund revenue sources of the City.

### **EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, GENERAL FUND, FISCAL YEARS ENDED DECEMBER 31, 2017-2021**

|                                                           | 2017                | 2018                | 2019                 | 2020                        | 2021                 |
|-----------------------------------------------------------|---------------------|---------------------|----------------------|-----------------------------|----------------------|
| <b>REVENUES:</b>                                          |                     |                     |                      |                             |                      |
| Taxes                                                     | \$ 4,808,769        | \$ 4,944,484        | \$ 5,191,633         | \$ 5,138,176                | \$ 6,044,790         |
| Intergovernmental                                         | 989,468             | 1,055,074           | 1,044,885            | 1,736,913                   | 1,329,583            |
| Licenses and Permits                                      | 217,220             | 272,493             | 297,041              | 263,163                     | 197,454              |
| Charges for Services                                      | 794,346             | 999,020             | 928,431              | 1,045,109                   | 1,318,600            |
| Fines and Forfeitures                                     | 103,713             | 106,399             | 87,554               | 79,369                      | 94,335               |
| Interest                                                  | 15,198              | 43,998              | 59,958               | 31,435                      | (15,983)             |
| Miscellaneous                                             | 91,663              | 262,278             | 139,982              | 95,886                      | 61,081               |
| <b>TOTAL REVENUES</b>                                     | <b>\$ 7,020,377</b> | <b>\$ 7,683,746</b> | <b>\$ 7,749,484</b>  | <b>\$ 8,390,051</b>         | <b>\$ 9,029,860</b>  |
| <b>EXPENDITURES:</b>                                      |                     |                     |                      |                             |                      |
| General Government                                        | \$ 2,017,799        | \$ 2,028,899        | \$ 2,253,771         | \$ 1,928,102                | \$ 1,886,558         |
| Public Safety                                             | 5,552,869           | 5,494,386           | 5,776,612            | 6,074,713                   | 6,691,523            |
| Public Works                                              | 1,478,315           | 1,600,905           | 1,887,491            | 1,684,516                   | 1,778,344            |
| Public Service Enterprises                                | 108,455             | 69,118              | 158,812              | 112,072                     | 179,904              |
| Conversation and Development                              | 183,981             | 11,496              | 24,206               | 6,349                       | 5,172                |
| <b>TOTAL EXPENDITURES</b>                                 | <b>\$ 9,341,419</b> | <b>\$ 9,204,804</b> | <b>\$ 10,100,892</b> | <b>\$ 9,892,518</b>         | <b>\$ 10,628,266</b> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$(2,321,042)       | \$(1,521,058)       | \$(2,351,408)        | \$(1,502,467)               | \$(1,598,406)        |
| <b>Other Sources (Uses):</b>                              |                     |                     |                      |                             |                      |
| Proceeds on Sale of Capital Assets                        | \$ 10,249           | \$ 13,527           | \$ 0                 | \$ 0                        | \$ 0                 |
| Loan Proceeds                                             | 0                   | 0                   | 248,973              | 0                           | 0                    |
| Net Transfers <sup>(1)</sup>                              | 2,328,326           | 2,183,298           | 2,952,169            | 2,548,607                   | 2,594,071            |
| <b>Total Other Sources (Uses)</b>                         | <b>\$ 2,338,575</b> | <b>\$ 2,196,825</b> | <b>\$ 3,201,142</b>  | <b>\$ 2,548,607</b>         | <b>\$ 2,594,071</b>  |
| Special Items                                             | \$ 0                | \$ 0                | \$ 0                 | \$ 3,730,000 <sup>(2)</sup> | \$ 0                 |
| Net Change in Fund Balance                                | \$ 17,533           | \$ 675,767          | \$ 849,734           | \$ 4,776,140                | \$ 995,665           |
| Beginning Fund Balance                                    | 2,116,857           | 2,134,390           | 2,810,157            | 3,659,891                   | 8,436,031            |
| <b>Fund Balance, End of Year</b>                          | <b>\$ 2,134,390</b> | <b>\$ 2,810,157</b> | <b>\$ 3,659,891</b>  | <b>\$ 8,436,031</b>         | <b>\$ 9,431,696</b>  |

Source: The City's Annual Financial Reports for the fiscal year ended December 31, 2017-2021.

- (1) Transfers into the General Fund from the Electric Fund, Water and Water Reclamation Fund and from the Non-major Enterprise Funds for annual transfers as permitted under bond ordinances (which cap the transfer from the Electric Fund at 5% of revenues from such fund) and City policies.
- (2) Includes additional proceeds received in connection with the sale of the System's transmission assets. See "THE ELECTRIC SYSTEM—Selected Financial Information for the Electric System" herein.

**EXHIBIT B — GENERAL FUND REVENUE SOURCES,  
FISCAL YEAR ENDED DECEMBER 31, 2021**

|                       | FY 2021<br>AMOUNT  | PERCENT OF<br>TOTAL | INCREASE<br>(DECREASE)<br>FROM FY 2020 |
|-----------------------|--------------------|---------------------|----------------------------------------|
| <b>Revenues:</b>      |                    |                     |                                        |
| Taxes                 | \$6,044,790        | 66.94%              | \$906,614                              |
| Intergovernmental     | 1,329,583          | 14.72%              | (407,330)                              |
| Licenses and Permits  | 197,454            | 2.19%               | (65,709)                               |
| Charges for Services  | 1,318,600          | 14.60%              | 273,491                                |
| Fines and Forfeitures | 94,335             | 1.04%               | 14,966                                 |
| Interest              | (15,983)           | -0.18%              | (47,418)                               |
| Miscellaneous         | 61,081             | 0.68%               | (34,805)                               |
| <b>Total</b>          | <b>\$9,029,860</b> | <b>100.00%</b>      | <b>\$639,809</b>                       |

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Source: The City's Annual Financial Reports for the fiscal years ended December 31, 2020, and December 31, 2021.

**EXHIBIT C — SUMMARY OF REVENUES AND EXPENDITURES – GENERAL FUND,  
FISCAL YEAR ENDING DECEMBER 31, 2022 (UNAUDITED)**

|                            | 2022 <sup>(1)</sup>           |
|----------------------------|-------------------------------|
| <b>Revenue:</b>            |                               |
| Taxes                      | \$ 5,687                      |
| Licenses and Permits       | 253                           |
| Charges for Services       | 1,464                         |
| Fines and Forfeitures      | 86                            |
| Intergovernmental          | 2,380                         |
| Miscellaneous              | <u>3,914</u>                  |
| Total Revenues             | <u>\$13,784<sup>(2)</sup></u> |
| <b>Expenditures:</b>       |                               |
| General Government         | \$ 2,283                      |
| Public Safety              | 7,043                         |
| Public Works               | 2,658                         |
| Public Service Enterprises | 0                             |
| Economic Development       | 12                            |
| Facility Operations        | 0                             |
| Cemetery                   | <u>150</u>                    |
| Total Expenditures         | <u>\$12,146<sup>(3)</sup></u> |

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Source: The City.

(1) Amounts are in thousands.

(2) Projected General Fund revenues exceed budget by approximately \$1.7 million. The primary drivers of this General Fund revenue performance were sales tax, income tax and replacement tax revenues, which, collectively, exceeded budgeted revenues by more than \$1.4 million.

(3) Projected General Fund expenditures are under budget by approximately \$900,000. The City did not make certain budgeted capital expenditures due to rising costs and resource availability which contributed to the lower-than-budgeted General Fund expenditures.

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE  
CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

# **City of Rochelle, Illinois**

Annual Comprehensive Financial Report  
For the Year Ended  
December 31, 2021



Prepared by:  
Finance Department

**Chris Cardott**  
Finance Director

**CITY OF ROCHELLE, ILLINOIS**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2021

Prepared by  
Finance Department

Chris Cardott  
Finance Director

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

List of Elected and Appointed Officers and Officials

December 31, 2021

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**Mayor**

John Bearrows

**City Council**

Rosaelia Arteaga

John Gruben

Bil Hayes

Kathryn Shaw-Dickey

Dan McDermott

Tom McDermott

**City Clerk**

Sue Messer

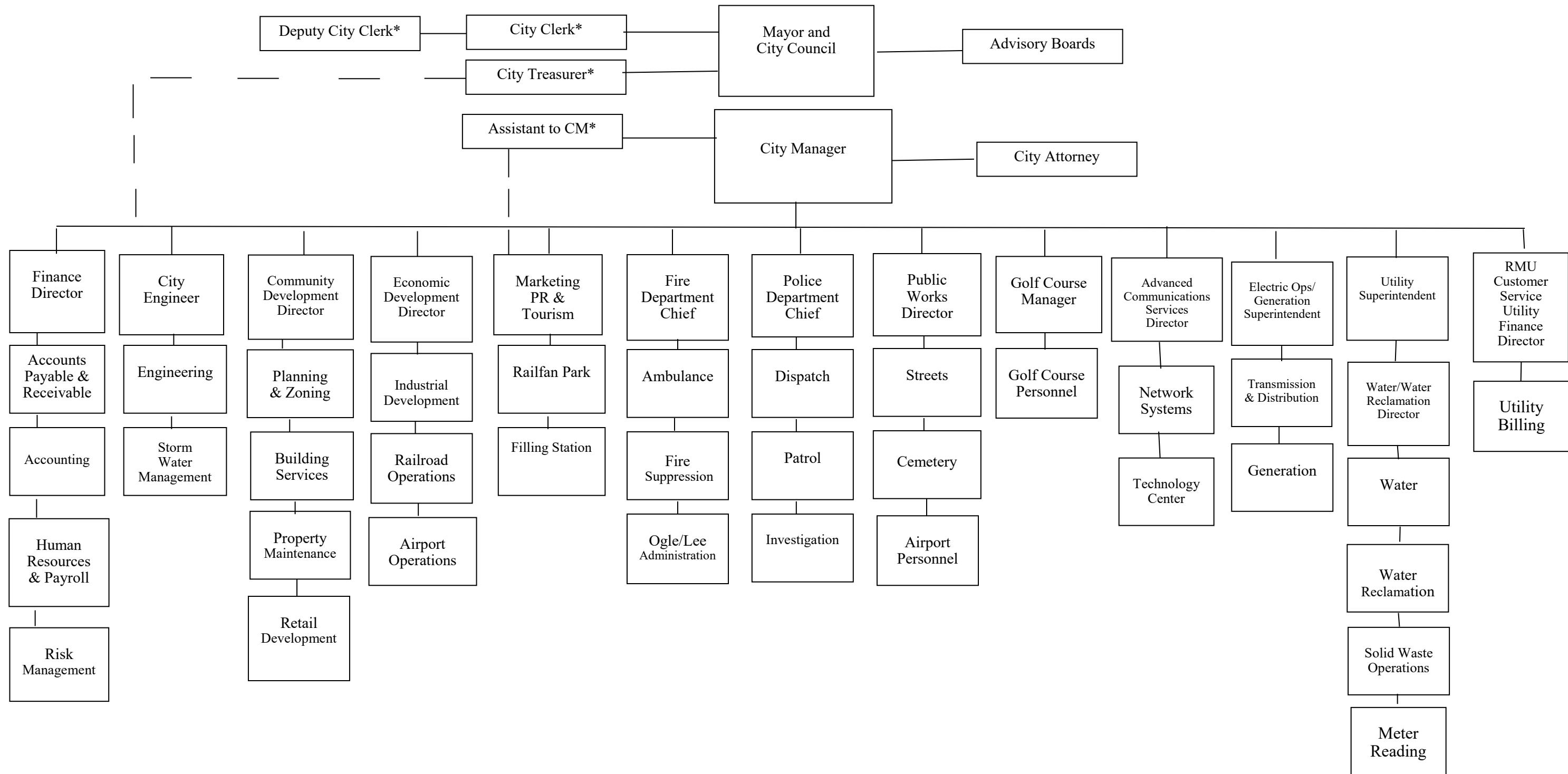
**City Manager**

Jeff Fiegenschuh

**Finance Director**

Chris Cardott

CITY OF ROCHELLE  
Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Rochelle  
Illinois**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Monell*

Executive Director/CEO



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

June 17, 2022

Mayor John Bearrows & Rochelle City Council  
Citizens of Rochelle

Submitted for your review and consideration is the Comprehensive Annual Financial Report of the City of Rochelle, for the calendar year ended December 31, 2021. Illinois State Statute requires that municipal governments, following the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report was prepared by the City's Administrative Services Department and is issued by the City of Rochelle in response to this requirement.

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

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

The City's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Rochelle for the calendar year ended December 31, 2021, are free from material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluation of

the overall financial statement presentation. The independent auditors concluded, based on their audit procedures, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the calendar year ended December 31, 2021, are presented fairly and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE CITY OF ROCHELLE**

The City of Rochelle, a non-home rule community as defined by the Illinois Constitution, was founded in 1853 and is located 80 miles west of Chicago, with quick access to state and interstate highways. Population as reported by the 2020 census is 8,968. The total population decreased 6.1% between 2010 and 2020. The median age in Rochelle (36.1) was lower than in Ogle County (42.4). The City of Rochelle is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done as economic development warrants.

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

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

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

The City Council is required to adopt an initial budget for the calendar year no later than December 31 preceding the beginning of the calendar year on January 1. This annual budget

together with the Strategic Plan serve as the foundation for the City's financial plan and organizational strategy. The budget is prepared by fund and department. Department heads may transfer resources within a department as they deem necessary. The City Manager may transfer resources between departments; however, transfers between funds require approval by the City Council.

## **MISSON, VISION, AND GOALS**

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

**Vision.** A vibrant community where all can thrive.

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

---

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

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

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

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

**Core Service Delivery** means we encourage employees to exercise independent judgment in meeting customer needs through professional behavior. We support continuing education and training for all staff members. (Proactive, Servants, Best Practices, Dedicated)

To achieve these goals department-wide performance measures were created in 2019.

## MAJOR CITY INITIATIVES

The City staff, following specific directives from the City Council and City Manager, has been involved in a variety of projects and initiatives throughout the 2021 Calendar Year. The most significant of these projects and initiatives are identified below:

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

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

**Construction of a new RMU Substation and Distribution Systems Analysis:** RMU completed construction on a new \$14 million substation to provide service to the south and east sides of town. The facility consists of two 50 MVA 138kv to 34.5kv transformers and one 20 MVA 138kv to 13.8kv transformer. The substation also includes 4 138kv breakers for reliability and ease of maintenance. It will have a modular blockhouse with Eaton switchgear and the newest generation of SEL relays. This substation is a large step in improving our serviceability to large industrial customers.

Last year the City hired BHMG to conduct reliability analysis of its electric distribution system. The system analysis was completed and the City Council will use the analysis to help us shape our capital projects in the next 10 years.

**Radium.** Radium levels exceeding the standard limit set by the Illinois Environmental Protection Agency (IEPA) is an ongoing issue in Rochelle. In 2018, Rochelle Municipal Utilities (RMU) constructed the City's first radium removal plant at Well 11. The \$2.7 million plant is the culmination of a two-year project to rid Rochelle's water supply of excess radium. The plant utilizes state-of-the-art technology and supervisory control and data acquisition (SCADA) safety

measures to communicate to plant operators electronically and to immediately alert staff of any potential problems. The project was financed through the low-interest Illinois Environmental Protection Agency Loan Program which offered forgiveness of \$500,000 of the project.

In 2020, RMU completed its second radium removal plant at Well 12 located south of the City's industrial park. Like the Well 11 project, this project was financed through the low-interest Illinois Environmental Protection Agency Loan Program. Other projects include the \$300,000 rehabilitation to Well 8 and the rehabilitation and potential construction of a new radium removal facility located at Well 4 and rehabilitation and painting of the Highway 251 Water Tower.

**Water Reclamation Plant Upgrades (Phases I & II):** Phase 1 was a \$7 million dollar project funded by a State of IL EPA Revolving Loan. The project consisted of a complete rehabilitation of the 10-million-gallon anaerobic lagoon and gas handling equipment, new headworks barscreen and grit washer, new system 1 lift station, conversion of the biological treatment to A2O for phosphorous removal, new turbo blower with automated controls, conversion to a certified lab and new office. Phase 2, which is also being funded through the IEPA, will consist of rehabilitating approximately 30 million gallons of excess flow lagoons, a 2<sup>nd</sup> barscreen at the headworks, new tertiary filters, and rehab of the secondary clarifiers.

**Implementation of a new ERP & Asset Management System:** Throughout 2021, the ERP committee, under the direction of the City Manager, began the process of converting to a new software system or Enterprise Resource Planning (ERP) system to address inefficiencies and meet citizen expectations for customer service. For the previous 22 years the City had been using the same Caselle software for accounting, utility billing, accounts payable, accounts receivable, inventory and project management. Gaps in system functionality result in significant staff time spent on manual calculations, data entry, and manual tracking of information in addition to lost opportunities for customer service. Ultimately the tools supporting staff and residents is built on technology that is more than 20 years old.

During the assessment through evaluating the existing process challenges, the City also identified there was a significant gap in the Street, Cemetery, Water, Water Reclamation, Electric, and IT departments' ability to effectively communicate and collaborate to respond to citizen requests. This gap hinders staff's ability to provide customer service as there is no way for departments to communicate, track and follow up on such requests across departments. The challenge to quickly and efficiently receive, communicate and address complaints, arises from the fact that the City has been using multiple separate stand-alone software programs for inventory, work orders, and asset tracking with none of them integrating with the current software.

Using the information gained from the assessment and the subsequent review of its EAM (Enterprise Asset Management) system(s) as well as solutions available on the market, the City Council authorized the City Manager to execute a contract with Incode ERP solution and DTS/VUEWorks EAM solutions for the new ERP and Asset Management Systems. The total authorized expenditures for the projects is not to exceed \$881,567.

**Infrastructure Improvements.** The City of Rochelle extended \$4.5 million of general obligation bonds in 2018 to fund top infrastructure projects throughout the community. The transaction did not affect property tax rates as the bond payment is tied to sales tax revenues. The City was able to take advantage of a low interest rate of 3.5%. Improvements in 2021 include but are not limited to 2<sup>nd</sup> Avenue street urbanization and drainage improvements, 4<sup>th</sup> Avenue drainage and street improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, 6<sup>th</sup> Street reconstruction project including utilities, South Main Street widening, Mulford Road reconstruction, general street improvements including curb and gutter, stormwater, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees.

**City of Rochelle Railroad (CIR):** The City's railroad system (CIR) was expanded to include more than 12,000 LF of new track, a 4-track rail bridge and the construction of the Rochelle Transloading Center. Due to the rail systems ability to store and switch a larger number of railcars, provide transloading services to dozens of industries across the region and attract more rail served industries to Rochelle, the CIR will more than triple its income potential. The total cost for the project was \$7.5M. It was funded by the EDA (48%), IDOT (37%) and the City of Rochelle (15%).

**City of Rochelle Airport:** The airport had one construction project in the fall of 2021. Most of the center ramp (75%), which had been asphalt, was removed and replaced with concrete. This provides a much stronger base to accommodate the heavier jets we have had parking here recently. It also provides a fuel resistant surface. This was a \$962,000 project, of which, the city paid \$48,000(5%).

**Industrial Development:** A major industrial development was the sale of the Nippon Sharyo manufacturing campus to Zekelman Industries. The new owner is converting the facility into a new use which will become the largest power user in the RMU electrical distribution operations once it opens. It is estimated this industry will create 125-150 new jobs beginning in Q3 2022. The facility will also be a large water user which is timely with the new well #12 coming online in 2020. The completion of the Rochelle Transloading Center (RTC) now provides industries within 75 miles a point of access to the UP and BNSF Railroads. A new stream of revenue will come online later this year as we finalize several agreements for use of the RTC.

**Downtown & Community Development:** Several utility and infrastructure projects have been completed or are currently underway. Private development has occurred with the opening of the Scale House Bar & Grill, Pickin Station, Bronco Truck Repair, R.P. Home & Harvest, Midwestern Clothing Company, Grupo Casa Zepeda Phone Services, Rocky's Smoke Shop, Majeska Motors, Breakthru Beverage, Steder Tattoo, Brown Tire Service and AJ Homes.

Our Downtown & Southern Gateway Tax Increment Financing (TIF) District has been in place for several years. We have been able to utilize our TIF District funds for several redevelopment agreements and anticipate more in the future as the funds grow.

Other initiatives that continue to assist our community is the Downtown Façade Improvement Program and our Small Business Permit Fee Waiver Program. In 2021, the Façade Program assisted 6 businesses with grant funds of \$22,179.17. \$2,090.00 in permit fees were waived for small businesses.

Beginning during the pandemic in 2020 and running through the end of 2021, the RMU Shop Local Program infused a total of \$2,980,136 into local businesses. Rochelle Municipal Utilities credited \$538,320 to our customer utility bills. The RMU Shop Local Program was a great program for residents and local businesses during a very difficult time.

The Hickory Grove Facility located in our Northern Gateway TIF is another property the City has purchased and demolished. The city secured a grant to assist with the demolition. A Request for Proposal, to redevelop the parcel, will be shared in 2022.

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

## FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

**Pension and Other Post-Employment Benefits.** The City of Rochelle recognizes that increased annual pension obligations are a major factor affecting financial condition. That additional

expense would cause a reduction in critical services to the citizens. To address this issue, the City council dedicated all future gaming revenues to be split equally between the police and fire pension plans. This is in addition to the amount levied annual to meet the actuarial recommendations.

The City relies on allocations of Local Government Distributive Fund (LGDF) from the State of Illinois. Income tax, use tax, and motor fuel tax is allocated on a per capita basis. With citizens moving out of Illinois and the lower 2020 census, the City may see a reduction in these General Services revenues. In past years, the city implemented an early separation incentive to reduce salary and benefit costs. To date, more than nine employees have taken advantage of this program. Many of these positions were absorbed by existing staff. As positions open, the organization assess the need to fill or consolidate. The City Manager's office has tasked HR with ensuring all new nonunion employees are trained across multiple job functions.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized report that satisfied both GAAP and applicable legal requirements.

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

The 2021 City of Rochelle budget was submitted to the Government Finance Officers Association (GFOA) and was awarded the Distinguished Budget Award for the second time. The award represents a significant achievement by the City. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. To receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

A Distinguished Budget Award is valid for a period of one year. We believe that the 2022 budget continues to meet the Distinguished Budget Award Program requirements and have submitted it to the GFOA to determine its eligibility for another award.

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

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

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

Submitted by:



Jeff Fiegenschuh  
City Manager



Chris Cardott  
Finance Director



CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Members of American Institute of Certified Public Accountants

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Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois (the City) as of and for the year ended December 31, 2021 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rochelle, Illinois, as of December 31, 2021 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **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.

### *Supplementary 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 combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Sikich LLP**

Naperville, Illinois  
June 17, 2022

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Rochelle offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2021. You are invited to read this narrative in conjunction with the City's financial statements.

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### **FINANCIAL HIGHLIGHTS**

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- The assets and deferred outflows of resources of the City of Rochelle exceeded its liabilities and deferred inflows of resources by \$173,149,102 (net position). Of this amount, \$27,607,865 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$6,813,163 is restricted for specific purposes (restricted net position), and \$138,728,074 is the net investment in capital assets.
- The City's total net position decreased by \$116,729. Governmental activities net position increased by \$1,580,373, while business-type net position decreased by \$1,697,102.
- The increase in net position for governmental activities of \$1,580,373 is primarily due to an increase in sales tax and actual expenditures coming in under budget.
- On December 31, 2021, the City's governmental funds reported combined fund balances of \$22,682,189, an increase of \$910,733 from December 31, 2020. Unassigned fund balance was \$9,247,072 at year end.
- Revenues for the governmental activities did not change from the previous year. Expenses decreased by 11%. The decreases were due to prior year grant funding for capital projects.
- The assets and deferred outflows of resources of the Electric Utility exceed its liabilities and deferred inflows of resources by \$57,893,129 (net position). Of this amount, \$18,180,205 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$39,712,924 is the net investment in capital assets.
- The assets and deferred outflows of resources of the Water Utility exceeded its liabilities and deferred inflows of resources by \$21,098,090 (net position). Of this amount, \$3,406,434 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$96,626 is restricted for debt service (restricted net position), and \$17,595,030 is the net investment in capital assets.
- The assets and deferred outflows of resources of the Water Reclamation Utility exceeded its liabilities and deferred inflows of resources by \$24,073,942 (net position). Of this amount, \$4,928,456 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, and \$19,145,486 is the net investment in capital assets.
- Operating revenues for the Electric Utility decreased 3% while expenses were up 4%. The decrease in revenues is from waiving penalties and offering a Shop Local Program that gave credits to customers that provided receipts from local businesses.
- Operating revenues for the Water Utility increased 4%, while operating expenses were up 10%. The increase is due to a rate increase plus higher materials and supplies expenses.
- Operating revenues for the Water Reclamation Utility increased 9%, while operating expenses were up 10%. The increase in revenue is from additional commercial and industrial customers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

#### ***GOVERNMENT-WIDE STATEMENTS***

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

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

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

#### ***FUND FINANCIAL STATEMENTS***

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

#### **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 Improvement Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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

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

**Table 1**  
**Condensed Statements of Net Position**

|                                  | 12/31/21<br>Governmental<br>Activities | 12/31/20<br>Governmental<br>Activities | 12/31/21<br>Business-type<br>Activities | 12/31/20<br>Business-type<br>Activities | 12/31/21<br>Total     | 12/31/20<br>Total     |
|----------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|-----------------------|
| Current Assets                   | \$ 23,149,307                          | \$ 21,364,785                          | \$ 46,150,056                           | \$ 41,856,224                           | \$ 69,299,363         | \$ 63,221,009         |
| Capital Assets                   | 61,716,179                             | 62,720,875                             | 98,596,715                              | 94,231,409                              | 160,312,894           | 156,952,284           |
| Total Assets                     | 84,865,486                             | 84,085,660                             | 144,746,771                             | 136,087,633                             | 229,612,257           | 220,173,293           |
| Deferred Outflows of Resources   | 2,257,863                              | 3,055,823                              | 1,444,291                               | 1,736,489                               | 3,702,154             | 4,792,312             |
| Long-term Liabilities            | 16,522,622                             | 21,253,327                             | 25,322,996                              | 17,122,079                              | 41,845,618            | 38,375,406            |
| Other Liabilities                | 1,353,534                              | 1,366,448                              | 4,953,057                               | 4,330,527                               | 6,306,591             | 5,696,975             |
| Total Liabilities                | 17,876,156                             | 22,619,775                             | 30,276,053                              | 21,452,606                              | 48,152,209            | 44,072,381            |
| Deferred Inflows of Resources    | 9,390,948                              | 6,245,837                              | 2,622,151                               | 1,381,556                               | 12,013,099            | 7,627,393             |
| Net investment in capital assets | 56,052,242                             | 58,859,625                             | 82,675,832                              | 79,346,069                              | 138,728,074           | 138,205,694           |
| Restricted                       | 6,716,537                              | 5,013,689                              | 96,626                                  | 563,537                                 | 6,813,163             | 5,577,226             |
| Unrestricted (Deficit)           | (2,912,535)                            | (5,597,443)                            | 30,520,400                              | 35,080,354                              | 27,607,865            | 29,482,911            |
| <b>Total Net Position</b>        | <b>\$ 59,856,244</b>                   | <b>\$ 58,275,871</b>                   | <b>\$ 113,292,858</b>                   | <b>\$ 114,989,960</b>                   | <b>\$ 173,149,102</b> | <b>\$ 173,265,831</b> |

The largest portion of the City's net position (80%) 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 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (16%) may be used to meet the government's ongoing obligation to citizens and creditors.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Table 2**  
**Condensed Statement of Activities**

|                                    | 12/31/21<br>Governmental<br>Activities | 12/31/20<br>Governmental<br>Activities | 12/31/21<br>Business-type<br>Activities | 12/31/20<br>Business-type<br>Activities | 12/31/21<br>Total  | 12/31/20<br>Total  |
|------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------|--------------------|--------------------|
| <b>Revenues:</b>                   |                                        |                                        |                                         |                                         |                    |                    |
| Program Revenues                   |                                        |                                        |                                         |                                         |                    |                    |
| Charges for Services               | \$ 2,771,822                           | \$ 2,518,101                           | \$ 45,098,708                           | \$ 45,553,145                           | \$ 47,870,530      | \$ 48,071,246      |
| Operating Grants and contributions | 441,057                                | 1,255,248                              | -                                       | -                                       | 441,057            | 1,255,248          |
| Capital Grants and Contributions   | 295,321                                | 1,623,130                              | 54,167                                  | 387,556                                 | 349,488            | 2,010,686          |
| General Revenues                   |                                        |                                        |                                         |                                         |                    |                    |
| Property Taxes                     | 4,359,008                              | 3,747,149                              | 59,398                                  | 59,498                                  | 4,418,406          | 3,806,647          |
| Other Taxes                        | 5,632,096                              | 5,563,992                              | -                                       | -                                       | 5,632,096          | 5,563,992          |
| Other                              | 1,451,298                              | 3,961,231                              | 189,104                                 | 10,500,055                              | 1,640,402          | 14,461,286         |
| Total Revenues                     | <u>14,950,602</u>                      | <u>18,668,851</u>                      | <u>45,401,377</u>                       | <u>56,500,254</u>                       | <u>60,351,979</u>  | <u>75,169,105</u>  |
| <b>Expenses:</b>                   |                                        |                                        |                                         |                                         |                    |                    |
| General Government                 | 2,383,960                              | 2,333,766                              | -                                       | -                                       | 2,383,960          | 2,333,766          |
| Public Safety                      | 6,284,213                              | 6,689,478                              | -                                       | -                                       | 6,284,213          | 6,689,478          |
| Public Works                       | 6,255,947                              | 4,385,718                              | -                                       | -                                       | 6,255,947          | 4,385,718          |
| Conservation and Development       | 399,595                                | 376,860                                | -                                       | -                                       | 399,595            | 376,860            |
| Public Service Enterprises         | 212,432                                | 140,131                                | -                                       | -                                       | 212,432            | 140,131            |
| Landfill                           | -                                      | -                                      | 555,521                                 | 445,106                                 | 555,521            | 445,106            |
| Airport                            | -                                      | -                                      | 589,650                                 | 489,087                                 | 589,650            | 489,087            |
| Electric                           | -                                      | -                                      | 35,116,085                              | 35,499,007                              | 35,116,085         | 35,499,007         |
| Water                              | -                                      | -                                      | 3,332,190                               | 3,063,276                               | 3,332,190          | 3,063,276          |
| Water Reclamation                  | -                                      | -                                      | 4,213,447                               | 3,276,009                               | 4,213,447          | 3,276,009          |
| Communications                     | -                                      | -                                      | -                                       | -                                       | -                  | -                  |
| Technology Center                  | -                                      | -                                      | 890,176                                 | 870,283                                 | 890,176            | 870,283            |
| Interest and Fiscal Charges        | 235,492                                | 258,405                                | -                                       | -                                       | 235,492            | 258,405            |
| Total Expenses                     | <u>15,771,639</u>                      | <u>14,184,358</u>                      | <u>44,697,069</u>                       | <u>43,642,768</u>                       | <u>60,468,708</u>  | <u>57,827,126</u>  |
| Income (Loss) Before Transfers     | (821,037)                              | 4,484,493                              | 704,308                                 | 12,857,485                              | (116,729)          | 17,341,978         |
| Transfers                          | <u>2,401,410</u>                       | <u>1,585,858</u>                       | <u>(2,401,410)</u>                      | <u>(1,585,858)</u>                      | <u>-</u>           | <u>-</u>           |
| Changes in Net Position            | <u>1,580,373</u>                       | <u>6,070,351</u>                       | <u>(1,697,102)</u>                      | <u>11,271,628</u>                       | <u>(116,729)</u>   | <u>17,341,979</u>  |
| Net Position, January 1            | <u>58,275,871</u>                      | <u>52,205,520</u>                      | <u>114,989,960</u>                      | <u>103,718,332</u>                      | <u>173,265,831</u> | <u>155,923,852</u> |
| Net Position, December 31          | <u>59,856,244</u>                      | <u>58,275,871</u>                      | <u>113,292,858</u>                      | <u>114,989,960</u>                      | <u>173,149,102</u> | <u>173,265,831</u> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

#### ***GOVERNMENTAL ACTIVITIES***

Governmental activities increased the City's net position by \$1,580,373. This increase is primarily a result of the following item:

- ARPA grant.
- Increase in tax revenues towards the end of COVID.

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

Business-type activities decreased the City's net position by \$1,697,102. This decrease is primarily a result of the following items:

- Waiving of penalties during COVID.
- Offering Shop Local Program to credit customer bills if they shopped at a local business.
- Rising building and supply costs.

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

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#### ***GOVERNMENTAL FUNDS***

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

On December 31, 2021, the City's governmental funds reported combined fund balances of \$18,010,321. Approximately 51% of this amount, \$9,247,072, constitutes unrestricted, unassigned fund balance, which is available to meet the City's current and future needs. The remaining \$8,763,249 is nonspendable in form (prepaid items and advances to other funds) or restricted or assigned for various capital improvements, tourism/employee benefits, and other specific purposes.

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

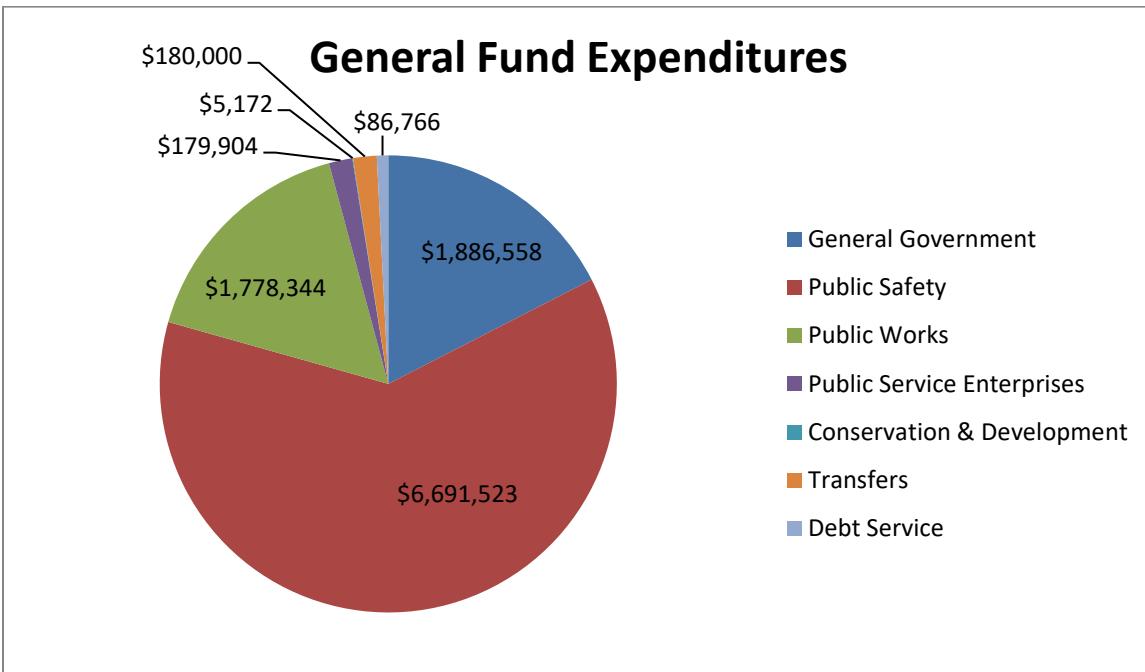
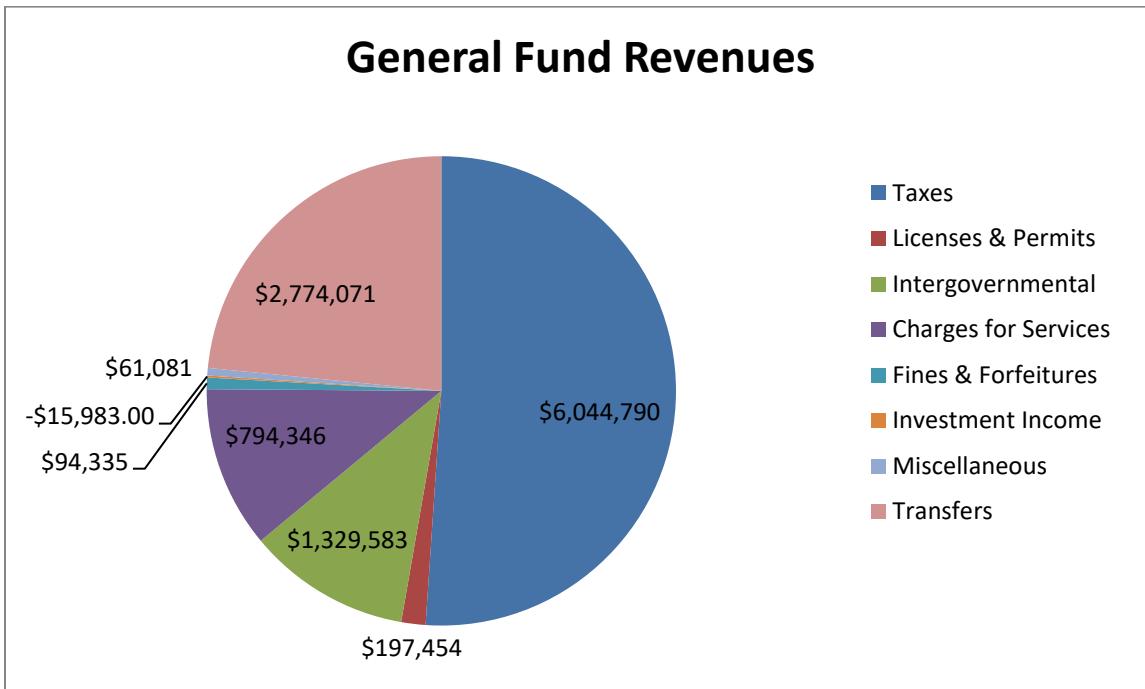
The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$995,665. Unrestricted, unassigned fund balance increased \$1,021,557. The increase is attributable primarily to the increase in sales tax revenue and expenditures coming in under budget.

#### ***Capital Improvement Fund***

Fund balance in the capital improvement fund decreased by \$1,732,885, which included a planned drawdown of fund balance for ongoing capital projects.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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#### ***GOVERNMENTAL FUNDS (cont.)***

##### ***Non-major Governmental Funds***

Fund balance of all other governmental funds is \$8,578,625, of which all but \$39,849 (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, water reclamation, and technology center. The total net position of the electric fund is \$57,893,129. Of that, \$39,712,924 is the net investment of capital assets. The water net position is \$21,098,090. That includes \$96,626 restricted for debt service and \$17,595,030 for the net investment in capital assets. The water reclamation net position is \$24,073,942. That includes \$19,145,486 for the net investment in capital assets. The net position of the technology center is \$2,099,468 and includes \$2,266,447 for the net investment in capital assets. Additional information on the major proprietary funds is as follows:

##### ***Electric Operations***

Electric operations decreased the 2021 utility's net position by \$1,615,218. This decrease is primarily a result of the following items:

- Construction of a substation to serve additional industrial customers.
- Increase in personnel cost due to COVID.

##### ***Water Operations***

Water operations decreased the 2021 utility's net position by \$141,034. This decrease is primarily a result of the following items:

- Increase in personnel cost due to COVID.

##### ***Water Reclamation Operations***

Water reclamation operations decreased the 2021 utility's net position by \$601,127. This decrease is primarily a result of the following items:

- Increase in personnel cost due to COVID.
- Increase in supply and chemical costs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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#### ***Technology Center***

Technology Center and Communication operations increased the 2021 utility's net position by \$551,759. This decrease is the result of the following item:

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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The final General Fund budget had total appropriations of \$10,839,849. Actual expenditures, excluding transfers out were \$10,628,266, resulting in a \$211,583 favorable variance. This is mainly due to the delay of SCBA equipment purchase at the fire department.

Total revenues and other sources were \$11,803,931, \$783,783 higher than the final budget.

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### **CAPITAL ASSETS**

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**Table 3**  
**Capital Assets**

|                                             | 12/31/21<br>Governmental<br>Activities | 12/31/20<br>Governmental<br>Activities | 12/31/21<br>Business-type<br>Activities | 12/31/20<br>Business-type<br>Activities | 12/31/21<br>Total     | 12/31/20<br>Total     |
|---------------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|-----------------------|
| Construction in progress                    | \$ -                                   | \$ 5,497,543                           | \$ 16,117,483                           | \$ 19,497,761                           | \$ 16,117,483         | \$ 24,995,304         |
| Land and other assets not being depreciated | 7,712,237                              | 6,612,411                              | 3,810,426                               | 3,810,426                               | 11,522,663            | 10,422,837            |
| Buildings and improvements                  | 3,780,421                              | 3,780,421                              | 7,488,749                               | 7,488,749                               | 11,269,170            | 11,269,170            |
| Machinery and equipment                     | 9,800,361                              | 9,551,047                              | 10,909,817                              | 10,829,817                              | 20,710,178            | 20,380,864            |
| Infrastructure and utility plant            | <u>79,435,199</u>                      | <u>73,890,588</u>                      | <u>158,221,978</u>                      | <u>144,962,943</u>                      | <u>237,657,177</u>    | <u>221,410,997</u>    |
| Total Capital Assets                        | 100,728,218                            | 99,332,010                             | 196,548,453                             | 186,589,696                             | 297,276,671           | 285,921,706           |
| Less: Accumulated Depreciation              | (39,012,039)                           | (36,611,135)                           | (97,951,738)                            | (92,358,284)                            | (136,963,777)         | (128,969,419)         |
| Net Capital Assets                          | <u>\$ 61,716,179</u>                   | <u>\$ 62,720,875</u>                   | <u>\$ 98,596,715</u>                    | <u>\$ 94,231,412</u>                    | <u>\$ 160,312,894</u> | <u>\$ 156,952,287</u> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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At the end fiscal year 2021, the City had invested a total of \$160,312,894 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

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

- Improvements to City sidewalks, streets, and alleys
- General system upgrades and extensions to electric, water, and wastewater
- Wastewater treatment plant upgrades
- Construction of an electric substation
- Extension of the rail system

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

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### **LONG-TERM DEBT**

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On December 31, 2021, the City had business-type activities debt including \$25,322,996 of long-term debt outstanding. \$1,300,000 is a Direct Placement Loan, \$7,775,000 is an Alternate Revenue Bond, \$11,534,902 is IEPA loans, \$2,245,000 is debt certificates, \$420,000 is a general obligation bond, and \$2,048,094 of other long-term debt (OPEB liability, asset retirement obligation, unamortized premium, and compensated absences). The City also has governmental activities debt outstanding of \$16,522,622. The amount of \$7,422,899 is in the form of general obligation tax increment financing bond, installment purchase contract, and debt certificates, while \$9,099,723 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.

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

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All currently known facts and economic conditions were considered in preparing the 2022 City budget. The City Council approved the 2022 Budget on December 13, 2021.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION**

December 31, 2021

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|                                                                       | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>    |
|-----------------------------------------------------------------------|--------------------------------|---------------------------------|-----------------|
| <b>ASSETS</b>                                                         |                                |                                 |                 |
| Cash and Investments                                                  | \$ 16,611,393                  | \$ 37,124,449                   | \$ 53,735,842   |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) |                                |                                 |                 |
| Property Taxes                                                        | 2,925,239                      | 61,395                          | 2,986,634       |
| Accounts                                                              | 560,526                        | 5,725,792                       | 6,286,318       |
| Accrued Interest                                                      | -                              | 203                             | 203             |
| Other                                                                 | 71,435                         | 321,188                         | 392,623         |
| Prepaid Expenses                                                      | -                              | 156                             | 156             |
| Deposits                                                              | -                              | 312,294                         | 312,294         |
| Due from Other Governments                                            | 1,287,371                      | -                               | 1,287,371       |
| Internal Balances                                                     | 89,929                         | (89,929)                        | -               |
| Inventory                                                             | -                              | 1,079,683                       | 1,079,683       |
| Restricted Assets                                                     |                                |                                 |                 |
| Restricted Cash and Investments                                       | 111,754                        | 184,266                         | 296,020         |
| Cash Held at Paying Agent                                             | 597,350                        | 51,372                          | 648,722         |
| Special Assessments                                                   | -                              | 117,064                         | 117,064         |
| Net Pension Asset                                                     | 894,310                        | 1,262,123                       | 2,156,433       |
| Capital Assets                                                        |                                |                                 |                 |
| Not Depreciated                                                       | 7,712,237                      | 19,927,909                      | 27,640,146      |
| Depreciated (Net of Accumulated Depreciation)                         | 54,003,942                     | 78,668,806                      | 132,672,748     |
| <br>Total Assets                                                      | <br>84,865,486                 | <br>144,746,771                 | <br>229,612,257 |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                                |                                 |                 |
| Pension/OPEB Items                                                    | 2,257,863                      | 917,860                         | 3,175,723       |
| Asset Retirement Obligation                                           | -                              | 454,773                         | 454,773         |
| Unamortized Loss on Refunding                                         | -                              | 71,658                          | 71,658          |
| <br>Total Deferred Outflows of Resources                              | <br>2,257,863                  | <br>1,444,291                   | <br>3,702,154   |
| <br>Total Assets and Deferred Outflows of Resources                   | <br>87,123,349                 | <br>146,191,062                 | <br>233,314,411 |

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2021

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|                                                         | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>       |
|---------------------------------------------------------|--------------------------------|---------------------------------|--------------------|
| <b>LIABILITIES</b>                                      |                                |                                 |                    |
| Accounts Payable                                        | \$ 339,652                     | \$ 4,537,662                    | \$ 4,877,314       |
| Accrued Payroll                                         | 195,344                        | 60,015                          | 255,359            |
| Accrued Interest Payable                                | 75,921                         | 106,881                         | 182,802            |
| Other Payables                                          | -                              | 208,436                         | 208,436            |
| Deposits Payable                                        | 125,834                        | 30,323                          | 156,157            |
| Unearned Revenue                                        | 616,783                        | 9,740                           | 626,523            |
| Long-Term Liabilities                                   |                                |                                 |                    |
| Due Within One Year                                     | 1,494,636                      | 1,762,689                       | 3,257,325          |
| Due in More than One Year                               | 15,027,986                     | 23,560,307                      | 38,588,293         |
| <br>Total Liabilities                                   | <br>17,876,156                 | <br>30,276,053                  | <br>48,152,209     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                                |                                 |                    |
| Pension/OPEB Items                                      | 6,465,709                      | 2,560,756                       | 9,026,465          |
| Deferred Property Taxes                                 | 2,925,239                      | 61,395                          | 2,986,634          |
| <br>Total Deferred Inflows of Resources                 | <br>9,390,948                  | <br>2,622,151                   | <br>12,013,099     |
| <br>Total Liabilities and Deferred Inflows of Resources | <br>27,267,104                 | <br>32,898,204                  | <br>60,165,308     |
| <b>NET POSITION</b>                                     |                                |                                 |                    |
| Net Investment in Capital Assets                        | 56,052,242                     | 82,675,832                      | 138,728,074        |
| Restricted for                                          |                                |                                 |                    |
| Audit                                                   | 6,559                          | -                               | 6,559              |
| Insurance                                               | 66,966                         | -                               | 66,966             |
| Maintenance of Roadways                                 | 989,573                        | -                               | 989,573            |
| Tourism                                                 | 221,696                        | -                               | 221,696            |
| Employee Retirement                                     | 44,100                         | -                               | 44,100             |
| Capital Improvements                                    | 3,650,951                      | -                               | 3,650,951          |
| Economic Development                                    | 1,567,467                      | -                               | 1,567,467          |
| Public Safety                                           | 46,675                         | -                               | 46,675             |
| Cemetery                                                | 122,550                        | -                               | 122,550            |
| Debt Service                                            | -                              | 96,626                          | 96,626             |
| Unrestricted (Deficit)                                  | (2,912,534)                    | 30,520,400                      | 27,607,866         |
| <br><b>TOTAL NET POSITION</b>                           | <br>\$ 59,856,245              | <br>\$ 113,292,858              | <br>\$ 173,149,103 |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

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| <b>FUNCTIONS/PROGRAMS<br/>PRIMARY GOVERNMENT</b> | <b>Program Revenues</b> |                                 |                                                   |                                                 |
|--------------------------------------------------|-------------------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                                  | <b>Expenses</b>         | <b>Charges<br/>for Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |
| Governmental Activities                          |                         |                                 |                                                   |                                                 |
| General Government                               | \$ 2,383,960            | \$ 1,073,874                    | \$ 7,929                                          | \$ -                                            |
| Public Safety                                    | 6,284,213               | 1,052,005                       | -                                                 | -                                               |
| Public Works                                     | 6,255,947               | 358,212                         | 433,128                                           | 295,321                                         |
| Public Service Enterprises                       | 212,432                 | 59,500                          | -                                                 | -                                               |
| Conservation and Development                     | 399,595                 | 228,231                         | -                                                 | -                                               |
| Interest                                         | 235,492                 | -                               | -                                                 | -                                               |
| Total Governmental Activities                    | <u>15,771,639</u>       | <u>2,771,822</u>                | <u>441,057</u>                                    | <u>295,321</u>                                  |
| Business-Type Activities                         |                         |                                 |                                                   |                                                 |
| Electric                                         | 35,116,085              | 35,466,187                      | -                                                 | -                                               |
| Water                                            | 3,332,190               | 3,324,397                       | -                                                 | -                                               |
| Water Reclamation                                | 4,213,447               | 3,795,872                       | -                                                 | -                                               |
| Technology Center                                | 890,176                 | 1,439,758                       | -                                                 | -                                               |
| Landfill                                         | 555,521                 | 727,444                         | -                                                 | -                                               |
| Airport                                          | 589,650                 | 345,050                         | -                                                 | 54,167                                          |
| Total Business-Type Activities                   | <u>44,697,069</u>       | <u>45,098,708</u>               | <u>-</u>                                          | <u>54,167</u>                                   |
| <b>TOTAL PRIMARY GOVERNMENT</b>                  | <b>\$ 60,468,708</b>    | <b>\$ 47,870,530</b>            | <b>\$ 441,057</b>                                 | <b>\$ 349,488</b>                               |

| <b>Net (Expense) Revenue and Change in Net Position</b> |                                 |                |                |
|---------------------------------------------------------|---------------------------------|----------------|----------------|
| <b>Primary Government</b>                               |                                 |                |                |
| <b>Governmental Activities</b>                          | <b>Business-Type Activities</b> | <b>Total</b>   |                |
| \$ (1,302,157)                                          | \$ -                            | \$ (1,302,157) |                |
| (5,232,208)                                             | -                               | (5,232,208)    |                |
| (5,169,286)                                             | -                               | (5,169,286)    |                |
| (152,932)                                               | -                               | (152,932)      |                |
| (171,364)                                               | -                               | (171,364)      |                |
| (235,492)                                               | -                               | (235,492)      |                |
|                                                         |                                 |                |                |
| (12,263,439)                                            | -                               | (12,263,439)   |                |
|                                                         |                                 |                |                |
|                                                         | - 350,102                       | 350,102        |                |
|                                                         | (7,793)                         | (7,793)        |                |
|                                                         | (417,575)                       | (417,575)      |                |
|                                                         | 549,582                         | 549,582        |                |
|                                                         | 171,923                         | 171,923        |                |
|                                                         | (190,433)                       | (190,433)      |                |
|                                                         |                                 |                |                |
|                                                         | - 455,806                       | 455,806        |                |
|                                                         |                                 |                |                |
|                                                         | (12,263,439)                    | 455,806        | (11,807,633)   |
|                                                         |                                 |                |                |
| <b>General Revenues</b>                                 |                                 |                |                |
| Taxes                                                   |                                 |                |                |
| Property and Replacement                                | 3,925,817                       | -              | 3,925,817      |
| Sales and Use                                           | 4,246,783                       | -              | 4,246,783      |
| Telecommunications                                      | 265,957                         | -              | 265,957        |
| Hotel/Motel                                             | 242,022                         | -              | 242,022        |
| Utility                                                 | 536,084                         | -              | 536,084        |
| Other                                                   | 341,250                         | -              | 341,250        |
| Shared Income Tax                                       | 1,263,654                       | -              | 1,263,654      |
| Intergovernmental - Unrestricted                        | 75,000                          | -              | 75,000         |
| Replacement Tax                                         | 433,191                         | 59,398         | 492,589        |
| Investment Income                                       | 19,020                          | 99,271         | 118,291        |
| Miscellaneous                                           | 93,625                          | 89,833         | 183,458        |
| Transfers In (Out)                                      | 2,401,410                       | (2,401,410)    | -              |
|                                                         |                                 |                |                |
| Total                                                   | 13,843,813                      | (2,152,908)    | 11,690,905     |
|                                                         |                                 |                |                |
| <b>CHANGE IN NET POSITION</b>                           | 1,580,374                       | (1,697,102)    | (116,728)      |
|                                                         |                                 |                |                |
| <b>NET POSITION, JANUARY 1</b>                          | 58,275,871                      | 114,989,960    | 173,265,831    |
|                                                         |                                 |                |                |
| <b>NET POSITION, DECEMBER 31</b>                        | \$ 59,856,245                   | \$ 113,292,858 | \$ 173,149,103 |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2021

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|                                                                       | <b>General</b>       | <b>Capital Improvement</b> | <b>Nonmajor Governmental Funds</b> | <b>Total Governmental Funds</b> |
|-----------------------------------------------------------------------|----------------------|----------------------------|------------------------------------|---------------------------------|
| <b>ASSETS</b>                                                         |                      |                            |                                    |                                 |
| Cash and Investments                                                  | \$ 8,527,132         | \$ 62,371                  | \$ 7,942,430                       | \$ 16,531,933                   |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) |                      |                            |                                    |                                 |
| Property Taxes                                                        | 2,120,239            | -                          | 805,000                            | 2,925,239                       |
| Accounts                                                              | 345,025              | -                          | 215,501                            | 560,526                         |
| Due from Other Governments                                            | 899,991              | -                          | 387,380                            | 1,287,371                       |
| Due from Other Funds                                                  | 555,862              | -                          | 89,929                             | 645,791                         |
| Advance to Other Funds                                                | 22,225               | -                          | -                                  | 22,225                          |
| Restricted Assets                                                     |                      |                            |                                    |                                 |
| Cash and Investments                                                  | -                    | 111,754                    | -                                  | 111,754                         |
| Cash Held at Paying Agent                                             | -                    | 597,350                    | -                                  | 597,350                         |
| <b>TOTAL ASSETS</b>                                                   | <b>\$ 12,470,474</b> | <b>\$ 771,475</b>          | <b>\$ 9,440,240</b>                | <b>\$ 22,682,189</b>            |

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS (Continued)**

December 31, 2021

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|                                                                           | <b>General</b>       | <b>Capital Improvement</b> | <b>Nonmajor Governmental Funds</b> | <b>Total Governmental Funds</b> |
|---------------------------------------------------------------------------|----------------------|----------------------------|------------------------------------|---------------------------------|
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                      |                            |                                    |                                 |
| <b>LIABILITIES</b>                                                        |                      |                            |                                    |                                 |
| Accounts Payable                                                          | \$ 183,843           | \$ 112,566                 | \$ 22,627                          | \$ 319,036                      |
| Accrued Payroll                                                           | 102,913              | -                          | 3,976                              | 106,889                         |
| Deposits Payable                                                          | 16,500               | 109,334                    | -                                  | 125,834                         |
| Due to Other Funds                                                        | -                    | 538,238                    | 17,624                             | 555,862                         |
| Advance from Other Funds                                                  | -                    | -                          | 22,225                             | 22,225                          |
| Unearned Revenue                                                          | 615,283              | -                          | 1,500                              | 616,783                         |
| <br>Total Liabilities                                                     | <br>918,539          | <br>760,138                | <br>67,952                         | <br>1,746,629                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                      |                            |                                    |                                 |
| Unavailable Property Taxes                                                | 2,120,239            | -                          | 805,000                            | 2,925,239                       |
| <br>Total Liabilities and Deferred Inflows of Resources                   | <br>3,038,778        | <br>760,138                | <br>872,952                        | <br>4,671,868                   |
| <b>FUND BALANCES</b>                                                      |                      |                            |                                    |                                 |
| Nonspendable Advance to Other Funds                                       | 22,225               | -                          | -                                  | 22,225                          |
| Restricted for Audit                                                      | -                    | -                          | 6,559                              | 6,559                           |
| Restricted for Insurance                                                  | -                    | -                          | 66,966                             | 66,966                          |
| Restricted for Maintenance of Roadways                                    | -                    | -                          | 989,573                            | 989,573                         |
| Restricted for Tourism                                                    | -                    | -                          | 221,696                            | 221,696                         |
| Restricted for Employee Retirement                                        | -                    | -                          | 44,100                             | 44,100                          |
| Restricted for Capital Improvements                                       | -                    | -                          | 3,650,951                          | 3,650,951                       |
| Restricted for Economic Development                                       | -                    | -                          | 1,567,467                          | 1,567,467                       |
| Restricted for Public Safety                                              | -                    | -                          | 46,675                             | 46,675                          |
| Restricted for Cemetery                                                   | 122,550              | -                          | -                                  | 122,550                         |
| Unrestricted                                                              |                      |                            |                                    |                                 |
| Assigned for Railroad                                                     | -                    | -                          | 1,529,976                          | 1,529,976                       |
| Assigned for Ambulance Replacement                                        | -                    | -                          | 160,628                            | 160,628                         |
| Assigned for Stormwater                                                   | -                    | -                          | 169,278                            | 169,278                         |
| Assigned for Capital Purposes                                             | -                    | 11,337                     | 153,268                            | 164,605                         |
| Unassigned                                                                | 9,286,921            | -                          | (39,849)                           | 9,247,072                       |
| <br>Total Fund Balances                                                   | <br>9,431,696        | <br>11,337                 | <br>8,567,288                      | <br>18,010,321                  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                      |                            |                                    |                                 |
|                                                                           | <b>\$ 12,470,474</b> | <b>\$ 771,475</b>          | <b>\$ 9,440,240</b>                | <b>\$ 22,682,189</b>            |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2021

---

| <b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>                                                                                                                                                                                                                                                                                   | \$ 18,010,321        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 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                                                                                                                                                                                        | 61,701,576           |
| 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 | (1,222,658)          |
| 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                                                                  | (666,964)            |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position                                                           | (2,376,066)          |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Other Postemployment Benefit Plan are recognized as deferred outflows and inflows of resources on the statement of net position                                                    | 57,842               |
| 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                                                                                                                                                                                                                                                                             | (1,865,000)          |
| General Obligation Bonds                                                                                                                                                                                                                                                                                                     | (3,500,000)          |
| General Obligation Debt Certificates                                                                                                                                                                                                                                                                                         | (990,000)            |
| Installment Purchase Contract                                                                                                                                                                                                                                                                                                | (1,067,899)          |
| Accrued interest payable                                                                                                                                                                                                                                                                                                     | (75,921)             |
| Unamortized bond premium                                                                                                                                                                                                                                                                                                     | (145,409)            |
| Compensated absences payable                                                                                                                                                                                                                                                                                                 | (607,133)            |
| Net pension asset - IMRF                                                                                                                                                                                                                                                                                                     | 894,310              |
| Net pension liability - Police Pension                                                                                                                                                                                                                                                                                       | (6,114,429)          |
| Net pension liability - Firefighters' Pension                                                                                                                                                                                                                                                                                | (1,890,520)          |
| Other postemployment benefit liability                                                                                                                                                                                                                                                                                       | (292,905)            |
| The net position of the internal service fund are included in the governmental activities in the statement of net position                                                                                                                                                                                                   | 7,100                |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                               | <b>\$ 59,856,245</b> |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                      | General             | Capital Improvement | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------------|---------------------|---------------------|-----------------------------|--------------------------|
| <b>REVENUES</b>                                      |                     |                     |                             |                          |
| Taxes                                                | \$ 6,044,790        | \$ -                | \$ 3,911,605                | \$ 9,956,395             |
| Licenses and Permits                                 | 197,454             | -                   | 48,915                      | 246,369                  |
| Intergovernmental                                    | 1,329,583           | -                   | 745,450                     | 2,075,033                |
| Charges for Services                                 | 1,318,600           | -                   | 1,112,719                   | 2,431,319                |
| Fines and Forfeitures                                | 94,335              | -                   | -                           | 94,335                   |
| Investment Income                                    | (15,983)            | 7,534               | 27,469                      | 19,020                   |
| Miscellaneous                                        | 61,081              | -                   | 62,183                      | 123,264                  |
| Total Revenues                                       | 9,029,860           | 7,534               | 5,908,341                   | 14,945,735               |
| <b>EXPENDITURES</b>                                  |                     |                     |                             |                          |
| Current                                              |                     |                     |                             |                          |
| General Government                                   | 1,886,558           | 750                 | 452,422                     | 2,339,730                |
| Public Safety                                        | 6,691,523           | -                   | 303,684                     | 6,995,207                |
| Public Works                                         | 1,778,344           | -                   | 772,166                     | 2,550,510                |
| Public Service Enterprises                           | 179,904             | -                   | 7,204                       | 187,108                  |
| Conservation and Development                         | 5,172               | -                   | 395,404                     | 400,576                  |
| Capital Outlay                                       | -                   | 2,198,929           | 1,226,917                   | 3,425,846                |
| Debt Service                                         |                     |                     |                             |                          |
| Principal                                            | 81,662              | 680,000             | 172,476                     | 934,138                  |
| Interest and Fiscal Charges                          | 5,103               | 182,025             | 75,919                      | 263,047                  |
| Total Expenditures                                   | 10,628,266          | 3,061,704           | 3,406,192                   | 17,096,162               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | (1,598,406)         | (3,054,170)         | 2,502,149                   | (2,150,427)              |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                     |                             |                          |
| Transfers In                                         | 2,774,071           | 1,396,285           | 255,000                     | 4,425,356                |
| Transfers (Out)                                      | (180,000)           | (75,000)            | (1,768,946)                 | (2,023,946)              |
| Issuance of Contractual Commitment                   | -                   | -                   | 659,750                     | 659,750                  |
| Total Other Financing Sources (Uses)                 | 2,594,071           | 1,321,285           | (854,196)                   | 3,061,160                |
| NET CHANGE IN FUND BALANCES                          | 995,665             | (1,732,885)         | 1,647,953                   | 910,733                  |
| FUND BALANCES, JANUARY 1                             | 8,436,031           | 1,744,222           | 6,919,335                   | 17,099,588               |
| <b>FUND BALANCES, DECEMBER 31</b>                    | <b>\$ 9,431,696</b> | <b>\$ 11,337</b>    | <b>\$ 8,567,288</b>         | <b>\$ 18,010,321</b>     |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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| <b>NET CHANGE IN FUND BALANCES -<br/>TOTAL GOVERNMENTAL FUNDS</b>                                                                                                                 | <b>\$ 910,733</b>          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Amounts reported for governmental activities in the statement of activities are different because:                                                                                |                            |
| Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities                                            | 1,407,308                  |
| 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                                                                                                                                                                      | (2,406,820)                |
| Change in compensated absences                                                                                                                                                    | 35,028                     |
| Proceeds from the disposal of capital assets are recognized in governmental funds but the loss is recognized on the statement of activities                                       | (5,184)                    |
| The amortizations of premiums is reported as interest expense on the statement of activities                                                                                      | 23,960                     |
| The issuance of long-term debt is reported as on other financing source when due in governmental funds but as an increase in principal outstanding on the statement of activities |                            |
| Installment Purchase Contract                                                                                                                                                     | (659,750)                  |
| The change in interest payable is reported as an increase of expense on the statement of activities                                                                               | 8,463                      |
| 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          | 934,138                    |
| 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             | 559,292                    |
| 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                             | 246,490                    |
| The change in the Firefighters' Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resources                     | 633,842                    |
| The change in the Other Postemployment Benefit liability and deferred outflows/inflows of resources is not a source or use of a financial resources                               | 18,504                     |
| The increase in net position of certain activities of Internal Service Funds is included in governmental funds                                                                    | (125,630)                  |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                          | <b><u>\$ 1,580,374</u></b> |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

December 31, 2021

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|                                                 | <b>Business-Type Activities</b> |                   |                          |
|-------------------------------------------------|---------------------------------|-------------------|--------------------------|
|                                                 | <b>Electric Utility</b>         | <b>Water</b>      | <b>Water Reclamation</b> |
| <b>CURRENT ASSETS</b>                           |                                 |                   |                          |
| Cash and Investments                            | \$ 24,917,044                   | \$ 3,219,416      | \$ 4,605,537             |
| Receivables                                     |                                 |                   |                          |
| Property Taxes                                  | -                               | -                 | -                        |
| Accounts                                        | 4,357,231                       | 498,820           | 642,823                  |
| Accrued Interest                                | -                               | -                 | 203                      |
| Other                                           | 249,840                         | 59,801            | 11,547                   |
| Prepaid Expenses                                | -                               | -                 | -                        |
| Deposits                                        | 312,294                         | -                 | -                        |
| Inventory                                       | 1,045,334                       | -                 | -                        |
| Due from Other Governments                      |                                 |                   |                          |
| Restricted Assets                               |                                 |                   |                          |
| Cash and Investments                            | -                               | 96,626            | -                        |
| Cash Held at Paying Agent                       | -                               | -                 | -                        |
| Total Current Assets                            | <u>30,881,743</u>               | <u>3,874,663</u>  | <u>5,260,110</u>         |
| <b>NONCURRENT ASSETS</b>                        |                                 |                   |                          |
| Advance to Other Funds                          | 409,044                         | -                 | -                        |
| Special Assessments                             | -                               | -                 | 117,064                  |
| Net Pension Asset                               | 761,634                         | 92,729            | 253,664                  |
| Subtotal Noncurrent Assets                      | <u>1,170,678</u>                | <u>92,729</u>     | <u>370,728</u>           |
| <b>CAPITAL ASSETS</b>                           |                                 |                   |                          |
| Nondepreciable                                  | 14,714,079                      | 1,669,807         | 600,297                  |
| Depreciable                                     | 76,812,389                      | 33,554,415        | 51,375,436               |
| Accumulated Depreciation                        | (50,078,635)                    | (10,857,947)      | (28,066,590)             |
| Net Capital Assets                              | <u>41,447,833</u>               | <u>24,366,275</u> | <u>23,909,143</u>        |
| Total Noncurrent Assets                         | <u>42,618,511</u>               | <u>24,459,004</u> | <u>24,279,871</u>        |
| Total Assets                                    | <u>73,500,254</u>               | <u>28,333,667</u> | <u>29,539,981</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                 |                   |                          |
| Pension/OPEB Items                              | 546,014                         | 70,196            | 185,334                  |
| Asset Retirement Obligation                     | -                               | 454,773           | -                        |
| Unamortized Loss on Refunding                   | -                               | -                 | -                        |
| Total Deferred Outflows of Resources            | <u>546,014</u>                  | <u>524,969</u>    | <u>185,334</u>           |
| Total Assets and Deferred Outflows of Resources | <u>74,046,268</u>               | <u>28,858,636</u> | <u>29,725,315</u>        |

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| Technology<br>Center | Business-Type Activities        |                    |                | Governmental<br>Activities   |  |
|----------------------|---------------------------------|--------------------|----------------|------------------------------|--|
|                      | Nonmajor<br>Enterprise<br>Funds |                    | Total          | Internal<br>Service<br>Funds |  |
|                      |                                 |                    |                |                              |  |
| \$ 230,244           | \$ 4,152,208                    | \$ 37,124,449      | \$ 79,460      |                              |  |
| -                    | 61,395                          | 61,395             | -              |                              |  |
| 106,545              | 120,373                         | 5,725,792          | -              |                              |  |
| -                    | -                               | 203                | -              |                              |  |
| -                    | -                               | 321,188            | 71,435         |                              |  |
| 156                  | -                               | 156                | -              |                              |  |
| -                    | -                               | 312,294            | -              |                              |  |
| -                    | 34,349                          | 1,079,683          | -              |                              |  |
| -                    | -                               | -                  | -              |                              |  |
| -                    | 87,640                          | 184,266            | -              |                              |  |
| -                    | 51,372                          | 51,372             | -              |                              |  |
| <b>336,945</b>       | <b>4,507,337</b>                | <b>44,860,798</b>  | <b>150,895</b> |                              |  |
|                      |                                 |                    |                |                              |  |
| -                    | -                               | 409,044            | -              |                              |  |
| -                    | -                               | 117,064            | -              |                              |  |
| 125,453              | 28,643                          | 1,262,123          | -              |                              |  |
| <b>125,453</b>       | <b>28,643</b>                   | <b>1,788,231</b>   | <b>-</b>       |                              |  |
|                      |                                 |                    |                |                              |  |
| 519,453              | 2,424,273                       | 19,927,909         | -              |                              |  |
| 9,218,544            | 5,659,760                       | 176,620,544        | 141,220        |                              |  |
| (5,225,568)          | (3,722,998)                     | (97,951,738)       | (126,617)      |                              |  |
| <b>4,512,429</b>     | <b>4,361,035</b>                | <b>98,596,715</b>  | <b>14,603</b>  |                              |  |
| <b>4,637,882</b>     | <b>4,389,678</b>                | <b>100,384,946</b> | <b>14,603</b>  |                              |  |
| <b>4,974,827</b>     | <b>8,897,015</b>                | <b>145,245,744</b> | <b>165,498</b> |                              |  |
|                      |                                 |                    |                |                              |  |
| 96,306               | 20,010                          | 917,860            | -              |                              |  |
| -                    | -                               | 454,773            | -              |                              |  |
| 56,748               | 14,910                          | 71,658             | -              |                              |  |
| <b>153,054</b>       | <b>34,920</b>                   | <b>1,444,291</b>   | <b>-</b>       |                              |  |
| <b>5,127,881</b>     | <b>8,931,935</b>                | <b>146,690,035</b> | <b>165,498</b> |                              |  |

(This statement is continued on the following pages.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)  
PROPRIETARY FUNDS

December 31, 2021

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|                                                         | <b>Business-Type Activities</b> |                   |                              |
|---------------------------------------------------------|---------------------------------|-------------------|------------------------------|
|                                                         | <b>Electric<br/>Utility</b>     | <b>Water</b>      | <b>Water<br/>Reclamation</b> |
| <b>CURRENT LIABILITIES</b>                              |                                 |                   |                              |
| Accounts Payable                                        | \$ 4,030,706                    | \$ 215,875        | \$ 184,922                   |
| Accrued Payroll                                         | 32,770                          | 11,468            | 12,907                       |
| Accrued Interest Payable                                | 48,687                          | 18,685            | 33,137                       |
| Other Payables                                          | 165,751                         | -                 | -                            |
| Unearned Revenue                                        | -                               | -                 | -                            |
| Due to Other Funds                                      | -                               | -                 | -                            |
| Deposits Payable                                        | -                               | 10,158            | 20,165                       |
| Revenue Bonds Payable                                   | 425,000                         | -                 | -                            |
| General Obligation Debt Payable                         | -                               | -                 | -                            |
| IEPA Loans Payable                                      | -                               | 306,144           | 119,041                      |
| Loans Payable                                           | 315,191                         | -                 | -                            |
| OPEB Liability                                          | 33,662                          | 4,232             | 11,349                       |
| Compensated Absences Payable                            | 115,137                         | 44,109            | 36,752                       |
| <br>Total Current Liabilities                           | <br>5,166,904                   | <br>610,671       | <br>418,273                  |
| <b>LONG-TERM LIABILITIES</b>                            |                                 |                   |                              |
| Advance from Other Funds                                | -                               | -                 | -                            |
| OPEB Liability                                          | 213,365                         | 26,823            | 71,936                       |
| Asset Retirement Obligation                             | -                               | 465,300           | -                            |
| Long-Term Debt, Net of Current Maturities               |                                 |                   |                              |
| Revenue Bonds Payable                                   | 8,283,423                       | -                 | -                            |
| General Obligation Debt Payable                         | -                               | -                 | -                            |
| IEPA Loans Payable                                      | -                               | 6,465,101         | 4,644,616                    |
| Loan Payable                                            | 957,509                         | -                 | -                            |
| <br>Total Long-Term Liabilities                         | <br>9,454,297                   | <br>6,957,224     | <br>4,716,552                |
| <br>Total Liabilities                                   | <br>14,621,201                  | <br>7,567,895     | <br>5,134,825                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                                 |                   |                              |
| Pension/OPEB Items                                      | 1,531,938                       | 192,651           | 516,548                      |
| Deferred Property Taxes                                 | -                               | -                 | -                            |
| <br>Total Deferred Inflows of Resources                 | <br>1,531,938                   | <br>192,651       | <br>516,548                  |
| <br>Total Liabilities and Deferred Inflows of Resources | <br>16,153,139                  | <br>7,760,546     | <br>5,651,373                |
| <b>NET POSITION</b>                                     |                                 |                   |                              |
| Net Investment in Capital Assets                        | 39,712,924                      | 17,595,030        | 19,145,486                   |
| Restricted for Debt Service                             | -                               | 96,626            | -                            |
| Unrestricted (Deficit)                                  | 18,180,205                      | 3,406,434         | 4,928,456                    |
| <br><b>TOTAL NET POSITION</b>                           | <br>\$ 57,893,129               | <br>\$ 21,098,090 | <br>\$ 24,073,942            |

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| Technology<br>Center    | Business-Type Activities        |                           |                     | Governmental<br>Activities   |  |
|-------------------------|---------------------------------|---------------------------|---------------------|------------------------------|--|
|                         | Nonmajor<br>Enterprise<br>Funds |                           | Total               | Internal<br>Service<br>Funds |  |
|                         |                                 |                           |                     |                              |  |
| \$ 7,228                | \$ 98,931                       | \$ 4,537,662              | \$ 20,616           |                              |  |
| 806                     | 2,064                           | 60,015                    | 88,455              |                              |  |
| -                       | 6,372                           | 106,881                   | -                   |                              |  |
| -                       | 42,685                          | 208,436                   | -                   |                              |  |
| -                       | 9,740                           | 9,740                     | -                   |                              |  |
| -                       | 89,929                          | 89,929                    | -                   |                              |  |
| -                       | -                               | 30,323                    | -                   |                              |  |
| -                       | -                               | 425,000                   | -                   |                              |  |
| 290,000                 | 45,000                          | 335,000                   | -                   |                              |  |
| -                       | -                               | 425,185                   | -                   |                              |  |
| -                       | -                               | 315,191                   | -                   |                              |  |
| 5,771                   | 1,250                           | 56,264                    | -                   |                              |  |
| 3,531                   | 6,520                           | 206,049                   | 49,327              |                              |  |
| <b>307,336</b>          | <b>302,491</b>                  | <b>6,805,675</b>          | <b>158,398</b>      |                              |  |
| <br>409,044             | <br>-                           | <br>409,044               | <br>-               |                              |  |
| 36,578                  | 7,926                           | 356,628                   | -                   |                              |  |
| -                       | -                               | 465,300                   | -                   |                              |  |
| -                       | -                               | 8,283,423                 | -                   |                              |  |
| 2,012,730               | 375,000                         | 2,387,730                 | -                   |                              |  |
| -                       | -                               | 11,109,717                | -                   |                              |  |
| -                       | -                               | 957,509                   | -                   |                              |  |
| <b>2,458,352</b>        | <b>382,926</b>                  | <b>23,969,351</b>         | <b>-</b>            |                              |  |
| <br>2,765,688           | <br>685,417                     | <br>30,775,026            | <br>158,398         |                              |  |
| <br>262,725             | <br>56,894                      | <br>2,560,756             | <br>-               |                              |  |
| -                       | 61,395                          | 61,395                    | -                   |                              |  |
| <b>262,725</b>          | <b>118,289</b>                  | <b>2,622,151</b>          | <b>-</b>            |                              |  |
| <br>3,028,413           | <br>803,706                     | <br>33,397,177            | <br>158,398         |                              |  |
| <br>2,266,447           | <br>3,955,945                   | <br>82,675,832            | <br>-               |                              |  |
| -                       | -                               | 96,626                    | -                   |                              |  |
| (166,979)               | 4,172,284                       | 30,520,400                | 7,100               |                              |  |
| <br><b>\$ 2,099,468</b> | <br><b>\$ 8,128,229</b>         | <br><b>\$ 113,292,858</b> | <br><b>\$ 7,100</b> |                              |  |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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| <b>Business-Type Activities</b>                              |                             |               |                              |
|--------------------------------------------------------------|-----------------------------|---------------|------------------------------|
|                                                              | <b>Electric<br/>Utility</b> | <b>Water</b>  | <b>Water<br/>Reclamation</b> |
| <b>OPERATING REVENUES</b>                                    |                             |               |                              |
| Charges for Services                                         | \$ 35,466,187               | \$ 3,324,397  | \$ 3,795,872                 |
| Miscellaneous                                                | 76,090                      | 1,014         | 5,728                        |
| <br>Total Operating Revenues                                 | <br>35,542,277              | <br>3,325,411 | <br>3,801,600                |
| <b>OPERATING EXPENSES</b>                                    |                             |               |                              |
| Administration                                               | -                           | -             | -                            |
| Operations                                                   | 32,462,506                  | 2,331,782     | 2,495,444                    |
| Depreciation and Amortization                                | 2,619,646                   | 896,247       | 1,602,595                    |
| <br>Total Operating Expenses                                 | <br>35,082,152              | <br>3,228,029 | <br>4,098,039                |
| <b>OPERATING INCOME (LOSS)</b>                               | 460,125                     | 97,382        | (296,439)                    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                     |                             |               |                              |
| Taxes                                                        | -                           | -             | -                            |
| Investment Income                                            | 54,678                      | 14,562        | 18,336                       |
| Gain on Sale of Asset                                        | -                           | -             | -                            |
| Loss of Defeasance of Debt                                   | -                           | -             | -                            |
| Interest Expense                                             | (33,933)                    | (104,161)     | (115,408)                    |
| <br>Total Non-Operating Revenues (Expenses)                  | 20,745                      | (89,599)      | (97,072)                     |
| <b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS</b> | 480,870                     | 7,783         | (393,511)                    |
| <b>TRANSFERS</b>                                             |                             |               |                              |
| Transfers In                                                 | -                           | -             | -                            |
| Transfers (Out)                                              | (2,096,088)                 | (148,817)     | (207,616)                    |
| <br>Total Transfers                                          | (2,096,088)                 | (148,817)     | (207,616)                    |
| <b>CAPITAL GRANTS AND CONTRIBUTIONS</b>                      |                             |               |                              |
| <br><b>CHANGE IN NET POSITION</b>                            |                             |               |                              |
|                                                              | -                           | -             | -                            |
|                                                              | (1,615,218)                 | (141,034)     | (601,127)                    |
| <br><b>NET POSITION, JANUARY 1</b>                           | 59,508,347                  | 21,239,124    | 24,675,069                   |
| <br><b>NET POSITION, DECEMBER 31</b>                         | \$ 57,893,129               | \$ 21,098,090 | \$ 24,073,942                |

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| Technology<br>Center | Business-Type Activities        |                       |                              | Governmental<br>Activities |  |
|----------------------|---------------------------------|-----------------------|------------------------------|----------------------------|--|
|                      | Nonmajor<br>Enterprise<br>Funds | Total                 | Internal<br>Service<br>Funds |                            |  |
| \$ 1,439,758         | \$ 1,072,494                    | \$ 45,098,708         | \$ 1,930,577                 |                            |  |
| -                    | 7,001                           | 89,833                | 2,164                        |                            |  |
| <u>1,439,758</u>     | <u>1,079,495</u>                | <u>45,188,541</u>     | <u>1,932,741</u>             |                            |  |
|                      |                                 |                       |                              |                            |  |
| -                    | -                               | -                     | 1,707,770                    |                            |  |
| 510,913              | 935,474                         | 38,736,119            | 345,733                      |                            |  |
| 287,318              | 192,693                         | 5,598,499             | 4,868                        |                            |  |
| <u>798,231</u>       | <u>1,128,167</u>                | <u>44,334,618</u>     | <u>2,058,371</u>             |                            |  |
|                      |                                 |                       |                              |                            |  |
| 641,527              | (48,672)                        | 853,923               | (125,630)                    |                            |  |
|                      |                                 |                       |                              |                            |  |
| -                    | 59,398                          | 59,398                | -                            |                            |  |
| 2,177                | 9,518                           | 99,271                | -                            |                            |  |
| -                    | -                               | -                     | -                            |                            |  |
| -                    | -                               | -                     | -                            |                            |  |
| <u>(91,945)</u>      | <u>(17,004)</u>                 | <u>(362,451)</u>      | <u>-</u>                     |                            |  |
|                      |                                 |                       |                              |                            |  |
| <u>(89,768)</u>      | <u>51,912</u>                   | <u>(203,782)</u>      | <u>-</u>                     |                            |  |
|                      |                                 |                       |                              |                            |  |
| <u>551,759</u>       | <u>3,240</u>                    | <u>650,141</u>        | <u>(125,630)</u>             |                            |  |
|                      |                                 |                       |                              |                            |  |
| -                    | 87,000                          | 87,000                | -                            |                            |  |
| -                    | (35,889)                        | (2,488,410)           | -                            |                            |  |
| -                    | 51,111                          | (2,401,410)           | -                            |                            |  |
| -                    | 54,167                          | 54,167                | -                            |                            |  |
| <u>551,759</u>       | <u>108,518</u>                  | <u>(1,697,102)</u>    | <u>(125,630)</u>             |                            |  |
|                      |                                 |                       |                              |                            |  |
| <u>1,547,709</u>     | <u>8,019,711</u>                | <u>114,989,960</u>    | <u>132,730</u>               |                            |  |
|                      |                                 |                       |                              |                            |  |
| <u>\$ 2,099,468</u>  | <u>\$ 8,128,229</u>             | <u>\$ 113,292,858</u> | <u>\$ 7,100</u>              |                            |  |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2021

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|                                                                 | <b>Business-Type Activities</b> |                     |                              |
|-----------------------------------------------------------------|---------------------------------|---------------------|------------------------------|
|                                                                 | <b>Electric<br/>Utility</b>     | <b>Water</b>        | <b>Water<br/>Reclamation</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                 |                     |                              |
| Receipts from Customers and Users                               | \$ 36,277,288                   | \$ 3,472,520        | \$ 3,710,970                 |
| Receipts from Interfund Services Transactions                   | -                               | -                   | -                            |
| Payments to Suppliers                                           | (28,728,152)                    | (1,069,121)         | (2,209,055)                  |
| Payments to Employees                                           | (2,433,771)                     | (868,333)           | (749,876)                    |
| Payments to Other Funds                                         | (1,026,569)                     | (358,490)           | (447,084)                    |
| Net Cash from Operating Activities                              | 4,088,796                       | 1,176,576           | 304,955                      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                                 |                     |                              |
| Repayment of Loans to/from Other Funds                          | 316,629                         | -                   | -                            |
| Receipts from Property and other Taxes                          | -                               | -                   | -                            |
| Transfers In                                                    | -                               | -                   | -                            |
| Transfers (Out)                                                 | (2,096,088)                     | (148,817)           | (207,616)                    |
| Net Cash from Noncapital Financing Activities                   | (1,779,459)                     | (148,817)           | (207,616)                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                                 |                     |                              |
| Capital Assets Purchased                                        | (7,441,738)                     | (1,018,525)         | (1,001,665)                  |
| Issuance of Long-Term Debt                                      | 9,981,124                       | -                   | 1,025,704                    |
| Principal Payments on Long-Term Debt                            | -                               | (358,934)           | (224,513)                    |
| Interest Payments on Long-Term Debt                             | 14,332                          | (108,597)           | (82,791)                     |
| Grant Receipts                                                  | -                               | -                   | -                            |
| Net Cash from Capital and Related Financing Activities          | 2,553,718                       | (1,486,056)         | (283,265)                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                 |                     |                              |
| Interest Received on Investments                                | 54,678                          | 14,562              | 18,261                       |
| Net Cash from Investing Activities                              | 54,678                          | 14,562              | 18,261                       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     |                                 |                     |                              |
|                                                                 | 4,917,733                       | (443,735)           | (167,665)                    |
| CASH AND CASH EQUIVALENTS, JANUARY 1                            | 19,999,311                      | 3,759,777           | 4,773,202                    |
| <b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>                   | <b>\$ 24,917,044</b>            | <b>\$ 3,316,042</b> | <b>\$ 4,605,537</b>          |

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| Business-Type Activities |                           |               | Governmental Activities |  |
|--------------------------|---------------------------|---------------|-------------------------|--|
| Technology Center        | Nonmajor Enterprise Funds | Total         | Internal Service        |  |
| \$ 1,473,628             | \$ 1,080,113              | \$ 46,014,519 | \$ -                    |  |
| 42,961                   | -                         | 42,961        | 1,928,350               |  |
| (170,525)                | (701,176)                 | (32,878,029)  | (817,592)               |  |
| (84,218)                 | (179,242)                 | (4,315,440)   | (1,193,754)             |  |
| (350,891)                | (33,450)                  | (2,216,484)   | -                       |  |
| 910,955                  | 166,245                   | 6,647,527     | (82,996)                |  |
| <br>                     |                           |               |                         |  |
| (316,629)                | 58,864                    | 58,864        | -                       |  |
| -                        | 59,398                    | 59,398        | -                       |  |
| -                        | 87,000                    | 87,000        | -                       |  |
| -                        | (35,889)                  | (2,488,410)   | -                       |  |
| (316,629)                | 169,373                   | (2,283,148)   | -                       |  |
| <br>                     |                           |               |                         |  |
| -                        | (122,268)                 | (9,584,196)   | -                       |  |
| -                        | -                         | 11,006,828    | -                       |  |
| (285,000)                | (45,000)                  | (913,447)     | -                       |  |
| (81,259)                 | (13,419)                  | (271,734)     | -                       |  |
| -                        | 48,345                    | 48,345        | -                       |  |
| <br>                     |                           |               |                         |  |
| (366,259)                | (132,342)                 | 285,796       | -                       |  |
| <br>                     |                           |               |                         |  |
| 2,177                    | 9,518                     | 99,196        | -                       |  |
| <br>                     |                           |               |                         |  |
| 2,177                    | 9,518                     | 99,196        | -                       |  |
| <br>                     |                           |               |                         |  |
| 230,244                  | 212,794                   | 4,749,371     | (82,996)                |  |
| -                        | 4,027,054                 | 32,559,344    | 162,456                 |  |
| <br>                     |                           |               |                         |  |
| \$ 230,244               | \$ 4,239,848              | \$ 37,308,715 | \$ 79,460               |  |

(This statement is continued on the following pages.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS

For the Year Ended December 31, 2021

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|                                                        | <b>Business-Type Activities</b> |                              |                           |
|--------------------------------------------------------|---------------------------------|------------------------------|---------------------------|
|                                                        | <b>Electric<br/>Utility</b>     | <b>Water<br/>Reclamation</b> |                           |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>       |                                 |                              |                           |
| <b>TO NET CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b> |                                 |                              |                           |
| Operating Income (Loss)                                | \$ 460,125                      | \$ 97,382                    | \$ (296,439)              |
| Adjustments to Reconcile Operating Income (Loss)       |                                 |                              |                           |
| to Net Cash from Operating Activities                  | 2,619,646                       | 896,247                      | 1,602,595                 |
| Depreciation and Amortization                          |                                 |                              |                           |
| Changes in Assets and Liabilities                      |                                 |                              |                           |
| Accounts Receivable                                    | 733,848                         | 222,274                      | (98,499)                  |
| Other Receivables                                      | 1,208                           | (59,276)                     | (7,106)                   |
| Prepaid Expenses                                       | 2,490                           | 1,082                        | 1,562                     |
| Deposits                                               | (45)                            | (15,889)                     | (14,666)                  |
| Inventory                                              | (52,234)                        | -                            | -                         |
| Special Assessments                                    | -                               | -                            | 29,641                    |
| Pension Items - IMRF                                   | (470,830)                       | (59,191)                     | (158,737)                 |
| OPEB Items                                             | (15,608)                        | (1,962)                      | (5,262)                   |
| Accounts Payable                                       | 729,300                         | 86,330                       | (747,973)                 |
| Accrued Payroll                                        | (2,215)                         | 2,159                        | 4,614                     |
| Other Payables                                         | 85,902                          | -                            | -                         |
| Compensated Absences                                   | (2,791)                         | 7,420                        | (4,775)                   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>              | <hr/> <b>\$ 4,088,796</b>       | <hr/> <b>\$ 1,176,576</b>    | <hr/> <b>\$ 304,955</b>   |
| <b>CASH AND INVESTMENTS</b>                            |                                 |                              |                           |
| Cash and Investments                                   | \$ 24,917,044                   | \$ 3,219,416                 | \$ 4,605,537              |
| Restricted Cash and Investments                        | -                               | 96,626                       | -                         |
| <b>TOTAL CASH AND INVESTMENTS</b>                      | <hr/> <b>\$ 24,917,044</b>      | <hr/> <b>\$ 3,316,042</b>    | <hr/> <b>\$ 4,605,537</b> |

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| Business-Type Activities |                           |                      | Governmental Activities |  |
|--------------------------|---------------------------|----------------------|-------------------------|--|
| Technology Center        | Nonmajor Enterprise Funds | Total                | Internal Service        |  |
| \$ 641,527               | \$ (48,672)               | \$ 853,923           | \$ (125,630)            |  |
| 287,318                  | 192,693                   | 5,598,499            | 4,868                   |  |
| 76,831                   | 618                       | 935,072              | (4,391)                 |  |
| -                        | -                         | (65,174)             | -                       |  |
| -                        | 774                       | 5,908                | -                       |  |
| -                        | -                         | (30,600)             | -                       |  |
| -                        | (17,876)                  | (70,110)             | -                       |  |
| -                        | -                         | 29,641               | -                       |  |
| (80,715)                 | (17,488)                  | (786,961)            | -                       |  |
| (5,400)                  | (580)                     | (28,812)             | -                       |  |
| (3,115)                  | 55,092                    | 119,634              | (52,105)                |  |
| 180                      | (79)                      | 4,659                | 73,558                  |  |
| -                        | 1,763                     | 87,665               | -                       |  |
| (5,671)                  | -                         | (5,817)              | 20,704                  |  |
| <u>\$ 910,955</u>        | <u>\$ 166,245</u>         | <u>\$ 6,647,527</u>  | <u>\$ (82,996)</u>      |  |
| \$ 230,244               | \$ 4,152,208              | \$ 37,124,449        | \$ 79,460               |  |
| -                        | 87,640                    | 184,266              | -                       |  |
| <u>\$ 230,244</u>        | <u>\$ 4,239,848</u>       | <u>\$ 37,308,715</u> | <u>\$ 79,460</u>        |  |

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION  
PENSION TRUST FUNDS**

December 31, 2021

---

**ASSETS**

|                                    |                   |
|------------------------------------|-------------------|
| Cash and Short-Term Investments    | \$ 1,167,973      |
| Investments, at Fair Value         |                   |
| U.S. Treasury Securities           | 2,224,909         |
| U.S. Agency Securities             | 3,311,726         |
| Equity Mutual Funds                | 8,849,757         |
| Fixed Income Mutual Funds          | 943,319           |
| Corporate Bonds                    | 3,323,160         |
| Municipal Bonds                    | 722,057           |
| Equities                           | 5,895,302         |
| Negotiable Certificates of Deposit | 166,901           |
| Annuity Contracts                  | 205,144           |
| Receivables                        |                   |
| Accrued Interest                   | <u>61,457</u>     |
| Total Assets                       | <u>26,871,705</u> |

**LIABILITIES**

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

**NET POSITION RESTRICTED FOR PENSIONS**

\$ 26,871,705

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

---

**ADDITIONS**

|                          |                  |
|--------------------------|------------------|
| Contributions            |                  |
| Employer Contributions   | \$ 1,607,386     |
| Employee Contributions   | <u>285,377</u>   |
|                          |                  |
| Total Contributions      | <u>1,892,763</u> |
| Investment Income        |                  |
| Net Appreciation in Fair |                  |
| Value of Investments     | 1,306,161        |
| Interest                 | <u>950,680</u>   |
|                          |                  |
| Total Investment Income  | 2,256,841        |
| Less Investment Expense  | <u>(65,744)</u>  |
|                          |                  |
| Net Investment Income    | <u>2,191,097</u> |
| Total Additions          | <u>4,083,860</u> |

**DEDUCTIONS**

|                         |                  |
|-------------------------|------------------|
| Benefits and Refunds    | 1,497,767        |
| Administrative Expenses | <u>37,911</u>    |
|                         |                  |
| Total Deductions        | <u>1,535,678</u> |

CHANGE IN NET POSITION 2,548,182

**NET POSITION RESTRICTED FOR PENSIONS**

|             |                      |
|-------------|----------------------|
| January 1   | <u>24,323,523</u>    |
| December 31 | <u>\$ 26,871,705</u> |

**CITY OF ROCHELLE, ILLINOIS**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

---

| <b>Footnote<br/>Number</b> | <b>Description</b>                         | <b>Page<br/>Number(s)</b> |
|----------------------------|--------------------------------------------|---------------------------|
| 1                          | Summary of Significant Accounting Policies | 26-35                     |
| 2                          | Cash and Investments                       | 35-37                     |
| 3                          | Capital Assets                             | 37-39                     |
| 4                          | Long-Term Debt                             | 39-44                     |
| 5                          | Industrial Revenue Bonds                   | 44                        |
| 6                          | Defined Benefit Pension Plans              | 44-66                     |
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| 9                          | Individual Fund Disclosures                | 69-70                     |
| 10                         | Receivables                                | 71                        |
| 11                         | Other Postemployment Benefits              | 71-74                     |

# CITY OF ROCHELLE, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

Based on these criteria, the City is not considered a component unit of any other governmental unit.

#### Pension Trust Funds

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

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

Pension Trust Funds (Continued)

Accordingly, the Police Pension Plan and Firefighters' Pension Plan are fiscally dependent on the City. Separate financial statements are not available for the Police Pension Plan and Firefighters' Pension Plan.

**B. Fund Accounting**

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

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

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

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

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

**C. Government-Wide and Fund Financial Statements**

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

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major governmental funds:

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

The Capital Improvement Fund is used to account for resources restricted, committed or assigned by the City for construction or major capital projects and improvements.

The City reports the following major proprietary funds:

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

The Water Fund accounts for the activities of the water system.

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

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

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the City reports the following proprietary fund type:

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

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

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

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

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

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**E. Cash and Investments**

**Cash and Cash Equivalents**

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

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments (Continued)**

**Investments**

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

**F. Property Taxes**

Property taxes for 2020 are levied in December 2020 and attach as an enforceable lien on the property on January 1, 2020. Tax bills are prepared by the County and issued on or about May 1, 2021 and August 1, 2021, and are due and collectible on or about June 1, 2021 and September 1, 2021. The County collects the taxes and remits them periodically to the City. Those 2020 taxes were intended to finance the year ended December 31, 2021. The 2021 levy, which attached as a lien on property as January 1, 2021, is intended to finance the 2022 fiscal year and is not considered available or earned for current operations and, therefore, is reported as deferred/unavailable revenue at December 31, 2021.

**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 Water and Water Reclamation Fund are restricted in accordance with the loans issued by the Illinois Environmental Protection Agency (IEPA). Restricted cash in the Nonmajor Enterprise Funds relates to a development agreement. Cash held with paying agent is held for payment of the General Obligation Refunding Bonds, Series 2017 (Airport) as well as the 2018 GO Bonds (Capital Improvements Fund). These assets are reflected as restricted cash and investments.

**I. Prepaid Items/Expenses**

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets**

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

**K. Vacation, Sick Pay and Other Employee Benefits**

Vested or accumulated vacation related to employees that have retired or terminated at year end but have not yet been paid is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested and accumulated vacation of governmental activities and proprietary funds is recorded as an expense and liability as the benefits accrue to employees. Sick leave does not vest and, therefore, no liability has been recorded for sick leave except for police officers and firefighters. Firefighters and police officers sick leave is paid out at 20% for employees with 20-25 years of service and 25% for those with more than 25 years of service.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Interfund Transactions**

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

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

**M. Interfund Receivables/Payables**

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

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

**N. Long-Term Obligations**

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Deferred Outflows/Inflows of Resources**

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

**P. Fund Balance/Net Position**

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

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

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. Fund Balance/Net Position (Continued)

At December 31, 2021, the City had \$2,338,040 of net position and fund balances that were restricted for capital improvements and maintenance of roadways as a result of enabling legislation adopted by the City.

Q. Use of Estimates

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

R. Postponement of Implementation of Certain Authoritative Guidance

In accordance with the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the City has delayed the implementation of GASB Statement No. 87, *Leases*, to December 31, 2022.

**2. CASH AND INVESTMENTS**

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

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

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

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

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

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

**City Deposits with Financial Institutions**

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

**City Investments**

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

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 the Illinois Funds and IMET, even though the investment policy allows other investments. Illinois Funds and IMET are rated AAA.

The following table presents the investments and maturities of the City’s debt securities as of December 31, 2021:

| Investment Type | Investment Maturities (in Years) |             |              |      |                 |
|-----------------|----------------------------------|-------------|--------------|------|-----------------|
|                 | Fair Value                       | Less than 1 | 1-5          | 6-10 | Greater than 10 |
| IMET            | \$ 9,292,131                     | \$ -        | \$ 9,292,131 | \$ - | \$ -            |
| TOTAL           | \$ 9,292,131                     | \$ -        | \$ 9,292,131 | \$ - | \$ -            |

The Fund has the following recurring fair value measurements as of December 31, 2021: the IMET 1 to 3 year fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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

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

City Investments (Continued)

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

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

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

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

|                                               | Beginning<br>Balances | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balances |
|-----------------------------------------------|-----------------------|-------------------------|-------------------------|--------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                |                       |                         |                         |                    |
| Capital Assets not Being Depreciated          |                       |                         |                         |                    |
| Land                                          | \$ 3,561,426          | \$ 1,099,826            | \$ -                    | \$ 4,661,252       |
| Land Right of Way                             | 3,050,985             | -                       | -                       | 3,050,985          |
| Construction in Progress                      | 5,497,543             | 47,068                  | 5,544,611               | -                  |
| Total Capital Assets not<br>Being Depreciated | 12,109,954            | 1,146,894               | 5,544,611               | 7,712,237          |
| Capital Assets Being Depreciated              |                       |                         |                         |                    |
| Buildings                                     | 3,780,421             | -                       | -                       | 3,780,421          |
| Machinery and Equipment                       | 9,551,047             | 260,414                 | 11,100                  | 9,800,361          |
| Bridges                                       | 10,536,802            | -                       | -                       | 10,536,802         |
| Streets                                       | 34,419,450            | 5,544,611               | -                       | 39,964,061         |
| Stormwater                                    | 4,701,899             | -                       | -                       | 4,701,899          |
| Sidewalks                                     | 3,828,505             | -                       | -                       | 3,828,505          |
| Railroad Spur                                 | 20,090,302            | -                       | -                       | 20,090,302         |
| Street Lights                                 | 313,630               | -                       | -                       | 313,630            |
| Total Capital Assets<br>Being Depreciated     | 87,222,056            | 5,805,025               | 11,100                  | 93,015,981         |

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

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**3. CAPITAL ASSETS (Continued)**

|                                                | Beginning<br>Balances | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balances   |
|------------------------------------------------|-----------------------|-------------------------|-------------------------|----------------------|
| <b>GOVERNMENTAL ACTIVITIES (Continued)</b>     |                       |                         |                         |                      |
| Less Accumulated Depreciation for              |                       |                         |                         |                      |
| Buildings                                      | \$ 2,180,113          | \$ 92,162               | \$ -                    | \$ 2,272,275         |
| Machinery and Equipment                        | 7,346,217             | 512,808                 | 5,916                   | 7,853,109            |
| Bridges                                        | 2,617,224             | 210,736                 | -                       | 2,827,960            |
| Streets                                        | 16,382,170            | 965,594                 | -                       | 17,347,764           |
| Stormwater                                     | 4,270,767             | 117,547                 | -                       | 4,388,314            |
| Sidewalks                                      | 1,314,355             | 95,713                  | -                       | 1,410,068            |
| Railroad Spur                                  | 2,350,962             | 401,806                 | -                       | 2,752,768            |
| Street Lights                                  | 149,327               | 10,454                  | -                       | 159,781              |
| Total Accumulated Depreciation                 | 36,611,135            | 2,406,820               | 5,916                   | 39,012,039           |
| Total Capital Assets being<br>Depreciated, Net | 50,610,921            | 3,398,205               | 5,184                   | 54,003,942           |
| <b>GOVERNMENTAL ACTIVITIES</b>                 |                       |                         |                         |                      |
| <b>CAPITAL ASSETS, NET</b>                     | <b>\$ 62,720,875</b>  | <b>\$ 4,545,099</b>     | <b>\$ 5,549,795</b>     | <b>\$ 61,716,179</b> |

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

|                                                             | Beginning<br>Balances | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balances  |
|-------------------------------------------------------------|-----------------------|-------------------------|-------------------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                              |                       |                         |                         |                     |
| General Government                                          |                       |                         |                         |                     |
| Public Safety                                               |                       |                         |                         | \$ 120,341          |
| Public Works                                                |                       |                         |                         | 264,750             |
| Public Service Enterprises                                  |                       |                         |                         | 1,997,661           |
|                                                             |                       |                         |                         | <u>24,068</u>       |
| <b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b> |                       |                         |                         |                     |
|                                                             |                       |                         |                         | <u>\$ 2,406,820</u> |
| <br><b>BUSINESS-TYPE ACTIVITIES</b>                         |                       |                         |                         |                     |
| Capital Assets not Being Depreciated                        |                       |                         |                         |                     |
| Land                                                        | \$ 3,810,426          | \$ -                    | \$ -                    | \$ 3,810,426        |
| Construction in Progress                                    | 19,497,761            | 8,232,466               | 11,612,744              | 16,117,483          |
| Total Capital Assets not<br>being Depreciated               | 23,308,187            | 8,232,466               | 11,612,744              | 19,927,909          |
| Capital Assets Being Depreciated                            |                       |                         |                         |                     |
| Infrastructure                                              | 62,773,021            | 11,710,823              | -                       | 74,483,844          |
| Equipment                                                   | 10,829,817            | 80,000                  | -                       | 10,909,817          |
| Other Tangible Assets                                       | 2,134,356             | -                       | -                       | 2,134,356           |
| Structures and Improvements                                 | 3,038,899             | -                       | -                       | 3,038,899           |
| Building                                                    | 4,449,850             | -                       | -                       | 4,449,850           |
| General                                                     | 8,470,370             | -                       | -                       | 8,470,370           |
| Generation                                                  | 14,506,554            | -                       | -                       | 14,506,554          |
| Transmission                                                | 2,684,406             | -                       | -                       | 2,684,406           |
| Distribution                                                | 54,394,236            | 1,548,212               | -                       | 55,942,448          |
| Total Capital Assets<br>Being Depreciated                   | 163,281,509           | 13,339,035              | -                       | 176,620,544         |

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

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**3. CAPITAL ASSETS (Continued)**

|                                                         | Beginning<br>Balances | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balances   |
|---------------------------------------------------------|-----------------------|-------------------------|-------------------------|----------------------|
| <b>BUSINESS-TYPE ACTIVITIES (Continued)</b>             |                       |                         |                         |                      |
| Less Accumulated Depreciation for                       |                       |                         |                         |                      |
| Infrastructure                                          | \$ 28,976,545         | \$ 2,213,361            | \$ -                    | \$ 31,189,906        |
| Equipment                                               | 7,776,560             | 314,922                 | -                       | 8,091,482            |
| Other Tangible Assets                                   | 1,777,238             | 46,381                  | -                       | 1,823,619            |
| Structures and Improvements                             | 1,408,243             | 111,607                 | -                       | 1,519,850            |
| Building                                                | 1,336,222             | 88,543                  | -                       | 1,424,765            |
| General                                                 | 4,905,143             | 272,371                 | -                       | 5,177,514            |
| Generation                                              | 8,052,118             | 301,607                 | -                       | 8,353,725            |
| Transmission                                            | 2,585,173             | 99,233                  | -                       | 2,684,406            |
| Distribution                                            | 35,541,042            | 2,145,429               | -                       | 37,686,471           |
| Total Accumulated Depreciation                          | 92,358,284            | 5,593,454               | -                       | 97,951,738           |
| Total Capital Assets Being<br>Depreciated, Net          | 70,923,225            | 7,745,581               | -                       | 78,668,806           |
| <b>BUSINESS-TYPE ACTIVITIES<br/>CAPITAL ASSETS, NET</b> |                       |                         |                         |                      |
|                                                         | <u>\$ 94,231,412</u>  | <u>\$ 15,978,047</u>    | <u>\$ 11,612,744</u>    | <u>\$ 98,596,715</u> |

**4. LONG-TERM DEBT**

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

|                                                     | Balances<br>January 1 | Additions         | Reductions          | Balances<br>December 31 | Current<br>Portion  |
|-----------------------------------------------------|-----------------------|-------------------|---------------------|-------------------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                      |                       |                   |                     |                         |                     |
| GO TIF Bonds                                        | \$ 2,015,000          | \$ -              | \$ 150,000          | \$ 1,865,000            | \$ 160,000          |
| GO Bonds                                            | 4,015,000             | -                 | 515,000             | 3,500,000               | 530,000             |
| GO Debt Certificates                                | 1,155,000             | -                 | 165,000             | 990,000                 | 165,000             |
| Unamortized Bond Premium                            | 164,501               | -                 | 19,092              | 145,409                 | -                   |
| Installment Purchase Contract (Direct<br>Placement) | 512,287               | 659,750           | 104,138             | 1,067,899               | 271,492             |
| Compensated Absences*                               | 670,784               | 321,068           | 335,392             | 656,460                 | 328,230             |
| Net Pension Liability - IMRF*, **                   | 758,348               | -                 | 758,348             | -                       | -                   |
| Net Pension Liability - Police*                     | 7,386,482             | -                 | 1,272,053           | 6,114,429               | -                   |
| Net Pension Liability - Firefighters'*              | 4,293,933             | -                 | 2,403,413           | 1,890,520               | -                   |
| Other Postemployment Benefit<br>Liability*          | 281,992               | 10,913            | -                   | 292,905                 | 39,914              |
| <b>TOTAL GOVERNMENTAL<br/>ACTIVITIES</b>            | <u>\$ 21,253,327</u>  | <u>\$ 991,731</u> | <u>\$ 5,722,436</u> | <u>\$ 16,522,622</u>    | <u>\$ 1,494,636</u> |

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

\*\*In fiscal year 2021, the net pension liability became a net pension asset.

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

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

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

|                                        | Balances<br>January 1 | Additions            | Reductions/<br>Refundings | Balances<br>December 31 | Current<br>Portion  |
|----------------------------------------|-----------------------|----------------------|---------------------------|-------------------------|---------------------|
| <b>BUSINESS-TYPE ACTIVITIES</b>        |                       |                      |                           |                         |                     |
| General Obligation Debt Certificates   | \$ 2,530,000          | \$ -                 | \$ 285,000                | \$ 2,245,000            | \$ 290,000          |
| General Obligation Bonds               | 465,000               | -                    | 45,000                    | 420,000                 | 45,000              |
| Revenue Bonds                          | -                     | 7,775,000            | -                         | 7,775,000               | 425,000             |
| IEPA Revolving Loans                   | 11,919,198            | 199,150              | 583,446                   | 11,534,902              | 425,185             |
| Loan Payable (Direct Placement)        | -                     | 1,300,000            | -                         | 1,300,000               | 315,191             |
| Unamortized Premium                    | 65,976                | 920,981              | 23,104                    | 963,853                 | -                   |
| Compensated Absences                   | 210,103               | 206,049              | 210,103                   | 206,049                 | 206,049             |
| Asset Retirement Obligation            | 465,300               | -                    | -                         | 465,300                 | -                   |
| Net Pension Liability - IMRF*          | 1,068,990             | -                    | 1,068,990                 | -                       | -                   |
| Other Postemployment Benefit Liability | 397,512               | 15,380               | -                         | 412,892                 | 56,264              |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>  | <b>\$ 17,122,079</b>  | <b>\$ 10,416,560</b> | <b>\$ 2,215,643</b>       | <b>\$ 25,322,996</b>    | <b>\$ 1,762,689</b> |

\*In fiscal year 2021, the net pension liability became a net pension asset.

Bonds payable and other long-term obligations at December 31, 2021, are comprised of the following, excluding the refunded bonds that are defeased in-substance:

**General Obligation Debt**

|                                                                                                                                                                                                                                        | Total               | Current             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| \$2,000,000 Limited Tax Debt Certificates, due in annual installments of \$165,000 to \$170,000 from June 1, 2016 to June 1, 2027, interest at 2.00% to 4.50%, retired by the Capital Improvements Fund, a governmental fund.          | \$ 990,000          | \$ 165,000          |
| \$3,140,000 2017A Limited Tax Refunding Debt Certificates, due in annual installments of \$65,000 to \$350,000 from June 30, 2018 to June 30, 2028, interest at 2% to 4%, retired by the Technology Center Fund.                       | 2,245,000           | 290,000             |
| \$485,000 2017B General Obligation Refunding Bonds, due in annual installments of \$5,000 to \$60,000 from January 1, 2018, to January 1, 2029, interest at 2.000% to 3.125%, retired by the Airport Fund, a nonmajor enterprise fund. | 420,000             | 45,000              |
| \$4,500,000 2018 General Obligation Bonds, due in annual installments of \$485,000 to \$640,000 from January 1, 2020, to January 1, 2027, interest at 3% to 4%, retired by the Capital Improvements Fund, a governmental fund.         | 3,500,000           | 530,000             |
| <b>TOTAL GENERAL OBLIGATION DEBT</b>                                                                                                                                                                                                   | <b>\$ 7,155,000</b> | <b>\$ 1,030,000</b> |

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

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

General Obligation Debt (Continued)

|                                                                                                                                                                                                                                | Total               | Current           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| \$2,955,000 Series 2013 General Obligation Refunding<br>(Tax Increment Financing Alternate Revenue Source)<br>Bonds, due in annual installments of \$60,000 to \$260,000,<br>through December 1, 2030, interest from 2% to 4%. | <u>\$ 1,865,000</u> | <u>\$ 160,000</u> |
| <b>TOTAL TIF FUND ALTERNATE REVENUE BONDS</b>                                                                                                                                                                                  | <u>\$ 1,865,000</u> | <u>\$ 160,000</u> |

Illinois EPA Loans

|                                                                                                                                                                      | Total                       | Current                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------|
| \$600,000 Illinois EPA low interest loan related to the Askvig Subdivision project, due in semiannual installments of \$19,532, through May 2027, interest at 2.50%. | <u>\$ 199,575</u>           | <u>\$ 34,288</u>         |
| \$4,879,732 Illinois EPA low interest loan related to the Well #12 Project, due in semiannual installments of \$94,545 through November 2036, interest at 1.86%.     | <u>2,940,890</u>            | <u>171,678</u>           |
| \$3,270,006 Illinois EPA low interest loan related to the Well #11 Project, through June 2038, interest at 1.32%.                                                    | <u>2,362,740</u>            | <u>64,319</u>            |
| \$3,049,830 Illinois EPA low interest loan related to Well #12 Project, due in semiannual installments through May 2040, interest at 1.38%.                          | <u>1,467,613</u>            | <u>70,147</u>            |
| \$7,000,000 Illinois EPA low interest loan related to Water Reclamation Plant Improvements Project, through January 2041, interest at 1.18%.                         | <u>4,564,084</u>            | <u>84,753</u>            |
| <b>TOTAL WATER AND WATER RECLAMATION IEPA LOANS</b>                                                                                                                  | <u><u>\$ 11,534,902</u></u> | <u><u>\$ 425,185</u></u> |

Alternate Revenue Bonds - Electric

|                                                                                                                                                                                                                                          | Total                      | Current                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------|
| \$7,775,000 2021A General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of \$425,000 to \$685,000 from May 1, 2022, to May 1, 2035, interest at 2% to 4%, retired by the Electric System Fund. | <u>\$ 7,775,000</u>        | <u>\$ 425,000</u>        |
| <b>TOTAL</b>                                                                                                                                                                                                                             | <u><u>\$ 7,775,000</u></u> | <u><u>\$ 425,000</u></u> |

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

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

Loan Payable (Direct Placement)

|                                                                                                                                                                      | Total               | Current           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| \$1,300,000 Loan Payable (Direct Placement), due in annual installments of \$342,491 from August 2022 to August 2025, interest at 2.1% retired by the Electric Fund. | <u>\$ 1,300,000</u> | <u>\$ 315,191</u> |
| <b>TOTAL</b>                                                                                                                                                         | <u>\$ 1,300,000</u> | <u>\$ 315,191</u> |

Contractual Commitments (Direct Placement)

|                                                                                                                                                                                     | Total               | Current           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| \$27,461 Installment Purchase Contract related to the purchase of a Kubota Tractor for the golf course, due in annual installments of \$5,681, through May 2023, interest at 6.55%. | \$ 9,099            | \$ 5,004          |
| \$350,000 Revolving Loan related to the purchase of a fire truck, due in annual installments of \$24,115 to \$17,830, through November 2039, interest at 1.89%.                     | 315,000             | 17,500            |
| \$248,973 Promissory Note related to the purchase of two dump trucks, due in annual installments of \$86,802, through January 2022, interest at 3.09%.                              | 84,050              | 84,050            |
| \$659,750 Loan related to the purchase of land, due in annual installments of \$164,938, through June 2025, interest at 0%.                                                         | <u>659,750</u>      | <u>164,938</u>    |
| <b>TOTAL CONTRACTUAL COMMITMENTS</b>                                                                                                                                                | <u>\$ 1,067,899</u> | <u>\$ 271,492</u> |

Debt Service to Maturity

The annual requirements to amortize all debt outstanding (except compensated absences, net pension liabilities and OPEB liabilities) as of December 31, 2021, are as follows:

| Fiscal<br>Year Ending<br>December 31, | Business-Type Activities             |                   | Governmental Activities              |                   |
|---------------------------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|
|                                       | General Obligation Debt<br>Principal | Interest          | General Obligation Debt<br>Principal | Interest          |
| 2022                                  | \$ 335,000                           | \$ 84,719         | \$ 695,000                           | \$ 161,193        |
| 2023                                  | 350,000                              | 74,444            | 715,000                              | 136,881           |
| 2024                                  | 360,000                              | 62,244            | 735,000                              | 108,913           |
| 2025                                  | 375,000                              | 48,069            | 760,000                              | 79,838            |
| 2026                                  | 385,000                              | 33,394            | 780,000                              | 49,038            |
| 2027-2029                             | <u>860,000</u>                       | <u>28,641</u>     | <u>805,000</u>                       | <u>16,512</u>     |
| <b>TOTAL</b>                          | <u>\$ 2,665,000</u>                  | <u>\$ 331,511</u> | <u>\$ 4,490,000</u>                  | <u>\$ 552,375</u> |

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

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

Debt Service to Maturity (Continued)

| Fiscal<br>Year Ending<br>December 31, | General Obligation<br>Alternate Revenue Debt |                   |  |
|---------------------------------------|----------------------------------------------|-------------------|--|
|                                       | Principal                                    | Interest          |  |
| 2022                                  | \$ 160,000                                   | \$ 65,735         |  |
| 2023                                  | 170,000                                      | 61,575            |  |
| 2024                                  | 180,000                                      | 56,475            |  |
| 2025                                  | 195,000                                      | 51,075            |  |
| 2026                                  | 205,000                                      | 44,250            |  |
| 2027-2030                             | 955,000                                      | 96,687            |  |
| <b>TOTAL</b>                          | <b>\$ 1,865,000</b>                          | <b>\$ 375,797</b> |  |

| Fiscal<br>Year Ending<br>December 31, | Contractual Commitments<br>(Direct Placement) |                  |                      | Illinois EPA Loans  |  |
|---------------------------------------|-----------------------------------------------|------------------|----------------------|---------------------|--|
|                                       | Principal                                     | Interest         | Principal            | Interest            |  |
| 2022                                  | \$ 271,492                                    | \$ 8,752         | \$ 425,185           | \$ 126,156          |  |
| 2023                                  | 186,532                                       | 5,972            | 629,080              | 155,419             |  |
| 2024                                  | 182,438                                       | 5,292            | 638,517              | 145,982             |  |
| 2025                                  | 182,437                                       | 4,961            | 648,107              | 136,392             |  |
| 2026                                  | 17,500                                        | 4,631            | 657,848              | 126,651             |  |
| 2027-2031                             | 87,500                                        | 18,192           | 3,256,039            | 492,469             |  |
| 2032-2036                             | 87,500                                        | 9,923            | 3,477,747            | 251,229             |  |
| 2037-2041                             | 52,500                                        | 1,985            | 1,802,379            | 48,848              |  |
| <b>TOTAL</b>                          | <b>\$ 1,067,899</b>                           | <b>\$ 59,708</b> | <b>\$ 11,534,902</b> | <b>\$ 1,483,146</b> |  |

| Fiscal<br>Year Ending<br>December 31, | Revenue Bonds       |                     |                     | Loan Payable<br>(Direct Placement) |  |
|---------------------------------------|---------------------|---------------------|---------------------|------------------------------------|--|
|                                       | Principal           | Interest            | Principal           | Interest                           |  |
| 2022                                  | \$ 425,000          | \$ 269,435          | \$ 315,191          | \$ 27,300                          |  |
| 2023                                  | 455,000             | 239,925             | 321,810             | 20,681                             |  |
| 2024                                  | 465,000             | 226,125             | 328,568             | 13,923                             |  |
| 2025                                  | 485,000             | 209,450             | 334,431             | 7,023                              |  |
| 2026                                  | 505,000             | 189,650             | -                   | -                                  |  |
| 2027-2031                             | 2,825,000           | 635,050             | -                   | -                                  |  |
| 2032-2036                             | 2,615,000           | 159,825             | -                   | -                                  |  |
| <b>TOTAL</b>                          | <b>\$ 7,775,000</b> | <b>\$ 1,929,460</b> | <b>\$ 1,300,000</b> | <b>\$ 68,927</b>                   |  |

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

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

Direct Placements

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

Alternate Revenue Bonds

The City issued the 2013 General Obligation Refunding (TIF Alternate Revenue Source) Bonds. These bonds are payable from a pledge of the incremental taxes generated in the Lighthouse Pointe TIF District. The remaining pledge as of December 31, 2021 was \$2,240,797. During the current fiscal year, the pledge of incremental taxes generated in the TIF of \$219,635 (total principal and interest) was 28.34% of the total incremental taxes received.

The City issued the 2021A General Obligation Bonds (Electric System Alternate Revenue Source) Bonds. These bonds are payable from a pledge of the City's electric revenues. The remaining pledge as of December 31, 2021 was \$9,704,460. No payments were required during the current fiscal year.

**5. INDUSTRIAL REVENUE BONDS**

The City has approved the issuance of industrial revenue bonds for the benefit of private business enterprises. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2021, there was one bond outstanding. The aggregate principal amount payable was \$2,800,000.

**6. DEFINED BENEFIT PENSION PLANS**

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at [www.imrf.org](http://www.imrf.org). The net pension liability for all plans was \$5,848,516 at December 31, 2021. Pension expense for all plans totaled \$819,836 for the year ended December 31, 2021.

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

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

A. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

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

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

*Plan Membership*

At December 31, 2020, the latest actuarial valuation date, IMRF membership consisted of:

|                                            |                |
|--------------------------------------------|----------------|
| Inactive Employees or their Beneficiaries  |                |
| Currently Receiving Benefits               | 122            |
| Inactive Employees Entitled to but not yet |                |
| Receiving Benefits                         | 31             |
| Active Employees                           | 85             |
| <br>TOTAL                                  | <br><u>238</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.

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

## **6. DEFINED BENEFIT PENSION PLANS (Continued)**

#### A. Plan Descriptions (Continued)

## Illinois Municipal Retirement Fund (Continued)

## *Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for calendar year 2021 was 10.38% of covered payroll.

### *Net Pension Liability*

The City's net pension liability was measured as of December 31, 2020 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, 2020 |
| Actuarial Cost Method    | Entry-Age Normal  |
| Assumptions              |                   |
| Inflation                | 2.25%             |
| Salary Increases         | 2.85% to 13.75%   |
| Interest Rate            | 7.25%             |
| Asset Valuation Method   | Fair Value        |

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

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

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the IMRF total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*Changes in the Net Pension Liability*

|                                                      | (a)<br>Total<br>Pension<br>Liability | (b)<br>Plan<br>Fiduciary<br>Net Position | (a) - (b)<br>Net Pension<br>(Asset)<br>Liability |
|------------------------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------------------|
| BALANCES AT<br>JANUARY 1, 2020                       | \$ 44,145,422                        | \$ 42,318,084                            | \$ 1,827,338                                     |
| Changes for the Period                               |                                      |                                          |                                                  |
| Service Cost                                         | 615,069                              | -                                        | 615,069                                          |
| Interest                                             | 3,126,537                            | -                                        | 3,126,537                                        |
| Difference Between Expected<br>and Actual Experience | (180,664)                            | -                                        | (180,664)                                        |
| Changes in Assumptions                               | (296,225)                            | -                                        | (296,225)                                        |
| Employer Contributions                               | -                                    | 770,237                                  | (770,237)                                        |
| Employee Contributions                               | -                                    | 312,822                                  | (312,822)                                        |
| Net Investment Income                                | -                                    | 6,234,317                                | (6,234,317)                                      |
| Benefit Payments and Refunds                         | (2,656,622)                          | (2,656,622)                              | -                                                |
| Administrative Expense                               | -                                    | -                                        | -                                                |
| Other (Net Transfer)                                 | -                                    | (68,888)                                 | 68,888                                           |
| Net Changes                                          | 608,095                              | 4,591,866                                | (3,983,771)                                      |
| BALANCES AT<br>DECEMBER 31, 2020                     | \$ 44,753,517                        | \$ 46,909,950                            | \$ (2,156,433)                                   |

There were changes in assumptions related to the inflation rate, projected payroll increases and mortality rates in 2020.

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

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

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended December 31, 2021, the City recognized pension expense of \$92,783.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

|                                                   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 352,405                           | \$ 135,792                          |
| Changes in Assumption                             | 314,974                              | 269,606                             |
| Net Difference Between Projected and Actual       |                                      |                                     |
| Earnings on Pension Plan Investments              | -                                    | 3,931,075                           |
| Contributions After Measurement Date              | 719,006                              | -                                   |
| <br>TOTAL                                         | <br>\$ 1,386,385                     | <br>\$ 4,336,473                    |

\$719,006 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement period ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

| <u>Year Ending<br/>December 31,</u> |                           |
|-------------------------------------|---------------------------|
| 2022                                | \$ (939,776)              |
| 2023                                | (424,379)                 |
| 2024                                | (1,656,675)               |
| 2025                                | <u>(648,264)</u>          |
| <br>TOTAL                           | <br><u>\$ (3,669,094)</u> |

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

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

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

|                               | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability (Asset) | \$ 3,110,223           | \$ (2,156,433)                      | \$ (6,368,206)         |

Police Pension Plan

*Plan Administration*

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

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

*Plan Membership*

At December 31, 2021, the valuation date, membership consisted of:

|                                                                  |               |
|------------------------------------------------------------------|---------------|
| Inactive Plan Members Currently Receiving Benefits               | 17            |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 1             |
| Active Plan Members                                              | <u>21</u>     |
| <br><b>TOTAL</b>                                                 | <br><u>39</u> |

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

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

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided*

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

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later.

*Contributions*

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance

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

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

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions (Continued)*

the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. The employer contribution rate for calendar year 2021 was 54.07% of covered payroll.

*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<br>Expected Real<br>Rate of Return |
|------------------|--------|----------------------------------------------|
| Equity           | 52.00% | 9.59%                                        |
| Fixed Income     | 45.00% | 4.66%                                        |
| Cash Equivalents | 3.00%  | 0.85%                                        |

The long-term expected real rates of return are net of a 2.76% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

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

A. Plan Descriptions (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 based on historical results over a forty year amortization period. 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 December 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Investments in The Illinois Funds are valued at the share price, the price for which the investment could be sold.

*Investment Concentrations*

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

*Investment Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.11%. 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)

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

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2021:

| Investment Type           | Fair Value          | Investment Maturities (in Years) |                     |                     |                   |
|---------------------------|---------------------|----------------------------------|---------------------|---------------------|-------------------|
|                           |                     | Less than 1                      | 1-5                 | 6-10                | Greater than 10   |
| U.S. Treasury Obligations | \$ 1,616,407        | \$ 99,278                        | \$ 867,967          | \$ 444,904          | \$ 204,258        |
| U.S. Agency Obligations   | 716,854             | 90,010                           | 28,754              | 172,008             | 426,082           |
| Mutual Funds (Fixed Inc.) | 943,319             | 153,257                          | -                   | 790,062             | -                 |
| Corporate Bonds           | 2,582,021           | 210,523                          | 1,369,307           | 998,100             | 4,091             |
| <b>TOTAL</b>              | <b>\$ 5,858,601</b> | <b>\$ 553,068</b>                | <b>\$ 2,266,028</b> | <b>\$ 2,405,074</b> | <b>\$ 634,431</b> |

The Fund has the following recurring fair value measurements as of December 31, 2021: the U.S. Treasury obligations, equity mutual funds, fixed income mutual funds and equities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

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

*Credit Risk*

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

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

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

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Custodial Credit Risk*

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

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of and for fiscal year ended December 31, 2021, using the following actuarial methods and assumptions.

|                            |                   |
|----------------------------|-------------------|
| Actuarial Valuation Date   | December 31, 2021 |
| Measurement Date           | December 31, 2021 |
| Actuarial Cost Method      | Entry-Age Normal  |
| Assumptions                |                   |
| Inflation                  | 2.25%             |
| Salary Increases           | 2.25% to 17.66%   |
| Interest Rate              | 6.75%             |
| Cost of Living Adjustments | 3.25%             |
| Asset Valuation Method     | Fair value        |

Mortality rates were based on the PubS-2010(A) Study using MP-2019 Improvement Rates applied on a fully generational basis. Other demographic assumption rates are based on a review of assumptions in the actuary's 2020 study for Illinois Police Officers.

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

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**6. 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)<br>Total<br>Pension<br>Liability | (b)<br>Plan<br>Fiduciary<br>Net Position | (a) - (b)<br>Net<br>Pension<br>Liability |
|------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|
| <b>BALANCES AT<br/>JANUARY 1, 2021</b>               | <u>\$ 20,638,206</u>                 | <u>\$ 13,251,724</u>                     | <u>\$ 7,386,482</u>                      |
| <b>Changes for the Period</b>                        |                                      |                                          |                                          |
| Service Cost                                         | 455,298                              | -                                        | 455,298                                  |
| Interest                                             | 1,299,520                            | -                                        | 1,299,520                                |
| Difference Between Expected<br>and Actual Experience | (890,895)                            | -                                        | (890,895)                                |
| Changes in Assumptions                               | -                                    | -                                        | -                                        |
| Changes of Benefit Terms                             | -                                    | -                                        | -                                        |
| Employer Contributions                               | -                                    | 949,365                                  | (949,365)                                |
| Employee Contributions                               | -                                    | 173,998                                  | (173,998)                                |
| Net Investment Income                                | -                                    | 1,032,826                                | (1,032,826)                              |
| Benefit Payments and Refunds                         | (871,116)                            | (871,116)                                | -                                        |
| Administrative Expense                               | -                                    | (20,213)                                 | 20,213                                   |
| <b>Net Changes</b>                                   | <u>(7,193)</u>                       | <u>1,264,860</u>                         | <u>(1,272,053)</u>                       |
| <b>BALANCES AT<br/>DECEMBER 31, 2021</b>             | <u>\$ 20,631,013</u>                 | <u>\$ 14,516,584</u>                     | <u>\$ 6,114,429</u>                      |

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

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

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in the Net Pension Liability (Continued)*

The Plan fiduciary net position as a percentage of the total pension liability was 70.36%.

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

For the year ended December 31, 2021, the City recognized police pension expense of \$702,874.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the fund from the following sources:

|                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience                                   | \$ 584,963                           | \$ 957,638                          |
| Changes in Assumption                                                               | 252,784                              | 80,198                              |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments | -                                    | <u>466,875</u>                      |
| <br><b>TOTAL</b>                                                                    | <br><u>\$ 837,747</u>                | <br><u>\$ 1,504,711</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  
December 31,

|                  |                         |
|------------------|-------------------------|
| 2022             | \$ 66,518               |
| 2023             | (283,134)               |
| 2024             | (111,498)               |
| 2025             | (156,092)               |
| 2026             | (165,294)               |
| Thereafter       | <u>(17,464)</u>         |
| <br><b>TOTAL</b> | <br><u>\$ (666,964)</u> |

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

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**6. 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<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 9,083,168           | \$ 6,114,429                        | \$ 3,684,818           |

Firefighters' Pension Plan

*Plan Administration*

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

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

*Plan Membership*

At December 31, 2021, the valuation date, membership consisted of:

|                                                                  |               |
|------------------------------------------------------------------|---------------|
| Inactive Plan Members Currently Receiving Benefits               | 9             |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 1             |
| Active Plan Members                                              | <u>14</u>     |
| <br><b>TOTAL</b>                                                 | <br><u>24</u> |

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Benefits Provided*

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

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

*Contributions*

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Contributions (Continued)*

necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. However, the City has adopted a funding policy to fund 100% of the past service cost by 2040. The employer contribution rate for calendar year 2021 was 55.86% 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<br>Expected Real<br>Rate of Return |
|---------------------------|--------|----------------------------------------------|
| Large Cap Domestic Equity | 38.50% | 5.90%                                        |
| Small Cap Domestic Equity | 11.00% | 7.70%                                        |
| International Equity      | 5.50%  | 6.80%                                        |
| Fixed Income              | 45.00% | 1.10%                                        |

The long-term expected real rates of return are net of a 2.50% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Investment Policy (Continued)*

The long-term expected rate of return on the Fund's investments was determined using the Morningstar Analyst Research Center - SBBI Data for the period of December 31, 1969, through December 31, 2021. The long-term expected rate of return on the International Equity class was based on the MCSI EAFE index for the period of December 31, 1969, through December 31, 2021. The long-term expected rates of return are the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major assets class. Best estimates or geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of December 31, 2021, are listed in the table on the previous page.

*Concentrations*

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

*Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.54%. 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)

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2021:

| Investment Type             | Fair Value          | Investment Maturity (in Years) |                     |                     |                   |
|-----------------------------|---------------------|--------------------------------|---------------------|---------------------|-------------------|
|                             |                     | Less than 1                    | 1-5                 | 6-10                | Greater than 10   |
| U.S. Treasury Obligations   | \$ 608,502          | \$ 126,715                     | \$ 280,176          | \$ 201,611          | \$ -              |
| U.S. Agency Obligations     | 2,594,872           | 195,964                        | 669,337             | 1,724,003           | 5,568             |
| Corporate Bonds             | 741,139             | -                              | 326,759             | 414,380             | -                 |
| State and Local Obligations | 722,057             | 10,000                         | 255,118             | 355,723             | 101,216           |
| Negotiable CDs              | 166,901             | -                              | 118,742             | 48,159              | -                 |
| <b>TOTAL</b>                | <b>\$ 4,833,471</b> | <b>\$ 332,679</b>              | <b>\$ 1,650,132</b> | <b>\$ 2,743,876</b> | <b>\$ 106,784</b> |

The Fund has the following recurring fair value measurements as of December 31, 2021: the U.S. Treasury obligations, equities, and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, annuity contracts, negotiable CDs, and the corporate and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

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

*Credit Risk*

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

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy requires third party safekeeping, evidenced by a written agreement, for all securities owned by the Fund.

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of and for fiscal year ended December 31, 2021, using the following actuarial methods and assumptions.

|                            |                   |
|----------------------------|-------------------|
| Actuarial Valuation Date   | December 31, 2021 |
| Measurement Date           | December 31, 2021 |
| Actuarial Cost Method      | Entry-Age Normal  |
| Assumptions                |                   |
| Inflation                  | 2.25%             |
| Salary Increases           | 2.25% to 17.39%   |
| Interest Rate              | 6.75%             |
| Cost of Living Adjustments | 2.25%             |
| Asset Valuation Method     | Fair value        |

Mortality rates were based on the PubS-2010(A) Study using MP-2019 Improvement Rates applied on a fully generational basis. Other demographic assumption rates are based on a review of assumptions in the actuary's 2020 study for Illinois Firefighters.

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Discount Rate*

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

*Changes in the Net Pension Liability*

|                                                      | (a)<br>Total<br>Pension<br>Liability | (b)<br>Plan<br>Fiduciary<br>Net Position | (a) - (b)<br>Net<br>Pension<br>Liability |
|------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|
| <b>BALANCES AT<br/>JANUARY 1, 2021</b>               | <u>\$ 15,365,732</u>                 | <u>\$ 11,071,799</u>                     | <u>\$ 4,293,933</u>                      |
| <b>Changes for the Period</b>                        |                                      |                                          |                                          |
| Service Cost                                         | 299,707                              | -                                        | 299,707                                  |
| Interest                                             | 960,358                              | -                                        | 960,358                                  |
| Difference Between Expected<br>and Actual Experience | (1,753,505)                          | -                                        | (1,753,505)                              |
| Changes in Assumptions                               | -                                    | -                                        | -                                        |
| Changes in Benefit Terms                             | -                                    | -                                        | -                                        |
| Employer Contributions                               | -                                    | 658,021                                  | (658,021)                                |
| Employee Contributions                               | -                                    | 111,379                                  | (111,379)                                |
| Net Investment Income                                | -                                    | 1,158,271                                | (1,158,271)                              |
| Benefit Payments and Refunds                         | (626,651)                            | (626,651)                                | -                                        |
| Administrative Expense                               | -                                    | (17,698)                                 | 17,698                                   |
| <b>Net Changes</b>                                   | <u>(1,120,091)</u>                   | <u>1,283,322</u>                         | <u>(2,403,413)</u>                       |
| <b>BALANCES AT<br/>DECEMBER 31, 2021</b>             | <u>\$ 14,245,641</u>                 | <u>\$ 12,355,121</u>                     | <u>\$ 1,890,520</u>                      |

The Plan fiduciary net position as a percentage of the total pension liability was 86.73%.

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

For the year ended December 31, 2021, the City recognized firefighters' pension expense of \$24,179.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

|                                                   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 298,300                           | \$ 2,091,541                        |
| Changes in Assumption                             | 470,008                              | 141,303                             |
| Net Difference Between Projected and Actual       |                                      |                                     |
| Earnings on Pension Plan Investments              | -                                    | 911,530                             |
| <br>TOTAL                                         | <br><u>\$ 768,308</u>                | <br><u>\$ 3,144,374</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:

| <u>Year Ending<br/>December 31,</u> |                           |
|-------------------------------------|---------------------------|
| 2022                                | \$ (330,594)              |
| 2023                                | (500,085)                 |
| 2024                                | (357,122)                 |
| 2025                                | (348,805)                 |
| 2026                                | (226,765)                 |
| Thereafter                          | <u>(612,695)</u>          |
| <br>TOTAL                           | <br><u>\$ (2,376,066)</u> |

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

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

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Discount Rate Sensitivity*

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

|                       | 1% Decrease<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 3,953,124           | \$ 1,890,520                        | \$ 201,773             |

B. Schedule of Fiduciary Net Position

|                                                 | Police<br>Pension    | Firefighters'<br>Pension | Total                |
|-------------------------------------------------|----------------------|--------------------------|----------------------|
| <b>ASSETS</b>                                   |                      |                          |                      |
| Cash and Short-Term Investments                 | \$ 816,753           | \$ 518,121               | \$ 1,334,874         |
| Investments, at Fair Value                      |                      |                          |                      |
| U.S. Treasury Securities                        | 1,616,407            | 608,502                  | 2,224,909            |
| U.S. Agency Securities                          | 716,854              | 2,594,873                | 3,311,727            |
| Equity Mutual Funds                             | 2,131,816            | 6,717,941                | 8,849,757            |
| Fixed Income Mutual Funds                       | 943,319              | -                        | 943,319              |
| Corporate Bonds                                 | 2,582,021            | 741,139                  | 3,323,160            |
| Municipal Bonds                                 | -                    | 722,056                  | 722,056              |
| Equities                                        | 5,674,398            | 220,904                  | 5,895,302            |
| Annuity Contracts                               | -                    | 205,144                  | 205,144              |
| Receivables                                     |                      |                          |                      |
| Accrued Interest                                | 35,016               | 26,441                   | 61,457               |
| Total Assets                                    | <u>14,516,584</u>    | <u>12,355,121</u>        | <u>26,871,705</u>    |
| <b>LIABILITIES</b>                              |                      |                          |                      |
| None                                            | -                    | -                        | -                    |
| Total Liabilities                               | -                    | -                        | -                    |
| <b>NET POSITION RESTRICTED<br/>FOR PENSIONS</b> |                      |                          |                      |
|                                                 | <u>\$ 14,516,584</u> | <u>\$ 12,355,121</u>     | <u>\$ 26,871,705</u> |

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

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

C. Schedule of Changes in Fiduciary Net Position

|                                                  | Police<br>Pension | Firefighters'<br>Pension | Total             |
|--------------------------------------------------|-------------------|--------------------------|-------------------|
| <b>ADDITIONS</b>                                 |                   |                          |                   |
| Contributions                                    |                   |                          |                   |
| Employer Contributions                           | \$ 949,365        | \$ 658,021               | \$ 1,607,386      |
| Employee Contributions                           | 173,998           | 111,379                  | 285,377           |
| <br>Total Contributions                          | <br>1,123,363     | <br>769,400              | <br>1,892,763     |
| <b>INVESTMENT INCOME</b>                         |                   |                          |                   |
| Net Appreciation on Fair<br>Value of Investments | 626,847           | 679,314                  | 1,306,161         |
| Interest Earned                                  | 440,471           | 510,209                  | 950,680           |
| Less Investment Expense                          | (34,492)          | (31,252)                 | (65,744)          |
| <br>Net Investment Income                        | <br>1,032,826     | <br>1,158,271            | <br>2,191,097     |
| <br>Total Additions                              | <br>2,156,189     | <br>1,927,671            | <br>4,083,860     |
| <b>DEDUCTIONS</b>                                |                   |                          |                   |
| Benefits and Refunds                             | 871,116           | 626,651                  | 1,497,767         |
| Administrative Expenses                          | 20,213            | 17,698                   | 37,911            |
| <br>Total Deductions                             | <br>891,329       | <br>644,349              | <br>1,535,678     |
| <br><b>NET INCREASE</b>                          | <br>1,264,860     | <br>1,283,322            | <br>2,548,182     |
| <b>NET POSITION RESTRICTED<br/>FOR PENSIONS</b>  |                   |                          |                   |
| January 1                                        | 13,251,724        | 11,071,799               | 24,323,523        |
| December 31                                      | <br>\$ 14,516,584 | <br>\$ 12,355,121        | <br>\$ 26,871,705 |

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

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**7. RISK MANAGEMENT**

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

**8. CONTRACTS, COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

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

**C. Northern Illinois Municipal Power Agency**

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

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

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

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**8. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)**

**C. Northern Illinois Municipal Power Agency (Continued)**

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is \$420 million as of December 31, 2021.

**D. Rochelle Waste Disposal**

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

**E. Ogle-Lee Fire Protection District**

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

**F. Tax Abatements**

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

For the fiscal year ended December 31, 2021, the City abated  $\frac{1}{2}$  of the 1% portion of sales tax attributable to sales and services rendered for a dealership who renovated their building at 620 South 7th Street, Rochelle, Illinois. The sales tax abatement amounted to \$53,784. A portion of the property taxes attributable to any new improvements added to the property (30% to 90%) will be rebated by the City related to this agreement starting in fiscal year 2019 (2018 tax levy). Under the terms of the agreement, the dealership is required to employ a minimum of 19 full-time equivalent employees for at least five years. The agreement expires December 31, 2022.

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

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**9. INDIVIDUAL FUND DISCLOSURES**

**A. Due From/To Other Funds**

Due from/to other funds at December 31, 2021, consisted of the following:

| Fund                  | Due<br>From       | Due<br>To         |
|-----------------------|-------------------|-------------------|
| General               | \$ 555,862        | \$ -              |
| Capital Improvement   | -                 | 538,238           |
| Nonmajor Governmental | 89,929            | 17,624            |
| Nonmajor Proprietary  | -                 | 89,929            |
| <b>TOTAL</b>          | <b>\$ 645,791</b> | <b>\$ 645,791</b> |

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

**B. Advances From/To Other Funds**

Advances from/to other funds at December 31, 2021 consisted of the following:

| Fund                     | Advance<br>From   | Advance<br>To     |
|--------------------------|-------------------|-------------------|
| Electric Utility         | \$ 409,044        | \$ -              |
| Technology Center        | -                 | 409,044           |
| General                  | 22,224            | -                 |
| Nonmajor Special Revenue | -                 | 22,224            |
| <b>TOTAL</b>             | <b>\$ 431,268</b> | <b>\$ 431,268</b> |

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

- \$409,044 advanced from the Electric Utility Fund to the Technology Center Funds is for funding of cash shortfalls. Repayment is not expected within one year.
- \$22,224 advanced from the General Fund to the Nonmajor Special Revenue Funds is for funding of cash shortfalls. Repayment is not expected within one year.

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

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

**C. Interfund Transfers**

Interfund transfers during the year ended December 31, 2021 consisted of the following:

|                       | Transfer<br>In          | Transfer<br>Out         |
|-----------------------|-------------------------|-------------------------|
| General               | \$ 2,774,071            | \$ 180,000              |
| Capital Improvement   | 1,396,285               | 75,000                  |
| Electric              | -                       | 2,096,088               |
| Water                 | -                       | 148,817                 |
| Water Reclamation     | -                       | 207,616                 |
| Nonmajor Governmental | 255,000                 | 1,768,946               |
| Nonmajor Enterprise   | 87,000                  | 35,889                  |
| <br><b>TOTAL</b>      | <br><b>\$ 4,512,356</b> | <br><b>\$ 4,512,356</b> |

The purposes of significant interfund transfers are as follows:

- \$2,774,071 transferred to the General Fund was made up of \$2,096,088 from the Electric Utility Fund, \$148,817 from the Water Fund, \$207,616 Water Reclamation Fund, \$285,661 from the Nonmajor Governmental and \$35,889 from the Nonmajor Enterprise Funds for annual transfers as permitted under bond ordinances and city policies. The transfers will not be repaid.
- \$1,396,285 transferred to the Capital Improvement Fund from Nonmajor Governmental Funds (Utility Tax Fund \$54,211, Railroad Fund \$205,350 and Sales Tax Fund \$1,136,724) for various CIP projects. These transfers will not be repaid.

**D. Fund Balance/Net Position Deficits**

As of December 31, 2021, the Social Security (\$17,624) and Northern Gateway TIF Fund (\$22,225) had deficit fund balances/net position.

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

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**10. RECEIVABLES**

The following receivables are included in due from other governments on the statement of net position at December 31, 2021:

**GOVERNMENTAL ACTIVITIES**

|                               |                     |
|-------------------------------|---------------------|
| Telecommunications Tax        | \$ 67,008           |
| Use Tax                       | 105,714             |
| Sales Tax                     | 1,025,814           |
| Auto Rental Tax               | 153                 |
| Video Gaming Tax              | 49,267              |
| Cannabis Tax                  | 3,812               |
| Motor Fuel Tax                | <u>35,603</u>       |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 1,287,371</u> |

**11. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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

**B. Benefits Provided**

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

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

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

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

**C. Membership**

At December 31, 2020, the most recent information available, membership consisted of:

|                                                                         |                |
|-------------------------------------------------------------------------|----------------|
| Retirees and Beneficiaries Currently Receiving Benefits                 | 15             |
| Terminated Employees Entitled to Benefits but not yet<br>Receiving Them | -              |
| Active Employees                                                        | <u>105</u>     |
| <br><b>TOTAL</b>                                                        | <br><u>120</u> |

**D. Total OPEB Liability**

The City's total OPEB liability of \$705,797 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020.

**E. Actuarial Assumptions and Other Inputs**

The total OPEB liability at December 31, 2021, as determined by an actuarial valuation as of January 1, 2020, actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updated procedures to December 31, 2021, including updating the discount rate at December 31, 2021, as noted below.

|                             |                                 |
|-----------------------------|---------------------------------|
| Actuarial Cost Method       | Entry-Age Normal                |
| Actuarial Value of Assets   | Not Applicable                  |
| Salary Increases            | 2.75%                           |
| Discount Rate               | 2.06%                           |
| Healthcare Cost Trend Rates | 5.50% Initial<br>5.00% Ultimate |

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

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

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

F. Changes in the Total OPEB Liability

|                                                | <u>Total OPEB<br/>Liability</u> |
|------------------------------------------------|---------------------------------|
| BALANCES AT DECEMBER 31, 2020                  | <u>\$ 679,504</u>               |
| Changes for the Period                         |                                 |
| Service Cost                                   | 22,055                          |
| Interest                                       | 13,386                          |
| Changes Between Expected and Actual Experience | 110,432                         |
| Changes in Assumptions                         | (23,402)                        |
| Benefit Payments                               | <u>(96,178)</u>                 |
| Net Changes                                    | <u>26,293</u>                   |
| BALANCES AT DECEMBER 31, 2021                  | <u>\$ 705,797</u>               |

There were changes in assumptions related to the discount rate and healthcare cost trend rates in 2021.

G. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.06% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate:

|                      | Current    | 1% Decrease | Discount Rate | 1% Increase |
|----------------------|------------|-------------|---------------|-------------|
|                      |            | (1.06%)     | (2.06%)       | (3.06%)     |
| Total OPEB Liability | \$ 739,359 | \$ 705,797  | \$ 673,756    |             |

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

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

G. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 5.50% to 5.00% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.50% to 4.00%) or 1 percentage point higher (6.50% to 6.00%) than the current rate:

|                      | 1% Decrease<br>(4.50% to 4.00%) | Current<br>Healthcare Rate<br>(5.50% to 5.00%) | 1% Increase<br>(6.50% to 6.00%) |
|----------------------|---------------------------------|------------------------------------------------|---------------------------------|
| Total OPEB Liability | \$ 649,464                      | \$ 705,797                                     | \$ 771,783                      |

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$48,583. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                              | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Experience<br>Changes in Assumptions | \$ 125,189                           | \$ -                                |
|                                                                              | <u>58,094</u>                        | <u>40,907</u>                       |
| <b>TOTAL</b>                                                                 | <b>\$ 183,283</b>                    | <b>\$ 40,907</b>                    |

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

Year Ending  
December 31,

|              |                   |
|--------------|-------------------|
| 2022         | \$ 13,142         |
| 2023         | 13,142            |
| 2024         | 13,142            |
| 2025         | 13,142            |
| 2026         | 13,142            |
| Thereafter   | <u>76,666</u>     |
| <b>TOTAL</b> | <b>\$ 142,376</b> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <b>Original and<br/>Final Budget</b> | <b>Actual</b>       | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|--------------------------------------|---------------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |                     |                                      |
| Taxes                                                        | \$ 5,615,166                         | \$ 6,044,790        | \$ 429,624                           |
| Licenses and Permits                                         | 235,500                              | 197,454             | (38,046)                             |
| Intergovernmental                                            | 1,181,000                            | 1,329,583           | 148,583                              |
| Charges for Services                                         | 974,411                              | 1,318,600           | 344,189                              |
| Fines and Forfeitures                                        | 75,000                               | 94,335              | 19,335                               |
| Investment Income                                            | 60,000                               | (15,983)            | (75,983)                             |
| Miscellaneous                                                | 105,000                              | 61,081              | (43,919)                             |
| Total Revenues                                               | <u>8,246,077</u>                     | <u>9,029,860</u>    | <u>783,783</u>                       |
| <b>EXPENDITURES</b>                                          |                                      |                     |                                      |
| Current                                                      |                                      |                     |                                      |
| General Government                                           | 1,720,587                            | 1,886,558           | 165,971                              |
| Public Safety                                                | 7,007,421                            | 6,691,523           | (315,898)                            |
| Public Works                                                 | 1,922,663                            | 1,778,344           | (144,319)                            |
| Public Service Enterprises                                   | 175,278                              | 179,904             | 4,626                                |
| Conservation and Development                                 | 13,900                               | 5,172               | (8,728)                              |
| Debt Service                                                 |                                      |                     |                                      |
| Principal                                                    | -                                    | 81,662              | 81,662                               |
| Interest and Fiscal Charges                                  | -                                    | 5,103               | 5,103                                |
| Total Expenditures                                           | <u>10,839,849</u>                    | <u>10,628,266</u>   | <u>(211,583)</u>                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |                     |                                      |
|                                                              | <u>(2,593,772)</u>                   | <u>(1,598,406)</u>  | <u>995,366</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |                     |                                      |
| Transfers In                                                 | 2,774,071                            | 2,774,071           | -                                    |
| Transfers (Out)                                              | (180,000)                            | (180,000)           | -                                    |
| Total Other Financing Sources (Uses)                         | <u>2,594,071</u>                     | <u>2,594,071</u>    | <u>-</u>                             |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>\$ 299</u>                        | <u>995,665</u>      | <u>\$ 995,366</u>                    |
| <b>FUND BALANCE, JANUARY 1</b>                               |                                      | <u>8,436,031</u>    |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                             |                                      | <u>\$ 9,431,696</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

Last Four Fiscal Years

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| <b>MEASUREMENT DATE DECEMBER 31,</b>                                           | <b>2018</b>       | <b>2019</b>       | <b>2020</b>       | <b>2021</b>       |
|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>TOTAL OPEB LIABILITY</b>                                                    |                   |                   |                   |                   |
| Service Cost                                                                   | \$ 22,383         | \$ 20,668         | \$ 22,685         | \$ 22,055         |
| Interest                                                                       | 36,035            | 32,780            | 18,612            | 13,386            |
| Differences Between Expected and Actual Experience                             | -                 | -                 | 28,316            | 110,432           |
| Changes of Assumptions                                                         | (28,984)          | 56,576            | 18,530            | (23,402)          |
| Benefit Payments, Including Refunds of Member Contributions                    | (268,861)         | (284,773)         | (175,766)         | (96,178)          |
| Net Change in Total OPEB Liability                                             | (239,427)         | (174,749)         | (87,623)          | 26,293            |
| Total OPEB Liability - Beginning                                               | 1,181,303         | 941,876           | 767,127           | 679,504           |
| <b>TOTAL OPEB LIABILITY - ENDING</b>                                           | <b>\$ 941,876</b> | <b>\$ 767,127</b> | <b>\$ 679,504</b> | <b>\$ 705,797</b> |
| Covered-Employee Payroll                                                       | \$ 7,728,322      | \$ 9,004,571      | \$ 9,844,341      | \$ 9,852,990      |
| Employer's Total OPEB Liability<br>as a Percentage of Covered-Employee Payroll | 12.19%            | 8.52%             | 6.90%             | 7.16%             |

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

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

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

In 2020, there were changes in assumptions related to the discount rate and health care trend rate.

In 2021, there were changes in assumptions related to the discount rate.

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

**CITY OF ROCHELLE, ILLINOIS**

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

Last Seven Fiscal Years

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| <b>FISCAL YEAR ENDED</b>                                             | <b>April 30,</b> |              |              | <b>December 31,</b> |              |              |              |             |             |             |
|----------------------------------------------------------------------|------------------|--------------|--------------|---------------------|--------------|--------------|--------------|-------------|-------------|-------------|
|                                                                      | <b>2016</b>      | <b>2016*</b> | <b>2017</b>  | <b>2018</b>         | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |             |             |             |
| Actuarially Determined Contribution                                  | \$ 683,782       | \$ 491,358   | \$ 768,000   | \$ 704,122          | \$ 593,621   | \$ 770,238   | \$ 719,006   |             |             |             |
| Contributions in Relation to the Actuarially Determined Contribution | 683,782          | 491,358      | 768,000      | 704,122             | 593,621      | 770,238      | 719,006      |             |             |             |
| <b>CONTRIBUTION DEFICIENCY (Excess)</b>                              | <b>\$ -</b>      | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>         | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |
| Covered Payroll                                                      | \$ 6,035,344     | \$ 4,153,491 | \$ 6,432,161 | \$ 6,209,189        | \$ 6,348,888 | \$ 6,951,606 | \$ 6,925,837 |             |             |             |
| Contributions as a Percentage of Covered Payroll                     | 11.33%           | 11.83%       | 11.94%       | 11.34%              | 9.35%        | 11.08%       | 10.38%       |             |             |             |

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 23 years; the asset valuation method was five-year smoothed market and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

Last Eight Fiscal Years

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| <b>FISCAL YEAR ENDED</b>                                             | <b>April 30,</b>   |                 |                 |                 | <b>December 31,</b> |                 |                    |                     | <b>2020</b> | <b>2021</b> |
|----------------------------------------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------------|-----------------|--------------------|---------------------|-------------|-------------|
|                                                                      | <b>2015</b>        | <b>2016</b>     | <b>2016*</b>    | <b>2017</b>     | <b>2018</b>         | <b>2019</b>     |                    |                     |             |             |
| Actuarially Determined Contribution                                  | \$ 263,541         | \$ 366,575      | \$ 389,808      | \$ 499,765      | \$ 557,874          | \$ 614,329      | \$ 715,312         | \$ 827,035          |             |             |
| Contributions in Relation to the Actuarially Determined Contribution | 276,905            | 360,627         | 388,135         | 497,804         | 556,593             | 613,234         | 764,747            | 949,365             |             |             |
| <b>CONTRIBUTION DEFICIENCY (Excess)</b>                              | <b>\$ (13,364)</b> | <b>\$ 5,948</b> | <b>\$ 1,673</b> | <b>\$ 1,961</b> | <b>\$ 1,281</b>     | <b>\$ 1,095</b> | <b>\$ (49,435)</b> | <b>\$ (122,330)</b> |             |             |
| Covered Payroll                                                      | \$ 1,586,341       | \$ 1,349,905    | \$ 1,212,418    | \$ 1,882,279    | \$ 1,382,454        | \$ 1,535,637    | \$ 1,686,765       | \$ 1,755,785        |             |             |
| Contributions as a Percentage of Covered Payroll                     | 17.46%             | 26.71%          | 32.01%          | 26.45%          | 40.26%              | 39.93%          | 45.34%             | 54.07%              |             |             |

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1/January 1 of the prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed market; 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 2.50% compounded annually.

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

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

Last Eight Fiscal Years

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| <b>FISCAL YEAR ENDED</b>                                             | <b>April 30,</b>  |                  |                 |                 | <b>December 31,</b> |               |                    |                     |
|----------------------------------------------------------------------|-------------------|------------------|-----------------|-----------------|---------------------|---------------|--------------------|---------------------|
|                                                                      | <b>2015</b>       | <b>2016</b>      | <b>2016*</b>    | <b>2017</b>     | <b>2018</b>         | <b>2019</b>   | <b>2020</b>        | <b>2021</b>         |
| Actuarially Determined Contribution                                  | \$ 273,650        | \$ 337,824       | \$ 345,086      | \$ 444,861      | \$ 464,988          | \$ 482,180    | \$ 477,231         | \$ 536,159          |
| Contributions in Relation to the Actuarially Determined Contribution | 278,524           | 306,002          | 345,372         | 443,122         | 463,931             | 481,321       | 528,813            | 658,021             |
| <b>CONTRIBUTION DEFICIENCY (Excess)</b>                              | <b>\$ (4,874)</b> | <b>\$ 31,822</b> | <b>\$ (286)</b> | <b>\$ 1,739</b> | <b>\$ 1,057</b>     | <b>\$ 859</b> | <b>\$ (51,582)</b> | <b>\$ (121,862)</b> |
| Covered Payroll                                                      | \$ 909,588        | \$ 924,791       | \$ 666,530      | \$ 1,034,788    | \$ 1,026,548        | \$ 1,092,625  | \$ 1,192,781       | \$ 1,177,993        |
| Contributions as a Percentage of Covered Payroll                     | 30.62%            | 33.09%           | 51.82%          | 42.82%          | 45.19%              | 44.05%        | 44.33%             | 55.86%              |

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1/January 1 of the prior fiscal years. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 2.50% to 17.64% plus 2.50% for inflation compounded annually and postretirement benefit increases of 3.50% compounded annually.

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

**CITY OF ROCHELLE, ILLINOIS**

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

Last Six Fiscal Years

| <b>MEASUREMENT DATE DECEMBER 31,</b>                                             | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          | <b>2020</b>           |
|----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>TOTAL PENSION LIABILITY</b>                                                   |                      |                      |                      |                      |                      |                       |
| Service Cost                                                                     | \$ 633,562           | \$ 642,258           | \$ 645,899           | \$ 627,215           | \$ 607,200           | \$ 615,069            |
| Interest                                                                         | 2,620,202            | 2,791,955            | 2,904,572            | 2,931,686            | 3,006,770            | 3,126,537             |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 803,929              | (40,100)             | 174,541              | 106,700              | 620,227              | (180,664)             |
| Changes of Assumptions                                                           | 43,813               | (90,079)             | (1,220,831)          | 1,131,604            | -                    | (296,225)             |
| Benefit Payments, Including Refunds of Member Contributions                      | (1,693,209)          | (1,832,637)          | (1,975,021)          | (2,291,605)          | (2,515,722)          | (2,656,622)           |
| Net Change in Total Pension Liability                                            | 2,408,297            | 1,471,397            | 529,160              | 2,505,600            | 1,718,475            | 608,095               |
| Total Pension Liability - Beginning                                              | 35,512,493           | 37,920,790           | 39,392,187           | 39,921,347           | 42,426,947           | 44,145,422            |
| <b>TOTAL PENSION LIABILITY - ENDING</b>                                          | <b>\$ 37,920,790</b> | <b>\$ 39,392,187</b> | <b>\$ 39,921,347</b> | <b>\$ 42,426,947</b> | <b>\$ 44,145,422</b> | <b>\$ 44,753,517</b>  |
| <b>PLAN FIDUCIARY NET POSITION</b>                                               |                      |                      |                      |                      |                      |                       |
| Contributions - Employer                                                         | \$ 687,703           | \$ 725,858           | \$ 768,001           | \$ 714,809           | \$ 595,621           | \$ 770,237            |
| Contributions - Member                                                           | 280,253              | 343,977              | 289,447              | 291,631              | 286,662              | 312,822               |
| Net Investment Income                                                            | 165,264              | 2,260,861            | 6,163,738            | (2,311,367)          | 7,120,133            | 6,234,317             |
| Benefit Payments, Including Refunds of Member Contributions                      | (1,693,209)          | (1,832,637)          | (1,975,021)          | (2,291,605)          | (2,515,722)          | (2,656,622)           |
| Other (Net Transfer)                                                             | 2,251                | 353,618              | (966,725)            | 1,023,266            | 415,760              | (68,888)              |
| Net Change in Plan Fiduciary Net Position                                        | (557,738)            | 1,851,677            | 4,279,440            | (2,573,266)          | 5,902,454            | 4,591,866             |
| Plan Fiduciary Net Position - Beginning                                          | 33,415,517           | 32,857,779           | 34,709,456           | 38,988,896           | 36,415,630           | 42,318,084            |
| <b>PLAN FIDUCIARY NET POSITION - ENDING</b>                                      | <b>\$ 32,857,779</b> | <b>\$ 34,709,456</b> | <b>\$ 38,988,896</b> | <b>\$ 36,415,630</b> | <b>\$ 42,318,084</b> | <b>\$ 46,909,950</b>  |
| <b>EMPLOYER'S NET PENSION LIABILITY</b>                                          | <b>\$ 5,063,011</b>  | <b>\$ 4,682,731</b>  | <b>\$ 932,451</b>    | <b>\$ 6,011,317</b>  | <b>\$ 1,827,338</b>  | <b>\$ (2,156,433)</b> |

| <b>MEASUREMENT DATE DECEMBER 31,</b>                                          | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  |
|-------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Plan Fiduciary Net Position<br>as a Percentage of the Total Pension Liability | 86.65%       | 88.11%       | 97.66%       | 85.83%       | 95.86%       | 104.82%      |
| Covered Payroll                                                               | \$ 6,035,344 | \$ 6,126,370 | \$ 6,432,163 | \$ 6,303,438 | \$ 6,370,283 | \$ 6,951,609 |
| Employer's Net Pension Liability<br>as a Percentage of Covered Payroll        | 83.89%       | 76.44%       | 14.50%       | 95.37%       | 28.69%       | (31.02%)     |

Changes in assumptions related to retirement age and mortality were made in 2015. There was a change in the discount rate assumption from 2015 to 2016. Changes in assumptions related to retirement age and mortality were made in 2017. There was a change in the discount rate assumption from 2017 to 2018. There was a change in the inflation rate, projected payroll increases and mortality rates from 2019 to 2020.

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

**CITY OF ROCHELLE, ILLINOIS**

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

Last Eight Fiscal Years

| <b>MEASUREMENT DATE</b>                                     | <b>April 30,</b>     |                      |                      |                      | <b>December 31,</b>  |                      |                      |                      |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                             | <b>2015</b>          | <b>2016</b>          | <b>2016*</b>         | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          | <b>2020</b>          | <b>2021</b>          |
| <b>TOTAL PENSION LIABILITY</b>                              |                      |                      |                      |                      |                      |                      |                      |                      |
| Service Cost                                                | \$ 285,666           | \$ 280,429           | \$ 228,616           | \$ 244,048           | \$ 368,621           | \$ 405,981           | \$ 433,368           | \$ 455,298           |
| Interest                                                    | 971,183              | 996,514              | 734,327              | 1,090,246            | 1,135,689            | 1,230,475            | 1,328,898            | 1,299,520            |
| Differences Between Actual and Expected                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Experience                                                  | -                    | (203,820)            | (17,329)             | 240,607              | 788,319              | 366,156              | (271,542)            | (890,895)            |
| Changes in Assumptions                                      | -                    | 1,183,719            | (367,219)            | -                    | -                    | 239,595              | -                    | -                    |
| Changes in Benefit Terms                                    | -                    | -                    | -                    | -                    | -                    | 33,828               | -                    | -                    |
| Benefit Payments, Including Refunds of Member Contributions | (925,616)            | (837,526)            | (565,736)            | (924,236)            | (879,106)            | (897,669)            | (908,978)            | (871,116)            |
| Net Change in Total Pension Liability                       | 331,233              | 1,419,316            | 12,659               | 650,665              | 1,413,523            | 1,378,366            | 581,746              | (7,193)              |
| Total Pension Liability - Beginning                         | 14,850,698           | 15,181,931           | 16,601,247           | 16,613,906           | 17,264,571           | 18,678,094           | 20,056,460           | 20,638,206           |
| <b>TOTAL PENSION LIABILITY - ENDING</b>                     | <b>\$ 15,181,931</b> | <b>\$ 16,601,247</b> | <b>\$ 16,613,906</b> | <b>\$ 17,264,571</b> | <b>\$ 18,678,094</b> | <b>\$ 20,056,460</b> | <b>\$ 20,638,206</b> | <b>\$ 20,631,013</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - Employer                                    | \$ 276,905           | \$ 360,627           | \$ 388,135           | \$ 497,804           | \$ 556,593           | \$ 613,234           | \$ 764,747           | \$ 949,365           |
| Contributions - Member                                      | 138,909              | 137,476              | 90,544               | 140,386              | 142,282              | 152,182              | 167,158              | 173,998              |
| Net Investment Income                                       | 504,446              | (283,084)            | 328,130              | 1,200,675            | (601,025)            | 1,775,027            | 1,156,849            | 1,032,826            |
| Benefit Payments, Including Refunds of Member Contributions | (925,616)            | (837,526)            | (565,736)            | (924,236)            | (879,106)            | (897,669)            | (908,978)            | (871,116)            |
| Administrative Expense                                      | (17,065)             | (18,984)             | (17,314)             | (20,897)             | (22,890)             | (22,338)             | (22,693)             | (20,213)             |
| Net Change in Plan Fiduciary Net Position                   | (22,421)             | (641,491)            | 223,759              | 893,732              | (804,146)            | 1,620,436            | 1,157,083            | 1,264,860            |
| Plan Fiduciary Net Position - Beginning                     | 10,824,772           | 10,802,351           | 10,160,860           | 10,384,619           | 11,278,351           | 10,474,205           | 12,094,641           | 13,251,724           |
| <b>PLAN FIDUCIARY NET POSITION - ENDING</b>                 | <b>\$ 10,802,351</b> | <b>\$ 10,160,860</b> | <b>\$ 10,384,619</b> | <b>\$ 11,278,351</b> | <b>\$ 10,474,205</b> | <b>\$ 12,094,641</b> | <b>\$ 13,251,724</b> | <b>\$ 14,516,584</b> |
| <b>EMPLOYER'S NET PENSION LIABILITY</b>                     | <b>\$ 4,379,580</b>  | <b>\$ 6,440,387</b>  | <b>\$ 6,229,287</b>  | <b>\$ 5,986,220</b>  | <b>\$ 8,203,889</b>  | <b>\$ 7,961,819</b>  | <b>\$ 7,386,482</b>  | <b>\$ 6,114,429</b>  |

| MEASUREMENT DATE                                                              | April 30,    |              |              |              | December 31, |              |              |              |
|-------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                                               | 2015         | 2016         | 2016*        | 2017         | 2018         | 2019         | 2020         | 2021         |
| Plan Fiduciary Net Position<br>as a Percentage of the Total Pension Liability | 71.15%       | 61.21%       | 62.51%       | 65.33%       | 56.08%       | 60.30%       | 64.21%       | 70.36%       |
| Covered Payroll                                                               | \$ 1,586,341 | \$ 1,349,905 | \$ 1,212,418 | \$ 1,882,279 | \$ 1,382,454 | \$ 1,535,637 | \$ 1,686,765 | \$ 1,755,785 |
| Employer's Net Pension Liability<br>as a Percentage of Covered Payroll        | 276.08%      | 477.10%      | 513.79%      | 318.03%      | 593.43%      | 518.47%      | 437.91%      | 348.24%      |

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

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

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

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

**CITY OF ROCHELLE, ILLINOIS**

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

Last Eight Fiscal Years

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| <b>MEASUREMENT DATE</b>                                     | <b>April 30,</b>     |                      |                      |                      | <b>December 31,</b>  |                      |                      |                      |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                             | <b>2015</b>          | <b>2016</b>          | <b>2016*</b>         | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          | <b>2020</b>          | <b>2021</b>          |
| <b>TOTAL PENSION LIABILITY</b>                              |                      |                      |                      |                      |                      |                      |                      |                      |
| Service Cost                                                | \$ 215,229           | \$ 217,247           | \$ 157,858           | \$ 168,513           | \$ 261,695           | \$ 239,261           | \$ 293,897           | \$ 299,707           |
| Interest                                                    | 741,514              | 753,420              | 606,381              | 890,290              | 921,520              | 945,071              | 976,501              | 960,358              |
| Differences Between Actual and Expected Experience          | -                    | 663,185              | (193,311)            | 78,353               | (121,881)            | (558,905)            | 74,830               | (1,753,505)          |
| Changes in Assumptions                                      | -                    | 900,875              | (352,959)            | -                    | -                    | 277,673              | -                    | -                    |
| Changes of Benefit Terms                                    | -                    | -                    | -                    | -                    | -                    | 118,668              | -                    | -                    |
| Benefit Payments, Including Refunds of Member Contributions | (498,763)            | (554,623)            | (395,431)            | (611,828)            | (737,152)            | (687,723)            | (658,451)            | (626,651)            |
| Net Change in Total Pension Liability                       | 457,980              | 1,980,104            | (177,462)            | 525,328              | 324,182              | 334,045              | 686,777              | (1,120,091)          |
| Total Pension Liability - Beginning                         | 11,234,778           | 11,692,758           | 13,672,862           | 13,495,400           | 14,020,728           | 14,344,910           | 14,678,955           | 15,365,732           |
| <b>TOTAL PENSION LIABILITY - ENDING</b>                     | <b>\$ 11,692,758</b> | <b>\$ 13,672,862</b> | <b>\$ 13,495,400</b> | <b>\$ 14,020,728</b> | <b>\$ 14,344,910</b> | <b>\$ 14,678,955</b> | <b>\$ 15,365,732</b> | <b>\$ 14,245,641</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - Employer                                    | \$ 278,524           | \$ 306,002           | \$ 345,372           | \$ 443,122           | \$ 463,931           | \$ 481,321           | \$ 528,813           | \$ 658,021           |
| Contributions - Member                                      | 91,671               | 93,373               | 62,958               | 98,666               | 101,913              | 103,308              | 112,777              | 111,379              |
| Net Investment Income                                       | 520,913              | 12,259               | 283,880              | 871,095              | (250,637)            | 1,306,011            | 1,421,035            | 1,158,271            |
| Benefit Payments, Including Refunds of Member Contributions | (498,763)            | (554,623)            | (395,431)            | (611,828)            | (737,152)            | (687,723)            | (658,451)            | (626,651)            |
| Administrative Expense                                      | (16,044)             | (21,062)             | (11,138)             | (16,019)             | (21,478)             | (12,516)             | (17,813)             | (17,698)             |
| Net Change in Plan Fiduciary Net Position                   | 376,301              | (164,051)            | 285,641              | 785,036              | (443,423)            | 1,190,401            | 1,386,361            | 1,283,322            |
| Plan Fiduciary Net Position - Beginning                     | 7,655,533            | 8,031,834            | 7,867,783            | 8,153,424            | 8,938,460            | 8,495,037            | 9,685,438            | 11,071,799           |
| <b>PLAN FIDUCIARY NET POSITION - ENDING</b>                 | <b>\$ 8,031,834</b>  | <b>\$ 7,867,783</b>  | <b>\$ 8,153,424</b>  | <b>\$ 8,938,460</b>  | <b>\$ 8,495,037</b>  | <b>\$ 9,685,438</b>  | <b>\$ 11,071,799</b> | <b>\$ 12,355,121</b> |
| <b>EMPLOYER'S NET PENSION LIABILITY</b>                     | <b>\$ 3,660,924</b>  | <b>\$ 5,805,079</b>  | <b>\$ 5,341,976</b>  | <b>\$ 5,082,268</b>  | <b>\$ 5,849,873</b>  | <b>\$ 4,993,517</b>  | <b>\$ 4,293,933</b>  | <b>\$ 1,890,520</b>  |

| MEASUREMENT DATE                                                              | April 30,  |            |            |              | December 31, |              |              |              |
|-------------------------------------------------------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
|                                                                               | 2015       | 2016       | 2016*      | 2017         | 2018         | 2019         | 2020         | 2021         |
| Plan Fiduciary Net Position<br>as a Percentage of the Total Pension Liability | 68.69%     | 57.54%     | 60.42%     | 63.75%       | 59.22%       | 65.98%       | 72.06%       | 86.73%       |
| Covered Payroll                                                               | \$ 909,588 | \$ 942,791 | \$ 666,530 | \$ 1,034,788 | \$ 1,026,548 | \$ 1,092,625 | \$ 1,192,781 | \$ 1,177,993 |
| Employer's Net Pension Liability<br>as a Percentage of Covered Payroll        | 402.48%    | 615.73%    | 801.46%    | 491.14%      | 569.86%      | 457.02%      | 359.99%      | 160.49%      |

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

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

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

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

**CITY OF ROCHELLE, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Eight Fiscal Years

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| <b>FISCAL YEAR ENDED</b>                                           | <b>April 30,</b> |             |              |             | <b>December 31,</b> |             |             |             |
|--------------------------------------------------------------------|------------------|-------------|--------------|-------------|---------------------|-------------|-------------|-------------|
|                                                                    | <b>2015</b>      | <b>2016</b> | <b>2016*</b> | <b>2017</b> | <b>2018</b>         | <b>2019</b> | <b>2020</b> | <b>2021</b> |
| Annual Money-Weighted Rate of Return,<br>Net of Investment Expense | 4.74%            | (2.66%)     | 3.27%        | 11.91%      | (5.70%)             | 17.84%      | 10.39%      | 8.11%       |

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

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

**CITY OF ROCHELLE, ILLINOIS**

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

Last Eight Fiscal Years

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| <b>FISCAL YEAR ENDED</b>                                           | <b>April 30,</b> |             |              |             | <b>December 31,</b> |             |             |             |
|--------------------------------------------------------------------|------------------|-------------|--------------|-------------|---------------------|-------------|-------------|-------------|
|                                                                    | <b>2015</b>      | <b>2016</b> | <b>2016*</b> | <b>2017</b> | <b>2018</b>         | <b>2019</b> | <b>2020</b> | <b>2021</b> |
| Annual Money-Weighted Rate of Return,<br>Net of Investment Expense | 0.70%            | (0.45%)     | 3.37%        | 8.86%       | 0.13%               | 13.13%      | 13.00%      | 11.54%      |

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

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

## **CITY OF ROCHELLE, ILLINOIS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2021

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#### **1. BUDGETS**

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

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

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

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

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

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

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

#### **2. EXCESS EXPENDITURES OVER BUDGET**

The following fund over expended budgets in fiscal year 2021:

| Fund                   | Budget     | Actual     |
|------------------------|------------|------------|
| Insurance              | \$ 321,000 | \$ 324,497 |
| Social Security        | 199,820    | 209,335    |
| Foreign Fire Insurance | 19,000     | 34,960     |
| Ambulance Replacement  | 26,284     | 26,532     |

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

## **MAJOR GOVERNMENTAL FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                | <u>Original and<br/>Final Budget</u> | <u>Actual</u> | <u>Variance<br/>Over<br/>(Under)</u> |
|--------------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>REVENUES</b>                |                                      |               |                                      |
| Taxes                          |                                      |               |                                      |
| Property                       | \$ 1,973,376                         | \$ 1,957,039  | \$ (16,337)                          |
| Road and Bridge                | 160,000                              | 182,207       | 22,207                               |
| Local Use                      | 378,173                              | 365,275       | (12,898)                             |
| Telecommunications             | 290,000                              | 265,957       | (24,043)                             |
| State Sales                    | 2,400,000                            | 2,576,686     | 176,686                              |
| Replacement                    | 240,000                              | 391,085       | 151,085                              |
| Video Gaming                   | 173,617                              | 306,541       | 132,924                              |
| <br>Total Taxes                | <br>5,615,166                        | <br>6,044,790 | <br>429,624                          |
| Licenses and Permits           |                                      |               |                                      |
| Licenses                       |                                      |               |                                      |
| Amusement                      | 2,000                                | 734           | (1,266)                              |
| Liquor                         | -                                    | 1,850         | 1,850                                |
| Franchise                      | 120,000                              | 153,699       | 33,699                               |
| Permits                        |                                      |               |                                      |
| Building                       | 113,500                              | 41,171        | (72,329)                             |
| <br>Total Licenses and Permits | <br>235,500                          | <br>197,454   | <br>(38,046)                         |
| Intergovernmental              |                                      |               |                                      |
| Shared Income Tax              | 884,000                              | 1,263,654     | 379,654                              |
| Federal Grants                 | 167,000                              | 58,000        | (109,000)                            |
| State Grants                   | 130,000                              | 7,929         | (122,071)                            |
| <br>Total Intergovernmental    | <br>1,181,000                        | <br>1,329,583 | <br>148,583                          |
| Charges for Services           |                                      |               |                                      |
| Fire Protection                | 96,411                               | 96,411        | -                                    |
| Ambulance Fees                 | 475,000                              | 790,038       | 315,038                              |
| Police Services                | 40,000                               | 71,220        | 31,220                               |
| Planning/Zoning Fees           | 206,000                              | 213,395       | 7,395                                |
| Grave Opening Fees             | 25,000                               | 35,250        | 10,250                               |
| Cemetery Lot Sales             | 15,000                               | 21,250        | 6,250                                |
| Cemetery Receipts              | 2,000                                | 3,000         | 1,000                                |
| Water Reclamation Solid Waste  | 115,000                              | 88,036        | (26,964)                             |
| <br>Total Charges for Services | <br>974,411                          | <br>1,318,600 | <br>344,189                          |

(This schedule is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                             | <u>Original and<br/>Final Budget</u> | <u>Actual</u>              | <u>Variance<br/>Over<br/>(Under)</u> |
|-----------------------------|--------------------------------------|----------------------------|--------------------------------------|
| <b>REVENUES (Continued)</b> |                                      |                            |                                      |
| Fines and Forfeitures       |                                      |                            |                                      |
| Circuit Court               | \$ 75,000                            | \$ 94,335                  | \$ 19,335                            |
| Total Fines and Forfeitures | <u>75,000</u>                        | <u>94,335</u>              | <u>19,335</u>                        |
| Investment Income           | 60,000                               | (15,983)                   | (75,983)                             |
| Miscellaneous               |                                      |                            |                                      |
| Refunds/Reimbursements      | 5,000                                | 10,000                     | 5,000                                |
| Miscellaneous               | <u>100,000</u>                       | <u>51,081</u>              | <u>(48,919)</u>                      |
| Total Miscellaneous         | <u>105,000</u>                       | <u>61,081</u>              | <u>(43,919)</u>                      |
| <b>TOTAL REVENUES</b>       | <b><u>\$ 8,246,077</u></b>           | <b><u>\$ 9,029,860</u></b> | <b><u>\$ 783,783</u></b>             |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b>           | <b>Variance<br/>Over<br/>(Under)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|--------------------------------------|
| <b>REVENUES</b>                                      |                                      |                         |                                      |
| Investment Income                                    | \$ 10,000                            | \$ 7,534                | \$ (2,466)                           |
| Total Revenues                                       | <u>10,000</u>                        | <u>7,534</u>            | <u>(2,466)</u>                       |
| <b>EXPENDITURES</b>                                  |                                      |                         |                                      |
| General Government                                   |                                      |                         |                                      |
| Contractual Services                                 | 1,250                                | 750                     | (500)                                |
| Capital Outlay                                       | 5,388,000                            | 2,198,929               | (3,189,071)                          |
| Debt Service                                         |                                      |                         |                                      |
| Principal                                            | 680,000                              | 680,000                 | -                                    |
| Interest and Fiscal Charges                          | 182,025                              | 182,025                 | -                                    |
| Total Expenditures                                   | <u>6,251,275</u>                     | <u>3,061,704</u>        | <u>(3,189,571)</u>                   |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>(6,241,275)</u>                   | <u>(3,054,170)</u>      | <u>3,187,105</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                      |                         |                                      |
| Transfers In                                         | 5,515,350                            | 1,396,285               | (4,119,065)                          |
| Transfers (Out)                                      | (75,000)                             | (75,000)                | -                                    |
| Total Other Financing Sources (Uses)                 | <u>5,440,350</u>                     | <u>1,321,285</u>        | <u>(4,119,065)</u>                   |
| NET CHANGE IN FUND BALANCE                           | <u>\$ (800,925)</u>                  | <u>(1,732,885)</u>      | <u>\$ (931,960)</u>                  |
| FUND BALANCE, JANUARY 1                              |                                      | <u>1,744,222</u>        |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                     |                                      | <b><u>\$ 11,337</u></b> |                                      |

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2021

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|                                                                           | Railroad            | Audit            | Special Revenue   | Motor Fuel Tax    | Hotel/Motel Tax   |
|---------------------------------------------------------------------------|---------------------|------------------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                                                             |                     |                  |                   |                   |                   |
| Cash and Investments                                                      | \$ 1,312,453        | \$ 6,559         | \$ 70,627         | \$ 749,904        | \$ 204,213        |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles)     |                     |                  |                   |                   |                   |
| Property Taxes                                                            | -                   | 30,000           | 374,993           | -                 | -                 |
| Accounts                                                                  | 139,775             | -                | -                 | -                 | 19,991            |
| Due from Other Governments                                                | -                   | -                | -                 | 35,603            | -                 |
| Due from Other Funds                                                      | 89,929              | -                | -                 | -                 | -                 |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 1,542,157</b> | <b>\$ 36,559</b> | <b>\$ 445,620</b> | <b>\$ 785,507</b> | <b>\$ 224,204</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                     |                  |                   |                   |                   |
| <b>LIABILITIES</b>                                                        |                     |                  |                   |                   |                   |
| Accounts Payable                                                          | \$ 9,868            | \$ -             | \$ 3,661          | \$ -              | \$ 2,331          |
| Accrued Payroll                                                           | 2,313               | -                | -                 | -                 | 177               |
| Due to Other Funds                                                        | -                   | -                | -                 | -                 | -                 |
| Advance from Other Funds                                                  | -                   | -                | -                 | -                 | -                 |
| Unearned Revenue                                                          | -                   | -                | -                 | -                 | -                 |
| Total Liabilities                                                         | 12,181              | -                | 3,661             | -                 | 2,508             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                  |                   |                   |                   |
| Unavailable Property Taxes                                                | -                   | 30,000           | 374,993           | -                 | -                 |
| Total Deferred Inflows of Resources                                       | -                   | 30,000           | 374,993           | -                 | -                 |
| Total Liabilities and Deferred Inflows of Resources                       | 12,181              | 30,000           | 378,654           | -                 | 2,508             |
| <b>FUND BALANCES</b>                                                      |                     |                  |                   |                   |                   |
| Restricted for Audit                                                      | -                   | 6,559            | -                 | -                 | -                 |
| Restricted for Insurance                                                  | -                   | -                | 66,966            | -                 | -                 |
| Restricted for Maintenance of Roadways                                    | -                   | -                | -                 | 785,507           | -                 |
| Restricted for Tourism                                                    | -                   | -                | -                 | -                 | 221,696           |
| Restricted for Employee Retirement                                        | -                   | -                | -                 | -                 | -                 |
| Restricted for Capital Improvements                                       | -                   | -                | -                 | -                 | -                 |
| Restricted for Economic Development                                       | -                   | -                | -                 | -                 | -                 |
| Restricted for Public Safety                                              | -                   | -                | -                 | -                 | -                 |
| Unrestricted                                                              |                     |                  |                   |                   |                   |
| Assigned for Railroad                                                     | 1,529,976           | -                | -                 | -                 | -                 |
| Assigned for Ambulance Replacement                                        | -                   | -                | -                 | -                 | -                 |
| Assigned for Stormwater                                                   | -                   | -                | -                 | -                 | -                 |
| Assigned for Golf Course                                                  | -                   | -                | -                 | -                 | -                 |
| Unassigned (Deficit)                                                      | -                   | -                | -                 | -                 | -                 |
| Total Fund Balances (Deficit)                                             | 1,529,976           | 6,559            | 66,966            | 785,507           | 221,696           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,542,157</b> | <b>\$ 36,559</b> | <b>\$ 445,620</b> | <b>\$ 785,507</b> | <b>\$ 224,204</b> |

| IMRF<br>Fund | Social<br>Security | Lighthouse<br>Pointe TIF | Special Revenue           |                             |                         |                 | Capital Projects         |            |         |         |
|--------------|--------------------|--------------------------|---------------------------|-----------------------------|-------------------------|-----------------|--------------------------|------------|---------|---------|
|              |                    |                          | Foreign<br>Fire Insurance | Overweight<br>Truck Permits | Northern<br>Gateway TIF | Downtown<br>TIF | Ambulance<br>Replacement | Stormwater |         |         |
| \$ 44,100    | \$ -               | \$ 1,398,297             | \$ 46,675                 | \$ 204,066                  | \$ -                    | \$ 172,466      | \$ 160,628               | \$ 169,278 |         |         |
| 160,003      | 240,004            | -                        | -                         | -                           | -                       | -               | -                        | -          |         |         |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          |         |         |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          |         |         |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          |         |         |
| \$ 204,103   | \$ 240,004         | \$ 1,398,297             | \$ 46,675                 | \$ 204,066                  | \$ -                    | \$ 172,466      | \$ 160,628               | \$ 169,278 |         |         |
| \$ -         | \$ -               | \$ 3,296                 | \$ -                      | \$ -                        | \$ -                    | \$ -            | \$ -                     | \$ -       | \$ -    | \$ -    |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | 17,624             | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | 22,225                  | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | 17,624             | 3,296                    | -                         | -                           | 22,225                  | -               | -                        | -          | -       | -       |
| 160,003      | 240,004            | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| 160,003      | 240,004            | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| 160,003      | 257,628            | 3,296                    | -                         | -                           | 22,225                  | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | 204,066                 | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| 44,100       | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | 1,395,001                | -                         | -                           | -                       | 172,466         | -                        | -          | -       | -       |
| -            | -                  | -                        | 46,675                    | -                           | -                       | -               | -                        | -          | -       | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | 160,628 | -       |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | -       | 169,278 |
| -            | (17,624)           | -                        | -                         | -                           | (22,225)                | -               | -                        | -          | -       | -       |
| 44,100       | (17,624)           | 1,395,001                | 46,675                    | 204,066                     | (22,225)                | 172,466         | 160,628                  | 169,278    |         |         |
| \$ 204,103   | \$ 240,004         | \$ 1,398,297             | \$ 46,675                 | \$ 204,066                  | \$ -                    | \$ 172,466      | \$ 160,628               | \$ 169,278 |         |         |

(This statement is continued on the following page.)

**CITY OF ROCHELLE ILLINOIS**

COMBINING BALANCE SHEET (Continued)  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

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|                                                                               | <b>Capital Projects</b> |                      |                        |                     |
|-------------------------------------------------------------------------------|-------------------------|----------------------|------------------------|---------------------|
|                                                                               | <b>Utility<br/>Tax</b>  | <b>Sales<br/>Tax</b> | <b>Golf<br/>Course</b> | <b>Total</b>        |
| <b>ASSETS</b>                                                                 |                         |                      |                        |                     |
| Cash and Investments                                                          | \$ 2,078,239            | \$ 1,165,200         | \$ 159,725             | \$ 7,942,430        |
| Receivables (Net, Where Applicable,<br>of Allowances for Uncollectibles)      |                         |                      |                        |                     |
| Property Taxes                                                                | -                       | -                    | -                      | 805,000             |
| Accounts                                                                      | 55,735                  | -                    | -                      | 215,501             |
| Due from Other Governments                                                    | -                       | 351,777              | -                      | 387,380             |
| Due from Other Funds                                                          | -                       | -                    | -                      | 89,929              |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 2,133,974</b>     | <b>\$ 1,516,977</b>  | <b>\$ 159,725</b>      | <b>\$ 9,440,240</b> |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b>       |                         |                      |                        |                     |
| <b>LIABILITIES</b>                                                            |                         |                      |                        |                     |
| Accounts Payable                                                              | \$ -                    | \$ -                 | \$ 3,471               | \$ 22,627           |
| Accrued Payroll                                                               | -                       | -                    | 1,486                  | 3,976               |
| Due to Other Funds                                                            | -                       | -                    | -                      | 17,624              |
| Advance from Other Funds                                                      | -                       | -                    | -                      | 22,225              |
| Unearned Revenue                                                              | -                       | -                    | 1,500                  | 1,500               |
| <b>Total Liabilities</b>                                                      | <b>-</b>                | <b>-</b>             | <b>6,457</b>           | <b>67,952</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                         |                      |                        |                     |
| Unavailable Property Taxes                                                    | -                       | -                    | -                      | 805,000             |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>-</b>                | <b>-</b>             | <b>-</b>               | <b>805,000</b>      |
| <b>Total Liabilities and Deferred Inflows of Resources</b>                    | <b>-</b>                | <b>-</b>             | <b>6,457</b>           | <b>872,952</b>      |
| <b>FUND BALANCES</b>                                                          |                         |                      |                        |                     |
| Restricted for Audit                                                          | -                       | -                    | -                      | 6,559               |
| Restricted for Insurance                                                      | -                       | -                    | -                      | 66,966              |
| Restricted for Maintenance of Roadways                                        | -                       | -                    | -                      | 989,573             |
| Restricted for Tourism                                                        | -                       | -                    | -                      | 221,696             |
| Restricted for Employee Retirement                                            | -                       | -                    | -                      | 44,100              |
| Restricted for Capital Improvements                                           | 2,133,974               | 1,516,977            | -                      | 3,650,951           |
| Restricted for Economic Development                                           | -                       | -                    | -                      | 1,567,467           |
| Restricted for Public Safety                                                  | -                       | -                    | -                      | 46,675              |
| Unrestricted                                                                  |                         |                      |                        |                     |
| Assigned for Railroad                                                         | -                       | -                    | -                      | 1,529,976           |
| Assigned for Ambulance Replacement                                            | -                       | -                    | -                      | 160,628             |
| Assigned for Stormwater                                                       | -                       | -                    | -                      | 169,278             |
| Assigned for Golf Course                                                      | -                       | -                    | 153,268                | 153,268             |
| Unassigned (Deficit)                                                          | -                       | -                    | -                      | (39,849)            |
| <b>Total Fund Balances</b>                                                    | <b>2,133,974</b>        | <b>1,516,977</b>     | <b>153,268</b>         | <b>8,567,288</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 2,133,974</b>     | <b>\$ 1,516,977</b>  | <b>\$ 159,725</b>      | <b>\$ 9,440,240</b> |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                      | <b>Special Revenue</b> |                 |                  |                       |                        |
|------------------------------------------------------|------------------------|-----------------|------------------|-----------------------|------------------------|
|                                                      | <b>Railroad</b>        | <b>Audit</b>    | <b>Insurance</b> | <b>Motor Fuel Tax</b> | <b>Hotel/Motel Tax</b> |
| <b>REVENUES</b>                                      |                        |                 |                  |                       |                        |
| Taxes                                                | \$ -                   | \$ 30,063       | \$ 280,551       | \$ -                  | \$ 242,022             |
| Licenses and Permits                                 | -                      | -               | -                | -                     | -                      |
| Intergovernmental                                    | -                      | -               | -                | 670,450               | -                      |
| Charges for Services                                 | 870,970                | -               | -                | -                     | -                      |
| Investment Income                                    | 6,993                  | 10              | 141              | 612                   | 726                    |
| Miscellaneous                                        | -                      | -               | -                | -                     | 12,616                 |
| Total Revenues                                       | 877,963                | 30,073          | 280,692          | 671,062               | 255,364                |
| <b>EXPENDITURES</b>                                  |                        |                 |                  |                       |                        |
| Current                                              |                        |                 |                  |                       |                        |
| General Government                                   | -                      | 26,399          | 34,462           | -                     | -                      |
| Public Safety                                        | -                      | -               | 208,878          | -                     | -                      |
| Public Works                                         | 418,834                | -               | 73,953           | -                     | -                      |
| Public Service Enterprises                           | -                      | -               | 7,204            | -                     | -                      |
| Conservation and Development                         | -                      | -               | -                | -                     | 116,002                |
| Capital Outlay                                       | 1,103,203              | -               | -                | -                     | -                      |
| Debt Service                                         |                        |                 |                  |                       |                        |
| Principal                                            | -                      | -               | -                | -                     | -                      |
| Interest and Fiscal Charges                          | -                      | -               | -                | -                     | -                      |
| Total Expenditures                                   | 1,522,037              | 26,399          | 324,497          | -                     | 116,002                |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | (644,074)              | 3,674           | (43,805)         | 671,062               | 139,362                |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                        |                 |                  |                       |                        |
| Transfers In                                         | -                      | -               | -                | -                     | -                      |
| Transfers (Out)                                      | (291,010)              | -               | -                | -                     | (75,000)               |
| Issuance of Contractual Commitment                   | 659,750                | -               | -                | -                     | -                      |
| Total Other Financing Sources (Uses)                 | 368,740                | -               | -                | -                     | (75,000)               |
| NET CHANGE IN FUND BALANCES                          | (275,334)              | 3,674           | (43,805)         | 671,062               | 64,362                 |
| FUND BALANCES (DEFICIT), JANUARY 1                   | 1,805,310              | 2,885           | 110,771          | 114,445               | 157,334                |
| <b>FUND BALANCES (DEFICIT), DECEMBER 31</b>          | <b>\$ 1,529,976</b>    | <b>\$ 6,559</b> | <b>\$ 66,966</b> | <b>\$ 785,507</b>     | <b>\$ 221,696</b>      |

| IMRF<br>Fund | Social<br>Security | Special Revenue          |                           |                             |                         |                 | Capital Projects         |            |   |  |
|--------------|--------------------|--------------------------|---------------------------|-----------------------------|-------------------------|-----------------|--------------------------|------------|---|--|
|              |                    | Lighthouse<br>Pointe TIF | Foreign<br>Fire Insurance | Overweight<br>Truck Permits | Northern<br>Gateway TIF | Downtown<br>TIF | Ambulance<br>Replacement | Stormwater |   |  |
| \$ 233,487   | \$ 205,383         | \$ 775,004               | \$ -                      | \$ -                        | \$ 76,919               | \$ 227,270      | \$ -                     | \$ -       | - |  |
| -            | -                  | -                        | -                         | 48,915                      | -                       | -               | -                        | -          | - |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | - |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | 3,316      |   |  |
| 109          | 12                 | 5,509                    | 169                       | 811                         | -                       | -               | 380                      | 797        |   |  |
| -            | -                  | -                        | 34,709                    | -                           | -                       | 481             | 6,000                    | -          |   |  |
| 233,596      | 205,395            | 780,513                  | 34,878                    | 49,726                      | 76,919                  | 227,751         | 6,380                    | 4,113      |   |  |
| 29,297       | 30,730             | 190,320                  | -                         | -                           | 50,977                  | 90,237          | -                        | -          | - |  |
| 42,719       | 48,901             | -                        | 3,186                     | -                           | -                       | -               | -                        | -          | - |  |
| 146,944      | 129,704            | -                        | -                         | -                           | -                       | -               | -                        | 2,731      |   |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | - |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          | - |  |
| -            | -                  | 12,203                   | 31,774                    | -                           | -                       | -               | 2,748                    | 12,509     |   |  |
| -            | -                  | 150,000                  | -                         | -                           | -                       | -               | 17,500                   | -          |   |  |
| -            | -                  | 69,635                   | -                         | -                           | -                       | -               | 6,284                    | -          |   |  |
| 218,960      | 209,335            | 422,158                  | 34,960                    | -                           | 50,977                  | 90,237          | 26,532                   | 15,240     |   |  |
| 14,636       | (3,940)            | 358,355                  | (82)                      | 49,726                      | 25,942                  | 137,514         | (20,152)                 | (11,127)   |   |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | 180,000                  | -          |   |  |
| -            | -                  | -                        | -                         | (12,000)                    | -                       | -               | -                        | -          |   |  |
| -            | -                  | -                        | -                         | -                           | -                       | -               | -                        | -          |   |  |
| -            | -                  | -                        | -                         | (12,000)                    | -                       | -               | 180,000                  | -          |   |  |
| 14,636       | (3,940)            | 358,355                  | (82)                      | 37,726                      | 25,942                  | 137,514         | 159,848                  | (11,127)   |   |  |
| 29,464       | (13,684)           | 1,036,646                | 46,757                    | 166,340                     | (48,167)                | 34,952          | 780                      | 180,405    |   |  |
| \$ 44,100    | \$ (17,624)        | \$ 1,395,001             | \$ 46,675                 | \$ 204,066                  | \$ (22,225)             | \$ 172,466      | \$ 160,628               | \$ 169,278 |   |  |

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                          | <b>Capital Projects</b> |                      |                        |                  |
|----------------------------------------------------------|-------------------------|----------------------|------------------------|------------------|
|                                                          | <b>Utility<br/>Tax</b>  | <b>Sales<br/>Tax</b> | <b>Golf<br/>Course</b> | <b>Total</b>     |
| <b>REVENUES</b>                                          |                         |                      |                        |                  |
| Taxes                                                    | \$ 536,084              | \$ 1,304,822         | \$ -                   | \$ 3,911,605     |
| Licenses and Permits                                     | -                       | -                    | -                      | 48,915           |
| Intergovernmental                                        | -                       | -                    | 75,000                 | 745,450          |
| Charges for Services                                     | -                       | -                    | 238,433                | 1,112,719        |
| Investment Income                                        | 8,378                   | 1,583                | 1,239                  | 27,469           |
| Miscellaneous                                            | -                       | -                    | 8,377                  | 62,183           |
| <br>Total Revenues                                       | <br>544,462             | <br>1,306,405        | <br>323,049            | <br>5,908,341    |
| <b>EXPENDITURES</b>                                      |                         |                      |                        |                  |
| Current                                                  |                         |                      |                        |                  |
| General Government                                       | -                       | -                    | -                      | 452,422          |
| Public Safety                                            | -                       | -                    | -                      | 303,684          |
| Public Works                                             | -                       | -                    | -                      | 772,166          |
| Public Service Enterprises                               | -                       | -                    | -                      | 7,204            |
| Conservation and Development                             | -                       | -                    | 279,402                | 395,404          |
| Capital Outlay                                           | -                       | -                    | 64,480                 | 1,226,917        |
| Debt Service                                             |                         |                      |                        |                  |
| Principal                                                | -                       | -                    | 4,976                  | 172,476          |
| Interest and Fiscal Charges                              | -                       | -                    | -                      | 75,919           |
| <br>Total Expenditures                                   | <br>-                   | <br>-                | <br>348,858            | <br>3,406,192    |
| <br>EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <br>544,462             | <br>1,306,405        | <br>(25,809)           | <br>2,502,149    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                         |                      |                        |                  |
| Transfers In                                             | -                       | -                    | 75,000                 | 255,000          |
| Transfers (Out)                                          | (54,211)                | (1,336,725)          | -                      | (1,768,946)      |
| Issuance of Contractual Commitment                       | -                       | -                    | -                      | 659,750          |
| <br>Total Other Financing Sources (Uses)                 | <br>(54,211)            | <br>(1,336,725)      | <br>75,000             | <br>(854,196)    |
| <br>NET CHANGE IN FUND BALANCES                          | <br>490,251             | <br>(30,320)         | <br>49,191             | <br>1,647,953    |
| <br>FUND BALANCES, JANUARY 1                             | <br>1,643,723           | <br>1,547,297        | <br>104,077            | <br>6,919,335    |
| <br><b>FUND BALANCES, DECEMBER 31</b>                    | <br>\$ 2,133,974        | <br>\$ 1,516,977     | <br>\$ 153,268         | <br>\$ 8,567,288 |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                                  | <b>Original and<br/>Final Budget</b> | <b>Actual</b> | <b>Variance<br/>Over<br/>(Under)</b> |
|------------------------------------------------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>REVENUES</b>                                                  |                                      |               |                                      |
| Charges for Services                                             | \$ 1,008,062                         | \$ 870,970    | \$ (137,092)                         |
| Investment Income                                                | 5,000                                | 6,993         | 1,993                                |
| Intergovernmental                                                | 1,000,000                            | -             | (1,000,000)                          |
| <br>Total Revenues                                               | <br>2,013,062                        | <br>877,963   | <br>(1,135,099)                      |
| <br><b>EXPENDITURES</b>                                          |                                      |               |                                      |
| Current                                                          |                                      |               |                                      |
| Public Works                                                     |                                      |               |                                      |
| Personal Services                                                | 189,031                              | 176,029       | (13,002)                             |
| Commodities                                                      | -                                    | 7,700         | 7,700                                |
| Other Services                                                   | 29,000                               | 25,233        | (3,767)                              |
| Contractual Services                                             | 258,017                              | 209,872       | (48,145)                             |
| Capital Outlay                                                   | 1,502,000                            | 1,103,203     | (398,797)                            |
| <br>Total Expenditures                                           | <br>1,978,048                        | <br>1,522,037 | <br>(456,011)                        |
| <br><b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <br>35,014                           | <br>(644,074) | <br>(679,088)                        |
| <br><b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |               |                                      |
| Transfers (Out)                                                  | (291,011)                            | (291,010)     | 1                                    |
| Issuance of Contractual Commitment                               | -                                    | 659,750       | 659,750                              |
| <br>Total Other Financing Sources (Uses)                         | <br>(291,011)                        | <br>368,740   | <br>659,751                          |
| <br><b>NET CHANGE IN FUND BALANCE</b>                            | <br>\$ (255,997)                     | <br>(275,334) | <br>\$ (19,337)                      |
| <br><b>FUND BALANCE, JANUARY 1</b>                               |                                      |               | <br>1,805,310                        |
| <br><b>FUND BALANCE, DECEMBER 31</b>                             |                                      |               | <br>\$ 1,529,976                     |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                  | <b>Original and<br/>Final Budget</b> | <b>Actual</b>   | <b>Variance<br/>Over<br/>(Under)</b> |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|
| <b>REVENUES</b>                  |                                      |                 |                                      |
| Taxes                            |                                      |                 |                                      |
| Property Taxes                   | \$ 30,000                            | \$ 30,063       | \$ 63                                |
| Investment Income                | 15                                   | 10              | (5)                                  |
| Total Revenues                   | <u>30,015</u>                        | <u>30,073</u>   | <u>58</u>                            |
| <b>EXPENDITURES</b>              |                                      |                 |                                      |
| Current                          |                                      |                 |                                      |
| General Government               |                                      |                 |                                      |
| Contractual Services             | 30,000                               | 26,399          | (3,601)                              |
| Total Expenditures               | <u>30,000</u>                        | <u>26,399</u>   | <u>(3,601)</u>                       |
| NET CHANGE IN FUND BALANCE       | <u>\$ 15</u>                         | <u>3,674</u>    | <u>\$ 3,659</u>                      |
| FUND BALANCE, JANUARY 1          |                                      | <u>2,885</u>    |                                      |
| <b>FUND BALANCE, DECEMBER 31</b> |                                      | <u>\$ 6,559</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b>        | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------|--------------------------------------|----------------------|--------------------------------------|
| <b>REVENUES</b>                      |                                      |                      |                                      |
| Taxes                                |                                      |                      |                                      |
| Property Taxes                       | \$ 280,000                           | \$ 280,551           | \$ 551                               |
| Investment Income                    | 100                                  | 141                  | 41                                   |
| <br>Total Revenues                   | <br>280,100                          | <br>280,692          | <br>592                              |
| <b>EXPENDITURES</b>                  |                                      |                      |                                      |
| Current                              |                                      |                      |                                      |
| General Government                   |                                      |                      |                                      |
| Contractual Services                 | 34,090                               | 34,462               | 372                                  |
| Public Safety                        |                                      |                      |                                      |
| Contractual Services                 | 206,628                              | 208,878              | 2,250                                |
| Public Works                         |                                      |                      |                                      |
| Contractual Services                 | 73,156                               | 73,953               | 797                                  |
| Public Service Enterprises           |                                      |                      |                                      |
| Contractual Services                 | 7,126                                | 7,204                | 78                                   |
| <br>Total Expenditures               | <br>321,000                          | <br>324,497          | <br>3,497                            |
| <br>NET CHANGE IN FUND BALANCE       | <br><u>\$ (40,900)</u>               | <br><u>(43,805)</u>  | <br><u>\$ (2,905)</u>                |
| <br>FUND BALANCE, JANUARY 1          |                                      | <br><u>110,771</u>   |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b> |                                      | <br><u>\$ 66,966</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <b>Original and<br/>Final Budget</b> | <b>Actual</b>  | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|--------------------------------------|----------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |                |                                      |
| Intergovernmental                                            |                                      |                |                                      |
| State Motor Fuel Tax                                         | \$ 595,000                           | \$ 585,450     | \$ (9,550)                           |
| Other Intergovernmental                                      | 125,000                              | 85,000         | (40,000)                             |
| Investment Income                                            | 9,600                                | 612            | (8,988)                              |
| Total Revenues                                               | <u>729,600</u>                       | <u>671,062</u> | <u>(58,538)</u>                      |
| <b>EXPENDITURES</b>                                          |                                      |                |                                      |
| None                                                         |                                      |                |                                      |
| Total Expenditures                                           |                                      |                |                                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |                |                                      |
|                                                              | <u>729,600</u>                       | <u>671,062</u> | <u>(58,538)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |                |                                      |
| Transfers (Out)                                              | <u>(1,555,000)</u>                   | -              | 1,555,000                            |
| Total Other Financing Sources (Uses)                         | <u>(1,555,000)</u>                   | -              | 1,555,000                            |
| NET CHANGE IN FUND BALANCE                                   | <u>\$ (825,400)</u>                  | <u>671,062</u> | <u>\$ 1,496,462</u>                  |
| FUND BALANCE, JANUARY 1                                      |                                      |                | <u>114,445</u>                       |
| <b>FUND BALANCE, DECEMBER 31</b>                             |                                      |                | <b><u>\$ 785,507</u></b>             |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <u>Original and<br/>Final Budget</u> | <u>Actual</u> | <u>Variance<br/>Over<br/>(Under)</u> |
|--------------------------------------------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |               |                                      |
| Taxes                                                        |                                      |               |                                      |
| Hotel/Motel Tax                                              | \$ 160,000                           | \$ 242,022    | \$ 82,022                            |
| Intergovernmental                                            | -                                    | -             | -                                    |
| Investment Income                                            | 500                                  | 726           | 226                                  |
| Miscellaneous                                                | 10,000                               | 12,616        | 2,616                                |
| Total Revenues                                               | <hr/>                                | 170,500       | 255,364                              |
|                                                              |                                      |               | 84,864                               |
| <b>EXPENDITURES</b>                                          |                                      |               |                                      |
| Current                                                      |                                      |               |                                      |
| Conservation and Development                                 |                                      |               |                                      |
| Personal Services                                            | 19,700                               | 17,053        | (2,647)                              |
| Commodities                                                  | 2,000                                | 7,040         | 5,040                                |
| Contractual Services                                         | 132,300                              | 75,188        | (57,112)                             |
| Miscellaneous                                                | 14,500                               | 16,721        | 2,221                                |
| Total Expenditures                                           | <hr/>                                | 168,500       | 116,002                              |
|                                                              |                                      |               | (52,498)                             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |               |                                      |
|                                                              | <hr/>                                | 2,000         | 139,362                              |
|                                                              |                                      |               | 137,362                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |               |                                      |
| Transfers (Out)                                              | <hr/>                                | -             | (75,000)                             |
| Total Other Financing Sources (Uses)                         | <hr/>                                | -             | (75,000)                             |
| NET CHANGE IN FUND BALANCE                                   | <hr/>                                | \$ 2,000      | \$ 64,362                            |
|                                                              |                                      |               | <hr/> <u>\$ 62,362</u>               |
| FUND BALANCE, JANUARY 1                                      |                                      |               | <hr/> <u>157,334</u>                 |
| <b>FUND BALANCE, DECEMBER 31</b>                             |                                      |               | <hr/> <u>\$ 221,696</u>              |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                      | <u>Original and<br/>Final Budget</u> | <u>Actual</u>    | <u>Variance<br/>Over<br/>(Under)</u> |
|--------------------------------------|--------------------------------------|------------------|--------------------------------------|
| <b>REVENUES</b>                      |                                      |                  |                                      |
| Taxes                                |                                      |                  |                                      |
| Property Taxes                       | \$ 191,000                           | \$ 191,381       | \$ 381                               |
| Replacement Taxes                    | 42,106                               | 42,106           | -                                    |
| Investment Income                    | 50                                   | 109              | 59                                   |
| <br>Total Revenues                   | <u>233,156</u>                       | <u>233,596</u>   | <u>440</u>                           |
| <b>EXPENDITURES</b>                  |                                      |                  |                                      |
| Current                              |                                      |                  |                                      |
| General Government                   |                                      |                  |                                      |
| Pension Contributions                | 29,570                               | 29,297           | (273)                                |
| Public Safety                        |                                      |                  |                                      |
| Pension Contributions                | 43,117                               | 42,719           | (398)                                |
| Public Works                         |                                      |                  |                                      |
| Pension Contributions                | 148,313                              | 146,944          | (1,369)                              |
| <br>Total Expenditures               | <u>221,000</u>                       | <u>218,960</u>   | <u>(2,040)</u>                       |
| <br>NET CHANGE IN FUND BALANCE       | <u>\$ 12,156</u>                     | <u>14,636</u>    | <u>\$ 2,480</u>                      |
| <br>FUND BALANCE, JANUARY 1          |                                      | <u>29,464</u>    |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b> |                                      | <u>\$ 44,100</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                | <u>Original and<br/>Final Budget</u> | <u>Actual</u>          | <b>Variance<br/>Over<br/>(Under)</b> |
|------------------------------------------------|--------------------------------------|------------------------|--------------------------------------|
| <b>REVENUES</b>                                |                                      |                        |                                      |
| Taxes                                          |                                      |                        |                                      |
| Property Taxes                                 | \$ 205,000                           | \$ 205,383             | \$ 383                               |
| Investment Income                              | 50                                   | 12                     | (38)                                 |
| <br>Total Revenues                             | <br><u>205,050</u>                   | <br><u>205,395</u>     | <br><u>345</u>                       |
| <b>EXPENDITURES</b>                            |                                      |                        |                                      |
| Current                                        |                                      |                        |                                      |
| General Government                             |                                      |                        |                                      |
| Payroll Taxes                                  | 29,334                               | 30,730                 | 1,396                                |
| Public Safety                                  |                                      |                        |                                      |
| Payroll Taxes                                  | 46,678                               | 48,901                 | 2,223                                |
| Public Works                                   |                                      |                        |                                      |
| Payroll Taxes                                  | <u>123,808</u>                       | <u>129,704</u>         | <u>5,896</u>                         |
| <br>Total Expenditures                         | <br><u>199,820</u>                   | <br><u>209,335</u>     | <br><u>9,515</u>                     |
| <br>NET CHANGE IN FUND BALANCE                 | <br><u>\$ 5,230</u>                  | <br><u>(3,940)</u>     | <br><u>\$ (9,170)</u>                |
| <br>FUND BALANCE (DEFICIT), JANUARY 1          |                                      | <br><u>(13,684)</u>    |                                      |
| <br><b>FUND BALANCE (DEFICIT), DECEMBER 31</b> |                                      | <br><u>\$ (17,624)</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b>               | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| <b>REVENUES</b>                      |                                      |                             |                                      |
| Taxes                                |                                      |                             |                                      |
| Property Taxes                       | \$ 575,249                           | \$ 775,004                  | \$ 199,755                           |
| Investment Income                    | 5,000                                | 5,509                       | 509                                  |
| <br>Total Revenues                   | <br>580,249                          | <br>780,513                 | <br>200,264                          |
| <b>EXPENDITURES</b>                  |                                      |                             |                                      |
| Current                              |                                      |                             |                                      |
| General Government                   |                                      |                             |                                      |
| Contractual Services                 | 163,852                              | 190,320                     | 26,468                               |
| Capital outlay                       | 240,000                              | 12,203                      | (227,797)                            |
| Debt Service                         |                                      |                             |                                      |
| Principal                            | 150,000                              | 150,000                     | -                                    |
| Interest and Fiscal Charges          | 69,635                               | 69,635                      | -                                    |
| <br>Total Expenditures               | <br>623,487                          | <br>422,158                 | <br>(201,329)                        |
| <br>NET CHANGE IN FUND BALANCE       | <br><br><u>\$ (43,238)</u>           | <br><br>358,355             | <br><br><u>\$ 401,593</u>            |
| <br>FUND BALANCE, JANUARY 1          |                                      | <br><br><u>1,036,646</u>    |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b> |                                      | <br><br><u>\$ 1,395,001</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b>            | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------|--------------------------------------|--------------------------|--------------------------------------|
| <b>REVENUES</b>                      |                                      |                          |                                      |
| Investment Income                    | \$ 250                               | \$ 169                   | \$ (81)                              |
| Miscellaneous                        | 25,000                               | 34,709                   | 9,709                                |
| <br>Total Revenues                   | <br>25,250                           | <br>34,878               | <br>9,628                            |
| <b>EXPENDITURES</b>                  |                                      |                          |                                      |
| Current                              |                                      |                          |                                      |
| Public Safety                        |                                      |                          |                                      |
| Contractual Services                 | 19,000                               | 3,186                    | (15,814)                             |
| Capital Outlay                       | -                                    | 31,774                   | 31,774                               |
| <br>Total Expenditures               | <br>19,000                           | <br>34,960               | <br>15,960                           |
| <br>NET CHANGE IN FUND BALANCE       | <br><br>\$ 6,250                     | <br><br>(82)             | <br><br>\$ (6,332)                   |
| <br>FUND BALANCE, JANUARY 1          |                                      | <br><br>46,757           |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b> |                                      | <br><br><u>\$ 46,675</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                          | <u>Original and<br/>Final Budget</u> | <u>Actual</u>         | <b>Variance<br/>Over<br/>(Under)</b> |
|----------------------------------------------------------|--------------------------------------|-----------------------|--------------------------------------|
| <b>REVENUES</b>                                          |                                      |                       |                                      |
| Licenses and Permits                                     | \$ 66,000                            | \$ 48,915             | \$ (17,085)                          |
| Investment Income                                        | 800                                  | 811                   | 11                                   |
| <br>Total Revenues                                       | <br>66,800                           | <br>49,726            | <br>(17,074)                         |
| <b>EXPENDITURES</b>                                      |                                      |                       |                                      |
| Current                                                  |                                      |                       |                                      |
| Public Works                                             |                                      |                       |                                      |
| Contractual Services                                     | 3,500                                | -                     | (3,500)                              |
| <br>Total Expenditures                                   | <br>3,500                            | <br>-                 | <br>(3,500)                          |
| <br>EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <br>63,300                           | <br>49,726            | <br>(13,574)                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                                      |                       |                                      |
| Transfers (Out)                                          | (112,000)                            | (12,000)              | 100,000                              |
| <br>Total Other Financing Sources (Uses)                 | <br>(112,000)                        | <br>(12,000)          | <br>100,000                          |
| <br>NET CHANGE IN FUND BALANCE                           | <br><u>\$ (48,700)</u>               | <br>37,726            | <br><u>\$ 86,426</u>                 |
| <br>FUND BALANCE, JANUARY 1                              |                                      | <br>166,340           |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b>                     |                                      | <br><u>\$ 204,066</u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                | <b>Original and<br/>Final Budget</b> | <b>Actual</b>  | <b>Variance<br/>Over<br/>(Under)</b> |
|------------------------------------------------|--------------------------------------|----------------|--------------------------------------|
| <b>REVENUES</b>                                |                                      |                |                                      |
| Taxes                                          |                                      |                |                                      |
| Property Taxes                                 | \$ 18,725                            | \$ 76,919      | \$ 58,194                            |
| Miscellaneous                                  | 500,000                              | -              | (500,000)                            |
| <br>Total Revenues                             | <br>518,725                          | <br>76,919     | <br>(441,806)                        |
| <br><b>EXPENDITURES</b>                        |                                      |                |                                      |
| Current                                        |                                      |                |                                      |
| General Government                             |                                      |                |                                      |
| Other Services                                 | 526,494                              | 50,977         | (475,517)                            |
| <br>Total Expenditures                         | <br>526,494                          | <br>50,977     | <br>(475,517)                        |
| <br>NET CHANGE IN FUND BALANCE                 | <br><br><u>\$ (7,769)</u>            | <br><br>25,942 | <br><br><u>\$ 33,711</u>             |
| <br>FUND BALANCE (DEFICIT), JANUARY 1          |                                      |                | <br><br><u>(48,167)</u>              |
| <br><b>FUND BALANCE (DEFICIT), DECEMBER 31</b> |                                      |                | <br><br><u>\$ (22,225)</u>           |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                  | <b>Original and<br/>Final Budget</b> | <b>Actual</b>  | <b>Variance<br/>Over<br/>(Under)</b> |
|----------------------------------|--------------------------------------|----------------|--------------------------------------|
| <b>REVENUES</b>                  |                                      |                |                                      |
| Taxes                            |                                      |                |                                      |
| Property Taxes                   | \$ 189,080                           | \$ 227,270     | \$ 38,190                            |
| Investment Income                | -                                    | 481            | 481                                  |
|                                  | <hr/>                                | <hr/>          | <hr/>                                |
| Total Revenues                   | 189,080                              | 227,751        | 38,671                               |
| <b>EXPENDITURES</b>              |                                      |                |                                      |
| Current                          |                                      |                |                                      |
| General Government               |                                      |                |                                      |
| Other Services                   | 37,400                               | 90,237         | 52,837                               |
| Capital outlay                   | 90,000                               | -              | (90,000)                             |
|                                  | <hr/>                                | <hr/>          | <hr/>                                |
| Total Expenditures               | 127,400                              | 90,237         | (37,163)                             |
|                                  | <hr/>                                | <hr/>          | <hr/>                                |
| NET CHANGE IN FUND BALANCE       | <u>\$ 61,680</u>                     | <u>137,514</u> | <u>\$ 75,834</u>                     |
|                                  | <hr/>                                | <hr/>          | <hr/>                                |
| FUND BALANCE, JANUARY 1          |                                      | <u>34,952</u>  |                                      |
|                                  | <hr/>                                | <hr/>          |                                      |
| <b>FUND BALANCE, DECEMBER 31</b> | <b><u>\$ 172,466</u></b>             |                |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <b>Original and<br/>Final Budget</b> | <b>Actual</b>    | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|--------------------------------------|------------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |                  |                                      |
| Investment Income                                            | \$ 500                               | \$ 380           | \$ (120)                             |
| Miscellaneous                                                | -<br><hr/>                           | 6,000<br><hr/>   | 6,000<br><hr/>                       |
| Total Revenues                                               | 500                                  | 6,380            | 5,880                                |
| <b>EXPENDITURES</b>                                          |                                      |                  |                                      |
| Capital Outlay                                               | -<br><hr/>                           | 2,748<br><hr/>   | 2,748<br><hr/>                       |
| Debt Service                                                 |                                      |                  |                                      |
| Principal                                                    | 20,000<br><hr/>                      | 17,500<br><hr/>  | (2,500)<br><hr/>                     |
| Interest and Fiscal Charges                                  | 6,284<br><hr/>                       | 6,284<br><hr/>   | -<br><hr/>                           |
| Total Expenditures                                           | 26,284                               | 26,532           | 248                                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |                  |                                      |
|                                                              | (25,784)                             | (20,152)         | 5,632                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |                  |                                      |
| Transfers In                                                 | 180,000<br><hr/>                     | 180,000<br><hr/> | -<br><hr/>                           |
| Total Other Financing Sources (Uses)                         | 180,000                              | 180,000          | -                                    |
| NET CHANGE IN FUND BALANCE                                   | \$ 154,216                           | 159,848          | \$ 5,632                             |
| FUND BALANCE, JANUARY 1                                      |                                      | 780<br><hr/>     |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                             | <b>\$ 160,628</b>                    |                  |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b> | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>REVENUES</b>                      |                                      |               |                                      |
| Charges for Services                 | \$ 9,500                             | \$ 3,316      | \$ (6,184)                           |
| Investment Income                    | 1,000                                | 797           | (203)                                |
| <br>Total Revenues                   | <br>10,500                           | <br>4,113     | <br>(6,387)                          |
| <b>EXPENDITURES</b>                  |                                      |               |                                      |
| Current                              |                                      |               |                                      |
| Public Works                         |                                      |               |                                      |
| Contractual Services                 | 5,700                                | 2,731         | (2,969)                              |
| Capital Outlay                       | 54,200                               | 12,509        | (41,691)                             |
| <br>Total Expenditures               | <br>59,900                           | <br>15,240    | <br>(44,660)                         |
| <br>NET CHANGE IN FUND BALANCE       | <br>\$ (49,400)                      | <br>(11,127)  | <br>\$ 38,273                        |
| <br>FUND BALANCE, JANUARY 1          |                                      | <br>180,405   |                                      |
| <br><b>FUND BALANCE, DECEMBER 31</b> | <br>\$ 169,278                       |               |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <u>Original and<br/>Final Budget</u> | <u>Actual</u>              | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|--------------------------------------|----------------------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |                            |                                      |
| Taxes                                                        |                                      |                            |                                      |
| Utility Taxes                                                | \$ 524,000                           | \$ 536,084                 | \$ 12,084                            |
| Investment Income                                            | 9,000                                | 8,378                      | (622)                                |
| Total Revenues                                               | <u>533,000</u>                       | <u>544,462</u>             | <u>11,462</u>                        |
| <b>EXPENDITURES</b>                                          |                                      |                            |                                      |
| None                                                         | -                                    | -                          | -                                    |
| Total Expenditures                                           | -                                    | -                          | -                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |                            |                                      |
|                                                              | <u>533,000</u>                       | <u>544,462</u>             | <u>11,462</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |                            |                                      |
| Transfers (Out)                                              | <u>(1,455,000)</u>                   | <u>(54,211)</u>            | <u>1,400,789</u>                     |
| Total Other Financing Sources (Uses)                         | <u>(1,455,000)</u>                   | <u>(54,211)</u>            | <u>1,400,789</u>                     |
| NET CHANGE IN FUND BALANCE                                   | <u>\$ (922,000)</u>                  | <u>490,251</u>             | <u>\$ 1,412,251</u>                  |
| FUND BALANCE, JANUARY 1                                      |                                      | <u>1,643,723</u>           |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                             |                                      | <u><b>\$ 2,133,974</b></u> |                                      |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                              | <u>Original and<br/>Final Budget</u> | <u>Actual</u>              | <b>Variance<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|--------------------------------------|----------------------------|--------------------------------------|
| <b>REVENUES</b>                                              |                                      |                            |                                      |
| Taxes                                                        |                                      |                            |                                      |
| Sales Tax                                                    | \$ 1,115,000                         | \$ 1,304,822               | \$ 189,822                           |
| Investment Income                                            | 23,000                               | 1,583                      | (21,417)                             |
| Total Revenues                                               | <u>1,138,000</u>                     | <u>1,306,405</u>           | <u>168,405</u>                       |
| <b>EXPENDITURES</b>                                          |                                      |                            |                                      |
| None                                                         | -                                    | -                          | -                                    |
| Total Expenditures                                           | -                                    | -                          | -                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                      |                            |                                      |
|                                                              | <u>1,138,000</u>                     | <u>1,306,405</u>           | <u>168,405</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                      |                            |                                      |
| Transfers (Out)                                              | <u>(2,400,000)</u>                   | <u>(1,336,725)</u>         | <u>1,063,275</u>                     |
| Total Other Financing Sources (Uses)                         | <u>(2,400,000)</u>                   | <u>(1,336,725)</u>         | <u>1,063,275</u>                     |
| NET CHANGE IN FUND BALANCE                                   | <u>\$ (1,262,000)</u>                | <u>(30,320)</u>            | <u>\$ 1,231,680</u>                  |
| FUND BALANCE, JANUARY 1                                      |                                      | <u>1,547,297</u>           |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                             |                                      | <b><u>\$ 1,516,977</u></b> |                                      |

(See independent auditor's report.)

## **CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

|                                                      | <b>Original and<br/>Final Budget</b> | <b>Actual</b> | <b>Variance<br/>Over<br/>(Under)</b> |
|------------------------------------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>REVENUES</b>                                      |                                      |               |                                      |
| Intergovernmental                                    | \$ 75,000                            | \$ 75,000     | \$ -                                 |
| Charges for Services                                 | 202,500                              | 238,433       | 35,933                               |
| Investment Income                                    | 800                                  | 1,239         | 439                                  |
| Miscellaneous                                        | 3,500                                | 8,377         | 4,877                                |
| <br>Total Revenues                                   | <br>281,800                          | <br>323,049   | <br>41,249                           |
| <b>EXPENDITURES</b>                                  |                                      |               |                                      |
| Current                                              |                                      |               |                                      |
| Conservation and Development                         |                                      |               |                                      |
| Personal Services                                    | 202,408                              | 191,453       | (10,955)                             |
| Commodities                                          | 31,750                               | 33,290        | 1,540                                |
| Contractual Services                                 | 54,200                               | 50,564        | (3,636)                              |
| Miscellaneous                                        | 4,000                                | 4,095         | 95                                   |
| Capital Outlay                                       | 59,500                               | 64,480        | 4,980                                |
| Debt Service                                         |                                      |               |                                      |
| Principal                                            | 4,500                                | 4,976         | 476                                  |
| <br>Total Expenditures                               | <br>356,358                          | <br>348,858   | <br>(7,500)                          |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES |                                      |               |                                      |
|                                                      | (74,558)                             | (25,809)      | 48,749                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                      |               |                                      |
| Transfers In                                         | 75,000                               | 75,000        | -                                    |
| <br>Total Other Financing Sources (Uses)             | <br>75,000                           | <br>75,000    | <br>-                                |
| NET CHANGE IN FUND BALANCE                           |                                      |               |                                      |
|                                                      | \$ 442                               | 49,191        | \$ 48,749                            |
| <br>FUND BALANCE, JANUARY 1                          | <br>104,077                          |               |                                      |
| <b>FUND BALANCE, DECEMBER 31</b>                     |                                      |               |                                      |
|                                                      | \$ 153,268                           |               |                                      |

(See independent auditor's report.)

## **NONMAJOR ENTERPRISE FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2021

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|                                                     | <b>Landfill</b> | <b>Airport</b> | <b>Total<br/>Nonmajor<br/>Enterprise</b> |
|-----------------------------------------------------|-----------------|----------------|------------------------------------------|
| <b>CURRENT ASSETS</b>                               |                 |                |                                          |
| Cash and Investments                                | \$ 4,152,208    | \$ -           | \$ 4,152,208                             |
| Receivables                                         |                 |                |                                          |
| Property Taxes                                      | -               | 61,395         | 61,395                                   |
| Accounts                                            | 120,151         | 222            | 120,373                                  |
| Prepaid Expenses                                    | -               | -              | -                                        |
| Inventory                                           | -               | 34,349         | 34,349                                   |
| Restricted Assets                                   |                 |                |                                          |
| Restricted Cash and Investments                     | 87,640          | -              | 87,640                                   |
| Cash Held at Paying Agent                           | -               | 51,372         | 51,372                                   |
| <br>Total Current Assets                            | <br>4,359,999   | <br>147,338    | <br>4,507,337                            |
| <b>NONCURRENT ASSETS</b>                            |                 |                |                                          |
| Net Pension Asset                                   | -               | 28,643         | 28,643                                   |
| <br>Subtotal Noncurrent Assets                      | <br>-           | <br>28,643     | <br>28,643                               |
| <b>CAPITAL ASSETS</b>                               |                 |                |                                          |
| Nondepreciable                                      | 708,563         | 1,715,710      | 2,424,273                                |
| Depreciable                                         | 518,185         | 5,141,575      | 5,659,760                                |
| Accumulated Depreciation                            | (416,758)       | (3,306,240)    | (3,722,998)                              |
| <br>Total Capital Assets                            | <br>809,990     | <br>3,551,045  | <br>4,361,035                            |
| <br>Total Noncurrent Assets                         | <br>809,990     | <br>3,579,688  | <br>4,389,678                            |
| <br>Total Assets                                    | <br>5,169,989   | <br>3,727,026  | <br>8,897,015                            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                 |                |                                          |
| Pension/OPEB Items                                  | -               | 20,010         | 20,010                                   |
| Unamortized Loss on Refunding                       | -               | 14,910         | 14,910                                   |
| <br>Total Deferred Outflows of Resources            | <br>-           | <br>34,920     | <br>34,920                               |
| <br>Total Assets and Deferred Outflows of Resources | <br>5,169,989   | <br>3,761,946  | <br>8,931,935                            |

(This schedule is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS (Continued)

December 31, 2021

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|                                                         | <b>Landfill</b>  | <b>Airport</b>   | <b>Total</b><br><b>Nonmajor</b><br><b>Enterprise</b> |
|---------------------------------------------------------|------------------|------------------|------------------------------------------------------|
| <b>CURRENT LIABILITIES</b>                              |                  |                  |                                                      |
| Accounts Payable                                        | \$ 91,914        | \$ 7,017         | \$ 98,931                                            |
| Accrued Payroll                                         | 255              | 1,809            | 2,064                                                |
| Accrued Interest Payable                                | -                | 6,372            | 6,372                                                |
| Other Payables                                          | 42,685           | -                | 42,685                                               |
| Unearned Revenue                                        | -                | 9,740            | 9,740                                                |
| General Obligation Bonds Payable                        | -                | 45,000           | 45,000                                               |
| OPEB Liability                                          | -                | 1,250            | 1,250                                                |
| Due to Other Funds                                      | -                | 89,929           | 89,929                                               |
| Compensated Absences Payable                            | -                | 6,520            | 6,520                                                |
| <br>Total Current Liabilities                           | <br>134,854      | <br>167,637      | <br>302,491                                          |
| <b>LONG-TERM LIABILITIES</b>                            |                  |                  |                                                      |
| OPEB Liability                                          | -                | 7,926            | 7,926                                                |
| General Obligation Bonds Payable                        | -                | 375,000          | 375,000                                              |
| <br>Total Long-Term Liabilities                         | <br>-            | <br>382,926      | <br>382,926                                          |
| <br>Total Liabilities                                   | <br>134,854      | <br>550,563      | <br>685,417                                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                  |                  |                                                      |
| Pension/OPEB Items                                      | -                | 56,894           | 56,894                                               |
| Deferred Property Taxes                                 | -                | 61,395           | 61,395                                               |
| <br>Total Deferred Inflows of Resources                 | <br>-            | <br>118,289      | <br>118,289                                          |
| <br>Total Liabilities and Deferred Inflows of Resources | <br>134,854      | <br>668,852      | <br>803,706                                          |
| <b>NET POSITION</b>                                     |                  |                  |                                                      |
| Net Investment in Capital Assets                        | 809,990          | 3,145,955        | 3,955,945                                            |
| Unrestricted                                            | 4,225,145        | (52,861)         | 4,172,284                                            |
| <br><b>TOTAL NET POSITION</b>                           | <br>\$ 5,035,135 | <br>\$ 3,093,094 | <br>\$ 8,128,229                                     |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                                             | <b>Landfill</b>  | <b>Airport</b>   | <b>Total</b><br><b>Nonmajor</b><br><b>Enterprise</b> |
|-----------------------------------------------------------------------------|------------------|------------------|------------------------------------------------------|
| <b>OPERATING REVENUES</b>                                                   |                  |                  |                                                      |
| Charges for Services                                                        | \$ 727,444       | \$ 345,050       | \$ 1,072,494                                         |
| Miscellaneous                                                               | 7,001            | -                | 7,001                                                |
| <br>Total Operating Revenues                                                | <br>734,445      | <br>345,050      | <br>1,079,495                                        |
| <b>OPERATING EXPENSES</b>                                                   |                  |                  |                                                      |
| Personal Services                                                           | 21,619           | 141,239          | 162,858                                              |
| Commodities                                                                 | 183              | 205,361          | 205,544                                              |
| Contractual Services                                                        | 503,174          | 63,898           | 567,072                                              |
| Depreciation/Amortization                                                   | 30,545           | 162,148          | 192,693                                              |
| <br>Total Operating Expenses                                                | <br>555,521      | <br>572,646      | <br>1,128,167                                        |
| <br>OPERATING INCOME (LOSS)                                                 | <br>178,924      | <br>(227,596)    | <br>(48,672)                                         |
| <b>OTHER INCOME (EXPENSE)</b>                                               |                  |                  |                                                      |
| Taxes                                                                       | -                | 59,398           | 59,398                                               |
| Investment Income                                                           | 9,517            | 1                | 9,518                                                |
| Interest Expense                                                            | -                | (17,004)         | (17,004)                                             |
| <br>Total Other Income (Expense)                                            | <br>9,517        | <br>42,395       | <br>51,912                                           |
| <br>NET INCOME (LOSS) BEFORE TRANSFERS,<br>CAPITAL GRANTS AND CONTRIBUTIONS | <br>188,441      | <br>(185,201)    | <br>3,240                                            |
| <b>TRANSFERS</b>                                                            |                  |                  |                                                      |
| Transfers In                                                                | -                | 87,000           | 87,000                                               |
| Transfers (Out)                                                             | (35,889)         | -                | (35,889)                                             |
| <br>Total Transfers                                                         | <br>(35,889)     | <br>87,000       | <br>51,111                                           |
| <br><b>CAPITAL GRANTS AND CONTRIBUTIONS</b>                                 | <br>-            | <br>54,167       | <br>54,167                                           |
| <br>CHANGE IN NET POSITION                                                  | <br>152,552      | <br>(44,034)     | <br>108,518                                          |
| <br>NET POSITION, JANUARY 1                                                 | <br>4,882,583    | <br>3,137,128    | <br>8,019,711                                        |
| <br><b>NET POSITION, DECEMBER 31</b>                                        | <br>\$ 5,035,135 | <br>\$ 3,093,094 | <br>\$ 8,128,229                                     |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                                 | <b>Landfill</b>  | <b>Airport</b> | <b>Total<br/>Nonmajor<br/>Enterprise</b> |
|-----------------------------------------------------------------|------------------|----------------|------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                  |                |                                          |
| Receipts from Customers and Users                               | \$ 735,039       | \$ 345,074     | \$ 1,080,113                             |
| Payments to Suppliers                                           | (454,307)        | (246,869)      | (701,176)                                |
| Payments to Employees                                           | (21,566)         | (157,676)      | (179,242)                                |
| Payments to Other Funds                                         | -                | (33,450)       | (33,450)                                 |
| <br>Net Cash from Operating Activities                          | <br>259,166      | <br>(92,921)   | <br>166,245                              |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                  |                |                                          |
| Receipts from Property and other Taxes                          | -                | 59,398         | 59,398                                   |
| Transfers in                                                    | -                | 87,000         | 87,000                                   |
| Transfers out                                                   | (35,889)         | -              | (35,889)                                 |
| Receipt of Loans from Other Funds                               | -                | 58,864         | 58,864                                   |
| <br>Net Cash from Noncapital Financing Activities               | <br>(35,889)     | <br>205,262    | <br>169,373                              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                  |                |                                          |
| Capital Assets Purchased                                        | (20,000)         | (102,268)      | (122,268)                                |
| Principal Payments on Long-Term Debt                            | -                | (45,000)       | (45,000)                                 |
| Interest Payments on Long-Term Debt                             | -                | (13,419)       | (13,419)                                 |
| Grant Receipts                                                  | -                | 48,345         | 48,345                                   |
| <br>Net Cash from Capital and Related Financing Activities      | <br>(20,000)     | <br>(112,342)  | <br>(132,342)                            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                  |                |                                          |
| Interest Received                                               | 9,517            | 1              | 9,518                                    |
| <br>Net Cash from Investing Activities                          | <br>9,517        | <br>1          | <br>9,518                                |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                |                  |                |                                          |
|                                                                 | 212,794          | -              | 212,794                                  |
| <br><b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>                 | <br>4,027,054    | <br>-          | <br>4,027,054                            |
| <br><b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>               | <br>\$ 4,239,848 | <br>\$ -       | <br>\$ 4,239,848                         |

(This schedule is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

COMBINING STATEMENT OF CASH FLOWS (Continued)  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2021

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|                                                                                                      | <u>Landfill</u>     | <u>Airport</u>     | <b>Total<br/>Nonmajor<br/>Enterprise</b> |
|------------------------------------------------------------------------------------------------------|---------------------|--------------------|------------------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b> |                     |                    |                                          |
| Operating Income (Loss)                                                                              |                     |                    |                                          |
| Adjustments to Reconcile Operating Income (Loss)                                                     | \$ 178,924          | \$ (227,596)       | \$ (48,672)                              |
| to Net Cash From Operating Activities                                                                |                     |                    |                                          |
| Depreciation and amortization                                                                        | 30,545              | 162,148            | 192,693                                  |
| Changes in Assets and Liabilities                                                                    |                     |                    |                                          |
| Accounts Receivables                                                                                 | 594                 | 24                 | 618                                      |
| Prepaid Expenses                                                                                     | -                   | 774                | 774                                      |
| Inventory                                                                                            | -                   | (17,876)           | (17,876)                                 |
| Pension Items - IMRF                                                                                 | -                   | (17,488)           | (17,488)                                 |
| Pension Items - OPEB                                                                                 | -                   | (580)              | (580)                                    |
| Accounts Payable                                                                                     | 49,050              | 6,042              | 55,092                                   |
| Accrued Payroll                                                                                      | 53                  | (132)              | (79)                                     |
| Escrow Payable                                                                                       | -                   | -                  | -                                        |
| Compensated Absences                                                                                 | -                   | 1,763              | 1,763                                    |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                                            | <b>\$ 259,166</b>   | <b>\$ (92,921)</b> | <b>\$ 166,245</b>                        |
| <b>CASH AND INVESTMENTS</b>                                                                          |                     |                    |                                          |
| Cash and Cash Equivalents                                                                            | \$ 4,152,208        | \$ -               | \$ 4,152,208                             |
| Restricted Cash                                                                                      | <u>87,640</u>       | <u>-</u>           | <u>87,640</u>                            |
| <b>TOTAL CASH AND INVESTMENTS</b>                                                                    | <b>\$ 4,239,848</b> | <b>\$ -</b>        | <b>\$ 4,239,848</b>                      |

(See independent auditor's report.)

## **INTERNAL SERVICE FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2021

---

|                                                 | Administrative<br>Services | Network<br>Administration | Internal<br>Service Funds | Total |
|-------------------------------------------------|----------------------------|---------------------------|---------------------------|-------|
| <b>CURRENT ASSETS</b>                           |                            |                           |                           |       |
| Cash and Investments                            | \$ 44,799                  | \$ 34,661                 | \$ 79,460                 |       |
| Receivables                                     |                            |                           |                           |       |
| Other                                           | 71,435                     | -                         | 71,435                    |       |
| Total Current Assets                            | <u>116,234</u>             | <u>34,661</u>             | <u>150,895</u>            |       |
| <b>NONCURRENT ASSETS</b>                        |                            |                           |                           |       |
| None                                            | -                          | -                         | -                         |       |
| Subtotal Noncurrent Assets                      | <u>-</u>                   | <u>-</u>                  | <u>-</u>                  |       |
| <b>CAPITAL ASSETS</b>                           |                            |                           |                           |       |
| Depreciable                                     | 116,880                    | 24,340                    | 141,220                   |       |
| Accumulated Depreciation                        | <u>(116,880)</u>           | <u>(9,737)</u>            | <u>(126,617)</u>          |       |
| Total Capital Assets                            | <u>-</u>                   | <u>14,603</u>             | <u>14,603</u>             |       |
| Total Noncurrent Assets                         | <u>-</u>                   | <u>14,603</u>             | <u>14,603</u>             |       |
| Total Assets                                    | <u>116,234</u>             | <u>49,264</u>             | <u>165,498</u>            |       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                            |                           |                           |       |
| None                                            | -                          | -                         | -                         |       |
| Total Deferred Outflows of Resources            | <u>-</u>                   | <u>-</u>                  | <u>-</u>                  |       |
| Total Assets and Deferred Outflows of Resources | <u>116,234</u>             | <u>49,264</u>             | <u>165,498</u>            |       |

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS (Continued)**

December 31, 2021

---

|                                                     | <b>Administrative<br/>Services</b> | <b>Network<br/>Administration</b> | <b>Total<br/>Internal<br/>Service Funds</b> |
|-----------------------------------------------------|------------------------------------|-----------------------------------|---------------------------------------------|
| <b>CURRENT LIABILITIES</b>                          |                                    |                                   |                                             |
| Accounts Payable                                    | \$ 5,023                           | \$ 15,593                         | \$ 20,616                                   |
| Accrued Payroll                                     | 84,470                             | 3,985                             | 88,455                                      |
| Compensated Absences Payable                        | <u>39,954</u>                      | <u>9,373</u>                      | <u>49,327</u>                               |
| Total Current Liabilities                           | <u>129,447</u>                     | <u>28,951</u>                     | <u>158,398</u>                              |
| <b>LONG-TERM LIABILITIES</b>                        |                                    |                                   |                                             |
| None                                                | -                                  | -                                 | -                                           |
| Total Long-Term Liabilities                         | -                                  | -                                 | -                                           |
| Total Liabilities                                   | <u>129,447</u>                     | <u>28,951</u>                     | <u>158,398</u>                              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |                                   |                                             |
| None                                                | -                                  | -                                 | -                                           |
| Total Deferred Inflows of Resources                 | -                                  | -                                 | -                                           |
| Total Liabilities and Deferred Inflows of Resources | <u>129,447</u>                     | <u>28,951</u>                     | <u>158,398</u>                              |
| <b>NET POSITION</b>                                 |                                    |                                   |                                             |
| Unrestricted (Deficit)                              | <u>(13,213)</u>                    | <u>20,313</u>                     | <u>7,100</u>                                |
| <b>TOTAL NET POSITION (DEFICIT)</b>                 | <b>\$ (13,213)</b>                 | <b>\$ 20,313</b>                  | <b>\$ 7,100</b>                             |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

---

|                                                | <b>Administrative<br/>Services</b> | <b>Network<br/>Administration</b> | <b>Total<br/>Internal<br/>Service Funds</b> |
|------------------------------------------------|------------------------------------|-----------------------------------|---------------------------------------------|
| <b>OPERATING REVENUES</b>                      |                                    |                                   |                                             |
| Charges for Services                           | \$ 1,404,990                       | \$ 525,587                        | \$ 1,930,577                                |
| Miscellaneous                                  | 2,164                              | -                                 | 2,164                                       |
| <br>Total Operating Revenues                   | <br>1,407,154                      | <br>525,587                       | <br>1,932,741                               |
| <b>OPERATING EXPENSES</b>                      |                                    |                                   |                                             |
| Administration                                 | 1,444,598                          | 263,172                           | 1,707,770                                   |
| Commodities                                    | -                                  | 74,780                            | 74,780                                      |
| Contractual Services                           | -                                  | 270,953                           | 270,953                                     |
| Depreciation                                   | -                                  | 4,868                             | 4,868                                       |
| <br>Total Operating Expenses                   | <br>1,444,598                      | <br>613,773                       | <br>2,058,371                               |
| <br>OPERATING INCOME (LOSS)                    | <br><br>(37,444)                   | <br><br>(88,186)                  | <br><br>(125,630)                           |
| <br>CHANGE IN NET POSITION                     | <br><br>(37,444)                   | <br><br>(88,186)                  | <br><br>(125,630)                           |
| <br>NET POSITION, JANUARY 1                    | <br><br>24,231                     | <br><br>108,499                   | <br><br>132,730                             |
| <br><b>NET POSITION (DEFICIT), DECEMBER 31</b> | <br><br>\$ (13,213)                | <br><br>\$ 20,313                 | <br><br>\$ 7,100                            |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

---

|                                                                     | Administrative<br>Services  | Network<br>Administration   | Internal<br>Service Funds   | Total |
|---------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                             |                             |                             |       |
| Receipts from Interfund Service Transactions                        | \$ 1,402,763                | \$ 525,587                  | \$ 1,928,350                |       |
| Payments to Suppliers                                               | (484,718)                   | (332,874)                   | (817,592)                   |       |
| Payments to Employees                                               | (941,768)                   | (251,986)                   | (1,193,754)                 |       |
| Net Cash from Operating Activities                                  | <hr/><br>(23,723)           | <hr/><br>(59,273)           | <hr/><br>(82,996)           |       |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>          |                             |                             |                             |       |
| None                                                                | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| Net Cash from Noncapital<br>Financing Activities                    | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b> |                             |                             |                             |       |
| None                                                                | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| Net Cash from Capital and Related<br>Financing Activities           | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                             |                             |                             |       |
| None                                                                | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| Net Cash from Investing Activities                                  | <hr/><br>-                  | <hr/><br>-                  | <hr/><br>-                  |       |
| <b>NET DECREASE IN CASH AND<br/>CASH EQUIVALENTS</b>                |                             |                             |                             |       |
|                                                                     | (23,723)                    | (59,273)                    | (82,996)                    |       |
| CASH AND CASH EQUIVALENTS, JANUARY 1                                | <hr/><br>68,522             | <hr/><br>93,934             | <hr/><br>162,456            |       |
| <b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>                       | <hr/><br><hr/><br>\$ 44,799 | <hr/><br><hr/><br>\$ 34,661 | <hr/><br><hr/><br>\$ 79,460 |       |

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

---

|                                                                                                      | <b>Administrative<br/>Services</b> | <b>Network<br/>Administration</b> | <b>Total<br/>Internal<br/>Service Funds</b> |
|------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b> |                                    |                                   |                                             |
| Operating Income (Loss)                                                                              |                                    |                                   |                                             |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash From Operating Activities            | \$ (37,444)                        | \$ (88,186)                       | \$ (125,630)                                |
| Depreciation                                                                                         | -                                  | 4,868                             | 4,868                                       |
| Changes in Assets and Liabilities                                                                    |                                    |                                   |                                             |
| Accounts Receivables                                                                                 | (4,391)                            | -                                 | (4,391)                                     |
| Accounts Payable                                                                                     | (64,964)                           | 12,859                            | (52,105)                                    |
| Accrued Payroll                                                                                      | 71,745                             | 1,813                             | 73,558                                      |
| Compensated Absences                                                                                 | 11,331                             | 9,373                             | 20,704                                      |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                                            | <b>\$ (23,723)</b>                 | <b>\$ (59,273)</b>                | <b>\$ (82,996)</b>                          |

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

**CITY OF ROCHELLE, ILLINOIS**

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

December 31, 2021

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|                                                 | <b>Pension Trust</b>      |                                  |                   |
|-------------------------------------------------|---------------------------|----------------------------------|-------------------|
|                                                 | <b>Police<br/>Pension</b> | <b>Firefighters'<br/>Pension</b> | <b>Total</b>      |
| <b>ASSETS</b>                                   |                           |                                  |                   |
| Cash and Short-Term Investments                 | \$ 816,753                | \$ 351,220                       | \$ 1,167,973      |
| Investments, at Fair Value                      |                           |                                  |                   |
| U.S. Treasury Securities                        | 1,616,407                 | 608,502                          | 2,224,909         |
| U.S. Agency Securities                          | 716,854                   | 2,594,872                        | 3,311,726         |
| Equity Mutual Funds                             | 2,131,816                 | 6,717,941                        | 8,849,757         |
| Fixed Income Mutual Funds                       | 943,319                   | -                                | 943,319           |
| Corporate Bonds                                 | 2,582,021                 | 741,139                          | 3,323,160         |
| Municipal Bonds                                 | -                         | 722,057                          | 722,057           |
| Equities                                        | 5,674,398                 | 220,904                          | 5,895,302         |
| Negotiable Certificates of Deposit              | -                         | 166,901                          | 166,901           |
| Annuity Contracts                               | -                         | 205,144                          | 205,144           |
| Receivables                                     |                           |                                  |                   |
| Accrued Interest                                | 35,016                    | 26,441                           | 61,457            |
| Total Assets                                    | <u>14,516,584</u>         | <u>12,355,121</u>                | <u>26,871,705</u> |
| <b>LIABILITIES</b>                              |                           |                                  |                   |
| None                                            | -                         | -                                | -                 |
| Total Liabilities                               | -                         | -                                | -                 |
| <b>NET POSITION RESTRICTED<br/>FOR PENSIONS</b> |                           |                                  |                   |
|                                                 | \$ 14,516,584             | \$ 12,355,121                    | \$ 26,871,705     |

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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|                                                 | <b>Pension Trust</b>      |                                  |                   |
|-------------------------------------------------|---------------------------|----------------------------------|-------------------|
|                                                 | <b>Police<br/>Pension</b> | <b>Firefighters'<br/>Pension</b> | <b>Total</b>      |
| <b>ADDITIONS</b>                                |                           |                                  |                   |
| Contributions                                   |                           |                                  |                   |
| Employer Contributions                          | \$ 949,365                | \$ 658,021                       | \$ 1,607,386      |
| Employee Contributions                          | 173,998                   | 111,379                          | 285,377           |
| <br>Total Contributions                         | <br>1,123,363             | <br>769,400                      | <br>1,892,763     |
| Investment Income                               |                           |                                  |                   |
| Net Appreciation in Fair                        |                           |                                  |                   |
| Value of Investments                            | 626,847                   | 679,314                          | 1,306,161         |
| Interest                                        | 440,471                   | 510,209                          | 950,680           |
| <br>Total Investment Income                     | <br>1,067,318             | <br>1,189,523                    | <br>2,256,841     |
| Less Investment Expense                         | (34,492)                  | (31,252)                         | (65,744)          |
| <br>Net Investment Income                       | <br>1,032,826             | <br>1,158,271                    | <br>2,191,097     |
| <br>Total Additions                             | <br>2,156,189             | <br>1,927,671                    | <br>4,083,860     |
| <b>DEDUCTIONS</b>                               |                           |                                  |                   |
| Benefits and Refunds                            | 871,116                   | 626,651                          | 1,497,767         |
| Administrative Expenses                         | 20,213                    | 17,698                           | 37,911            |
| <br>Total Deductions                            | <br>891,329               | <br>644,349                      | <br>1,535,678     |
| <br>CHANGE IN NET POSITION                      | <br>1,264,860             | <br>1,283,322                    | <br>2,548,182     |
| <b>NET POSITION RESTRICTED<br/>FOR PENSIONS</b> |                           |                                  |                   |
| January 1                                       | 13,251,724                | 11,071,799                       | 24,323,523        |
| <br>December 31                                 | <br>\$ 14,516,584         | <br>\$ 12,355,121                | <br>\$ 26,871,705 |

(See independent auditor's report.)

**SUPPLEMENTARY INFORMATION**

**CITY OF ROCHELLE, ILLINOIS**

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

For the Year Ended December 31, 2021

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| <b>CSFA<br/>Number</b> | <b>Program<br/>Name</b>                                      | <b>State</b>     | <b>Federal</b>    | <b>Other</b>         | <b>Total</b>         |
|------------------------|--------------------------------------------------------------|------------------|-------------------|----------------------|----------------------|
| 494-60-0327            | Airport Improvement Program -<br>Airport Ramp Reconstruction | \$ 803           | \$ 14,457         | \$ 803               | \$ 16,063            |
| 494-60-0327            | Airport Improvement Program -<br>Airport Ramp Reconstruction | 1,763            | 31,734            | 1,763                | 35,260               |
| 494-60-0327            | Airport Improvement Program -<br>Airport Ramp Reconstruction | 142              | 2,560             | 142                  | 2,844                |
| 494-00-0957            | EDP South Main Street                                        | 85,000           | -                 | -                    | 85,000               |
|                        | Other Grant Programs and Activities                          | 7,929            | 58,000            | -                    | 65,929               |
|                        | All Other Costs not Allocated                                | -                | -                 | 60,263,612           | 60,263,612           |
| <b>TOTALS</b>          |                                                              | <b>\$ 95,637</b> | <b>\$ 106,751</b> | <b>\$ 60,266,320</b> | <b>\$ 60,468,708</b> |

(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> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.                                                                     | 128-137        |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax.                                                                         | 138-141        |
| <b>Debt Capacity</b><br>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.                            | 142-146        |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | 147-148        |
| <b>Operating Information</b><br>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. | 149-153        |

*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

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| <b>Fiscal Year</b>                    | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           | <b>2016</b>           |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>        |                       |                       |                       |                       |
| Net Investment in Capital Assets      | \$ 45,652,694         | \$ 46,244,092         | \$ 48,124,038         | \$ 49,182,739         |
| Restricted                            | 2,153,415             | 2,601,692             | 2,173,047             | 1,880,549             |
| Unrestricted                          | (1,720,909)           | (955,731)             | (1,516,370)           | (10,770,965)          |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>  | <b>\$ 46,085,200</b>  | <b>\$ 47,890,053</b>  | <b>\$ 48,780,715</b>  | <b>\$ 40,292,323</b>  |
| <b>BUSINESS-TYPE ACTIVITIES</b>       |                       |                       |                       |                       |
| Net Investment in Capital Assets      | \$ 54,389,403         | \$ 57,684,867         | \$ 57,302,570         | \$ 63,145,375         |
| Restricted                            | 10,475,599            | 12,873,509            | 10,930,174            | 8,406,663             |
| Unrestricted                          | 19,281,545            | 16,046,361            | 19,307,149            | 16,529,457            |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b> | <b>\$ 84,146,547</b>  | <b>\$ 86,604,737</b>  | <b>\$ 87,539,893</b>  | <b>\$ 88,081,495</b>  |
| <b>PRIMARY GOVERNMENT</b>             |                       |                       |                       |                       |
| Net Investment in Capital Assets      | \$ 100,042,097        | \$ 103,928,959        | \$ 105,426,608        | \$ 112,328,114        |
| Restricted                            | 12,629,014            | 15,475,201            | 13,103,221            | 10,287,212            |
| Unrestricted                          | 17,560,636            | 15,090,630            | 17,790,779            | 5,758,492             |
| <b>TOTAL PRIMARY GOVERNMENT</b>       | <b>\$ 130,231,747</b> | <b>\$ 134,494,790</b> | <b>\$ 136,320,608</b> | <b>\$ 128,373,818</b> |

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

Data Source

Audited Financial Statements

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| <b>2016*</b>   | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021</b>    |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 50,119,377  | \$ 49,454,386  | \$ 51,569,571  | \$ 56,955,178  | \$ 58,859,625  | \$ 56,052,242  |
| 2,793,415      | 3,603,895      | 4,821,676      | 5,704,813      | 5,013,689      | 6,716,537      |
| (11,717,240)   | (10,156,454)   | (10,607,508)   | (10,454,471)   | (5,597,443)    | (2,912,534)    |
| <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| \$ 41,195,552  | \$ 42,901,827  | \$ 45,783,739  | \$ 52,205,520  | \$ 58,275,871  | \$ 59,856,245  |
| <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| \$ 66,767,303  | \$ 66,624,091  | \$ 68,151,628  | \$ 72,056,083  | \$ 79,346,069  | \$ 82,675,832  |
| 6,791,996      | 7,581,483      | 8,564,665      | 9,843,922      | 563,537        | 96,626         |
| 18,127,812     | 19,287,555     | 20,199,507     | 21,818,321     | 35,080,354     | 30,520,400     |
| <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| \$ 91,687,111  | \$ 93,493,129  | \$ 96,915,800  | \$ 103,718,326 | \$ 114,989,960 | \$ 113,292,858 |
| <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| \$ 116,886,680 | \$ 116,078,477 | \$ 119,721,199 | \$ 129,011,261 | \$ 138,205,694 | \$ 138,728,074 |
| 9,585,411      | 11,185,378     | 13,386,341     | 15,548,735     | 5,577,226      | 6,813,163      |
| 6,410,572      | 9,131,101      | 9,591,999      | 11,363,850     | 29,482,911     | 27,607,866     |
| <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| \$ 132,882,663 | \$ 136,394,956 | \$ 142,699,539 | \$ 155,923,846 | \$ 173,265,831 | \$ 173,149,103 |

**CITY OF ROCHELLE, ILLINOIS**

CHANGE IN NET POSITION

Last Ten Fiscal Years

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| <b>Fiscal Year</b>                               | <b>2013</b>                 | <b>2014</b>                 | <b>2015</b>                 | <b>2016</b>                 |
|--------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>EXPENSES</b>                                  |                             |                             |                             |                             |
| Governmental Activities                          |                             |                             |                             |                             |
| General Government                               | \$ 2,061,279                | \$ 1,991,208                | \$ 2,024,267                | \$ 2,413,156                |
| Public Safety                                    | 5,034,276                   | 5,240,013                   | 5,506,420                   | 6,846,217                   |
| Public Works                                     | 4,841,587                   | 3,643,889                   | 3,975,074                   | 3,746,863                   |
| Public Service Enterprises                       | 138,179                     | 277,549                     | 162,196                     | 198,816                     |
| Conservation and Development                     | 514,955                     | 374,558                     | 534,560                     | 792,489                     |
| Interest                                         | 180,611                     | 172,584                     | 84,999                      | 130,792                     |
| Total Governmental Activities Expenses           | <u>12,770,887</u>           | <u>11,699,801</u>           | <u>12,287,516</u>           | <u>14,128,333</u>           |
| <b>BUSINESS-TYPE ACTIVITIES</b>                  |                             |                             |                             |                             |
| Electric                                         | 27,290,007                  | 30,900,842                  | 34,790,641                  | 35,706,844                  |
| Water**                                          | 3,989,355                   | 4,198,382                   | 4,235,635                   | 4,284,257                   |
| Water Reclamation**                              | -                           | -                           | -                           | -                           |
| Communications                                   | 1,104,006                   | 834,028                     | 815,032                     | 724,692                     |
| Technology Center                                | 564,706                     | 815,123                     | 875,591                     | 930,401                     |
| Landfill                                         | 452,664                     | 502,936                     | 577,716                     | 827,404                     |
| Airport                                          | 611,097                     | 739,131                     | 536,528                     | 592,585                     |
| Total Business-Type Activities Expenses          | <u>34,011,835</u>           | <u>37,990,442</u>           | <u>41,831,143</u>           | <u>43,066,183</u>           |
| <b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>         | <b><u>\$ 46,782,722</u></b> | <b><u>\$ 49,690,243</u></b> | <b><u>\$ 54,118,659</u></b> | <b><u>\$ 57,194,516</u></b> |
| <b>PROGRAM REVENUES</b>                          |                             |                             |                             |                             |
| Governmental Activities                          |                             |                             |                             |                             |
| Charges for Services                             |                             |                             |                             |                             |
| General Government                               | \$ 562,912                  | \$ 715,864                  | \$ 1,063,522                | \$ 1,823,521                |
| Public Safety                                    | 654,474                     | 489,758                     | 695,058                     | 492,360                     |
| Public Works                                     | 277,273                     | 338,940                     | 335,859                     | 243,586                     |
| Public Service Enterprises                       | 45,047                      | 45,374                      | 40,478                      | 50,895                      |
| Operating Grants and Contributions               | 311,353                     | 292,235                     | 252,066                     | 271,822                     |
| Capital Grants and Contributions                 | 10,852,788                  | 1,131,988                   | 774,261                     | 633,615                     |
| Total Governmental Activities Program Revenues   | <u>12,703,847</u>           | <u>3,014,159</u>            | <u>3,161,244</u>            | <u>3,515,799</u>            |
| Business-Type Activities                         |                             |                             |                             |                             |
| Charges for Services                             |                             |                             |                             |                             |
| Electric                                         | 27,399,527                  | 28,677,373                  | 31,727,508                  | 33,991,035                  |
| Water**                                          | 4,710,716                   | 4,895,848                   | 5,020,871                   | 5,640,153                   |
| Water Reclamation**                              | -                           | -                           | -                           | -                           |
| Communications                                   | 947,423                     | 962,487                     | 831,694                     | 680,050                     |
| Technology Center                                | 565,308                     | 626,084                     | 1,127,944                   | 1,359,234                   |
| Landfill                                         | 662,243                     | 981,632                     | 1,178,675                   | 1,396,251                   |
| Airport                                          | 462,822                     | 384,818                     | 462,817                     | 415,736                     |
| Operating Grants and Contributions               | -                           | -                           | -                           | -                           |
| Capital Grants and Contributions                 | 2,601,474                   | 1,516,037                   | 1,655,641                   | 803,867                     |
| Total Business-Type Activities Program Revenues  | <u>37,349,513</u>           | <u>38,044,279</u>           | <u>42,005,150</u>           | <u>44,286,326</u>           |
| <b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b> | <b><u>\$ 50,053,360</u></b> | <b><u>\$ 41,058,438</u></b> | <b><u>\$ 45,166,394</u></b> | <b><u>\$ 47,802,125</u></b> |

| <b>2016*</b>         | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          | <b>2020</b>          | <b>2021</b>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,371,762         | \$ 2,223,886         | \$ 2,625,102         | \$ 2,151,923         | \$ 2,333,766         | \$ 2,383,960         |
| 4,865,637            | 6,178,925            | 7,114,566            | 7,242,733            | 6,689,478            | 6,284,213            |
| 2,545,336            | 3,476,945            | 3,890,595            | 4,129,244            | 4,385,718            | 6,255,947            |
| 115,159              | 119,565              | 230,942              | 153,869              | 140,131              | 212,432              |
| 629,061              | 726,054              | 657,933              | 545,596              | 376,860              | 399,595              |
| 91,162               | 134,347              | 141,853              | 271,801              | 258,405              | 235,492              |
| <b>10,618,117</b>    | <b>12,859,722</b>    | <b>14,660,991</b>    | <b>14,495,166</b>    | <b>14,184,358</b>    | <b>15,771,639</b>    |
| 23,889,662           | 36,247,916           | 35,119,696           | 33,569,899           | 35,499,007           | 35,116,085           |
| 3,086,559            | 4,682,269            | 5,624,050            | 6,026,110            | 3,063,276            | 3,332,190            |
| -                    | -                    | -                    | -                    | 3,276,009            | 4,213,447            |
| 476,654              | -                    | -                    | -                    | -                    | -                    |
| 646,669              | 1,184,320            | 1,149,385            | 1,161,545            | 870,283              | 890,176              |
| 471,220              | 567,450              | 379,612              | 379,992              | 445,106              | 555,521              |
| 491,928              | 583,104              | 641,746              | 585,281              | 489,087              | 589,650              |
| <b>29,062,692</b>    | <b>43,265,059</b>    | <b>42,914,489</b>    | <b>41,722,827</b>    | <b>43,642,768</b>    | <b>44,697,069</b>    |
| <b>\$ 39,680,809</b> | <b>\$ 56,124,781</b> | <b>\$ 57,575,480</b> | <b>\$ 56,217,993</b> | <b>\$ 57,827,126</b> | <b>\$ 60,468,708</b> |
| \$ 1,162,738         | \$ 2,505,643         | \$ 2,536,084         | \$ 2,953,400         | \$ 1,145,510         | \$ 1,073,874         |
| 394,864              | 546,731              | 690,712              | 651,916              | 729,978              | 1,052,005            |
| 238,358              | 324,057              | 423,402              | 417,931              | 418,161              | 358,212              |
| 223,469              | 234,906              | 214,115              | 207,445              | 224,452              | 287,731              |
| 253,482              | 354,304              | 383,263              | 348,271              | 1,255,248            | 441,057              |
| 308,156              | 5,606                | 1,788,889            | 3,812,585            | 1,623,130            | 295,321              |
| <b>2,581,067</b>     | <b>3,971,247</b>     | <b>6,036,465</b>     | <b>8,391,548</b>     | <b>5,396,479</b>     | <b>3,508,200</b>     |
| 37,475,729           | 26,749,579           | 38,988,537           | 39,026,749           | 36,430,535           | 35,466,187           |
| 5,050,143            | 3,870,287            | 6,175,344            | 6,183,478            | 3,199,659            | 3,324,397            |
| -                    | -                    | -                    | -                    | 3,485,392            | 3,795,872            |
| 628,911              | 343,615              | -                    | -                    | -                    | -                    |
| 1,185,971            | 761,308              | 1,287,994            | 1,394,169            | 1,522,874            | 1,439,758            |
| 1,233,518            | 840,940              | 807,633              | 656,506              | 700,373              | 727,444              |
| 361,269              | 443,835              | 308,849              | 367,352              | 214,312              | 345,050              |
| -                    | -                    | -                    | -                    | -                    | -                    |
| 25,511               | 1,294,396            | 1,881                | 905,050              | 387,556              | 54,167               |
| <b>45,961,052</b>    | <b>34,303,960</b>    | <b>47,570,238</b>    | <b>48,533,304</b>    | <b>45,940,701</b>    | <b>45,152,875</b>    |
| <b>\$ 48,542,119</b> | <b>\$ 38,275,207</b> | <b>\$ 53,606,703</b> | <b>\$ 56,924,852</b> | <b>\$ 51,337,180</b> | <b>\$ 48,661,075</b> |

**CITY OF ROCHELLE, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

| <b>Fiscal Year</b>                                        | <b>2013</b>          | <b>2014</b>         | <b>2015</b>         | <b>2016</b>         |
|-----------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|
| <b>NET (EXPENSE) REVENUE</b>                              |                      |                     |                     |                     |
| Governmental Activities                                   | \$ (67,040)          | \$ (8,685,642)      | \$ (9,126,272)      | \$ (10,612,534)     |
| Business-Type Activities                                  | 3,337,678            | 53,837              | 174,007             | 1,220,143           |
| <b>TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)</b>   |                      |                     |                     |                     |
|                                                           | \$ 3,270,638         | \$ (8,631,805)      | \$ (8,952,265)      | \$ (9,392,391)      |
| <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b> |                      |                     |                     |                     |
| Governmental Activities                                   |                      |                     |                     |                     |
| Taxes                                                     |                      |                     |                     |                     |
| Property and Replacement**                                | \$ 2,160,763         | \$ 2,605,811        | \$ 2,826,331        | \$ 3,069,810        |
| Sales and Use                                             | 2,874,151            | 3,161,390           | 3,081,073           | 3,023,254           |
| Telecommunications                                        | 419,475              | 394,192             | 409,595             | 365,031             |
| Hotel/Motel                                               | 214,837              | 199,768             | 212,328             | 240,367             |
| Utility                                                   | 350,293              | 378,945             | 373,430             | 358,799             |
| Other                                                     | 40,440               | 99,417              | 128,027             | 144,399             |
| Shared Income Tax                                         | 862,814              | 932,950             | 937,626             | 1,020,325           |
| Intergovernmental - Unrestricted                          | -                    | -                   | -                   | -                   |
| Replacement Taxes**                                       | -                    | -                   | -                   | -                   |
| Investment Income                                         | 8,689                | 3,483               | 3,581               | 5,962               |
| Miscellaneous                                             | 27,949               | 99,939              | 81,894              | 43,588              |
| Sale of Transmission Assets                               | -                    | -                   | -                   | -                   |
| Gain on Sale of Capital Assets                            | -                    | -                   | -                   | 10,400              |
| Transfers In                                              | 1,666,642            | 1,949,164           | 1,963,096           | 2,161,975           |
| Total Governmental Activities                             | 8,626,053            | 9,825,059           | 10,016,981          | 10,443,910          |
| Business-Type Activities                                  |                      |                     |                     |                     |
| Replacement Taxes                                         | -                    | 58,912              | 57,837              | 58,563              |
| Investment Income                                         | 37,417               | 35,054              | 31,851              | 43,871              |
| Sale of Transmission Assets                               | -                    | -                   | -                   | -                   |
| Gain on Sale of Capital Assets                            | -                    | -                   | -                   | -                   |
| Miscellaneous                                             | 127,225              | 96,902              | 353,381             | 642,203             |
| Transfers                                                 | (1,666,642)          | (1,949,164)         | (1,963,096)         | (2,161,975)         |
| Total Business-Type Activities                            | (1,502,000)          | (1,758,296)         | (1,520,027)         | (1,417,338)         |
| <b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>    | <b>\$ 7,124,053</b>  | <b>\$ 8,066,763</b> | <b>\$ 8,496,954</b> | <b>\$ 9,026,572</b> |
| <b>CHANGE IN NET POSITION</b>                             |                      |                     |                     |                     |
| Governmental Activities                                   | \$ 8,559,013         | \$ 1,139,417        | \$ 890,709          | \$ (168,624)        |
| Business-Type Activities                                  | 1,835,678            | (1,704,459)         | (1,346,020)         | (197,195)           |
| <b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>    | <b>\$ 10,394,691</b> | <b>\$ (565,042)</b> | <b>\$ (455,311)</b> | <b>\$ (365,819)</b> |

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

\*\*The Water and Water Reclamation Fund was split into two separate funds as of the start of fiscal year 2020.

\*\*\*Starting in fiscal year 2021, the City split the Property and Replacement Taxes into two separate categories.

Data Source

Audited Financial Statements

| 2016*          | 2017            | 2018           | 2019           | 2020           | 2021            |
|----------------|-----------------|----------------|----------------|----------------|-----------------|
| \$ (8,037,050) | \$ (8,888,475)  | \$ (8,624,526) | \$ (6,103,618) | \$ (8,787,879) | \$ (12,263,439) |
| 16,898,360     | (8,961,099)     | 4,655,749      | 6,810,477      | 2,297,933      | 455,806         |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| \$ 8,861,310   | \$ (17,849,574) | \$ (3,968,777) | \$ 706,859     | \$ (6,489,946) | \$ (11,807,633) |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| \$ 3,120,172   | \$ 3,376,985    | \$ 3,455,154   | \$ 3,575,806   | \$ 3,747,149   | \$ 3,925,817    |
| 2,092,098      | 3,103,976       | 3,379,510      | 3,653,642      | 3,476,277      | 4,246,783       |
| 241,024        | 298,393         | 304,444        | 317,761        | 294,976        | 265,957         |
| 176,766        | 225,959         | 252,426        | 263,299        | 105,727        | 242,022         |
| 243,024        | 385,033         | 444,058        | 489,247        | 496,334        | 536,084         |
| 109,493        | 158,963         | 177,277        | 178,915        | 150,281        | 341,250         |
| 581,502        | 879,364         | 916,864        | 1,019,048      | 1,040,397      | 1,263,654       |
| 78,747         | 78,022          | 369,607        | 75,000         | 75,000         | 75,000          |
| -              | -               | -              | -              | -              | 433,191         |
| 7,884          | 33,906          | 123,024        | 210,623        | 120,034        | 19,020          |
| 423,491        | 67,454          | 133,531        | 64,468         | 36,197         | 93,625          |
| -              | -               | -              | -              | 3,730,000      | -               |
| -              | 10,249          | 168,845        | -              | -              | -               |
| 1,866,078      | 2,353,969       | 2,076,297      | 2,677,590      | 1,585,858      | 2,401,410       |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| 8,940,279      | 10,972,273      | 11,801,037     | 12,525,399     | 14,858,230     | 13,843,813      |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| 63,084         | 61,739          | 19,287         | 61,013         | 59,498         | 59,398          |
| 28,917         | 95,728          | 301,569        | 398,054        | 197,758        | 99,271          |
| -              | -               | -              | -              | 9,989,799      | -               |
| -              | -               | -              | -              | 80,681         | -               |
| 138,425        | 354,412         | 250,360        | 373,355        | 231,817        | 89,833          |
| (1,866,078)    | (2,353,969)     | (2,076,297)    | (2,677,590)    | (1,585,858)    | (2,401,410)     |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| (1,635,652)    | (1,842,090)     | (1,505,081)    | (1,845,168)    | 8,973,695      | (2,152,908)     |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| \$ 7,304,627   | \$ 9,130,183    | \$ 10,295,956  | \$ 10,680,231  | \$ 23,831,925  | \$ 11,690,905   |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| \$ 903,229     | \$ 2,083,798    | \$ 3,176,511   | \$ 6,421,781   | \$ 6,070,351   | \$ 1,580,374    |
| 15,262,708     | (10,803,189)    | 3,150,668      | 4,965,309      | 11,271,628     | (1,697,102)     |
| <br>           | <br>            | <br>           | <br>           | <br>           | <br>            |
| \$ 16,165,937  | \$ (8,719,391)  | \$ 6,327,179   | \$ 11,387,090  | \$ 17,341,979  | \$ (116,728)    |

**CITY OF ROCHELLE, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

| <b>Fiscal Year</b>                        | <b>2013</b>         | <b>2014</b>         | <b>2015</b>         | <b>2016</b>         |
|-------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>GENERAL FUND</b>                       |                     |                     |                     |                     |
| Nonspendable                              | \$ -                | \$ -                | \$ 687,504.00       | \$ 171,592          |
| Restricted                                |                     |                     |                     |                     |
| Cemetery                                  | 150,081             | 114,916             | 138,314             | 140,630             |
| Community Development                     | -                   | -                   | 68,477              | 787                 |
| Unassigned                                | 1,633,858           | 1,715,903           | 1,036,154           | 1,202,523           |
| Reserved                                  |                     |                     |                     |                     |
| Cemetery                                  | -                   | -                   | -                   | -                   |
| Noncurrent Interfunds                     | -                   | -                   | -                   | -                   |
| Unreserved                                |                     |                     |                     |                     |
| Designated                                | -                   | -                   | -                   | -                   |
| Undesignated                              | -                   | -                   | -                   | -                   |
| <b>TOTAL GENERAL FUND</b>                 | <b>\$ 1,783,939</b> | <b>\$ 1,830,819</b> | <b>\$ 1,930,449</b> | <b>\$ 1,515,532</b> |
| <b>ALL OTHER GOVERNMENTAL FUNDS</b>       |                     |                     |                     |                     |
| Nonspendable Prepaid Items                | \$ 85,262           | \$ 212,505          | \$ 215,260          | \$ 217,950          |
| Restricted                                |                     |                     |                     |                     |
| Maintenance of Roadways                   | 557,533             | 683,554             | 705,760             | 50,692              |
| Tourism                                   | 68,898              | 269,541             | 272,159             | 242,212             |
| Employee Retirement                       | -                   | -                   | -                   | -                   |
| Insurance                                 | -                   | -                   | -                   | -                   |
| Capital Improvements                      | 1,343,870           | 1,504,837           | 758,341             | 1,042,541           |
| Economic Development                      | -                   | 2,961               | 142,151             | 361,688             |
| Specific Purposes                         | -                   | -                   | 58,945              | 3,236               |
| Public Safety                             | 33,033              | 25,883              | 28,947              | 32,219              |
| Unrestricted                              |                     |                     |                     |                     |
| Committed - Ambulance Replacement         | -                   | -                   | -                   | -                   |
| Assigned - Ambulance Replacement          | 368,127             | 478,307             | 478,635             | 27,214              |
| Assigned - Stormwater                     | 301,017             | 143,697             | 124,507             | 119,483             |
| Assigned - Railroad                       | -                   | -                   | -                   | 768,745             |
| Assigned - Capital Purposes               | 42,433              | 37,470              | 37,217              | 36,940              |
| Unassigned                                | (1,528,752)         | (1,074,194)         | (641,744)           | (178,417)           |
| Reserved                                  |                     |                     |                     |                     |
| Prepaid Items                             | -                   | -                   | -                   | -                   |
| Encumbrances                              | -                   | -                   | -                   | -                   |
| Maintenance of Roadways                   | -                   | -                   | -                   | -                   |
| Economic Development                      | -                   | -                   | -                   | -                   |
| Tourism                                   | -                   | -                   | -                   | -                   |
| Stormwater                                | -                   | -                   | -                   | -                   |
| Railroad                                  | -                   | -                   | -                   | -                   |
| Capital Improvements                      | -                   | -                   | -                   | -                   |
| Employee Retirement                       | -                   | -                   | -                   | -                   |
| Public Safety                             | -                   | -                   | -                   | -                   |
| Unreserved                                |                     |                     |                     |                     |
| Designated - Special Revenue Funds        | -                   | -                   | -                   | -                   |
| Designated - Capital Projects Funds       | -                   | -                   | -                   | -                   |
| Undesignated - Special Revenue Funds      | -                   | -                   | -                   | -                   |
| Undesignated - Capital Projects Funds     | -                   | -                   | -                   | -                   |
| <b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b> | <b>\$ 1,271,421</b> | <b>\$ 2,284,561</b> | <b>\$ 2,180,178</b> | <b>\$ 2,724,503</b> |

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

Data Source

Audited Financial Statements

| <b>2016*</b>        | <b>2017</b>         | <b>2018</b>          | <b>2019</b>          | <b>2020</b>         | <b>2021</b>         |
|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| \$ -                | \$ -                | \$ -                 | \$ 54,802            | \$ 48,167           | \$ 22,225           |
| 141,244             | 142,281             | 118,555              | 121,731              | 122,500             | 122,550             |
| 267                 | -                   | -                    | -                    | -                   | -                   |
| 1,975,346           | 1,992,109           | 2,646,925            | 3,483,358            | 8,265,364           | 9,286,921           |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| <b>\$ 2,116,857</b> | <b>\$ 2,134,390</b> | <b>\$ 2,765,480</b>  | <b>\$ 3,659,891</b>  | <b>\$ 8,436,031</b> | <b>\$ 9,431,696</b> |
| \$ 294,061          | \$ 13,789           | \$ 13,581            | \$ 564,360           | \$ 13,646           | \$ -                |
| 239,433             | 396,015             | 586,421              | 807,163              | 280,785             | 989,573             |
| 195,302             | 161,373             | 174,498              | 199,873              | 157,334             | 221,696             |
| 153,014             | 2,553               | 30,475               | 27,569               | 29,464              | 44,100              |
| -                   | 58,062              | -                    | 99,483               | 97,700              | 66,966              |
| 1,864,478           | 2,423,859           | 7,773,430            | 8,087,647            | 3,191,020           | 3,650,951           |
| 140,428             | 373,361             | 579,373              | 809,383              | 1,071,598           | 1,567,467           |
| 16,518              | 14,051              | 3,662                | 2,662                | 2,885               | 6,559               |
| 42,731              | 32,340              | 55,262               | 49,302               | 46,757              | 46,675              |
| -                   | -                   | -                    | -                    | -                   | -                   |
| 40,565              | 60,711              | 205,079              | 83,018               | 780                 | 160,628             |
| 117,286             | 108,260             | 128,646              | 178,523              | 180,405             | 169,278             |
| 656,813             | 1,873,310           | 1,796,258            | 1,604,639            | 1,805,310           | 1,529,976           |
| 22,483              | 34,650              | 48,468               | 47,016               | 1,847,724           | 164,605             |
| (1,040,345)         | (625,916)           | (303,391)            | (149,153)            | (61,851)            | (39,849)            |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| -                   | -                   | -                    | -                    | -                   | -                   |
| <b>\$ 2,742,767</b> | <b>\$ 4,926,418</b> | <b>\$ 11,091,762</b> | <b>\$ 12,411,485</b> | <b>\$ 8,663,557</b> | <b>\$ 8,578,625</b> |

**CITY OF ROCHELLE, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

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| <b>Fiscal Year</b>                                                 | <b>2013</b>    | <b>2014</b>    | <b>2015</b>  | <b>2016</b>  |
|--------------------------------------------------------------------|----------------|----------------|--------------|--------------|
| <b>REVENUES</b>                                                    |                |                |              |              |
| Taxes                                                              | \$ 6,038,257   | \$ 6,817,791   | \$ 7,007,823 | \$ 7,182,863 |
| Licenses and Permits                                               | 214,563        | 346,245        | 262,205      | 287,451      |
| Intergovernmental                                                  | 5,771,389      | 1,399,886      | 1,963,953    | 1,925,762    |
| Charges for Services                                               | 1,120,525      | 1,051,482      | 1,726,395    | 2,154,558    |
| Fines and Forfeitures                                              | 140,596        | 132,548        | 99,198       | 102,461      |
| Investment Income                                                  | 8,689          | 3,483          | 3,581        | 5,962        |
| Miscellaneous                                                      | 110,898        | 201,432        | 151,974      | 128,277      |
| Total revenues                                                     | 12,407,471     | 13,404,917     | 9,952,867    | 11,215,129   |
| <b>EXPENDITURES</b>                                                |                |                |              |              |
| Current                                                            |                |                |              |              |
| General Government                                                 | 1,975,333      | 2,099,082      | 1,978,273    | 2,264,576    |
| Public Safety                                                      | 4,893,561      | 5,115,991      | 5,343,694    | 5,719,994    |
| Public Works                                                       | 2,208,093      | 1,815,695      | 1,998,301    | 2,049,433    |
| Public Service Enterprises                                         | 123,943        | 296,959        | 138,957      | 174,413      |
| Conservation and Development                                       | 507,463        | 371,996        | 530,128      | 758,724      |
| Capital Outlay                                                     | 7,194,270      | 1,798,044      | 3,964,145    | 4,840,071    |
| Debt Service                                                       |                |                |              |              |
| Principal                                                          | -              | 3,000,000      | 90,000       | 285,000      |
| Interest and Fiscal Charges                                        | 174,148        | 212,008        | 89,480       | 138,232      |
| Total expenditures                                                 | 15,774,141     | 17,076,811     | 14,709,775   | 14,132,978   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>       |                |                |              |              |
|                                                                    | (3,366,670)    | (3,671,894)    | (4,756,908)  | (2,917,849)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                |                |              |              |
| Transfers In                                                       | 4,083,047      | 4,155,467      | 5,611,857    | 5,435,967    |
| Transfers (Out)                                                    | (2,416,405)    | (2,025,908)    | (2,698,761)  | (2,903,950)  |
| Bonds Issued                                                       | -              | 2,955,000      | -            | 2,000,000    |
| Premium on Bonds Issued                                            | -              | 66,933         | -            | 36,644       |
| Sale of Capital Assets                                             | 2,775          | -              | -            | 10,400       |
| Loan Proceeds                                                      | -              | -              | -            | -            |
| Total Other Financing Sources (Uses)                               | 1,962,235      | 1,669,417      | 5,151,492    | 2,913,096    |
| <b>SPECIAL ITEM</b>                                                |                |                |              |              |
| Sale of Transmission Assets                                        | -              | -              | -            | -            |
| <b>NET CHANGE IN FUND BALANCES</b>                                 |                |                |              |              |
|                                                                    | \$ (1,404,435) | \$ (2,002,477) | \$ 394,584   | \$ (4,753)   |
| <b>DEBT SERVICE AS A PERCENTAGE<br/>OF NONCAPITAL EXPENDITURES</b> |                |                |              |              |
|                                                                    | 1.55%          | 23.95%         | 1.70%        | 3.72%        |

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

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

Data Source

Audited Financial Statements

|             | <b>2016*</b> | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |
|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$          | 5,958,206    | \$ 7,484,642 | \$ 7,912,091 | \$ 8,452,142 | \$ 8,242,094 | \$ 9,956,395 |
| 184,556     | 258,990      | 311,395      | 344,112      | 328,074      | 246,369      |              |
| 1,221,887   | 1,317,296    | 3,458,623    | 5,254,904    | 3,993,775    | 2,075,033    |              |
| 1,776,011   | 3,180,816    | 3,207,235    | 3,678,563    | 2,031,310    | 2,431,319    |              |
| 50,823      | 103,713      | 106,399      | 87,554       | 79,369       | 94,335       |              |
| 7,884       | 33,906       | 123,024      | 210,623      | 120,034      | 19,020       |              |
| 455,901     | 199,939      | 473,593      | 211,459      | 144,195      | 123,264      |              |
|             | 11,787,334   | 9,655,268    | 12,579,302   | 18,239,357   | 14,938,851   | 14,945,735   |
|             |              |              |              |              |              |              |
| 1,773,811   | 2,315,674    | 2,473,148    | 2,551,879    | 2,278,385    | 2,339,730    |              |
| 4,169,903   | 5,946,478    | 5,757,199    | 6,019,750    | 6,360,396    | 6,995,207    |              |
| 1,372,779   | 1,969,887    | 2,122,787    | 2,462,170    | 2,354,797    | 2,550,510    |              |
| 91,864      | 125,360      | 120,859      | 163,727      | 118,694      | 187,108      |              |
| 564,957     | 743,017      | 626,328      | 521,778      | 371,916      | 400,576      |              |
| 2,690,199   | 1,229,701    | 4,129,423    | 7,089,820    | 6,556,624    | 3,425,846    |              |
|             | 125,000      | 300,000      | 309,668      | 314,294      | 900,185      | 934,138      |
|             | 119,788      | 139,680      | 133,468      | 223,045      | 285,500      | 263,047      |
|             | 16,230,443   | 10,908,301   | 12,769,797   | 19,346,463   | 19,226,497   | 17,096,162   |
|             | (4,443,109)  | (1,253,033)  | (190,495)    | (1,107,106)  | (4,287,646)  | (2,150,427)  |
|             |              |              |              |              |              |              |
| 3,514,282   | 4,041,652    | 3,533,855    | 5,311,380    | 5,941,413    | 4,425,356    |              |
| (1,648,204) | (1,687,683)  | (1,457,558)  | (2,633,790)  | (4,355,555)  | (2,023,946)  |              |
| -           | -            | 4,500,000    | 598,973      | -            | -            |              |
| -           | -            | 128,005      | -            | -            | -            |              |
| -           | 10,249       | 217,329      | -            | -            | -            |              |
| -           | 27,461       | -            | -            | -            | 659,750      |              |
|             | 4,579,061    | 1,866,078    | 2,391,679    | 3,276,563    | 1,585,858    | 3,061,160    |
|             |              |              |              |              | 3,730,000    | -            |
| \$          | 135,952      | \$ 613,045   | \$ 2,201,184 | \$ 2,169,457 | \$ 1,028,212 | \$ 910,733   |
|             | 2.82%        | 3.79%        | 3.06%        | 4.52%        | 9.23%        | 7.63%        |

**CITY OF ROCHELLE, ILLINOIS**

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

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| 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 |
|-----------|---------------|----------------------|---------------------|---------------------|----------------|----------------|------------------------------|-----------------------|--------------------------------|--------------------------------|
| 2012      | \$ 3,073,447  | \$ 91,492,076        | \$ 40,876,648       | \$ 67,372,730       | \$ 15,949,007  | \$ 7,520       | \$ 218,771,428               | 0.94226               | \$ 656,379,922                 | 33.33%                         |
| 2013      | 3,114,773     | 84,613,120           | 42,499,156          | 78,233,664          | 16,786,145     | 7,520          | 225,254,378                  | 1.00483               | 675,830,717                    | 33.33%                         |
| 2014      | 3,131,074     | 80,191,232           | 43,456,382          | 78,870,652          | 16,761,683     | 7,520          | 222,418,543                  | 1.05366               | 667,322,361                    | 33.33%                         |
| 2015      | 3,255,060     | 80,299,631           | 46,016,248          | 87,823,817          | 17,667,970     | 7,520          | 235,070,246                  | 1.01410               | 705,281,266                    | 33.33%                         |
| 2016      | 4,885,200     | 81,882,208           | 46,606,561          | 88,391,613          | 17,648,663     | 7,520          | 239,421,765                  | 1.05306               | 718,337,129                    | 33.33%                         |
| 2017      | 7,928,518     | 84,527,440           | 47,852,965          | 99,109,865          | 17,644,897     | 7,520          | 257,071,205                  | 1.00775               | 771,290,744                    | 33.33%                         |
| 2018      | 6,723,087     | 83,935,586           | 42,416,179          | 74,220,535          | 17,991,900     | 7,520          | 225,294,807                  | 1.11420               | 675,952,016                    | 33.33%                         |
| 2019      | 7,024,626     | 86,099,543           | 42,486,321          | 100,621,937         | 18,626,315     | 7,520          | 254,866,262                  | 1.02484               | 764,675,254                    | 33.33%                         |
| 2020      | 7,883,855     | 88,403,827           | 46,611,035          | 97,837,213          | 19,026,718     | 7,520          | 259,770,168                  | 1.04623               | 779,388,443                    | 33.33%                         |
| 2021      | 9,082,201     | 93,324,615           | 47,972,109          | 97,837,213          | 19,873,811     | 7,520          | 268,097,469                  | 1.04307               | 804,372,844                    | 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

| <b>Levy Year</b>                  | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>DIRECT CITY RATE</b>           |             |             |             |             |             |             |             |             |             |             |
| City of Rochelle                  | 0.74480     | 0.67390     | 0.71125     | 0.65046     | 0.64053     | 0.58893     | 0.64020     | 0.56652     | 0.54273     | 0.55312     |
| City of Rochelle Pension          | 0.19750     | 0.33090     | 0.34241     | 0.36364     | 0.41253     | 0.41882     | 0.47122     | 0.45832     | 0.50350     | 0.48995     |
| Total Direct City Rate            | 0.94230     | 1.00480     | 1.05366     | 1.01410     | 1.05306     | 1.00775     | 1.11142     | 1.02484     | 1.04623     | 1.04307     |
| <b>OVERLAPPING RATES</b>          |             |             |             |             |             |             |             |             |             |             |
| Ogle County                       | 0.55358     | 0.55690     | 0.56104     | 0.56200     | 0.56131     | 0.56148     | 0.58330     | 0.55938     | 0.55675     | 0.55313     |
| Ogle County Mental Health         | 0.05321     | 0.05377     | 0.05561     | 0.05073     | 0.05298     | 0.05209     | 0.05215     | 0.05924     | 0.05758     | 0.05717     |
| Ogle County Extension             | 0.00985     | 0.00929     | 0.00955     | 0.00941     | 0.00920     | 0.00878     | 0.00896     | 0.00858     | 0.00818     | 0.00807     |
| Ogle County Veterans Assistance   | 0.00631     | 0.00498     | 0.00512     | 0.00504     | 0.00514     | 0.00492     | 0.00409     | 0.00458     | 0.00468     | 0.00717     |
| Ogle County Senior Services       | 0.01478     | 0.01407     | 0.01447     | 0.01529     | 0.01421     | 0.01418     | 0.01550     | 0.01558     | 0.01582     | 0.01546     |
| Ogle County Pension               | 0.09920     | 0.12282     | 0.12931     | 0.15287     | 0.14436     | 0.13716     | 0.12573     | 0.10841     | 0.10522     | 0.09059     |
| Rochelle High School 212          | 2.53074     | 2.54466     | 2.49790     | 2.51481     | 2.52178     | 2.47856     | 2.44119     | 2.35295     | 2.42334     | 2.35999     |
| Rochelle High School 212 Pension  | 0.05085     | 0.04555     | 0.04618     | 0.04541     | 0.04555     | 0.04513     | 0.04601     | 0.04385     | 0.00426     | 0.04088     |
| Rochelle Grade School 231         | 3.01011     | 3.00422     | 3.05081     | 3.22491     | 3.21174     | 3.13806     | 3.19539     | 3.20986     | 3.22861     | 3.20043     |
| Rochelle Grade School 231 Pension | 0.06343     | 0.06671     | 0.07571     | 0.07223     | 0.07129     | 0.04655     | 0.05331     | 0.06513     | 0.06364     | 0.06136     |
| Kishwaukee College 523            | 0.64306     | 0.72368     | 0.71134     | 0.69299     | 0.66779     | 0.66490     | 0.66566     | 0.65504     | 0.06484     | 0.63978     |
| Flagg Rochelle Library            | 0.17032     | 0.17025     | 0.17934     | 0.17706     | 0.17386     | 0.17460     | 0.17916     | 0.17740     | 0.17787     | 0.18157     |
| Flagg Rochelle Library Pension    | 0.00977     | 0.00993     | 0.01231     | 0.01212     | 0.00789     | 0.01153     | 0.01334     | 0.01238     | 0.01376     | 0.01480     |
| Flagg Rochelle Parks              | 0.56849     | 0.59249     | 0.60141     | 0.59049     | 0.58425     | 0.58925     | 0.59180     | 0.81418     | 0.77872     | 0.77004     |
| Flagg Rochelle Park Pension       | 0.01781     | 0.01691     | 0.02084     | 0.01230     | 0.00400     | 0.00039     | 0.00387     | 0.00575     | 0.00105     | 0.00050     |
| Flagg Road                        | 0.32745     | 0.33521     | 0.35007     | 0.35250     | 0.35260     | 0.35438     | 0.36180     | 0.36302     | 0.36232     | 0.36004     |
| Flagg Township                    | 0.15385     | 0.15735     | 0.16995     | 0.17566     | 0.17840     | 0.17859     | 0.17658     | 0.17594     | 0.16813     | 0.15871     |
| Flagg Township Pension            | 0.02344     | 0.02415     | 0.02778     | 0.02604     | 0.02420     | 0.02145     | 0.01781     | 0.01723     | 0.02081     | 0.02358     |

Data Source

Office of the County Clerk

**CITY OF ROCHELLE, ILLINOIS**

**PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Nine Years Ago

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| <b>Taxpayer</b>                    | <b>Type of Business</b>  | <b>2021</b>                   |             | <b>Percentage of Total City Taxable Assessed Valuation</b> |             | <b>2012</b>                   |             | <b>Percentage of Total City Taxable Assessed Valuation</b> |             |
|------------------------------------|--------------------------|-------------------------------|-------------|------------------------------------------------------------|-------------|-------------------------------|-------------|------------------------------------------------------------|-------------|
|                                    |                          | <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Taxable Assessed Value</b>                              | <b>Rank</b> | <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Taxable Assessed Value</b>                              | <b>Rank</b> |
| Americold Real Estate LP           | Cold Storage             | \$ 30,678,897                 | 1           | 11.44%                                                     |             | \$ 10,736,180                 | 1           | 5.01%                                                      |             |
| Illinois River Energy              | Ethanol Plant            | 13,334,284                    | 2           | 4.97%                                                      |             | 7,589,945                     | 4           | 3.54%                                                      |             |
| Sara Lee Corporation               | Cold Storage             | 11,870,000                    | 3           | 4.43%                                                      |             | 8,240,300                     | 3           | 3.85%                                                      |             |
| Exeter                             | Distribution & Warehouse | 11,264,353                    | 4           | 4.20%                                                      |             |                               |             |                                                            |             |
| Icon Pac                           | Cold Storage             | 6,954,205                     | 5           | 2.59%                                                      |             |                               |             |                                                            |             |
| Lineage Master                     | Manufacturing Facility   | 5,666,195                     | 8           | 2.11%                                                      |             |                               |             |                                                            |             |
| 1600 Ritchie Court LLC             | Manufacturing Facility   | 5,999,400                     | 7           | 2.24%                                                      |             |                               |             |                                                            |             |
| Pasquesi Farms LLC                 | Hydroponic Greenhouse    | 6,090,051                     | 6           | 2.27%                                                      |             |                               |             |                                                            |             |
| The Northern Trust                 | Data Center              | 3,848,953                     | 9           | 1.44%                                                      |             | 2,921,520                     | 9           | 1.36%                                                      |             |
| Quest Richard R Successor Trustee  | Distribution & Warehouse | 3,540,315                     | 10          | 1.32%                                                      |             |                               |             |                                                            |             |
| Rochelle Development Joint Venture | Distribution & Warehouse |                               |             |                                                            |             | 3,642,882                     | 7           | 1.70%                                                      |             |
| Total Logistic Control             | Distribution & Warehouse |                               |             |                                                            |             | 4,249,395                     | 6           | 1.98%                                                      |             |
| Par Industrial LLC                 | Distribution & Warehouse |                               |             |                                                            |             | 5,795,170                     | 5           | 2.71%                                                      |             |
| Pro Logis Land LLC                 | Distribution & Warehouse |                               |             |                                                            |             | 10,103,006                    | 2           | 4.72%                                                      |             |
| Nippon Sharyo Manufacturing        | Manufacturing Facility   |                               |             |                                                            |             | 3,352,281                     | 8           | 1.57%                                                      |             |
| Allstate Insurance Co.             | Data Center              |                               |             |                                                            |             | 2,302,900                     | 10          | 1.08%                                                      |             |
|                                    |                          | <u><u>\$ 99,246,653</u></u>   |             | <u><u>37.01%</u></u>                                       |             | <u><u>\$ 58,933,579</u></u>   |             | <u><u>25.95%</u></u>                                       |             |

**CITY OF ROCHELLE, ILLINOIS**

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

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| <b>Levy Year</b> | <b>Tax Levied</b> | <b>Collected within the Fiscal Year of the Levy</b> |                           | <b>Collections in Subsequent Years</b> |               | <b>Total Collections to Date</b> |  |
|------------------|-------------------|-----------------------------------------------------|---------------------------|----------------------------------------|---------------|----------------------------------|--|
|                  |                   | <b>Amount</b>                                       | <b>Percentage of Levy</b> | <b>Amount</b>                          | <b>Amount</b> | <b>Percentage of Levy</b>        |  |
| 2012             | \$ 2,017,884      | \$ 1,919,824                                        | 95.14%                    | \$ -                                   | \$ 1,919,824  | 95.14%                           |  |
| 2013             | 2,167,126         | 2,062,815                                           | 95.19%                    | -                                      | 2,062,815     | 95.19%                           |  |
| 2014             | 2,227,858         | 2,189,648                                           | 98.28%                    | -                                      | 2,189,648     | 98.28%                           |  |
| 2015             | 2,277,251         | 2,265,091                                           | 99.47%                    | -                                      | 2,265,091     | 99.47%                           |  |
| 2016             | 2,372,996         | 2,361,297                                           | 99.51%                    | -                                      | 2,361,297     | 99.51%                           |  |
| 2017             | 2,445,391         | 2,437,333                                           | 99.67%                    | -                                      | 2,437,333     | 99.67%                           |  |
| 2018             | 2,504,018         | 2,498,523                                           | 99.78%                    | -                                      | 2,498,523     | 99.78%                           |  |
| 2019             | 2,612,017         | 2,583,545                                           | 98.91%                    | 24,762                                 | 2,608,307     | 99.86%                           |  |
| 2020             | 2,717,843         | 2,698,261                                           | 99.28%                    | -                                      | 2,698,261     | 99.28%                           |  |
| 2021             | 2,796,479         | N/A                                                 | N/A                       | N/A                                    | N/A           | N/A                              |  |

N/A - Information not available

Note: 2021 property taxes will not be received until the fiscal year 2022.

2020 property tax collections higher than levy due to collection of prior year property taxes.

**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 |                      | Obligation Debt Certificates | General Revenue Bonds    |            | Obligation Debt Certificates | General Obligation Bonds | IEPA Revolving Loans |                          |                                                    |                |                                                     |
|                   | Installment Contract     | Revenue Bonds | General Obligation Bonds     | IEPA Revolving Loans | Installment Contract         |                          |            |                              |                          |                      |                          |                                                    |                |                                                     |
| 2013              | \$ -                     | \$ 2,940,000  | \$ -                         | \$ -                 | \$ 13,165,000                | \$ 4,305,000             | \$ 675,000 | \$ 1,500,446                 | \$ -                     | \$ 22,585,446        | 10.32%                   | \$ 2,359.04                                        | 10.28%         |                                                     |
| 2014              | -                        | 2,895,000     | -                            | -                    | 11,950,000                   | 4,115,000                | 645,000    | 1,255,964                    | -                        | 20,860,964           | 9.26%                    | 2,186.91                                           | 9.23%          |                                                     |
| 2015              | -                        | 2,805,000     | -                            | -                    | 16,370,000                   | 3,915,000                | 615,000    | 1,004,474                    | -                        | 24,709,474           | 11.11%                   | 2,603.46                                           | 10.99%         |                                                     |
| 2016              | -                        | 2,690,000     | 1,830,000                    | -                    | 15,755,000                   | 3,705,000                | 585,000    | 3,811,656                    | -                        | 28,376,656           | 12.07%                   | 2,989.85                                           | 12.62%         |                                                     |
| 2016*             | -                        | 2,617,493     | 1,861,891                    | -                    | 16,169,536                   | 3,485,000                | 585,000    | 3,608,792                    | -                        | 28,257,892           | 11.80%                   | 2,977.34                                           | 12.56%         |                                                     |
| 2017              | -                        | 2,484,869     | 1,689,682                    | 27,461               | 15,497,305                   | 3,470,715                | 595,000    | 5,054,195                    | -                        | 28,819,227           | 11.21%                   | 3,146.55                                           | 14.29%         |                                                     |
| 2018              | 4,628,005                | 2,347,244     | 1,517,437                    | 22,793               | 14,810,075                   | 3,157,468                | 550,000    | 6,394,567                    | -                        | 33,427,589           | 14.84%                   | 3,597.07                                           | 15.91%         |                                                     |
| 2019              | 4,613,782                | 2,204,620     | 1,345,192                    | 617,472              | 14,107,845                   | 2,879,221                | 510,000    | 6,597,322                    | -                        | 32,875,454           | 14.59%                   | 3,611.50                                           | 14.81%         |                                                     |
| 2020              | 4,114,560                | 2,056,995     | 1,177,947                    | 512,286              | -                            | 2,595,976                | 465,000    | 11,917,700                   | -                        | 22,840,464           | 8.79%                    | 2,523.25                                           | 9.65%          |                                                     |
| 2021              | 3,585,337                | 1,904,370     | 1,010,702                    | 1,067,899            | 8,681,124                    | 2,302,729                | 420,000    | 11,534,902                   | 1,300,000                | 31,807,063           | 11.86%                   | 3,472.39                                           | 13.90%         |                                                     |

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

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

(1) Assessed value and actual value of taxable property

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

Data Source

City Records

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**CITY OF ROCHELLE, ILLINOIS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

December 31, 2021

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| <b>Governmental Unit</b>               | <b>Gross Debt</b>           | <b>Percentage<br/>Debt Applicable<br/>to the<br/>City (1)</b> | <b>City's<br/>Share<br/>of Debt</b> |
|----------------------------------------|-----------------------------|---------------------------------------------------------------|-------------------------------------|
| City of Rochelle                       | \$ 7,568,308                | 100.00%                                                       | \$ 7,568,308                        |
| Flagg-Rochelle Community Park District | 5,900,000                   | 75.02%                                                        | 4,426,180                           |
| School District 231                    | 6,340,000                   | 76.26%                                                        | 4,834,884                           |
| School District 212                    | 7,840,000                   | 56.53%                                                        | 4,431,952                           |
| Kishwaukee Community College           | <u>58,670,000</u>           | 9.76%                                                         | <u>5,726,192</u>                    |
| Subtotal                               | <u>78,750,000</u>           |                                                               | <u>19,419,208</u>                   |
| <b>TOTAL</b>                           | <b><u>\$ 86,318,308</u></b> |                                                               | <b><u>\$ 26,987,516</u></b>         |

Note: Overlapping information presented as of July 22, 2021 (most recent available).

(1) Percentages based on 2020 EAVs, the most recent available.

Data Source

Official Statement

**CITY OF ROCHELLE, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

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| <b>Fiscal Year</b> | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Less Amounts Available</b> |              |  | <b>Total</b> | <b>Percentage of Estimated Actual Taxable Value of Property*</b> | <b>Per Capita</b> |
|--------------------|--------------------------------|---------------------------------|-------------------------------|--------------|--|--------------|------------------------------------------------------------------|-------------------|
|                    |                                |                                 | <b>In Debt Service Fund</b>   | <b>Total</b> |  |              |                                                                  |                   |
| 2013               | \$ 2,895,000                   | \$ 4,760,000                    | \$ -                          | \$ 7,655,000 |  | 3.50%        | \$ 799.56                                                        |                   |
| 2014               | 2,895,000                      | 4,760,000                       | -                             | 7,655,000    |  | 3.40%        | 802.50                                                           |                   |
| 2015               | 2,805,000                      | 4,530,000                       | -                             | 7,335,000    |  | 3.30%        | 772.84                                                           |                   |
| 2016               | 4,520,000                      | 4,290,000                       | -                             | 8,810,000    |  | 3.75%        | 928.25                                                           |                   |
| 2016**             | 4,479,384                      | 4,070,000                       | -                             | 8,549,384    |  | 3.57%        | 900.79                                                           |                   |
| 2017               | 4,174,551                      | 4,065,715                       | -                             | 8,240,266    |  | 3.21%        | 899.69                                                           |                   |
| 2018               | 8,492,686                      | 3,707,468                       | -                             | 7,572,149    |  | 3.36%        | 814.82                                                           |                   |
| 2019               | 8,163,594                      | 3,389,221                       | -                             | 11,552,815   |  | 4.53%        | 1,269.12                                                         |                   |
| 2020               | 7,349,502                      | 3,060,976                       | -                             | 10,410,478   |  | 4.01%        | 1,150.07                                                         |                   |
| 2021               | 6,500,409                      | 2,722,729                       | -                             | 9,223,138    |  | 3.44%        | 1,006.89                                                         |                   |

\*See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 138 for property value data.

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

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

Data Source

City Records

**CITY OF ROCHELLE, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2021

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| <b>ASSESSED VALUATION - 2020 TAX YEAR</b>       | <b><u>\$ 268,097,469</u></b> |
|-------------------------------------------------|------------------------------|
| Legal Debt Limit - 8.625% of Assessed Valuation | \$ 23,123,407                |
| Amount of Debt Applicable to Debt Limit         | <u>7,318,768</u>             |
| <b>LEGAL DEBT MARGIN</b>                        | <b><u>\$ 15,804,639</u></b>  |

Data Source

City Records

**CITY OF ROCHELLE, ILLINOIS**

LEGAL DEBT MARGIN INFORMATION

Last Ten Levy Years

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| <b>Levy Year</b>                                                            | <b>2012</b>          | <b>2013</b>          | <b>2014</b>          | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          | <b>2020</b>          | <b>2021</b>          |
|-----------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Legal Debt Limit                                                            | \$ 19,428,190        | \$ 19,428,190        | \$ 19,183,599        | \$ 20,274,809        | \$ 20,650,127        | \$ 22,172,391        | \$ 19,431,677        | \$ 21,982,215        | \$ 22,405,177        | \$ 23,123,407        |
| Total Net Debt Applicable to Limit                                          | 4,760,000            | 4,760,000            | 4,530,000            | 6,120,000            | 5,931,891            | 5,755,397            | 9,852,910            | 9,348,195            | 8,353,483            | 7,318,768            |
| <b>LEGAL DEBT MARGIN</b>                                                    | <b>\$ 13,889,036</b> | <b>\$ 14,668,190</b> | <b>\$ 14,668,190</b> | <b>\$ 14,653,599</b> | <b>\$ 14,154,809</b> | <b>\$ 14,718,236</b> | <b>\$ 16,416,994</b> | <b>\$ 14,206,772</b> | <b>\$ 14,051,694</b> | <b>\$ 15,804,639</b> |
| <b>TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT</b> | 24.50%               | 24.50%               | 23.61%               | 30.19%               | 28.73%               | 25.96%               | 50.71%               | 42.53%               | 37.28%               | 31.65%               |

Data Source

City Records

## CITY OF ROCHELLE, ILLINOIS

### DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|-------------|------------|-----------------|----------------------------|------------|-------------------|-------------------|
| 2013        | 9,574      | \$ 201,417,812  | \$ 21,038                  | 36.0       | 2,480             | 12.9%             |
| 2014        | 9,574      | 219,694,578     | 22,947                     | 36.0       | 2,415             | 7.3%              |
| 2015        | 9,539      | 226,045,683     | 23,697                     | 36.6       | 2,027             | 5.4%              |
| 2016        | 9,491      | 224,908,227     | 23,697                     | 36.5       | 2,531             | 6.3%              |
| 2016*       | 9,491      | 224,908,227     | 23,697                     | 36.5       | 2,531             | 6.3%              |
| 2017        | 9,159      | 201,690,339     | 22,021                     | 35.4       | 2,623             | 4.5%              |
| 2018        | 9,293      | 210,114,730     | 22,610                     | 35.7       | 2,490             | 4.7%              |
| 2019        | 9,103      | 221,940,243     | 24,381                     | 36.0       | 3,004             | 4.1%              |
| 2020        | 9,052      | 236,800,320     | 26,160                     | 36.6       | 2,847             | 4.7%              |
| 2021        | 9,160      | 228,890,080     | 24,988                     | 36.5       | 2,535             | 6.3%              |

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

Unemployment rate is the 12-month average.

#### Data Sources

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

**CITY OF ROCHELLE, ILLINOIS**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

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| <b>Employer</b>                 | <b>2021</b>                        |             |                                           | <b>2012</b>                        |             |                                           |
|---------------------------------|------------------------------------|-------------|-------------------------------------------|------------------------------------|-------------|-------------------------------------------|
|                                 | <b>Number<br/>of<br/>Employees</b> | <b>Rank</b> | <b>% of<br/>Total City<br/>Population</b> | <b>Number<br/>of<br/>Employees</b> | <b>Rank</b> | <b>% of<br/>Total City<br/>Population</b> |
| Rochelle Foods                  | 800                                | 1           | 8.73%                                     | 730                                | 1           | 7.66%                                     |
| Tyson, Hillshire Brands         | 270                                | 2           | 2.95%                                     |                                    |             |                                           |
| Rochelle Community Hospital     | 266                                | 3           | 2.90%                                     | 265                                | 2           | 2.78%                                     |
| Elementary School District #231 | 260                                | 4           | 2.84%                                     | 209                                | 3           | 2.19%                                     |
| Sara Lee                        | 213                                | 5           | 2.33%                                     |                                    |             |                                           |
| Swift Transportation            | 205                                | 6           | 2.24%                                     |                                    |             |                                           |
| Silgan Containers               | 200                                | 7           | 2.18%                                     | 188                                | 4           | 1.97%                                     |
| High School District #212       | 180                                | 8           | 1.97%                                     |                                    |             |                                           |
| Bay Valley Foods                | 150                                | 9           | 1.64%                                     |                                    |             |                                           |
| DelMonte                        | 145                                | 10          | 1.58%                                     | 145                                | 5           | 1.52%                                     |
| Americold                       |                                    |             |                                           | 80                                 | 9           |                                           |
| City of Rochelle                |                                    |             |                                           | 123                                | 7           | 1.29%                                     |
| Ryder                           |                                    |             |                                           | 125                                | 6           | 1.31%                                     |
| Cedar Siding and Lumber Inc.    |                                    |             |                                           | 66                                 | 10          | 0.69%                                     |
| Master Graphics                 |                                    |             |                                           | 86                                 | 8           | 0.90%                                     |
| <b>TOTAL</b>                    | <b>2,689</b>                       |             | <b>29.36%</b>                             | <b>2,017</b>                       |             | <b>20.31%</b>                             |

Data Source

Economic Development

**CITY OF ROCHELLE, ILLINOIS**

**FULL-TIME EQUIVALENT EMPLOYEES**

Last Ten Fiscal Years

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| <b>Function/Program</b>       | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2016*</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|-------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| <b>GENERAL FUND</b>           |             |             |             |             |              |             |             |             |             |             |
| Mayor and City Council        | 7           | 7           | 7           | 7           | 7            | 7           | 7           | 7           | 7           | 7           |
| City Manager                  | 2           | 2           | 2           | 2           | 2            | 2           | 0           | 0           | 0           | 0           |
| Municipal Building            | 1.5         | 1.5         | 1.0         | 1           | 1            | 1           | 1           | 1           | 0           | 0           |
| City Clerk                    | 2           | 2           | 1           | 2           | 2            | 2           | 1           | 1           | 1           | 2           |
| Cemetery                      | 1           | 1           | 1           | 1           | 1            | 1           | 0           | 1           | 1           | 1           |
| Community Development         | 4           | 3           | 4           | 5           | 5            | 5           | 5           | 4           | 4           | 4           |
| Economic Development          | 3           | 3           | 2           | 1           | 1            | 2           | 0           | 0           | 0           | 0           |
| Engineering                   | 2           | 2           | 2           | 2           | 2            | 2           | 2           | 2           | 2           | 2           |
| Fire                          | 12          | 13          | 13          | 13          | 13           | 13          | 13          | 13          | 13          | 13          |
| Police                        | 26          | 26          | 26          | 25          | 25           | 26          | 26          | 26          | 28          | 28          |
| Street                        | 10          | 10          | 10          | 10          | 10           | 10          | 10          | 9           | 12          | 12          |
| <b>ENTERPRISE FUND</b>        |             |             |             |             |              |             |             |             |             |             |
| Airport                       | 1.5         | 1.5         | 1.5         | 2.0         | 2.0          | 1.5         | 1.5         | 1           | 1           | 1           |
| Utilities - Administration    | 1           | 2           | 0.5         | 0.5         | 0.5          | 1.0         | 1           | 1           | 0           | 1           |
| Utilities - Technology Center | 1.0         | 1           | 2.0         | 2           | 2            | 2           | 2           | 0           | 0           | 0           |
| Utilities - Communications/   |             |             |             |             |              |             |             |             |             | 0           |
| Network Administration        | 5           | 6           | 3           | 3           | 3            | 3           | 3           | 1           | 1           | 1           |
| Utilities - Electric          | 31          | 31          | 28          | 28          | 28           | 28          | 25          | 25          | 25          | 22          |
| Utilities - Water             | 4           | 4           | 5           | 5           | 5            | 5           | 5           | 4           | 7           | 9           |
| Utilities - Water Reclamation | 8           | 8           | 8           | 9           | 9            | 8           | 8           | 8           | 8           | 9           |
| <b>INTERNAL FUND</b>          |             |             |             |             |              |             |             |             |             |             |
| Administrative Services       | 6           | 6           | 6           | 6           | 6            | 6           | 9           | 9           | 9           | 8           |
| Network Administration        | -           | -           | -           | -           | -            | -           | 2           | 2           | 2           | 3           |

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

Data Source

City Budget File

**CITY OF ROCHELLE, ILLINOIS**

**OPERATING INDICATORS**

Last Ten Fiscal Years

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| <b>Function/Program</b>                | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
|----------------------------------------|-------------|-------------|-------------|-------------|
| <b>COMMUNITY DEVELOPMENT</b>           |             |             |             |             |
| New Construction Single Family Permits | -           | 3           | 3           | 3           |
| Number of Permits Issued               | 364         | 393         | 359         | 393         |
| Building and Engineering Inspections   | 1,092       | 1,179       | 1,077       | 1,179       |
| <b>POLICE</b>                          |             |             |             |             |
| DUI Arrests                            | 55          | 38          | 22          | 38          |
| Criminal Arrests                       | 310         | 321         | 268         | 321         |
| Accidents                              | 374         | 437         | 433         | 437         |
| Ordinance Enforcement                  | 21          | 29          | 14          | 29          |
| Total Tickets                          | 1,244       | 846         | 795         | 846         |
| Total Calls                            | **22,371    | 6,023       | 17,264      | 6,023       |
| <b>FIRE</b>                            |             |             |             |             |
| Number of Fire Calls Answered          | 276         | 208         | 274         | 208         |
| Number of EMS Calls Answered           | 1,741       | 1,749       | 1,470       | 1,749       |
| <b>PUBLIC WORKS</b>                    |             |             |             |             |
| Trees Planted                          | 24          | 109         | 70          | 109         |
| Trees Removed                          | 47          | 122         | 133         | 122         |
| Street Sweeping (Tons)                 | 340         | 359         | 350         | 359         |
| Street Sweeping (Hours)                | 1,200       | 1,200       | 1,200       | 1,200       |
| Snow Removal (Hours)                   | 1,929       | 1,764       | 641         | 1,764       |
| Catch Basins/Inlets Cleaned            | 1,200       | 500         | 900         | 500         |
| Sidewalk Replacement (Square Feet)     | 47,996      | 47,500      | 18,430      | 47,500      |
| <b>WATER AND SEWER</b>                 |             |             |             |             |
| Water MGD Pumped (Millions/Gallons)    | N/A         | 2.95        | 2.74        | 2.95        |
| Water MGD Billed (Millions/Gallons)    | N/A         | 2.57        | 2.37        | 2.57        |
| Sewer MGD Treated (Millions/Gallons)   | N/A         | 2.36        | 2.76        | 2.36        |
| Water Meter Installations (New)        | 17          | 6           | 5           | 6           |
| Water Meter Exchanges                  | 290         | 176         | 250         | 176         |
| Hydrants Flushed                       | 640         | 285         | -           | 285         |
| <b>ELECTRIC</b>                        |             |             |             |             |
| Pole Replacements                      | 44          | 27          | 34          | 27          |
| Electric Meter Installations           | 532         | 1,461       | 1,081       | 1,461       |

N/A - Not Available

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

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

Data Source

City Records

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| <b>2016*</b>                                     | <b>2017</b>                                    | <b>2018</b>                                       | <b>2019</b>                                         | <b>2020</b>                                         | <b>2021</b>                                        |
|--------------------------------------------------|------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|
| 4<br>329<br>987                                  | 3<br>276<br>828                                | 4<br>260<br>659                                   | 1<br>313<br>1,252                                   | 1<br>317<br>1,268                                   | 3<br>361<br>1,400                                  |
| 50<br>265<br>432<br>6<br>789<br>15,649           | 39<br>452<br>369<br>N/A<br>1,792<br>15,000     | 51<br>415<br>367<br>N/A<br>1,493<br>11,553        | 39<br>412<br>176<br>N/A<br>1,113<br>11,739          | 34<br>312<br>396<br>N/A<br>1,148<br>14,167          | 33<br>258<br>306<br>N/A<br>1,866<br>15,572         |
| 259<br>1,564                                     | 272<br>1,564                                   | 237<br>1,813                                      | 289<br>1,752                                        | 332<br>1,830                                        | 318<br>2,377                                       |
| 30<br>45<br>330<br>900<br>512<br>1,200<br>10,600 | 2<br>24<br>360<br>1,200<br>993<br>2,024<br>640 | -<br>21<br>350<br>1,200<br>1,331<br>755<br>14,033 | -<br>33<br>725<br>1,200<br>1,137<br>2,024<br>17,250 | 8<br>18<br>1,370<br>550<br>1,389<br>1,340<br>16,753 | 32<br>43<br>480<br>870<br>1,812<br>1,700<br>24,660 |
| 2.95<br>2.47<br>2.58<br>4<br>184<br>760          | 2.81<br>2.33<br>2.82<br>2<br>188<br>762        | 2.74<br>2.41<br>2.91<br>4<br>195<br>762           | 2.73<br>2.69<br>3.66<br>4<br>668<br>765             | 2.76<br>2.39<br>2.76<br>2<br>65<br>803              | 2.98<br>2.39<br>2.76<br>4<br>1,900<br>803          |
| 77<br>1,026                                      | 15<br>632                                      | 18<br>157                                         | 35<br>96                                            | 14<br>194                                           | 22<br>483                                          |

**CITY OF ROCHELLE, ILLINOIS**

**CAPITAL ASSETS STATISTICS BY FUNCTION**

Last Ten Fiscal Years

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| <b>Function/Program</b>          | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
|----------------------------------|-------------|-------------|-------------|-------------|
| <b>GENERAL GOVERNMENT</b>        |             |             |             |             |
| General Government Buildings     | 46          | 48          | 48          | 48          |
| <b>PUBLIC SAFETY</b>             |             |             |             |             |
| Police                           |             |             |             |             |
| Number of Squad Cars             | 14          | 17          | 17          | 17          |
| Fire                             |             |             |             |             |
| Number of Vehicles               | 12          | 12          | 12          | 12          |
| <b>PUBLIC WORKS</b>              |             |             |             |             |
| Number of Vehicles and Equipment | 23          | 24          | 24          | 24          |
| Streets (Lane Miles)             | 160         | 160         | 160         | 160         |
| Alleys (Miles)                   | 7           | 7           | 7           | 7           |
| Bridges and Structures           | 20          | 20          | 20          | 20          |
| <b>WATER AND SEWER</b>           |             |             |             |             |
| Number of Vehicles and Equipment | 14          | 15          | 15          | 15          |
| Water Mains (Miles)              | 63          | 63          | 63          | 63          |
| Water Towers                     | 4           | 4           | 5           | 5           |
| Wells and Wellhouses             | 4           | 4           | 5           | 5           |
| Sanitary Sewers (Miles)          | 74          | 74          | 74          | 74          |
| Lift Stations                    | 11          | 12          | 12          | 12          |
| Number of Manholes               | 294         | 294         | 294         | 294         |
| Number of Fire Hydrants          | 707         | 707         | 707         | 707         |
| <b>ELECTRIC</b>                  |             |             |             |             |
| Number of Vehicles               | 19          | 19          | 19          | 19          |
| Overhead Line (Miles)            | 150         | 150         | 150         | 150         |
| Underground Line (Miles)         | 58          | 58          | 58          | 58          |
| <b>COMMUNICATIONS</b>            |             |             |             |             |
| Fiber (Miles)                    | 45          | 45          | 45          | 45          |

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

Data Source

City Records

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| <b>2016*</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|
| 48           | 48          | 47          | 47          | 47          | 47          |
| 17           | 14          | 14          | 15          | 14          | 14          |
| 12           | 11          | 12          | 12          | 14          | 14          |
| 24           | 24          | 24          | 23          | 23          | 23          |
| 160          | 160         | 160         | 160         | 160         | 160         |
| 7            | 13          | 13          | 13          | 13          | 13          |
| 20           | 17          | 17          | 17          | 17          | 17          |
| 16           | 16          | 16          | 17          | 19          | 19          |
| 78           | 78          | 100         | 100         | 103         | 103         |
| 4            | 4           | 5           | 5           | 4           | 4           |
| 5            | 5           | 5           | 5           | 5           | 5           |
| 74           | 74          | 100         | 100         | 103         | 103         |
| 13           | 14          | 15          | 16          | 17          | 17          |
| 294          | 1,470       | 1,470       | 1,475       | 1,485       | 1,485       |
| 762          | 762         | 800         | 800         | 803         | 803         |
| 18           | 14          | 15          | 15          | 14          | 11          |
| 160          | 151         | 146         | 146         | 146         | 145         |
| 60           | 56          | 65          | 65          | 66          | 67          |
| 46           | 46          | 46          | 46          | 46          | 50          |

**APPENDIX B**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**[TO BE DATED CLOSING DATE]**

City of Rochelle,  
Ogle and Lee Counties, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Rochelle, Ogle and Lee Counties, Illinois (the “City”), passed preliminary to the issue by the City of its fully registered General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023 (the “*Bonds*”), to the amount of \$4,795,000, dated May 5, 2023, due serially on May 1 of the years and in the amounts and bearing interest as follows:

|      |           |       |
|------|-----------|-------|
| 2024 | \$225,000 | 5.00% |
| 2025 | 235,000   | 5.00% |
| 2026 | 245,000   | 5.00% |
| 2027 | 260,000   | 5.00% |
| 2028 | 270,000   | 5.00% |
| 2029 | 285,000   | 5.00% |
| 2030 | 300,000   | 5.00% |
| 2031 | 315,000   | 5.00% |
| 2032 | 330,000   | 5.00% |
| 2033 | 345,000   | 5.00% |
| 2034 | 360,000   | 5.00% |
| 2035 | 380,000   | 5.00% |
| 2036 | 400,000   | 4.00% |
| 2037 | 415,000   | 4.00% |
| 2038 | 430,000   | 4.00% |

the Bonds due on or after May 1, 2033, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on May 1, 2032, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City, and is payable (a) together with the City’s General Obligation Bonds (Electric System Alternate Revenue Source), Series 2021, and General Obligation Bonds (Electric System Alternate Revenue Source), Series 2022, from the net revenues derived from the operation of the City’s electric system, subject to certain prior lien accounts as described in the Proceedings, and (b) from ad valorem property taxes levied against all of the taxable property in the City without

limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**APPENDIX C**

**PROPOSED FORM OF  
CONTINUING DISCLOSURE UNDERTAKING  
FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the City of Rochelle, Ogle and Lee Counties, Illinois (the “*City*”), in connection with the issuance of \$4,795,000 General Obligation Bonds (Electric System Alternate Revenue Source), Series 2023 (the “*Bonds*”). The Bonds are being issued pursuant to a bond ordinance adopted by the City Council of the City on the 24th day of April, 2023, as supplemented by a notification of sale (together, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means information of the type contained under the following headings and subheadings of the appendices to the Official Statement:

**THE BONDS—Debt Service Coverage**

**FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE CITY**

- Direct General Obligation Bonded Debt (Principal Only)
- Debt Certificates (Principal Only)
- Alternate Revenue Bonds (Principal Only)
- Selected Financial Information (only as it relates to direct debt)
- Composition of EAV
- Trend of EAV
- Taxes Extended and Collected
- City Tax Rates by Purpose

**Exhibit A—Combined Statement of Revenues, Expenditures and Changes in Fund Balance,  
General Fund**

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the City prepared pursuant to the principles and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Financial Obligation* of the City means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; *provided* that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Official Statement, dated April 25, 2023, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the City will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the City remains legally liable for the payment of such Bonds; *provided, however,* that the City will not be required to make such filings under new CUSIP Numbers unless the City has been notified in writing by the Participating Underwriter or the City's financial advisor that new CUSIP Numbers have been assigned to the Bonds. The City will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the City by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the City has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the City shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such

changes. In the event of any such modification of this Agreement, the City shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The City shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF ROCHELLE, OGLE AND LEE COUNTIES,  
ILLINOIS

By \_\_\_\_\_  
Mayor

Date: May 5, 2023

**EXHIBIT I**  
**ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED**  
**FINANCIAL STATEMENTS**

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the City's fiscal year (currently December 31), beginning with the fiscal year ended December 31, 2022. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the City.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS**  
**FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City\*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

**EXHIBIT III**  
**CUSIP NUMBERS**

| YEAR OF<br>MATURITY | CUSIP<br>NUMBER<br>(771231) |
|---------------------|-----------------------------|
| 2024                | FA0                         |
| 2025                | FB8                         |
| 2026                | FC6                         |
| 2027                | FD4                         |
| 2028                | FE2                         |
| 2029                | FF9                         |
| 2030                | FG7                         |
| 2031                | FH5                         |
| 2032                | FJ1                         |
| 2033                | FK8                         |
| 2034                | FL6                         |
| 2035                | FM4                         |
| 2036                | FN2                         |
| 2037                | FP7                         |
| 2038                | FQ5                         |

## APPENDIX D

### SPECIMEN MUNICIPAL BOND INSURANCE POLICY



### MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN