



**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2024

SIKICH.COM

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ROCHELLE, ILLINOIS
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the Rochelle Municipal Utilities (enterprise funds of the City of Rochelle, Illinois (the City)) (RMU) as of and for the year ended December 31, 2024, and the related notes to 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 Rochelle Municipal Utilities (enterprise funds of the City of Rochelle, Illinois), as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the funds comprising RMU and do not purport to, and do not present fairly the financial position of the City of Rochelle, Illinois as of December 31, 2024, the respective changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 RMU 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 RMU'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 GAAS and *Government 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 GAAS and *Government 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 RMU'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 RMU'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 the other 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 an opinion on the financial statements that collectively comprise RMU's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024, on our consideration of the RMU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the RMU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RMU's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
June 13, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

Management of the City of Rochelle's Department of Utilities, Rochelle Municipal Utilities (RMU) offers all persons interested in the financial position of RMU this narrative overview and analysis of the utilities' financial performance during the fiscal year ending December 31, 2024. You are invited to read this narrative in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Electric Utility exceed its liabilities and deferred inflows of resources by \$72,503,766 (net position). Of this amount, \$36,210,990 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$36,292,776 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 \$20,558,625 (net position). Of this amount, \$2,799,035 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$79,913 is restricted for debt service, and \$17,679,677 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 \$25,597,511 (net position). Of this amount, \$6,902,230 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$138,796 is restricted for debt service, and \$18,556,485 is the net investment in capital assets.
- The assets and deferred outflows of resources of the Technology Center Utility exceeded its liabilities and deferred inflows of resources by \$2,893,074. Of this amount \$468,647 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors and \$2,424,427 is the net investment in capital assets.
- Operating revenues for the Electric Utility decreased 1% while expenses were up 2%. The slight decrease in revenues is from an expiration of a development agreement with a new industrial customer and expenses were up due to hiring two additional linemen.
- Operating revenues for the Water Utility decreased 8%, while operating expenses were down 5%. The decrease is due to less commercial revenue and the decrease in expenses is due to not filling open positions.
- Operating revenues for the Water Reclamation Utility increased 9%, while operating expenses were down 3%. The increase in revenue is from commercial sales and the decrease in expenses is due to not filling open positions.
- Operating revenues for the Technology Center Utility decreased 24% while operating expenses decreased 20%. The decrease in operating revenue and expense is due to the loss of a large colocation customer.

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

The purpose of this discussion and analysis is an introduction to RMU's basic financial statements. Enclosed are two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic statements that follow this analysis provide individual fund statements that demonstrate the financial strength of the utility.

- For each of the reporting funds provided, there will be a Statement of Net Position (Balance Sheet); next, the Statement of Revenues, Expenses, and Changes in Net Position, followed by a Statement of Cash Flows.
- The remaining notes provide detailed information about the methods of asset and liability valuations and other supplemental information critical to properly analyzing the financial statements.

STATEMENTS

The utility-wide statements report information about RMU using accounting methods similar to those used by private-sector utilities. The Balance Sheet includes all the utilities' 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 Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid.

The utility-wide statements report RMU's net position and how they have changed. Net Position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure financial health, or position. Over time, increases or decreases in RMU's net position indicate whether its financial health is improving or deteriorating. To assess the overall health of RMU, it is necessary to review and consider non-financial factors as well, such as changes in utility rates and the condition of utility plant in service.

The Statement of Revenues, Expenses and Changes in Net Position presents information demonstrating how the 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, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

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

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU

A summary of RMU's Statement of Net Position is presented below.

Table 1
Condensed Statements of Net Position

	Electric Utility	
	<u>12/31/24</u>	<u>12/31/23</u>
Current/Noncurrent Assets/Deferred Outflows of Resources	\$ 49,690,284	\$ 44,031,271
Capital Assets	<u>49,152,879</u>	<u>49,031,181</u>
Total Assets and Deferred Outflows	<u>98,843,163</u>	<u>93,062,452</u>
Long-Term Liabilities	19,834,698	22,143,265
Current Liabilities/Deferred Inflows of Resources	<u>6,504,699</u>	<u>4,462,939</u>
Total Liabilities and Deferred Inflows	<u>26,339,397</u>	<u>26,606,204</u>
Net Investment in Capital Assets	36,292,776	35,852,491
Unrestricted	<u>36,210,990</u>	<u>30,603,757</u>
Total Net Position	<u>\$ 72,503,766</u>	<u>\$ 66,456,248</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 2
Condensed Statements of Net Position

	Water Utility	
	<u>12/31/24</u>	<u>12/31/23</u>
Current/Noncurrent Assets/Deferred Outflows of Resources	\$ 5,355,219	\$ 4,508,597
Capital Assets	<u>25,145,470</u>	<u>24,202,000</u>
Total Assets and Deferred Outflows	<u>30,500,689</u>	<u>28,710,597</u>
Long-Term Liabilities	7,532,997	6,379,609
Other Liabilities/Deferred Inflows of Resources	<u>2,409,067</u>	<u>1,987,298</u>
Total Liabilities and Deferred Inflows	<u>9,942,064</u>	<u>8,366,907</u>
Net Investment in Capital Assets	17,679,677	18,073,660
Restricted	79,913	-
Unrestricted	<u>2,799,035</u>	<u>2,270,030</u>
Total Net Position	<u>\$ 20,558,625</u>	<u>\$ 20,343,690</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 3
Condensed Statements of Net Position

Water Reclamation Utility

	<u>12/31/24</u>	<u>12/31/23</u>
Current/Noncurrent Assets/Deferred Outflows of Resources	\$ 8,303,727	\$ 6,437,158
Capital Assets	<u>24,332,190</u>	<u>21,704,472</u>
Total Assets and Deferred Outflows	<u>32,635,917</u>	<u>28,141,630</u>
Long-Term Liabilities	4,911,334	4,811,520
Other Liabilities/Deferred Inflows of Resources	<u>2,127,072</u>	<u>478,257</u>
Total Liabilities and Deferred Inflows	<u>7,038,406</u>	<u>5,289,777</u>
Net Investment in Capital Assets	18,556,485	17,136,676
Restricted	138,796	
Unrestricted	<u>6,902,230</u>	<u>5,715,177</u>
Total Net Position	<u>\$ 25,597,511</u>	<u>\$ 22,851,853</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 4
Condensed Statements of Net Position
Technology Center Utility

	<u>12/31/24</u>	<u>12/31/23</u>
Current/Noncurrent Assets/Deferred Outflows of Resources	\$ 2,188,140	\$ 2,379,514
Capital Assets	<u>3,765,082</u>	<u>4,078,540</u>
Total Assets and Deferred Outflows	<u>5,953,222</u>	<u>6,458,054</u>
Long-Term Liabilities	1,618,418	2,062,347
Other Liabilities/Deferred Inflows of Resources	<u>1,441,730</u>	<u>1,606,824</u>
Total Liabilities and Deferred Inflows	<u>3,060,148</u>	<u>3,669,171</u>
Net Investment in Capital Assets	2,424,427	2,423,114
Unrestricted (Deficit)	<u>468,647</u>	<u>365,769</u>
Total Net Position	<u>\$ 2,893,074</u>	<u>\$ 2,788,883</u>

The largest portion of RMU's net position (62%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. RMU employs these capital assets to provide electric, water, water reclamation, and communication services to our service area. Consequently, these assets are restricted for future spending. Although the utility's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the associated debt must be provided from other cash generating sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position (38%) may be used to meet the utilities' ongoing obligations to rate payers and creditors.

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

ELECTRIC OPERATIONS

Electric operations increased the 2024 utility's net position by \$6,047,518. This increase is primarily a result of the following items:

- Development agreement with a large industrial customer.
- Reduction in purchased power cost.

WATER OPERATIONS

Water operations increased the 2024 utility's net position by \$214,935. This increase is primarily a result of the following items:

- Rate increase.
- Decrease in supply and chemical costs.
- Remodeling of shared RMU facility.

WATER RECLAMATION OPERATIONS

Water Reclamation operations increased the 2024 utility's net position by \$2,745,658. This increase is primarily a result of the following items:

- Wastewater Treatment Plan improvement project cost.
- IEPA loan proceeds and forgiveness for the project.
- Remodeling of shared RMU facility.

TECHNOLOGY CENTER

Technology Center and Advanced Communication operations increased the 2024 utility's net position by \$104,191. This increase is the result of the following items:

- Increase in fiber customers.
- Loss of one major colocation customer.
- New or renewed colocation contracts.

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

The Statement of Revenues, Expenses and Changes in Net Position provides an indication of the utilities' financial health.

Table 5
Condensed Statement of Revenues, Expenses
and Changes in Net Position

	Electric Utility	
	<u>12/31/24</u>	<u>12/31/23</u>
Operating Revenues	\$ 44,666,557	\$ 44,974,336
Non-Operating Revenues	<u>1,233,289</u>	<u>625,830</u>
Total Revenues	<u>45,899,846</u>	<u>45,600,166</u>
Depreciation and Amortization Expense	2,875,935	2,718,262
Other Operating Expenses	34,166,953	33,762,785
Non-Operating Expenses	<u>560,613</u>	<u>611,432</u>
Total Expenses	<u>37,603,501</u>	<u>37,092,479</u>
Income Before Transfers	8,296,345	8,507,687
Transfers	<u>(2,248,827)</u>	<u>(1,454,551)</u>
Changes in Net Position	<u>\$ 6,047,518</u>	<u>\$ 7,053,136</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 6
Condensed Statement of Revenues, Expenses
and Changes in Net Position

Water Utility		
	<u>12/31/24</u>	<u>12/31/23</u>
Operating Revenues	\$ 3,794,793	\$ 4,098,758
Non-Operating Revenues	<u>854,366</u>	<u>25,114</u>
Total Revenues	<u>4,649,159</u>	<u>4,123,872</u>
Depreciation and Amortization Expense	1,010,502	1,005,239
Other Operating Expenses	2,662,767	2,855,402
Non-Operating Expenses	<u>92,449</u>	<u>101,828</u>
Total Expenses	<u>3,765,718</u>	<u>3,962,469</u>
Income Before Transfers	883,441	161,403
Transfers	<u>(668,506)</u>	<u>(61,199)</u>
Changes in Net Position	<u>\$ 214,935</u>	<u>\$ 100,204</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 7
Condensed Statement of Revenues, Expenses
and Changes in Net Position

Water Reclamation Utility

	<u>12/31/24</u>	<u>12/31/23</u>
Operating Revenues	\$ 4,694,665	\$ 4,298,815
Non-Operating Revenues	<u>261,656</u>	<u>718,365</u>
Total Revenues	<u>4,956,321</u>	<u>5,017,180</u>
Depreciation and Amortization Expense	1,639,883	1,632,868
Other Operating Expenses	3,298,162	3,470,643
Non-Operating Expenses	<u>52,828</u>	<u>56,426</u>
Total Expenses	<u>4,990,873</u>	<u>5,159,937</u>
Income Before Transfers and Grants	(34,552)	(142,757)
Transfers	(711,970)	(210,008)
Capital Grants	<u>3,492,180</u>	<u>-</u>
Changes in Net Position	<u>\$ 2,745,658</u>	<u>\$ (352,765)</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

FINANCIAL ANALYSIS OF RMU (cont.)

Table 8
Condensed Statement of Revenues, Expenses
and Changes in Net Position

Technology Center Utility

	<u>12/31/24</u>	<u>12/31/23</u>
Operating Revenues	\$ 1,197,051	\$ 1,566,361
Non-Operating Revenues	<u>11,142</u>	<u>7,563</u>
Total Revenues	<u>1,208,193</u>	<u>1,573,924</u>
Depreciation and Amortization Expense	313,458	315,592
Other Operating Expenses	736,233	943,729
Non-Operating Expenses	<u>54,311</u>	<u>57,155</u>
Total Expenses	<u>1,104,002</u>	<u>1,316,476</u>
Income Before Transfers	-	257,448
Transfers	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ 104,191</u>	<u>\$ 257,448</u>

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

RMU BUDGETARY HIGHLIGHTS

The City of Rochelle prepares its budget to show an ending cash balance which is different than the basis used in the financial report. This includes recording capital outlay and debt service principal payments as expenses, debt financing as revenue, and not expensing depreciation. This should be taken into account when reviewing the variances below.

The final Electric Fund revenue budget, including other non-operating income, totaled \$45,973,091. Actual revenues, including non-operating income were \$45,899,846. Total budgeted expenses were \$54,039,775. The Electric Fund's actual expenses totaled \$37,603,501 including non-operating expenses. This provided income before contributions and transfers of \$8,296,345.

The final Water Fund revenue budget totaled \$9,748,167 with actual revenues of \$4,649,159. The Water Fund's budgeted expenses were \$10,345,167, while actual expenses totaled \$3,765,181. This provided income before contributions and transfers of \$883,441.

The final Water Reclamation Fund revenue budget totaled \$13,384,141 with actual revenues of \$4,956,321. The Water Reclamation Fund's budgeted expenses were \$13,672,750, while actual expenses totaled \$4,990,873. This provided income before contributions and transfers of \$(34,552).

The final Technology Center Fund expenditure budget totaled \$1,817,653 while the revenue budget was \$1,313,000. The actual expenses totaled \$1,104,002 while total revenues were \$1,208,193. This provided income before contributions of \$104,191.

LONG-TERM DEBT

On December 31, 2024, the Electric fund had \$18,295,000 in alternate revenue long-term bonds and \$334,611 of direct placement loans outstanding.

On December 31, 2024, the Water and Water Reclamation funds had \$12,204,319 of long-term IEPA loans outstanding.

The repayment of debt is covered by operating revenues.

On May 2, 2024, the electric utility issued \$4,795,000 in alternate revenue bonds to finance construction of a substation. The debt is payable over 15 years and bears an interest rate from 4% to 5%.

On January 5, 2022, the electric utility issued \$8,895,000 in alternate revenue bonds to finance the second phase of construction of a substation. The debt is payable over 15 years and bears an interest rate from 2% to 4%.

On October 5, 2021, the electric utility issued \$7,775,000 in alternate revenue bonds to finance a construction of a substation. The debt is payable over 15 years and bears an interest rate from 2% to 4%.

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2024

LONG-TERM DEBT (cont.)

On August 18, 2021, the electric utility borrowed \$1,300,000 from a local financial institution to finance a building to house the utility departments. The debt is payable over 4 years and bears an interest rate of 2.1%.

On June 24, 2019, the water utility borrowed \$3,049,830 from the IEPA to finance a radium removal plant at Well #12. The debt is payable over 20 years and bears an interest rate of 1.38%.

On June 11, 2019, the water reclamation utility borrowed \$7,000,000 from the IEPA to finance the Water Reclamation Plant Improvements. The debt is payable over 20 years and bears an interest rate of 1.18%.

On August 30, 2017, the water utility borrowed \$3,270,006 from the IEPA to finance the Well #11 project. The debt is payable over 20 years and bears an interest rate of 1.32%.

On October 17, 2015, the water utility borrowed \$4,879,732 from the IEPA to finance the Well #12 project. The debt is payable over 20 years and bears an interest rate of 1.86%.

On March 1, 2007, the water reclamation utility borrowed \$600,000 from the IEPA to finance the Askvig Sewer project. The debt is payable over 20 years and bears an interest rate of 2.50%.

The repayment of debt certificates is covered from operating revenues.

On December 31, 2024, the Technology Center fund had \$1,345,000 of long-term debt certificates outstanding.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2025 utility budget. None of these conditions are anticipated to significantly change the overall financial position of the utility. The City Council approved the 2025 Budget on November 25, 2024.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2024

	Electric	Water	Water Reclamation	Technology Center	Total
CURRENT ASSETS					
Cash and Investments	\$ 41,467,377	\$ 977,237	\$ 6,764,139	\$ 658,584	\$ 49,867,337
Receivables					
Accounts	2,574,175	182,903	425,573	62,964	3,245,615
Accrued Interest	14,839	-	14,564	-	29,403
Leases	-	50,862	-	171,649	222,511
Other	685,719	769,047	55,947	-	1,510,713
Prepaid Expenses	444,794	35,682	58,575	3,224	542,275
Deposits	654,746	-	-	-	654,746
Materials and Supplies Inventory	1,822,760	-	-	-	1,822,760
Due from Other Governments	-	1,638,936	258,365	-	1,897,301
Restricted Assets					
Cash Held at Paying Agent	-	79,913	138,796	-	218,709
Total Current Assets	47,664,410	3,734,580	7,715,959	896,421	60,011,370
NONCURRENT ASSETS					
Advances to Other Funds	409,044	-	-	-	409,044
Leases Receivable	-	976,672	-	973,780	1,950,452
Special Assessments	-	-	40,959	-	40,959
Total Noncurrent Assets	409,044	976,672	40,959	973,780	2,400,455
CAPITAL ASSETS					
Nondepreciable	3,918,926	2,686,012	4,574,741	519,453	11,699,132
Depreciable - Plant in Service	103,289,008	36,240,546	52,488,255	9,407,125	201,424,934
Intangible	464,216	92,570	76,447	18,368	651,601
Accumulated Depreciation/Amortization	(58,519,271)	(13,873,658)	(32,807,253)	(6,179,864)	(111,380,046)
Net Capital Assets	49,152,879	25,145,470	24,332,190	3,765,082	102,395,621
Total Assets	97,226,333	29,856,722	32,089,108	5,635,283	164,807,446
DEFERRED OUTFLOWS OF RESOURCES					
Pension Items	1,368,456	173,759	463,071	237,529	2,242,815
OPEB Items	248,374	31,225	83,738	42,578	405,915
Asset Retirement Obligation	-	438,983	-	-	438,983
Unamortized Loss on Refunding	-	-	-	37,832	37,832
Total Deferred Outflows of Resources	1,616,830	643,967	546,809	317,939	3,125,545
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 98,843,163	\$ 30,500,689	\$ 32,635,917	\$ 5,953,222	\$ 167,932,991

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2024

	Electric	Water	Water Reclamation	Technology Center	Total
CURRENT LIABILITIES					
Accounts Payable	4,018,881	896,612	1,686,657	19,223	6,621,373
Accrued Payroll	84,212	23,999	22,461	161	130,833
Accrued Interest Payable	113,975	18,631	20,605	-	153,211
Other Payables	203,717	-	-	-	203,717
Revenue Bonds Payable	1,270,000	-	-	-	1,270,000
General Obligation Debt Payable	-	-	-	320,000	320,000
IEPA Loans Payable	-	387,964	260,142	-	648,106
Loan Payable	334,611	-	-	-	334,611
OPEB Liability	35,512	4,304	11,544	2,152	53,512
Compensated Absences Payable	298,781	109,278	91,427	12	499,498
Lease Liability	83,131	10,392	13,313	500	107,336
Total Current Liabilities	6,442,820	1,451,180	2,106,149	342,048	10,342,197
LONG-TERM LIABILITIES					
Revenue Bonds Payable	18,742,011	-	-	-	18,742,011
General Obligation Bonds Payable	-	-	-	1,057,987	1,057,987
IEPA Loans Payable	-	6,958,260	4,597,953	-	11,556,213
OPEB Liability	402,317	50,737	136,068	72,905	662,027
Net Pension Liability	428,597	56,824	147,409	78,482	711,312
Asset Retirement Obligation	-	465,300	-	-	465,300
Advance from Other Funds	-	-	-	409,044	409,044
Lease Liability	261,773	1,876	29,904	-	293,553
Total Long-Term Liabilities	19,834,698	7,532,997	4,911,334	1,618,418	33,897,447
Total Liabilities	26,277,518	8,984,177	7,017,483	1,960,466	44,239,644
DEFERRED INFLOWS OF RESOURCES					
Pension Items	24,895	3,191	8,453	4,374	40,913
OPEB Items	36,984	4,651	12,470	6,340	60,445
Leases	-	950,045	-	1,088,968	2,039,013
Total Deferred Inflows of Resources	61,879	957,887	20,923	1,099,682	2,140,371
NET POSITION					
Net Investment in Capital Assets	\$ 36,292,776	\$ 17,679,677	\$ 18,556,485	\$ 2,424,427	\$ 74,953,365
Restricted for Debt Service	-	79,913	138,796	-	218,709
Unrestricted	36,210,990	2,799,035	6,902,230	468,647	46,380,902
TOTAL NET POSITION	\$ 72,503,766	\$ 20,558,625	\$ 25,597,511	\$ 2,893,074	\$ 121,552,976

See accompanying notes to financial statements.

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

	Electric	Water	Water Reclamation	Technology Center	Total
OPERATING REVENUES					
Charges for Services	\$ 44,586,423	\$ 3,794,146	\$ 4,685,817	\$ 1,197,051	\$ 54,263,437
Miscellaneous	80,134	647	8,848	-	89,629
Total Operating Revenues	44,666,557	3,794,793	4,694,665	1,197,051	54,353,066
OPERATING EXPENSES					
Operations	34,166,953	2,662,767	3,298,162	736,233	40,864,115
Depreciation and Amortization	2,875,935	1,010,502	1,639,883	313,458	5,839,778
Total Operating Expenses	37,042,888	3,673,269	4,938,045	1,049,691	46,703,893
OPERATING INCOME (LOSS)	7,623,669	121,524	(243,380)	147,360	7,649,173
NON-OPERATING REVENUES (EXPENSES)					
Investment Income	1,233,289	85,662	261,656	11,142	1,591,749
Grant Revenue	-	768,704	-	-	768,704
Interest Expense	(560,613)	(92,449)	(52,828)	(54,311)	(760,201)
Total Non-Operating Revenues (Expenses)	672,676	761,917	208,828	(43,169)	1,600,252
NET INCOME (LOSS) BEFORE TRANSFERS CAPITAL GRANTS AND CONTRIBUTIONS	8,296,345	883,441	(34,552)	104,191	9,249,425
TRANSFERS					
Transfers In	289,790	-	-	-	289,790
Transfers (Out)	(2,538,617)	(668,506)	(711,970)	-	(3,919,093)
Total Transfers	(2,248,827)	(668,506)	(711,970)	-	(3,629,303)
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	3,492,180	-	3,492,180
CHANGE IN NET POSITION	6,047,518	214,935	2,745,658	104,191	9,112,302
NET POSITION, JANUARY 1	66,456,248	20,343,690	22,851,853	2,788,883	112,440,674
NET POSITION, DECEMBER 31	\$ 72,503,766	\$ 20,558,625	\$ 25,597,511	\$ 2,893,074	\$ 121,552,976

See accompanying notes to financial statements.

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	Electric	Water	Water Reclamation	Technology Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 46,219,434	\$ 3,236,919	\$ 4,851,003	\$ 1,286,631	\$ 55,593,987
Payments to Suppliers	(30,016,837)	(248,583)	(594,632)	(317,361)	(31,177,413)
Payments to Employees	(3,090,378)	(1,005,418)	(1,307,250)	(31,650)	(5,434,696)
Payments to Other Funds	(1,325,852)	(544,719)	(669,643)	(474,834)	(3,015,048)
Net Cash from Operating Activities	11,786,367	1,438,199	2,279,478	462,786	15,966,830
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	289,790	-	-	-	289,790
Transfers (Out)	(2,538,617)	(668,506)	(711,970)	-	(3,919,093)
Payments from Other Governments	-	(1,638,936)	(258,365)	-	(1,897,301)
Grant Receipts	-	768,704	-	-	768,704
Receipts Held at Paying Agent	-	(79,913)	(138,796)	-	(218,709)
Net Cash from Noncapital Financing Activities	(2,248,827)	(1,618,651)	(1,109,131)	-	(4,976,609)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(1,276,392)	(1,951,284)	(58,589)	-	(3,286,265)
Issuance of Long-Term Debt	-	1,638,936	4,105,297	-	5,744,233
Principal Payments on Long-Term Debt	(1,626,561)	(408,784)	(3,771,782)	(315,982)	(6,123,109)
Interest Payments on Long-Term Debt	(718,752)	(88,414)	(54,017)	(53,100)	(914,283)
Net Cash from Capital and Related Financing Activities	(3,621,705)	(809,546)	220,909	(369,082)	(4,579,424)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales of Investments	764,742	-	-	-	764,742
Purchases of Investments	(877,198)	-	-	-	(877,198)
Interest Received on Investments	1,235,148	85,662	260,906	11,142	1,592,858
Net Cash from Investing Activities	1,122,692	85,662	260,906	11,142	1,480,402
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,038,527	(904,336)	1,652,162	104,846	7,891,199
CASH AND CASH EQUIVALENTS, JANUARY 1	7,392,725	1,881,573	5,111,977	553,738	14,940,013
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 14,431,252	\$ 977,237	\$ 6,764,139	\$ 658,584	\$ 22,831,212

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2024

	Electric	Water	Water Reclamation	Technology Center	Total
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 7,623,669	\$ 121,524	\$ (243,380)	\$ 147,360	\$ 7,649,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	2,875,935	1,010,502	1,639,883	313,458	5,839,778
Changes in Assets and Liabilities					
Accounts Receivable	1,996,153	215,199	179,170	103,386	2,493,908
Other Receivables	(411,064)	(768,814)	(52,220)	-	(1,232,098)
Prepaid Expenses	143,639	2,126	(8,892)	(757)	136,116
Materials and Supplies Inventory	(313,355)	-	-	-	(313,355)
Deposits	(32,212)	-	-	-	(32,212)
Special Assessments	-	-	29,388	-	29,388
Pension Items - IMRF	(637,283)	(80,115)	(214,856)	(109,249)	(1,041,503)
Lease Revenue Items		(4,259)	-	(13,806)	(18,065)
OPEB Items	32,152	4,042	10,840	5,512	52,546
Accounts Payable	258,564	875,698	887,145	18,887	2,040,294
Accrued Payroll	29,095	6,667	2,441	(960)	37,243
Other Payables	66,027	-	-	-	66,027
Compensated Absences	155,047	55,629	49,959	(1,045)	259,590
NET CASH FROM OPERATING ACTIVITIES	\$ 11,786,367	\$ 1,438,199	\$ 2,279,478	\$ 462,786	\$ 15,966,830
CASH AND INVESTMENTS					
Cash and Cash Equivalents	\$ 14,431,252	\$ 977,237	\$ 6,764,139	\$ 658,584	\$ 22,831,212
Investments	27,036,125	-	-	-	27,036,125
TOTAL CASH AND INVESTMENTS	\$ 41,467,377	\$ 977,237	\$ 6,764,139	\$ 658,584	\$ 49,867,337
NONCASH TRANSACTIONS					
Capital Contributions	\$ -	\$ -	\$ 3,492,180	\$ -	\$ 3,492,180
Capital Assets in Accounts Payable	1,436,813	107,301	874,393	-	2,418,507
Capital Assets Acquired through Leases	257,712	-	-	-	257,712
TOTAL NONCASH TRANSACTIONS	\$ 1,694,525	\$ 107,301	\$ 4,366,573	\$ -	\$ 6,168,399

See accompanying notes to financial statements.

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rochelle Municipal Utilities (RMU) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units and regulated enterprises (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 RMU's accounting policies are described below.

A. Reporting Entity

RMU is comprised of certain proprietary funds of the City of Rochelle, Illinois (the City). RMU is accounted for as a distinct and separate departmental entity of the City and includes the City's Electric Fund, the Water Fund, the Water Reclamation Fund and the Technology Center Fund.

The Electric Utility Fund accounts for the activities of the electric system. The Electric Fund's present generation capacity consists of ten diesel generating units (with an aggregate nameplate rating of 22,700 KW) and one solar gas turbine generator unit (with a nameplate rating of 4,200 KW).

The Water Fund accounts for the activities of the water system. The water system provides water supply to residents and businesses in the City. Water is obtained from four deep wells with a combined capacity of approximately 8.0 million gallons per day, compared to a daily demand of 3.4 million gallons in the service area.

The Water Reclamation Fund accounts for the activities of the water reclamation system. The water reclamation system maintains sanitary sewers and wastewater treatment facilities. A 4.9 million gallon per day sewerage plant provides primary, secondary and tertiary treatment for the 2.5 million gallons per day wastewater flow discharge from the plant.

The Technology Center Fund accounts for the activities of the RMU Technology Center that accounts for revenue received for rack space, collocation space and dark fiber and expenses associated with the construction of the Technology Center, debt service and fiber infrastructure. This fund also accounts for the activities of a fiber optic network that provides internet and high-speed data transfer services to customers in the City and the surrounding area.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

RMU 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. RMU's funds are classified as proprietary funds.

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).

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

RMU's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. 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.

RMU reports unearned revenue on its financial statements. 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 RMU 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 RMU has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized. The RMU did not have any unearned revenue as of December 31, 2024.

D. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, RMU considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 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.

E. Inventory

Inventory is valued at average cost on a first-in/first-out (FIFO) method. In the Electric Fund, inventory consisting of natural gas, diesel fuel and materials and supplies are generally used for construction or operations, not for resale. They are valued at average cost and charged to construction or expense when used.

F. 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.

G. Capital Assets

Capital assets are defined by RMU as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

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

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

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
Vehicles, Machinery and Equipment	5-20
Land Improvements	20-30
Utilities System	5-77
Infrastructure	10-50

Intangible assets represent the RMU's right-to-use a leased asset. These intangible assets, as defined by GASB Statement No. 87, *Leases* are for leased contracts of nonfinancial assets including equipment.

H. Vacation, Sick Pay and Other Employee Benefits

RMU implemented GASB Statement 101, *Compensated Absences*, in 2024. Vested or accumulated vacation and sick leave is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire balance of vacation leave is recognized as a liability at year end. A liability is recognized for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

There was no material impact on the beginning balances of compensated absences as a result of the implementation of GASB Statement 101, *Compensated Absences*, and therefore, there were no restatements required for the fiscal year ended December 31, 2024.

I. Interfund Transactions

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

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

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.”

K. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund financial statements. Bond premiums and discounts and gains/losses on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

L. Net Position

Restricted net position is legally restricted by outside parties for a specific purpose. None of RMU’s restricted net position result from enabling legislation adopted by the City. Net investment in capital assets represents RMU’s investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

When both restricted and unrestricted resources are available for use, it is RMU’s policy to use restricted resources first, then unrestricted resources as they are needed.

M. 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.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. CASH AND INVESTMENTS

RMU participates in a cash and investment pool maintained by the City. The investments are governed by an investment policy for the City adopted by the City Council.

RMU categorizes 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.

In accordance with the City's investment policy, 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, and commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio.

The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

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.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

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 Illinois Metropolitan Investment Fund (IMET), even though the investment policy allows other investments. The Illinois Funds are rated AAA.

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 money market mutual funds are not subject to custodial credit risk.

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.

Concentration of the credit risk is the risk that the City has a high percentage of their investments invested in one investment. The City's investment policy is silent on concentration of credit risk.

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

The City does not hold any investments required to be reported at fair value.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
ELECTRIC				
Capital Assets not Being Depreciated				
Land	\$ 939,044	\$ 200,426	\$ -	\$ 1,139,470
Construction in Progress	5,344,824	2,329,251	4,894,619	2,779,456
Total Capital Assets not Being Depreciated	6,283,868	2,529,677	4,894,619	3,918,926
Capital Assets Being Depreciated				
Generation	14,621,148	4,894,619	-	19,515,767
Transmission	2,684,406	-	-	2,684,406
Distribution	77,199,610	210,244	-	77,409,854
General	3,678,981	-	-	3,678,981
Total Capital Assets Being Depreciated	98,184,145	5,104,863	-	103,289,008
Intangible Assets Being Amortized				
Equipment	208,062	257,712	1,558	464,216
Total Intangible Assets Being Amortized	208,062	257,712	1,558	464,216
Less Accumulated Depreciation for				
Generation	8,965,945	463,870	-	9,429,815
Transmission	2,684,406	-	-	2,684,406
Distribution	42,450,289	2,259,771	-	44,710,060
General	1,501,217	73,596	-	1,574,813
Total Accumulated Depreciation	55,601,857	2,797,237	-	58,399,094
Less Accumulated Amortization for				
Equipment	43,037	78,698	1,558	120,177
Total Accumulated Amortization	43,037	78,698	1,558	120,177
Total Capital and intangible Assets Being Depreciated and Amortized, Net	42,747,313	2,486,640	-	45,233,953
TOTAL ELECTRIC CAPITAL ASSETS, NET	\$ 49,031,181	\$ 5,016,317	\$ 4,894,619	\$ 49,152,879

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
WATER				
Capital Assets not Being Depreciated				
Land	\$ 272,525	\$ -	\$ -	\$ 272,525
Construction in Progress	464,778	2,058,585	109,876	2,413,487
Total Capital Assets not Being Depreciated	737,303	2,058,585	109,876	2,686,012
Capital Assets Being Depreciated				
Infrastructure	33,361,535	-	-	33,361,535
Equipment	2,879,011	-	-	2,879,011
Total Capital Assets Being Depreciated	36,240,546	-	-	36,240,546
Intangible Assets Being Amortized				
Equipment	92,570	-	-	92,570
Total Intangible Assets Being Amortized	92,570	-	-	92,570
Less Accumulated Depreciation for				
Infrastructure	10,578,991	894,767	-	11,473,758
Equipment	2,235,828	83,672	-	2,319,500
Total Accumulated Depreciation	12,814,819	978,439	-	13,793,258
Less Accumulated Amortization for				
Equipment	53,600	26,800	-	80,400
Total Accumulated Amortization	53,600	26,800	-	80,400
Total Capital and Intangible Assets Being Depreciated and Amortized, Net	23,464,697	(1,005,239)	-	22,459,458
TOTAL WATER CAPITAL ASSETS, NET	\$ 24,202,000	\$ 1,053,346	\$ 109,876	\$ 25,145,470

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
WATER RECLAMATION				
Capital Assets not Being Depreciated				
Land	\$ 160,938	\$ -	\$ -	\$ 160,938
Construction in Progress	146,202	4,425,162	157,561	4,413,803
Total Capital Assets not Being Depreciated	307,140	4,425,162	157,561	4,574,741
Capital Assets Being Depreciated				
Infrastructure	44,921,258	-	-	44,921,258
Equipment	7,566,997	-	-	7,566,997
Total Capital Assets Being Depreciated	52,488,255	-	-	52,488,255
Intangible Assets Being Amortized				
Equipment	76,447	-	-	76,447
Total Intangible Assets Being Amortized	76,447	-	-	76,447
Less Accumulated Depreciation for				
Infrastructure	25,091,889	1,425,910	-	26,517,799
Equipment	6,059,237	196,546	-	6,255,783
Total Accumulated Depreciation	31,151,126	1,622,456	-	32,773,582
Less Accumulated Amortization for				
Equipment	16,244	17,427	-	33,671
Total Accumulated Amortization	16,244	17,427	-	33,671
Total Capital Assets Being Depreciated, Net	21,397,332	(1,639,883)	-	19,757,449
TOTAL WATER RECLAMATION CAPITAL ASSETS, NET	\$ 21,704,472	\$ 2,785,279	\$ 157,561	\$ 24,332,190

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
TECHNOLOGY CENTER				
Capital Assets not Being Depreciated				
Land	\$ 519,453	\$ -	\$ -	\$ 519,453
Total Capital Assets not Being Depreciated	519,453	-	-	519,453
Capital Assets Being Depreciated				
Building	4,427,155	-	-	4,427,155
General	4,979,970	-	-	4,979,970
Total Capital Assets Being Depreciated	9,407,125	-	-	9,407,125
Intangible Assets Being Amortized				
Equipment	18,368	-	-	18,368
Total Intangible Assets Being Amortized	18,368	-	-	18,368
Less Accumulated Depreciation for				
Building	1,642,690	120,194	-	1,762,884
General	4,211,802	187,307	-	4,399,109
Total Accumulated Depreciation	5,854,492	307,501	-	6,161,993
Less Accumulated Amortization for				
Equipment	11,914	5,957	-	17,871
Total Accumulated Amortization	11,914	5,957	-	17,871
Total Capital and intangible Assets Being Depreciated and Amortized, Net	3,559,087	(313,458)	-	3,245,629
TOTAL TECHNOLOGY CENTER CAPITAL ASSETS, NET	\$ 4,078,540	\$ (313,458)	\$ -	\$ 3,765,082

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Debt Certificates	\$ 1,655,000	\$ -	\$ 310,000	\$ 1,345,000	\$ 320,000
Alternate Revenue Bonds	19,515,000	-	1,220,000	18,295,000	1,270,000
IEPA Revolving Loans	10,596,797	5,744,233	4,136,711	12,204,319	648,106
Loan Payable (Direct Placement)	663,176	-	328,565	334,611	334,611
Unamortized Premium Compensated Absences**	1,909,538	-	159,540	1,749,998	-
Net Pension Liability	239,910	259,588	-	499,498	499,498
OPEB Liability	2,050,216	-	1,338,904	711,312	-
Lease Liability	504,696	210,843	-	715,539	53,512
Asset Retirement Obligation	271,009	257,712	127,832	400,889	107,336
	465,300	-	-	465,300	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 37,870,642	\$ 6,472,376	\$ 7,621,552	\$ 36,721,466	\$ 3,233,063

**The amount displayed as additions or reductions represents the net change in the liability.

Bonds payable at December 31, 2024 are comprised of the following:

General Obligation Debt

	Total	Current Portion
\$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.	\$ 1,345,000	\$ 320,000
TOTAL	\$ 1,345,000	\$ 320,000

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Alternate Revenue Bonds

	Total	Current Portion
\$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.	\$ 6,430,000	\$ 485,000
\$8,895,000 2022 General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of \$515,000 to \$775,000 from May 1, 2022, to May 1, 2035, interest at 2% to 4%, retired by the Electric System Fund.	7,295,000	550,000
\$4,795,000 2023 General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of \$225,000 to \$430,000 from May 1, 2024, to May 1, 2038, interest at 4% to 5%, retired by the Electric System Fund.	4,570,000	235,000
TOTAL	<u>\$ 18,295,000</u>	<u>\$ 1,270,000</u>

Illinois EPA Loans

	Total	Current Portion
\$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%.	\$ 94,101	\$ 36,941
\$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%.	2,416,173	181,484
\$3,270,006 Illinois EPA low interest loan related to the Well #11 Project, due in semiannual installments of \$79,913, through June 2038, interest at 1.32%.	2,036,872	133,378

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Illinois EPA Loans (Continued)

	Total	Current Portion
\$3,049,830 Illinois EPA low interest loan related to Well #12 Project, due in semiannual installments through May 2040, interest at 1.38%.	\$ 1,254,243	\$ 73,102
\$7,000,000 Illinois EPA low interest loan related to Water Reclamation Plant Improvements Project, due in semiannual installments through January 2041, interest at 1.18%.	4,150,877	223,201
\$11,640,600 Illinois EPA low interest loan related to the Water Reclamation Plant Improvements Project, through October 2045, interest at 1.00%.*	613,117	-
\$7,420,500 Illinois EPA low interest loan related to the Water Reclamation Plant Improvements Project, through September 2046, interest at 1.00%.*	1,638,936	-
TOTAL	\$ 12,204,319	\$ 648,106

*These loans are still in the disbursement period, and therefore, a debt service to maturity schedule are not available as of December 31, 2024.

Loan Payable (Direct Placement)

	Total	Current Portion
\$1,300,000 Loan Payable (Direct Placement), due in annual installments of \$342,491 from August 2022 to August 2025, interest at 2.10% retired by the Electric Fund.	\$ 334,611	\$ 334,611
TOTAL	\$ 334,611	\$ 334,611

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize all debt outstanding as of December 31, 2024, are as follows:

Year Ending December 31,	G.O. Debt Certificates		Illinois EPA Loan	
	Principal	Interest	Principal	Interest
2025	\$ 320,000	\$ 40,500	\$ 648,106	\$ 136,392
2026	335,000	27,400	657,848	126,651
2027	350,000	15,450	648,210	117,117
2028	340,000	5,100	637,997	107,798
2029	-	-	647,212	98,583
2030-2034	-	-	3,379,185	349,791
2035-2039	-	-	2,778,187	114,210
2040-2044	-	-	555,521	5,045
TOTAL	\$ 1,345,000	\$ 88,450	\$ 9,952,266	\$ 1,055,587

Year Ending December 31,	Alternate Revenue Bonds		Loan Payable (Direct Placement)	
	Principal	Interest	Principal	Interest
2025	\$ 1,270,000	\$ 657,275	\$ 334,611	\$ 7,023
2026	1,320,000	603,075	-	-
2027	1,380,000	546,550	-	-
2028	1,435,000	487,600	-	-
2029	1,495,000	426,225	-	-
2030-2034	8,310,000	1,288,400	-	-
2035-2039	3,085,000	157,100	-	-
TOTAL	\$ 18,295,000	\$ 4,166,225	\$ 334,611	\$ 7,023

The bonds of several issues are subject to redemption and payment prior to their maturity, at the option of the City.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Lease Liabilities

The RMU entered into various lease arrangements for the right-to-use enterprise vehicles for technology, water, and electric operations. Payments ranging from \$58 to \$1,058 are due in monthly installments through August 2029. Total intangible right-to-use assets acquired under these agreements are \$651,601.

Obligations of the RMU under leases payable, typically paid from the Electric, Water Reclamation, Water and Technology Funds, including future interest payments at December 31, 2024, were as follows:

Fiscal Year Ending December 31,	Leases	
	Principal	Interest
2025	\$ 107,336	\$ 8,733
2026	98,228	6,285
2027	98,858	3,738
2028	78,304	1,274
2029	18,163	-
TOTAL	\$ 400,889	\$ 20,030

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon its water wells at the end of its estimated useful life in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated useful life of the water wells is 58-142 years.

5. DEFINED BENEFIT PENSION PLAN

RMU contributes, through the City, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, RMU's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the City and RMU combined. All disclosures for an agent plan can be found in the City's Annual Comprehensive Financial Report.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Administration

All employees 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 resource's 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.

Benefits Provided

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

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

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City and RMU are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ended December 31, 2024 was 5.36% of covered payroll. For the year ended December 31, 2024, salaries totaling \$4,855,914 were paid that required employer contributions of \$260,277, which was equal to the RMU's actual contributions.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

At December 31, 2024, RMU reported a liability of \$711,312 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. RMU's proportion of the net pension liability was based on RMU's actual contribution to the plan for the year ended December 31, 2024, relative to the contributions of the City, actuarially determined. At December 31, 2024, RMU's proportion was 57.21% of the total contribution.

Actuarial Assumptions

RMU's net pension liability was measured as of December 31, 2023 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, 2023
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 non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.00%) and Female (adjusted 106.40%) tables and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the 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.

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

For the year ended December 31, 2024, RMU recognized pension expense/(income) of \$(521,041). At December 31, 2024, RMU reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 496,046	\$ 673
Changes in Assumption	-	40,240
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,486,492	-
Contributions after Measurement Date	260,277	-
	<hr/>	<hr/>
TOTAL	\$ 2,242,815	\$ 40,913

\$260,277 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 fiscal year ended December 31, 2025. 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 December 31,</u>	
2025	\$ 316,659
2026	633,692
2027	1,153,228
2028	<hr/> (161,954)
TOTAL	<hr/> \$ 1,941,625 <hr/>

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (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 RMU calculated using the discount rate of 7.25% as well as what RMU'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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	\$ 3,926,453	\$ 711,312	\$ (1,851,708)

6. RISK MANAGEMENT

RMU 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. RMU mitigates these risks through participation in city-wide risk management programs. The City purchases commercial health insurance and is not aware of any additional amounts owed as of December 31, 2024, for the current or prior claim years. Additional information on the City's risk management program can be found in the City's Annual Comprehensive Financial Report.

7. 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.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 \$364 million as of December 31, 2024.

8. INTERFUND ACCOUNTS

A. Advances To/From

Advances to/from other RMU funds at December 31, 2024, consisted of the following:

	Advance From	Advance To
Electric Utility	\$ 409,044	\$ -
Technology Center	-	409,044
TOTAL	\$ 409,044	\$ 409,044

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.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ACCOUNTS (Continued)

B. Interfund Transfers

Interfund transfers during the year ended December 31, 2024 consisted of the following:

	Transfer In	Transfer Out
City	\$ 3,629,303	\$ -
Electric Utility	289,790	2,538,617
Water	-	668,506
Water Reclamation	-	711,970
	<hr/>	<hr/>
TOTAL	\$ 3,919,093	\$ 3,919,093

The purposes of significant interfund transfers are as follows:

- \$3,629,303 transferred to the City - General Fund was made up of \$2,538,617 from the Electric Fund, \$523,611 from the Water Fund, and \$567,075 from the Water Reclamation Fund for annual transfers as permitted under bond ordinances. The transfers will not be repaid.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

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.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

RMU's total OPEB liability of \$715,539 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2024, as determined by an actuarial valuation as of January 1, 2025, actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry-Age Normal
Actuarial Value of Assets	Not Applicable
Salary Increases	2.75%
Discount Rate	4.08%
Healthcare Cost Trend Rates	7.58% to 7.93% Initial 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.

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 4.08% 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 (3.08%) or 1 percentage point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB Liability	\$ 761,048	\$ 715,539	\$ 672,761

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 5.00% to 7.93% 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 (4.00% to 6.93%) or 1 percentage point higher (6.00% to 8.93%) than the current rate:

	1% Decrease (varies)	Current Healthcare Rate (varies)	1% Increase (varies)
Total OPEB Liability	\$ 652,850	\$ 715,539	\$ 787,629

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended December 31, 2024, the RMU recognized OPEB expense of \$108,504. At December 31, 2024, the RMU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 367,955	\$ -
Changes in Assumptions	37,960	60,445
TOTAL	\$ 405,915	\$ 60,445

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31,	
2025	\$ 30,470
2026	30,470
2027	30,470
2028	30,470
2029	30,470
Thereafter	193,120
TOTAL	\$ 345,470

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the RMU's lessor activity is as follows:

	Date Range	Payments	Interest	Lease Receivable	Deferred Inflow
Cell tower	12/2014 - 11/2039	\$2,200 monthly (4% annual increase)	1.591%	\$ 685,346	\$ 633,216
Cell tower	03/2016 - 03/2036	\$1,600 monthly (4% annual increase)	1.446%	342,189	316,828
Dark fiber	11/2019 - 11/2029	\$1,500 monthly	1.164%	84,560	83,641
Collocation	06/2017 - 06/2032	\$2,360 monthly (3% annual increase)	1.305%	275,248	258,810
Dark fiber	10/2019 - 10/2029	\$750 monthly	1.164%	41,571	41,126
Dark fiber	03/2020 - 02/2030	\$375 monthly	1.164%	22,551	22,187
Dark fiber	04/2022 - 03/2032	\$375 monthly (3% annual increase)	2.632%	35,234	32,714
Collocation	04/2020 - 03/2030	\$1,488 monthly	1.164%	90,894	89,429
Collocation	03/2020 - 02/2028	\$634 monthly	0.893%	23,746	23,450
Dark fiber	04/2021 - 03/2031	\$6,567 monthly (3% annual increase)	1.251%	571,624	537,612
TOTAL				<u>\$ 2,172,963</u>	<u>\$ 2,039,013</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

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

Last Ten Fiscal Years

FISCAL YEAR ENDED	April 30,		December 31,							
	2016	2016*	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 391,212	\$ 281,121	\$ 445,537	\$ 402,758	\$ 339,551	\$ 440,576	\$ 411,271	\$ 308,792	\$ 223,752	\$ 260,277
Contributions in Relation to the Contractually Required Contribution	391,212	281,121	445,537	402,758	339,551	440,576	411,271	308,792	223,752	260,277
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,453,001	\$ 2,376,337	\$ 3,731,460	\$ 3,551,656	\$ 3,652,341	\$ 3,976,320	\$ 3,961,579	\$ 4,233,254	\$ 4,575,574	\$ 4,855,914
Contributions as a Percentage of Covered Payroll	11.33%	11.83%	11.94%	11.34%	9.30%	11.08%	10.38%	7.29%	4.89%	5.36%

*Change in fiscal year end from April 30 to December 31. Amounts are for the eight months 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 20 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 2.75% to 13.75% compounded annually and postretirement benefit increases of 2.75% compounded annually.

(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

SCHEDULE OF RMU'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Nine Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's Proportion of Net Pension Liability	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%
Employer's Proportionate Share of Net Pension Liability	\$ 2,896,700	\$ 2,679,131	\$ 533,971	\$ 3,438,473	\$ 1,045,237	\$ (1,233,480)	\$ (4,003,271)	\$ 2,050,216	\$ 711,312
Employer's Covered Payroll	3,453,001	3,505,080	3,679,197	3,652,341	3,644,439	3,961,579	3,954,534	4,211,619	4,550,940
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	83.89%	76.44%	14.51%	94.14%	28.68%	(31.14%)	(101.23%)	48.68%	15.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.65%	88.11%	97.66%	95.37%	95.86%	104.82%	115.16%	92.43%	97.46%

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.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**SCHEDULE OF RMU'S PROPORTIONATE
SHARE OF THE TOTAL OPEB LIABILITY
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Seven Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2018	2019	2020	2021	2022	2023	2024
Employer's Proportion of Total Pension Liability	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%
Employer's Proportionate Share of Total OPEB Liability	\$ 538,755	\$ 438,797	\$ 388,676	\$ 403,716	\$ 494,007	\$ 504,696	\$ 715,539
Employer's Covered Payroll	4,420,600	5,150,615	5,631,947	5,636,896	5,951,422	6,427,084	7,046,097
Employer's Proportionate Share of the Total Pension Liability as a Percentage of its Covered Payroll	12.19%	8.52%	6.90%	7.16%	8.30%	7.85%	10.16%

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.)

SUPPLEMENTAL INFORMATION

ELECTRIC FUND

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION
ELECTRIC FUND**

December 31, 2024

CURRENT ASSETS

Cash and Investments	\$ 41,467,377
Receivables	
Accounts	2,574,175
Accrued Interest	14,839
Other	685,719
Prepaid Expenses	444,794
Deposits	654,746
Materials and Supplies Inventory	<u>1,822,760</u>
 Total Current Assets	 <u>47,664,410</u>

NONCURRENT ASSETS

Advance to Other Funds	<u>409,044</u>
 Total Noncurrent Assets	 <u>409,044</u>

CAPITAL ASSETS

Nondepreciable	3,918,926
Depreciable - Plant in Service	103,289,008
Intangible	464,216
Accumulated Depreciation/Amortization	<u>(58,519,271)</u>
 Net Capital Assets	 <u>49,152,879</u>
 Total Assets	 <u>97,226,333</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Items	1,368,456
OPEB Items	<u>248,374</u>
 Total Deferred Outflows of Resources	 <u>1,616,830</u>

**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

\$ 98,843,163

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)
ELECTRIC FUND**

December 31, 2024

CURRENT LIABILITIES

Accounts Payable	\$ 4,018,881
Accrued Payroll	84,212
Accrued Interest Payable	113,975
Other Payables	203,717
Revenue Bonds Payable	1,270,000
Loan Payable	334,611
OPEB Liability	35,512
Compensated Absences Payable	298,781
Lease Liability	83,131
	<hr/>
Total Current Liabilities	6,442,820

LONG-TERM LIABILITIES

Revenue Bonds Payable	18,742,011
OPEB Liability	402,317
Net Pension Liability	428,597
Lease Liability	261,773
	<hr/>
Total Long-Term Liabilities	19,834,698

Total Liabilities	<hr/> 26,277,518 <hr/>
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DEFERRED INFLOWS OF RESOURCES

Pension Items	24,895
OPEB Items	36,984
	<hr/>
Total Deferred Inflows of Resources	61,879

NET POSITION

Net Investment in Capital Assets	36,292,776
Unrestricted	36,210,990
	<hr/>
Total Net Position	\$ 72,503,766

(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ELECTRIC FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Charges for Services	
Residential	\$ 6,132,915
Commercial	5,462,619
Industrial	32,194,317
Public Street Lighting	2,281
Interdepartmental	289,790
Other Operating Revenue	504,501
Miscellaneous	80,134
	<hr/>
Total Operating Revenues	44,666,557

OPERATING EXPENSES

Operations	
Personnel	2,669,389
Contractual Services	28,534,491
Commodities	1,277,766
Other	1,685,307
Depreciation and Amortization	2,875,935
	<hr/>
Total Operating Expenses	37,042,888

OPERATING INCOME	7,623,669
------------------	-----------

NON-OPERATING REVENUES (EXPENSES)

Investment Income	1,233,289
Interest Expense	(560,613)
	<hr/>
Total Non-Operating Revenues (Expenses)	672,676

NET INCOME BEFORE TRANSFERS	8,296,345
-----------------------------	-----------

TRANSFERS

Transfers In	289,790
Transfers (Out)	(2,538,617)
	<hr/>
Total Transfers	(2,248,827)

CHANGE IN NET POSITION	6,047,518
------------------------	-----------

NET POSITION, BEGINNING OF YEAR	66,456,248
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NET POSITION, END OF YEAR	\$ 72,503,766
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS
ELECTRIC FUND**

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 46,219,434
Payments to Suppliers	(30,016,837)
Payments to Employees	(3,090,378)
Payments to Other Funds	(1,325,852)
	<hr/>
Net Cash from Operating Activities	11,786,367

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfers In	289,790
Transfers (Out)	(2,538,617)
	<hr/>
Net Cash from Noncapital Financing Activities	(2,248,827)

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital Assets Purchased	(1,276,392)
Principal Payments on Long-Term Debt	(1,626,561)
Interest Payments on Long-Term Debt	(718,752)
	<hr/>
Net Cash from Capital and Related Financing Activities	(3,621,705)

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of Investments	764,742
Purchases of Investments	(877,198)
Interest Received on Investments	1,235,148
	<hr/>
Net Cash from Investing Activities	1,122,692

NET INCREASE IN CASH AND CASH EQUIVALENTS	7,038,527
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<hr/> 7,392,725
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CASH AND CASH EQUIVALENTS, END OF YEAR	<hr/> <hr/> \$ 14,431,252
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(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)
ELECTRIC FUND**

For the Year Ended December 31, 2024

**RECONCILIATION OF OPERATING INCOME TO NET
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 7,623,669
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation and Amortization	2,875,935
Changes in Assets and Liabilities	
Accounts Receivable	1,996,153
Other Receivables	(411,064)
Prepaid Expenses	143,639
Materials and Supplies Inventory	(313,355)
Deposits	(32,212)
Pension Items - IMRF	(637,283)
OPEB Items	32,152
Accounts Payable	258,564
Accrued Payroll	29,095
Other Payables	66,027
Compensated Absences	155,047

NET CASH FROM OPERATING ACTIVITIES \$ 11,786,367

CASH AND INVESTMENTS

Cash and Cash Equivalents	\$ 14,431,252
Investments	<u>27,036,125</u>

TOTAL CASH AND INVESTMENTS \$ 41,467,377

NONCASH TRANSACTIONS

Capital Assets in Accounts Payable	\$ 1,436,813
Capital Assets Acquired through Leases	<u>257,712</u>

TOTAL NONCASH TRANSACTIONS \$ 1,694,525

(See independent auditor's report.)

WATER FUND

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION
WATER FUND**

December 31, 2024

CURRENT ASSETS

Cash and Investments	\$ 977,237
Receivables	
Accounts	182,903
Leases	50,862
Other	769,047
Prepaid Expenses	35,682
Due from Other Governments	1,638,936
Restricted Assets	
Cash Held at Paying Agent	<u>79,913</u>

Total Current Assets	<u>3,734,580</u>
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NONCURRENT ASSETS

Leases Receivable	<u>976,672</u>
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Total Noncurrent Assets	<u>976,672</u>
-------------------------	----------------

CAPITAL ASSETS

Nondepreciable	2,686,012
Depreciable - Plant in Service	36,240,546
Intangible	92,570
Accumulated Depreciation/Amortization	<u>(13,873,658)</u>

Net Capital Assets	<u>25,145,470</u>
--------------------	-------------------

Total Assets	<u>29,856,722</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension Items	173,759
OPEB Items	31,225
Asset Retirement Obligation	<u>438,983</u>

Total Deferred Outflows of Resources	<u>643,967</u>
--------------------------------------	----------------

**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

	<u><u>\$ 30,500,689</u></u>
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(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)
WATER FUND**

December 31, 2024

CURRENT LIABILITIES

Accounts Payable	\$ 896,612
Accrued Payroll	23,999
Accrued Interest Payable	18,631
IEPA Loans Payable	387,964
OPEB Liability	4,304
Compensated Absences Payable	109,278
Lease Liability	10,392

Total Current Liabilities	1,451,180
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LONG-TERM LIABILITIES

Illinois EPA Loans Payable	6,958,260
OPEB Liability	50,737
Net Pension Liability	56,824
Asset Retirement Obligation	465,300
Lease Liability	1,876

Total Long-Term Liabilities	7,532,997
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Total Liabilities	8,984,177
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DEFERRED INFLOWS OF RESOURCES

Pension Items	3,191
OPEB Items	4,651
Leases	950,045

Total Deferred Inflows of Resources	957,887
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NET POSITION

Net Investment in Capital Assets	17,679,677
Restricted for Debt Service	79,913
Unrestricted	2,799,035

Total Net Position	\$ 20,558,625
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Water	
Charges for Services	
Residential	\$ 1,236,589
Commercial	1,433,471
Industrial	1,018,614
Rental	84,635
Other Operating Revenue	20,837
Miscellaneous	647
	<hr/>
Total Operating Revenues	3,794,793

OPERATING EXPENSES

Operations	
Personnel	991,641
Contractual Services	924,025
Commodities	344,761
Insurance	18,761
Other	383,579
Depreciation and Amortization	1,010,502
	<hr/>
Total Operating Expenses	3,673,269

OPERATING INCOME	<hr/> 121,524
------------------	---------------

NON-OPERATING REVENUES (EXPENSES)

Investment Income	85,662
Grant Revenue	768,704
Interest Expense	(92,449)
	<hr/>
Total Non-Operating Revenues (Expenses)	761,917

NET INCOME BEFORE TRANSFERS	<hr/> 883,441
-----------------------------	---------------

TRANSFERS

Transfers (Out)	<hr/> (668,506)
Total Transfers	<hr/> (668,506)

CHANGE IN NET POSITION	214,935
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NET POSITION, BEGINNING OF YEAR	<hr/> 20,343,690
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NET POSITION, END OF YEAR	<hr/> <hr/> \$ 20,558,625
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS
WATER FUND**

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 3,236,919
Payments to Suppliers	(248,583)
Payments to Employees	(1,005,418)
Payments to Other Funds	(544,719)
	<hr/>
Net Cash from Operating Activities	1,438,199

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfers (Out)	(668,506)
Payments from Other Governments	(1,638,936)
Grant Receipts	768,704
Receipts Held at Paying Agent	(79,913)
	<hr/>
Net Cash from Noncapital Financing Activities	(1,618,651)

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital Assets Purchased	(1,951,284)
Long Term Debt Issued	1,638,936
Principal Payments on Long-Term Debt	(408,784)
Interest Payments on Long-Term Debt	(88,414)
	<hr/>
Net Cash from Capital and Related Financing Activities	(809,546)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received on Investments	85,662
	<hr/>
Net Cash from Investing Activities	85,662

NET DECREASE IN CASH AND CASH EQUIVALENTS	(904,336)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,881,573
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 977,237</u></u>
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(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)
WATER FUND**

For the Year Ended December 31, 2024

**RECONCILIATION OF OPERATING INCOME TO NET
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 121,524
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation and Amortization	1,010,502
Changes in Assets and Liabilities	
Accounts Receivable	215,199
Other Receivables	(768,814)
Prepaid Expenses	2,126
Pension Items - IMRF	(80,115)
OPEB Items	4,042
Lease Revenue Items	(4,259)
Accounts Payable	875,698
Accrued Payroll	6,667
Compensated Absences	55,629

NET CASH FROM OPERATING ACTIVITIES	\$ 1,438,199
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CASH AND INVESTMENTS

Cash and Cash Equivalents	\$ 977,237
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TOTAL CASH AND INVESTMENTS	\$ 977,237
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NONCASH TRANSACTIONS

Capital Assets in Accounts Payable	\$ 107,301
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TOTAL NONCASH TRANSACTIONS	\$ 107,301
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(See independent auditor's report.)

WATER RECLAMATION FUND

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION
WATER RECLAMATION FUND**

December 31, 2024

CURRENT ASSETS

Cash and Investments	\$ 6,764,139
Receivables	
Accounts	425,573
Accrued Interest	14,564
Other	55,947
Prepaid Expenses	58,575
Due from Other Governments	258,365
Restricted Assets	
Cash Held at Paying Agent	<u>138,796</u>
 Total Current Assets	 <u>7,715,959</u>

NONCURRENT ASSETS

Special Assessments	<u>40,959</u>
 Total Noncurrent Assets	 <u>40,959</u>

CAPITAL ASSETS

Nondepreciable	4,574,741
Depreciable - Plant in Service	52,488,255
Intangible	76,447
Accumulated Depreciation	<u>(32,807,253)</u>
 Net Capital Assets	 <u>24,332,190</u>
 Total Assets	 <u>32,089,108</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Items	463,071
OPEB Items	<u>83,738</u>
 Total Deferred Outflows of Resources	 <u>546,809</u>

**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

\$ 32,635,917

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)
WATER RECLAMATION FUND**

December 31, 2024

CURRENT LIABILITIES

Accounts Payable	\$ 1,686,657
Accrued Payroll	22,461
Accrued Interest Payable	20,605
IEPA Loans Payable	260,142
OPEB Liability	11,544
Compensated Absences Payable	91,427
Lease Liability	<u>13,313</u>

Total Current Liabilities	<u>2,106,149</u>
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LONG-TERM LIABILITIES

IEPA Loans Payable	4,597,953
OPEB Liability	136,068
Net Pension Liability	147,409
Lease Liability	<u>29,904</u>

Total Long-Term Liabilities	<u>4,911,334</u>
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Total Liabilities	<u>7,017,483</u>
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DEFERRED INFLOWS OF RESOURCES

Pension Items	8,453
OPEB Items	<u>12,470</u>

Total Deferred Inflows of Resources	<u>20,923</u>
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NET POSITION

Net Investment in Capital Assets	18,556,485
Restricted for Debt Service	138,796
Unrestricted	<u>6,902,230</u>

TOTAL NET POSITION	<u><u>\$ 25,597,511</u></u>
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER RECLAMATION FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Charges for Services	
Residential	\$ 1,280,181
Commercial	1,902,374
Industrial	1,325,930
Other Operating Revenue	177,332
Miscellaneous	8,848
	<hr/>
Total Operating Revenues	4,694,665

OPERATING EXPENSES

Operations	
Personnel	1,155,634
Contractual Services	1,020,645
Commodities	849,569
Insurance	31,804
Other	240,510
Depreciation and Amortization	1,639,883
	<hr/>
Total Operating Expenses	4,938,045

OPERATING INCOME (LOSS)	<hr/> (243,380)
-------------------------	-----------------

NON-OPERATING REVENUES (EXPENSES)

Investment Income	261,656
Interest Expense	(52,828)
	<hr/>
Total Non-Operating Revenues (Expenses)	208,828

NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<hr/> (34,552)
--	----------------

TRANSFERS

Transfers (Out)	<hr/> (711,970)
	<hr/>
Total Transfers	(711,970)

CAPITAL GRANTS AND CONTRIBUTIONS	<hr/> 3,492,180
---	-----------------

CHANGE IN NET POSITION	2,745,658
------------------------	-----------

NET POSITION, BEGINNING OF YEAR (RESTATED)	<hr/> 22,851,853
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NET POSITION, END OF YEAR	<hr/> <hr/> \$ 25,597,511
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS
WATER RECLAMATION FUND**

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 4,851,003
Payments to Suppliers	(594,632)
Payments to Employees	(1,307,250)
Payments to Other Funds	<u>(669,643)</u>
Net Cash from Operating Activities	<u>2,279,478</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfers (Out)	(711,970)
Payments from Other Governments	(258,365)
Receipts Held at Paying Agent	<u>(138,796)</u>
Net Cash from Noncapital Financing Activities	<u>(1,109,131)</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital Assets Purchased	(58,589)
Long Term Debt Issued	4,105,297
Principal Payments on Long-Term Debt	(3,771,782)
Interest Payments on Long-Term Debt	<u>(54,017)</u>
Net Cash from Capital and Related Financing Activities	<u>220,909</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received on Investments	<u>260,906</u>
Net Cash from Investing Activities	<u>260,906</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,652,162
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,111,977</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 6,764,139</u></u>
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(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)
WATER RECLAMATION FUND**

For the Year Ended December 31, 2024

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (243,380)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities	
Depreciation and Amortization	1,639,883
Changes in Assets and Liabilities	
Accounts Receivable	179,170
Other Receivables	(52,220)
Prepaid Expenses	(8,892)
Special Assessments	29,388
Pension Items - IMRF	(214,856)
OPEB Items	10,840
Accounts Payable	887,145
Accrued Payroll	2,441
Compensated Absences	49,959
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 2,279,478</u></u>
CASH AND INVESTMENTS	
Cash and Cash Equivalents	<u>\$ 6,764,139</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 6,764,139</u></u>
NONCASH TRANSACTIONS	
Capital Contributions	\$ 3,492,180
Capital Assets in Accounts Payable	<u>874,393</u>
TOTAL NONCASH TRANSACTIONS	<u><u>\$ 4,366,573</u></u>

(See independent auditor's report.)

TECHNOLOGY CENTER FUND

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION
TECHNOLOGY CENTER FUND**

December 31, 2024

CURRENT ASSETS

Cash	
Receivables	\$ 658,584
Accounts	62,964
Leases	171,649
Prepaid Expenses	3,224
	<hr/>
Total Current Assets	896,421
	<hr/>

NONCURRENT ASSET

Lease Receivable	973,780
	<hr/>
Total Noncurrent Assets	973,780
	<hr/>

CAPITAL ASSETS

Nondepreciable	519,453
Depreciable - Plant in Service	9,407,125
Intangible	18,368
Accumulated Depreciation/Amortization	(6,179,864)
	<hr/>
Net Capital Assets	3,765,082
	<hr/>
Total Assets	5,635,283
	<hr/>

DEFERRED OUTFLOWS OF RESOURCES

Pension Items	237,529
OPEB Items	42,578
Unamortized Loss on Refunding	37,832
	<hr/>
Total Deferred Outflows of Resources	317,939
	<hr/>

**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

\$ 5,953,222

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)
TECHNOLOGY CENTER FUND**

December 31, 2024

CURRENT LIABILITIES

Accounts Payable	\$ 19,223
Accrued Payroll	161
General Obligation Debt Payable	320,000
OPEB Liability	2,152
Compensated Absences Payable	12
Lease Liability	500

Total Current Liabilities	342,048
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LONG-TERM LIABILITIES

Advance from Other Funds	409,044
OPEB Liability	72,905
Net Pension Liability	78,482
Long-Term Debt, Net of Current Maturities	
General Obligation Debt Payable	1,057,987

Total Long-Term Liabilities	1,618,418
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Total Liabilities	1,960,466
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DEFERRED INFLOWS OF RESOURCES

Pension Items	4,374
OPEB Items	6,340
Leases	1,088,968

Total Deferred Inflows of Resources	1,099,682
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NET POSITION

Net Investment in Capital Assets	2,424,427
Unrestricted	468,647

TOTAL NET POSITION	\$ 2,893,074
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(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
TECHNOLOGY CENTER FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Technology	
Charges for Services	
Commercial Fiber Leases	\$ 551,059
Commercial Colocation Leases	304,294
Penalties	<u>1,811</u>
Total Technology	<u>857,164</u>
Communications	
Charges for Services	
Dial-Up Internet Access	4,952
Fiber Internet Access	322,171
Web Site Host	2,695
Data Services	4,968
VOIP Services	837
Mailboxes	2,103
Penalties	<u>654</u>
Total Communications Revenues	<u>338,380</u>
Other Charges for Services	<u>1,507</u>
Total Operating Revenues	<u>1,197,051</u>

OPERATING EXPENSES

Technology	
Operations	
Personnel	(86,326)
Contractual Services	561,503
Commodities	167,350
Depreciation and Amortization	<u>260,185</u>
Total Technology Expenses	<u>902,712</u>
Communications	
Operations	
Personnel	12,234
Contractual Services	22,744
Commodities	58,728
Depreciation and Amortization	<u>53,273</u>
Total Communications Expenses	<u>146,979</u>
Total Operating Expenses	<u>1,049,691</u>
OPERATING INCOME	<u>147,360</u>

(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION (Continued)
TECHNOLOGY CENTER FUND**

For the Year Ended December 31, 2024

NON-OPERATING REVENUES (EXPENSES)	
Investment Income	\$ 11,142
Interest Expense	<u>(54,311)</u>
Total Non-Operating Revenues (Expenses)	<u>(43,169)</u>
 CHANGE IN NET POSITION	 104,191
 NET POSITION, BEGINNING OF YEAR	 <u>2,788,883</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 2,893,074</u></u>

(See independent auditor's report.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS
TECHNOLOGY CENTER FUND**

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 1,286,631
Payments to Suppliers	(317,361)
Payments to Employees	(31,650)
Payments to Other Funds	<u>(474,834)</u>
Net Cash from Operating Activities	<u>462,786</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

None	<u>-</u>
Net Cash from Noncapital Financing Activities	<u>-</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal Payments on Long-Term Debt	(315,982)
Interest Payments on Long-Term Debt	<u>(53,100)</u>
Net Cash from Capital and Related Financing Activities	<u>(369,082)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received on Investments	<u>11,142</u>
Net Cash from Investing Activities	<u>11,142</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	104,846
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>553,738</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 658,584</u></u>
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(This statement is continued on the following page.)

**ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)
TECHNOLOGY CENTER FUND**

For the Year Ended December 31, 2024

**RECONCILIATION OF OPERATING INCOME TO NET
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 147,360
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation and Amortization	313,458
Changes in Assets and Liabilities	
Accounts Receivable	103,386
Prepaid Expenses	(757)
Pension Items - IMRF	(109,249)
OPEB Items	5,512
Lease Revenue Items	(13,806)
Accounts Payable	18,887
Accrued Payroll	(960)
Compensated Absences	(1,045)

NET CASH FROM OPERATING ACTIVITIES	\$ 462,786
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CASH AND INVESTMENTS

Cash and Cash Equivalents	\$ 658,584
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NONCASH TRANSACTIONS

None	\$ -
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TOTAL NONCASH TRANSACTIONS	\$ -
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(See independent auditor's report.)