

# City of Rochelle, Illinois

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



Prepared by:  
Finance Department

**Chris Cardott**  
Finance Director



Government Finance Officers Association

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Presented to

**City of Rochelle  
Illinois**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



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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

## **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

## 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.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION**

December 31, 2021

	<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
 Total Assets	 84,865,486	 144,746,771	 229,612,257
<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
 Total Deferred Outflows of Resources	 2,257,863	 1,444,291	 3,702,154
 Total Assets and Deferred Outflows of Resources	 87,123,349	 146,191,062	 233,314,411

(This statement is continued on the following page.)

**CITY OF ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2021

	<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
Total Liabilities	17,876,156	30,276,053	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
Total Deferred Inflows of Resources	9,390,948	2,622,151	12,013,099
Total Liabilities and Deferred Inflows of Resources	27,267,104	32,898,204	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
<b>TOTAL NET POSITION</b>	\$ 59,856,245	\$ 113,292,858	\$ 173,149,103

See accompanying notes to financial statements.

**CITY OF ROCHELLE, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</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	15,771,639	2,771,822	441,057	295,321
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	44,697,069	45,098,708	-	54,167
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 60,468,708</b>	<b>\$ 47,870,530</b>	<b>\$ 441,057</b>	<b>\$ 349,488</b>

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities		Business-Type Activities	Total
\$	(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)
General Revenues			
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
CHANGE IN NET POSITION	1,580,374	(1,697,102)	(116,728)
NET POSITION, JANUARY 1	58,275,871	114,989,960	173,265,831
NET POSITION, DECEMBER 31	\$ 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

	<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

	<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
Total Liabilities	918,539	760,138	67,952	1,746,629
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Property Taxes	2,120,239	-	805,000	2,925,239
Total Liabilities and Deferred Inflows of Resources	3,038,778	760,138	872,952	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
Total Fund Balances	9,431,696	11,337	8,567,288	18,010,321
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 12,470,474	\$ 771,475	\$ 9,440,240	\$ 22,682,189

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

	<b>General</b>	<b>Capital Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<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
<b>Total Revenues</b>	<b>9,029,860</b>	<b>7,534</b>	<b>5,908,341</b>	<b>14,945,735</b>
<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
<b>Total Expenditures</b>	<b>10,628,266</b>	<b>3,061,704</b>	<b>3,406,192</b>	<b>17,096,162</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,598,406)</b>	<b>(3,054,170)</b>	<b>2,502,149</b>	<b>(2,150,427)</b>
<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
<b>Total Other Financing Sources (Uses)</b>	<b>2,594,071</b>	<b>1,321,285</b>	<b>(854,196)</b>	<b>3,061,160</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>995,665</b>	<b>(1,732,885)</b>	<b>1,647,953</b>	<b>910,733</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>8,436,031</b>	<b>1,744,222</b>	<b>6,919,335</b>	<b>17,099,588</b>
<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**

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

For the Year Ended December 31, 2021

	<b>Business-Type Activities</b>		
	<b>Electric Utility</b>	<b>Water</b>	<b>Water 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
Total Operating Revenues	<u>35,542,277</u>	<u>3,325,411</u>	<u>3,801,600</u>
<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
Total Operating Expenses	<u>35,082,152</u>	<u>3,228,029</u>	<u>4,098,039</u>
OPERATING INCOME (LOSS)	<u>460,125</u>	<u>97,382</u>	<u>(296,439)</u>
<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)
Total Non-Operating Revenues (Expenses)	<u>20,745</u>	<u>(89,599)</u>	<u>(97,072)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS	<u>480,870</u>	<u>7,783</u>	<u>(393,511)</u>
<b>TRANSFERS</b>			
Transfers In	-	-	-
Transfers (Out)	(2,096,088)	(148,817)	(207,616)
Total Transfers	<u>(2,096,088)</u>	<u>(148,817)</u>	<u>(207,616)</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(1,615,218)	(141,034)	(601,127)
NET POSITION, JANUARY 1	<u>59,508,347</u>	<u>21,239,124</u>	<u>24,675,069</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 57,893,129</u></u>	<u><u>\$ 21,098,090</u></u>	<u><u>\$ 24,073,942</u></u>

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

See accompanying notes to financial statements.

**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 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 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.

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

Last Eight Fiscal Years

MEASUREMENT DATE	April 30,				December 31,			
	2015	2016	2016*	2017	2018	2019	2020	2021
<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 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 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.

(See independent auditor's report.)

**CITY OF ROCHELLE, ILLINOIS**

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

Last Eight Fiscal Years

MEASUREMENT DATE	April 30,				December 31,			
	2015	2016	2016*	2017	2018	2019	2020	2021
<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 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 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.

(See independent auditor's report.)

## MATERIAL WEAKNESS

We consider the following deficiency to be a material weakness:

### 2021-001: Inventory

*Criteria:* The City's Electric inventory system and procedures do not allow for accurate recordkeeping to support reporting in accordance with generally accepted accounting principles.

*Condition:* During our testing of City's Electric inventory, we noted certain opportunities for the City to improve its internal control over its Electric inventory.

During our review of Electric inventory costs, we noted multiple items for which the inventory cost was not calculated correctly based upon the most recent invoices. We recommend the City regularly monitor the inventory cost values and undertake a full analysis of all inventory items to ensure the average cost is properly calculated within the inventory management system.

Additionally, many items we selected for test counts during our inventory count have not been purchased in the last 7 years, therefore, there was no invoice available to review the cost of these inventory items. Based on discussion with City officials, there is not a formal policy for disposal of obsolete inventory. We recommend that the City create a formal policy over its inventory in order to ensure that there are adequate processes in place to record, track, and maintain adequate inventory records and establish a reserve for obsolete inventory by fund.

This is a repeat finding and is also reported in Appendix A.

*Cause:* It was determined that one of the primary causes for these differences is due to the City's materials management software not properly calculating the average cost of inventory items. Additionally, the City does not have a formal policy on disposal of obsolete inventory.

*Effect:* Inventory values are potentially misstated due to the incorrect calculation of average cost. Second, obsolete inventory is not tracked and adjusted for potential impairment.

*Recommendation:* We recommend the City regularly monitor the inventory cost values and undertake a full analysis of all inventory items to ensure the average cost is properly calculated within the inventory management system. Additionally, we recommend that the City create a formal policy over its inventory in order to ensure that there are adequate processes in place to record, track, and maintain adequate inventory records and establish a reserve for obsolete inventory by fund.

*Views of Responsible Officials:* Management agrees with this finding. The software automatically calculates average cost. A review of these costs will be done periodically to look for unreasonable values. An inventory policy to record, track, maintain adequate records, and procedure for disposal of obsolete inventory will be created. We are also creating a minor materials policy to expense those items when purchased instead of tracking them in Materials Management.

# CITY OF ROCHELLE

Year End: December 31, 2021

## Adjusting Journal Entries

Date: 1/1/2021 To 12/31/2021

Account No: AJE-01 To AJE-14

Number	Date	Name	Account No	Debit	Credit
AJE-01	12/31/2021	Installment Loan - Street Department	41-00-27101 41-G		-5,103.21
AJE-01	12/31/2021	2018 GO Bond	41-00-27201 41-G		-15,000.00
AJE-01	12/31/2021	Int Payable - Installment Ln	41-00-27301 41-G		-6,284.85
AJE-01	12/31/2021	Interest Exp - Fire Dept Installment Ln	41-00-72030 41-G	6,284.85	
AJE-01	12/31/2021	Principal Expense - 2018 Infrastructure Bond	41-00-72220 41-G	15,000.00	
AJE-01	12/31/2021	Principal Expense - Installment Loan Street	41-00-72230 41-G	6,284.85	
AJE-01	12/31/2021	Principal Expense - Installment Loan Street	41-00-72230 41-G		-1,181.64
To correct balance of promisory note and 2018 bonds					
AJE-02	12/31/2021	Bond Premium-2021	54-90-27211 54-EF		-88,963.69
AJE-02	12/31/2021	Bond Issue Costs - 2021 Electric Bond	54-90-73000 54-EF	88,963.69	
To correct recording of 2021 Bond Issuance					
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	41-00-27403 41-G	1,653,264.00	
AJE-03	12/31/2021	Deferred Outflows	41-00-27900 41-G		-225,422.00
AJE-03	12/31/2021	Deferred Inflows	41-00-27905 41-G		-869,574.00
AJE-03	12/31/2021	Deferred Outflows of Resources	51-00-19100 51-WF		-23,900.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	51-00-27403 51-WF	175,286.00	
AJE-03	12/31/2021	Deferred Inflows	51-00-27905 51-WF		-92,196.00
AJE-03	12/31/2021	Deferred Outflows of Resources	52-50-19100 52-WRF		-64,096.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	52-50-27403 52-WRF	470,085.00	
AJE-03	12/31/2021	Deferred Inflows	52-50-27905 52-WRF		-247,252.00
AJE-03	12/31/2021	Deferred Outflows of Resources	54-00-19100 54-EF		-190,114.00
AJE-03	12/31/2021	Deferred Inflows	54-00-27905 54-EF		-733,376.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	54-90-27000 54-EF	1,394,320.00	
AJE-03	12/31/2021	Deferred Outflows of Resources	55-00-19100 55-TF		-11,950.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	55-00-27403 55-TF	87,643.00	
AJE-03	12/31/2021	Deferred Inflows	55-00-27905 55-TF		-46,098.00
AJE-03	12/31/2021	Deferred Outflows of Resources	55-32-19000 55-TF		-20,641.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	55-32-27403 55-TF	151,383.00	
AJE-03	12/31/2021	Deferred Inflows	55-32-27905 55-TF		-79,624.00
AJE-03	12/31/2021	IMRF Payable - Net Pension Obligation	57-00-27403 57-AF	51,789.00	
AJE-03	12/31/2021	Deferred Outflows	57-00-27900 57-AF		-7,061.00
AJE-03	12/31/2021	Deferred Inflows	57-00-27905 57-AF		-27,240.00
AJE-03	12/31/2021	Change in IMRF - General Government	41-00-50008-000 41-G		-89,323.00
AJE-03	12/31/2021	Change in IMRF - Public Safety	41-00-50009-000 41-G		-133,984.00
AJE-03	12/31/2021	Change in IMRF - Public Works	41-00-50010-000 41-G		-334,961.00
AJE-03	12/31/2021	Pension Expense	51-00-60480-429 51-WF		-59,190.00
AJE-03	12/31/2021	Pension Expense	52-10-70480-429 52-WRF		-158,737.00
AJE-03	12/31/2021	Pension Expense	54-90-90300-429 54-EF		-470,830.00
AJE-03	12/31/2021	Pension Expense	55-00-40480-429 55-TF		-29,595.00
AJE-03	12/31/2021	Pension Expense	55-32-40480-429 55-TF		-51,118.00
AJE-03	12/31/2021	Pension Expense	57-00-40480-429 57-AF		-17,488.00
IMRF GASB 68 Entries					
AJE-04	12/31/2021	Accounts Receivable From Other Governments	01-00-12161 01-GF	25,902.71	
AJE-04	12/31/2021	Video Gaming Tax	01-00-34350 01-GF		-25,902.71
To correct video gaming tax					

Number	Date	Name	Account No	Debit	Credit
AJE-05	12/31/2021	Ambulance Receivables	01-00-12130 01-GF		-83,167.00
AJE-05	12/31/2021	Ambulance Fees	01-00-36600 01-GF	83,167.00	
		To adjust ambulance revenue and receivable			
AJE-06	12/31/2021	IEPA Loan - Well #12 Radium Removal L175571	51-00-27104 51-WF		-1,498.00
AJE-06	12/31/2021	Unappropriated Retained Earnings	51-00-29300 51-WF	1,498.00	
AJE-06	12/31/2021	Miscellaneous	54-10-92900 54-EF		-1,030.00
AJE-06	12/31/2021	Unappropriated Retained Earnings	54-90-29300 54-EF	1,030.00	
AJE-06	12/31/2021	Fund Balance (Unreserved)	55-00-29200 55-TF		-14.00
AJE-06	12/31/2021	Office Supplies	55-32-65100 55-TF	14.00	
		To correct fund balance			
AJE-07	12/31/2021	Miscellaneous Accounts Receivable	57-00-12130 57-AF	9,739.95	
AJE-07	12/31/2021	Deferred Revenue - Other	57-00-25810 57-AF		-9,739.95
		To adjust credit balance in accounts receivable			
AJE-08	12/31/2021	Allocated Cash	51-00-10101 51-WF	115,000.00	
AJE-08	12/31/2021	Meters	51-00-15115 51-WF		-234,171.46
AJE-08	12/31/2021	Contract Work	51-00-15120 51-WF		-115,000.00
AJE-08	12/31/2021	Utility System Maintenance Supplies	51-00-61500 51-WF	234,171.46	
AJE-08	12/31/2021	Allocated Cash	52-50-10101 52-WRF		-115,000.00
AJE-08	12/31/2021	Utility Plant in Service - Treatment Plant	52-50-15125 52-WRF	807.50	
AJE-08	12/31/2021	Meters	52-50-15150 52-WRF		-225,748.23
AJE-08	12/31/2021	Contract Work	52-50-15157 52-WRF		-807.50
AJE-08	12/31/2021	Contract Work	52-50-15157 52-WRF	115,000.00	
AJE-08	12/31/2021	Utility System Maintenance Supplies	52-50-61500 52-WRF	225,748.23	
AJE-08	12/31/2021	Station Equipment	54-50-15301 54-EF		-89.50
AJE-08	12/31/2021	Equipment Maintenance	54-60-51200 54-EF	89.50	
AJE-08	12/31/2021	General Plant Equipment	55-32-15240 55-TF		-9,471.58
AJE-08	12/31/2021	Telecommunications	55-32-15241 55-TF		-312.40
AJE-08	12/31/2021	Equipment Supplies	55-32-61200 55-TF	9,471.58	
AJE-08	12/31/2021	Equipment Supplies	55-32-61200 55-TF	312.40	
AJE-08	12/31/2021	Equipment	56-40-15245 56-CF		-17,193.48
AJE-08	12/31/2021	Equipment Supplies	56-40-61200 56-CF	17,193.48	
		To adjust capital assets			
AJE-09	12/31/2021	Accounts Payable Allocation	12-00-21300 12-IF	13,843.42	
AJE-09	12/31/2021	Insurance	12-00-59200 12-IF		-13,843.42
AJE-09	12/31/2021	Accounts Payable Allocation	51-00-21300 51-WF	1,286.25	
AJE-09	12/31/2021	Workers' Compensation	51-00-45400 51-WF		-1,286.25
AJE-09	12/31/2021	Accounts Payable Allocation	52-50-21300 52-WRF	2,181.25	
AJE-09	12/31/2021	Workers' Compensation	52-50-45400 52-WRF		-2,181.25
AJE-09	12/31/2021	Accounts Payable Allocation	54-00-21300 54-EF	2,401.83	
AJE-09	12/31/2021	Workers' Compensation	54-90-45400 54-EF		-2,401.83
AJE-09	12/31/2021	Accounts Payable Allocation	57-00-21300 57-AF	901.25	
AJE-09	12/31/2021	Workers' Compensation	57-00-45400 57-AF		-901.25
AJE-09	12/31/2021	Accounts Payable Allocation	59-00-21300 59-GCF	805.00	
AJE-09	12/31/2021	Workers' Compensation	59-00-45400 59-GCF		-805.00
		To correct health insurance payable not due until January 2022			

Number	Date	Name	Account No	Debit	Credit
AJE-10	12/31/2021	Allocated Cash	51-00-11101 51-WF		-14,713.03
AJE-10	12/31/2021	Customer Deposits	51-00-25000 51-WF	14,713.03	
AJE-10	12/31/2021	Allocated Cash	52-50-11101 52-WRF		-12,413.09
AJE-10	12/31/2021	Customer Deposits	52-50-25000 52-WRF	12,413.09	
AJE-10	12/31/2021	Allocated Cash	54-00-11101 54-EF	27,126.12	
AJE-10	12/31/2021	Customer Deposits	54-90-25000 54-EF		-101,615.45
AJE-10	12/31/2021	Miscellaneous General Expenses	54-90-92900 54-EF	74,489.33	
AJE-10	12/31/2021	Due to Other Funds	91-00-21390 91-CAF		-27,126.12
AJE-10	12/31/2021	Due to Other Funds	91-00-21390 91-CAF	12,413.09	
AJE-10	12/31/2021	Due to Other Funds	91-00-21390 91-CAF	14,713.03	
		To reconcile RMU open deposits			
AJE-11	12/31/2021	Construction Work in Progress	54-90-15001 54-EF		-240,864.00
AJE-11	12/31/2021	Software	54-90-68400 54-EF	240,864.00	
		To correct construction in progress			
AJE-12	12/31/2021	Accumulated Provision For Depr	51-00-15123 51-WF		-890,983.44
AJE-12	12/31/2021	Depreciation	51-00-95100 51-WF	890,983.44	
AJE-12	12/31/2021	Accumulated Provision For Depr	52-50-15165 52-WRF		-1,602,595.31
AJE-12	12/31/2021	Depreciation	52-50-95100 52-WRF	1,602,595.31	
AJE-12	12/31/2021	Miscellaneous Equipment - Accum Depreciation	53-00-15171 53-LF		-30,545.46
AJE-12	12/31/2021	Depreciation	53-00-95100 53-LF	30,545.46	
AJE-12	12/31/2021	Accumulated Provision For Depr - Generation	54-10-15180 54-EF		-301,606.87
AJE-12	12/31/2021	Accumulated Provision For Depr - Gas Turbine	54-10-15183 54-EF		-99,013.52
AJE-12	12/31/2021	Depreciation	54-10-95100 54-EF	301,606.87	
AJE-12	12/31/2021	Depreciation Expense -Solar Turbine	54-10-95103 54-EF	99,013.52	
AJE-12	12/31/2021	Accum Prov for Depr - Structures & Improvements	54-60-15204 54-EF		-207,917.55
AJE-12	12/31/2021	Accum Prov for Depr - Station Equipment	54-60-15205 54-EF		-147,487.81
AJE-12	12/31/2021	Accum Prov for Depr - Poles, Towers & Fixtures	54-60-15206 54-EF		-175,786.48
AJE-12	12/31/2021	Accum Prov for Depr - Overhead Conduct & Devices	54-60-15207 54-EF		-373,954.89
AJE-12	12/31/2021	Accum Prov for Depr - Underground Conduct & Device	54-60-15209 54-EF		-607,731.68
AJE-12	12/31/2021	Accum Prov for Depr - Services	54-60-15210 54-EF		-133,862.37
AJE-12	12/31/2021	Accum Prov for Depr - Meters	54-60-15211 54-EF		-1,827.84
AJE-12	12/31/2021	Accum Prov for Depr - Street Lights & Signals	54-60-15213 54-EF		-22,101.84
AJE-12	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-60-15215 54-EF		-5,991.93
AJE-12	12/31/2021	Accum Prov for Depr - Transportation Equipment	54-60-15216 54-EF		-148,219.83
AJE-12	12/31/2021	Accum Prov for Depr - Communication Equipment	54-60-15221 54-EF		-69,702.51
AJE-12	12/31/2021	Accum Prov for Depr - Regulatory Asset	54-60-15225 54-EF		-250,844.18
AJE-12	12/31/2021	Depreciation	54-60-95100 54-EF	2,145,428.91	
AJE-12	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-70-15227 54-EF		-3,136.41
AJE-12	12/31/2021	Depreciation	54-70-95100 54-EF	3,136.41	
AJE-12	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-90-15229 54-EF		-1,473.22
AJE-12	12/31/2021	Accum Prov For Depr - Admin	54-90-15234 54-EF		-68,986.67
AJE-12	12/31/2021	Depreciation	54-90-95100 54-EF	70,459.89	
AJE-12	12/31/2021	Accum Prov For Depreciation - Tech Center	55-00-15236 55-TF		-140,378.30
AJE-12	12/31/2021	Depreciation	55-00-95100 55-TF	140,378.30	
AJE-12	12/31/2021	Accum Prov For Depreciation - Communications	55-32-15239 55-TF		-146,939.96
AJE-12	12/31/2021	Depreciation	55-32-95100 55-TF	146,939.96	
AJE-12	12/31/2021	Accumulated Provision For Depr	56-40-15165 56-CF		-4,868.05
AJE-12	12/31/2021	Depreciation Expense	56-40-95100 56-CF	4,868.05	
AJE-12	12/31/2021	Accum Prov for Depr - Structures & Improvements	57-00-15249 57-AF		-111,606.62
AJE-12	12/31/2021	Accum Prov for Depr - Miscellaneous Equipment	57-00-15251 57-AF		-4,160.00
AJE-12	12/31/2021	Accum Prov for Depr - Other Tangible Property	57-00-15254 57-AF		-46,380.94
AJE-12	12/31/2021	Depreciation	57-00-95100 57-AF	162,147.56	
		Depreciation - 2021			

Number	Date	Name	Account No	Debit	Credit
AJE-13	12/31/2021	Accumulated Provision For Depr	51-00-15123 51-WF	923,040.77	
AJE-13	12/31/2021	Depreciation	51-00-95100 51-WF		-923,040.77
AJE-13	12/31/2021	Accumulated Provision For Depr	52-50-15165 52-WRF	1,602,859.34	
AJE-13	12/31/2021	Depreciation	52-50-95100 52-WRF		-1,602,859.34
AJE-13	12/31/2021	Miscellaneous Equipment - Accum Depreciation	53-00-15171 53-LF	27,040.32	
AJE-13	12/31/2021	Depreciation	53-00-95100 53-LF		-27,040.32
AJE-13	12/31/2021	Accumulated Provision For Depr - Generation	54-10-15180 54-EF	297,109.92	
AJE-13	12/31/2021	Accumulated Provision For Depr - Gas Turbine	54-10-15183 54-EF	99,013.52	
AJE-13	12/31/2021	Depreciation	54-10-95100 54-EF		-297,109.92
AJE-13	12/31/2021	Depreciation Expense -Solar Turbine	54-10-95103 54-EF		-99,013.52
AJE-13	12/31/2021	Accum Prov for Depr - Structures & Improvements	54-60-15204 54-EF	203,227.56	
AJE-13	12/31/2021	Accum Prov for Depr - Station Equipment	54-60-15205 54-EF	144,400.81	
AJE-13	12/31/2021	Accum Prov for Depr - Poles, Towers & Fixtures	54-60-15206 54-EF	190,842.70	
AJE-13	12/31/2021	Accum Prov for Depr - Overhead Conduct & Devices	54-60-15207 54-EF	402,311.25	
AJE-13	12/31/2021	Accum Prov for Depr - Underground Conduct & Device	54-60-15209 54-EF	603,344.37	
AJE-13	12/31/2021	Accum Prov for Depr - Services	54-60-15210 54-EF	132,856.80	
AJE-13	12/31/2021	Accum Prov for Depr - Meters	54-60-15211 54-EF	1,827.84	
AJE-13	12/31/2021	Accum Prov for Depr - Street Lights & Signals	54-60-15213 54-EF	22,101.84	
AJE-13	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-60-15215 54-EF	12,608.83	
AJE-13	12/31/2021	Accum Prov for Depr - Transportation Equipment	54-60-15216 54-EF	140,762.27	
AJE-13	12/31/2021	Accum Prov for Depr - Communication Equipment	54-60-15221 54-EF	76,620.84	
AJE-13	12/31/2021	Accum Prov for Depr - Regulatory Asset	54-60-15225 54-EF	330,277.92	
AJE-13	12/31/2021	Depreciation	54-60-95100 54-EF		-2,261,183.03
AJE-13	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-70-15227 54-EF	3,245.16	
AJE-13	12/31/2021	Depreciation	54-70-95100 54-EF		-3,245.16
AJE-13	12/31/2021	Accum Prov for Depr - Office Furniture & Equipment	54-90-15229 54-EF	1,515.72	
AJE-13	12/31/2021	Accum Prov For Depr - Admin	54-90-15234 54-EF	71,144.88	
AJE-13	12/31/2021	Depreciation	54-90-95100 54-EF		-72,660.60
AJE-13	12/31/2021	Accum Prov For Depreciation - Tech Center	55-00-15236 55-TF	117,409.20	
AJE-13	12/31/2021	Depreciation	55-00-95100 55-TF		-117,409.20
AJE-13	12/31/2021	Accum Prov For Depreciation - Communications	55-32-15239 55-TF	39,791.15	
AJE-13	12/31/2021	Depreciation	55-32-95100 55-TF		-39,791.15
AJE-13	12/31/2021	Accumulated Provision For Depr	56-40-15165 56-CF	3,960.48	
AJE-13	12/31/2021	Depreciation Expense	56-40-95100 56-CF		-3,960.48
AJE-13	12/31/2021	Accum Prov for Depr - Structures & Improvements	57-00-15249 57-AF	105,362.43	
AJE-13	12/31/2021	Accum Prov for Depr - Miscellaneous Equipment	57-00-15251 57-AF	4,010.81	
AJE-13	12/31/2021	Accum Prov for Depr - Other Tangible Property	57-00-15254 57-AF	45,918.18	
AJE-13	12/31/2021	Depreciation	57-00-95100 57-AF		-155,291.42
		To reverse depreciation			
AJE-14	12/31/2021	Deferred Outflows - OPEB	41-00-26300 41-G	37,347.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	41-00-27300 41-G		-7,929.00
AJE-14	12/31/2021	Net Pension Liability	41-00-27404 41-G		-10,913.00
AJE-14	12/31/2021	Change in OPEB - Gen Gov	41-00-50007 41-G		-2,961.00
AJE-14	12/31/2021	Change in OPEB - Public Safety	41-00-50008 41-G		-4,441.00
AJE-14	12/31/2021	Change in OPEB - Public Works	41-00-50009 41-G		-11,103.00
AJE-14	12/31/2021	Deferred Outflows - OPEB	51-00-19101 51-WF	3,960.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	51-00-26300 51-WF		-841.00
AJE-14	12/31/2021	OPEB Liability	51-00-27406 51-WF		-1,157.00
AJE-14	12/31/2021	Deferred Outflows - OPEB	52-50-19101 52-WRF	10,619.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	52-50-26300 52-WRF		-2,254.00
AJE-14	12/31/2021	OPEB Liability	52-50-27406 52-WRF		-3,103.00
AJE-14	12/31/2021	Deferred Outflows - OPEB	54-00-19101 54-EF	31,498.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	54-00-26300 54-EF		-6,687.00
AJE-14	12/31/2021	OPEB Liability	54-00-27406 54-EF		-9,203.00
AJE-14	12/31/2021	Deferred Outflows - OPEB	55-00-19101 55-TF	1,980.00	
AJE-14	12/31/2021	Deferred Outflows - OPEB	55-00-19101 55-TF	3,420.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	55-00-26300 55-TF		-420.00
AJE-14	12/31/2021	Deferred Inflows - OPEB	55-00-26300 55-TF		-726.00

Number	Date	Name	Account No	Debit	Credit
AJE-14	12/31/2021	OPEB Liability	55-00-27406 55-TF		-578.00
AJE-14	12/31/2021	OPEB Liability	55-00-27406 55-TF		-999.00
AJE-14	12/31/2021	Deferred Outflows - OPEB	57-00-19101 57-AF	1,170.00	
AJE-14	12/31/2021	Deferred Inflows - OPEB	57-00-26300 57-AF		-248.00
AJE-14	12/31/2021	OPEB Liability	57-00-27406 57-AF		-342.00
AJE-14	12/31/2021	OPEB Expense	51-00-60455-463 51-WF		-1,962.00
AJE-14	12/31/2021	OPEB Expense	52-00-70450-463 52-WRF		-5,262.00
AJE-14	12/31/2021	OPEB Expense	54-90-92650-463 54-EF		-15,608.00
AJE-14	12/31/2021	OPEB Expense	55-32-46350-000 55-TF		-982.00
AJE-14	12/31/2021	OPEB Expense	55-32-46350-000 55-TF		-1,695.00
AJE-14	12/31/2021	OPEB Expense	57-00-46350-000 57-AF		-580.00
To record change in OPEB liability					
AJE-15	12/31/2021	Net Pension Asset - Police Pension	41-00-19000 41-G	1,272,053.00	
AJE-15	12/31/2021	Net Pension Asset - Police Pension	41-00-19000 41-G	575,337.00	
AJE-15	12/31/2021	Net Pension Asset - Fire Pension	41-00-19001 41-G	3,102,997.00	
AJE-15	12/31/2021	Deferred Outflows - Fire	41-00-26200 41-G		-341,136.00
AJE-15	12/31/2021	Deferred Inflows - Police	41-00-27100 41-G		-1,089,982.00
AJE-15	12/31/2021	Deferred Inflows - Fire	41-00-27200 41-G		-1,955,071.00
AJE-15	12/31/2021	Deferred Outflows - Police	41-00-27910 41-G		-806,992.00
AJE-15	12/31/2021	Fund Balance (Reserved)	41-00-29100 41-G		-575,337.00
AJE-15	12/31/2021	Fund Balance (Reserved)	41-00-29100 41-G		-699,584.00
AJE-15	12/31/2021	Change in NPO/NPA	41-00-50006 41-G		-806,790.00
AJE-15	12/31/2021	Change in NPO/NPA	41-00-50006 41-G	624,921.00	
AJE-15	12/31/2021	Change in NPO/NPA	41-00-50006 41-G	699,584.00	
To record change in net pension liabilities.					
AJE-16	12/31/2021	GREDCO Loan	41-00-27405 41-G		-659,750.00
AJE-16	12/31/2021	Proceeds from Long Term Debt	41-11-38950 41-G	659,750.00	
AJE-16	12/31/2021	Bond Proceeds	58-00-38905 58-RF		-659,750.00
AJE-16	12/31/2021	Land	58-00-81000 58-RF	659,750.00	
To record purchase of land and related loan issued for purchase.					

## PASSED ADJUSTMENTS

**CITY OF ROCHELLE**

(CLIENT)

**ELECTRIC**

(OPINION UNIT)

For the Year Ended 12/31/2021

All entries posted as Debit (Credit)

Description	Assets	(Liabilities)	(Net Position)	Change in Net Position
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	\$ -	\$ -	\$ -	\$ -
To adjust inventory balance at 12/31/21	(91,735)	-	-	91,735
Totals	\$ (91,735)	\$ -	\$ -	\$ 91,735

**APPENDIX A**  
**STATUS OF COMMENTS FROM DECEMBER 31, 2020**

**DEFICIENCIES**

We consider the following to be deficiencies in internal control:

**1. Fund Classification**

The City reports the Landfill Fund as an enterprise fund; however, only the sanitation revenues and expenses actually qualify for reporting in an enterprise fund. The host fees, other fees and golf course land are related to governmental funds and should be reported in the governmental funds. We recommend the City review its fund classification for the Landfill Fund.

**Status:** This comment is still applicable at December 31, 2021.

**2. Technology Fund**

We noted that the City is not retaining proper signed agreements in place, or on file, for several of the monthly lease revenues related to fiber revenues. Without a signed agreement in place, the lessee is not obligated to continue in their monthly lease, which could result in an abrupt reduction in revenue from fiber leases to the City, or a failure to pay for past fiber usage. We recommend that they City require signed agreements for all leases and that those agreements clearly define the rate structure and term of the contract.

**Status:** This comment has been partially implemented at December 31, 2021. While we noted that some leases are on file, we noted the amounts billed do not agree to the leases.

**3. Journal Entry Support**

During our review of manual journal entries that were recorded by the City, we noted that review and approval of journal entries was not documented.

We recommend the City maintain the proper review and approval for any manual journal entries that are recorded in the general ledger.

**Status:** This comment is still applicable at December 31, 2021.

**4. Capital Assets**

During our testing of capital assets, we noted that the City does not maintain detailed capital asset records that identifies each capital asset owned by the City. The City does have detailed lists of capital asset for some departments and for some classes of assets (e.g., vehicles), but not complete lists for all assets (e.g., most infrastructure assets is one figure for each “class” of infrastructure). If individual capital asset records are not maintained, it is not possible to track the associated cost, useful life, and accumulated depreciation associated with a particular asset and to remove the asset from the City’s records upon disposal. In addition, a lack of complete detailed records could reduce the City’s ability to maintain controls over its capital assets for custody purposes and could reduce its ability to accurately support a claim for a capital asset, should the need arise.

## **DEFICIENCIES (Continued)**

### **4. Capital Assets (Continued)**

Depreciation expense is calculated in the aggregate, making it difficult to determine what portion of the expense is attributable to each individual asset or whether assets are being over depreciated. In addition, 2017 additions were not included when calculating 2018 depreciation.

Also, we noted in the utility funds that the general ledger only showed one account for accumulated depreciation. GASB Statement No. 34 requires that the City present accumulated depreciation in the notes to the financial statements by asset class.

We recommend that the City begin recording detailed capital assets records for all capital assets and consider performing an inventory and valuation over existing capital assets where records are deficient to improve controls over capital asset custody, accounting and reporting.

Additionally, we noted that the City does not utilize an interactive account group on its accounting system for recording governmental capital asset activity. This account group is an integral part of the City's controls over financial reporting for capital assets as it allows the City to track capital asset activity for the fiscal year in the manner necessary to convert from the modified accrual basis/current financial resources measurement focus to the full accrual basis/economic resources in the City's annual financial report.

We recommend the City set up an interactive account group for tracking and maintaining capital asset records as part of its accounting system in order to improve controls over financial reporting for capital assets.

Sikich also noted instances where additions to capital asset detail were below the City's capitalization policy threshold. Further, we noted that ending retainage balances were not capitalized during the current year.

**Status:** This comment is still applicable at December 31, 2021.

### **5. Interfund Transactions**

There are interfund transactions (purchased utilities) that do not net to zero. We recommend that the City record items that are not included as interfund transactions in additional accounts so that the City can ensure that quasi-interfund transactions are able to be balanced at the end of each year.

**Status:** This comment is still applicable at December 31, 2021.