

**VILLAGE OF ROCHESTER, ILLINOIS**

**ANNUAL FINANCIAL REPORT  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2020**

Village of Rochester, Illinois  
For the Year Ended April 30, 2020

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For the Year Ended April 30, 2020

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# Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

To the President and Board of Trustees  
Village of Rochester, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rochester, Illinois (the Village), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Village of Rochester, Illinois as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Rochester, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying financial information listed as "additional schedules" in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Estes, Bridgewater & Ogden*

Certified Public Accountants  
Springfield, Illinois

March 8, 2021

Village of Rochester, Illinois  
**STATEMENT OF NET POSITION**  
April 30, 2020

Statement 1

<u>Assets and Deferred Outflows</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents.....	\$1,180,594	\$1,729,540	\$ 2,910,134
Restricted cash.....	823	-	823
Receivable, net			
Accounts .....	-	192,478	192,478
Taxes .....	361,904	-	361,904
Other .....	138,785	-	138,785
Prepaid expenses.....	<u>24,352</u>	<u>23,953</u>	<u>48,305</u>
Total current assets .....	<u>1,706,458</u>	<u>1,945,971</u>	<u>3,652,429</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Capital assets not being depreciated.....	101,434	166,240	267,674
Capital assets being depreciation, net.....	<u>917,337</u>	<u>5,489,611</u>	<u>6,406,948</u>
Total capital assets .....	<u>1,018,771</u>	<u>5,655,851</u>	<u>6,674,622</u>
Deferred charges			
Connection fees.....	<u>-</u>	<u>115,273</u>	<u>115,273</u>
Total noncurrent assets .....	<u>1,018,771</u>	<u>5,771,124</u>	<u>6,789,895</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	<u>366,941</u>	<u>190,613</u>	<u>557,554</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS .....</b>	<u><b>\$3,092,170</b></u>	<u><b>\$7,907,708</b></u>	<u><b>\$10,999,878</b></u>

(Continued)

Village of Rochester, Illinois  
**STATEMENT OF NET POSITION, Continued**  
April 30, 2020

Statement 1

<u>Liabilities, Deferred Inflows and Net Position</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable.....	\$ 19,117	\$ 72,228	\$ 91,345
Customer deposits payable.....	-	137,821	137,821
Accrued payroll .....	67,510	12,050	79,560
Accrued compensated absences payable.....	-	11,226	11,226
Accrued interest payable .....	-	15,111	15,111
Unearned revenue .....	361,904	-	361,904
Bonds payable, current portion.....	-	105,000	105,000
Notes payable, current portion .....	-	67,908	67,908
Total current liabilities.....	<u>448,531</u>	<u>421,344</u>	<u>869,875</u>
<b>NONCURRENT LIABILITIES</b>			
Bonds payable, net of current portion .....	-	1,025,000	1,025,000
Notes payable, net of current portion .....	-	270,857	270,857
Net pension liability.....	<u>450,882</u>	<u>225,133</u>	<u>676,015</u>
Total noncurrent liabilities.....	<u>450,882</u>	<u>1,520,990</u>	<u>1,971,872</u>
<b>TOTAL LIABILITIES</b> .....	<u>899,413</u>	<u>1,942,334</u>	<u>2,841,747</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions .....	<u>308,647</u>	<u>102,770</u>	<u>411,417</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	1,018,771	4,187,086	5,205,857
Restricted for			
Highways and streets .....	209,651	-	209,651
Arboretum project.....	1,751	-	1,751
Public safety.....	823	-	823
Economic development .....	198,429	-	198,429
Unrestricted.....	<u>454,685</u>	<u>1,675,518</u>	<u>2,130,203</u>
<b>TOTAL NET POSITION</b> .....	<u>\$1,884,110</u>	<u>\$5,862,604</u>	<u>\$ 7,746,714</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**STATEMENT OF ACTIVITIES**  
For the Year Ended April 30, 2020

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>						
Governmental activities:						
General government.....	(\$ 293,828)	\$ 34,655	\$ 5,228	(\$ 253,945)	\$ -	(\$ 253,945)
Culture and recreation.....	( 111,796)	5,725	-	( 106,071)	-	( 106,071)
Public safety.....	( 795,080)	13,522	-	( 781,558)	-	( 781,558)
Highway and streets.....	( 268,728)	-	-	( 268,728)	-	( 268,728)
Economic development .....	( 172,183)	-	-	( 172,183)	-	( 172,183)
Total governmental activities ..	( 1,641,615)	53,902	5,228	( 1,582,485)	-	( 1,582,485)
Business-type activities:						
Water utility .....	( 881,683)	1,169,054	-	-	287,371	287,371
Sewer utility .....	( 935,539)	865,472	-	-	( 70,067)	( 70,067)
Interest expense.....	( 51,996)	-	-	-	( 51,996)	( 51,996)
Total business-type activities...	( 1,869,218)	2,034,526	-	-	165,308	165,308
<b>Total Primary Government .....</b>	<b>(\$3,510,833)</b>	<b>\$2,088,428</b>	<b>\$ 5,228</b>	<b>( 1,582,485)</b>	<b>165,308</b>	<b>( 1,417,177)</b>
<b>General Revenues:</b>						
Income taxes				362,845	-	362,845
Sales tax				118,635	-	118,635
Use tax				129,693	-	129,693
Property tax				621,764	-	621,764
Motor Fuel tax				136,130	-	136,130
Other taxes				332,402	-	332,402
Investment income				12,075	2,427	14,502
Miscellaneous				98,717	5,534	104,251
Total general revenues				1,812,261	7,961	1,820,222
Change in net position				229,776	173,269	403,045
Net position at beginning of year				1,654,334	5,689,335	7,343,669
Net position at end of year				1,884,110	5,862,604	7,746,714

The accompanying notes are an integral part of the financial statements.



Village of Rochester, Illinois  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
April 30, 2020

Statement 3

<u>Assets</u>	<u>General Fund</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 773,689	\$ 198,429	\$ 208,476	\$1,180,594
Restricted cash.....	823	-	-	823
Receivables, net				
Property taxes .....	361,904	-	-	361,904
Other .....	127,844	-	10,941	138,785
Prepaid insurance.....	24,352	-	-	24,352
<b>TOTAL ASSETS.....</b>	<b><u>\$1,288,612</u></b>	<b><u>\$ 198,429</u></b>	<b><u>\$ 219,417</u></b>	<b><u>\$1,706,458</u></b>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<b>LIABILITIES</b>				
Accrued payroll .....	\$ 67,510	\$ -	\$ -	\$ 67,510
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in current year .....	361,904	-	-	361,904
Tax revenue .....	7,587	-	-	7,587
Total deferred inflows of resources .....	369,491	-	-	369,491
Total liabilities and deferred inflows of resources .....	437,001	-	-	437,001
<b>FUND BALANCES</b>				
Nonspendable for prepaid items.....	24,352	-	-	24,352
Restricted .....	2,949	198,429	209,651	411,029
Assigned .....	-	-	9,766	9,766
Unassigned.....	824,310	-	-	824,310
Total fund balances.....	851,611	198,429	219,417	1,269,457
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b><u>\$1,288,612</u></b>	<b><u>\$ 198,429</u></b>	<b><u>\$ 219,417</u></b>	<b><u>\$1,706,458</u></b>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET POSITION**  
 April 30, 2020

Total fund balances - governmental funds .....	\$1,269,457
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	1,018,771
Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in the governmental funds .....	7,587
Deferred outflows of resources related to pensions .....	366,941
Deferred inflows of resources related to pensions .....	( 308,647)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, is not reported as liabilities in the governmental funds. These activities consist of:	
Net pension liability .....	( 450,882)
Accounts payable.....	( 19,117)
Total net position - governmental activities .....	<u>\$1,884,110</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 For the Year Ended April 30, 2020

Statement 4

	General Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes.....	\$ 641,180	\$ 274,865	\$ -	\$ 916,045
Intergovernmental.....	652,507	-	136,130	788,637
Fines and fees .....	30,097	-	-	30,097
Licenses and permits .....	23,805	-	-	23,805
Interest income .....	7,838	-	4,237	12,075
Miscellaneous .....	<u>98,717</u>	<u>-</u>	<u>-</u>	<u>98,717</u>
Total revenues.....	<u>1,454,144</u>	<u>274,865</u>	<u>140,367</u>	<u>1,869,376</u>
<b>EXPENDITURES</b>				
Current operation				
General government.....	232,524	-	-	232,524
Culture and recreation.....	111,796	-	-	111,796
Public safety .....	781,017	-	-	781,017
Economic development .....	-	172,183	-	172,183
Highways and streets .....	<u>223,945</u>	<u>-</u>	<u>20,322</u>	<u>244,267</u>
Total expenditures.....	<u>1,349,282</u>	<u>172,183</u>	<u>20,322</u>	<u>1,541,787</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) ...	104,862	102,682	120,045	327,589
<b>OTHER FINANCING SOURCES (USES)</b>				
Grants.....	<u>5,228</u>	<u>-</u>	<u>-</u>	<u>5,228</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	110,090	102,682	120,045	332,817
FUND BALANCES AT BEGINNING OF YEAR	<u>741,521</u>	<u>95,747</u>	<u>99,372</u>	<u>936,640</u>
<b>FUND BALANCES AT END OF YEAR .....</b>	<u>\$ 851,611</u>	<u>\$ 198,429</u>	<u>\$ 219,417</u>	<u>\$1,269,457</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended April 30, 2020

Total net change in fund balances - governmental funds.....	\$ 332,817
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Depreciation.....	( 107,771)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This is the change in deferred revenue .....	( 3,213)
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Some expenses reported in the Statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. ....	<u>7,943</u>
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Change in the net position - governmental activities .....	\$ <u>229,776</u>
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The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
April 30, 2020

Statement 5

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents.....	\$1,185,564	\$ 543,976	\$1,729,540
Accounts receivable .....	75,224	117,254	192,478
Prepaid expenses .....	14,720	9,233	23,953
Total current assets .....	1,275,508	670,463	1,945,971
<b>NONCURRENT ASSETS</b>			
Capital assets not being depreciated .....	166,240	-	166,240
Capital assets being depreciated, net.....	2,317,500	3,172,111	5,489,611
Deferred charges:			
Connection fees .....	-	115,273	115,273
Total noncurrent assets .....	2,483,740	3,287,384	5,771,124
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions .....	95,291	95,322	190,613
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS .....</b>	<b>3,854,539</b>	<b>4,053,169</b>	<b>7,907,708</b>
<u>Liabilities and Net Position</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable .....	48,158	24,070	72,228
Customer deposits payable .....	137,821	-	137,821
Accrued payroll.....	6,025	6,025	12,050
Accrued compensated absences.....	5,613	5,613	11,226
Accrued interest payable.....	15,111	-	15,111
Bonds payable, current portion.....	105,000	-	105,000
Notes payable, current portion.....	21,298	46,610	67,908
Total current liabilities.....	339,026	82,318	421,344
<b>NONCURRENT LIABILITIES</b>			
Bonds payable, net of current portion.....	1,025,000	-	1,025,000
Notes payable, net of current portion.....	18,379	252,478	270,857
Net pension liability .....	112,570	112,563	225,133
Total noncurrent liabilities.....	1,155,949	365,041	1,520,990
Total liabilities .....	1,494,975	447,359	1,942,334
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions .....	51,362	51,408	102,770
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS.....</b>	<b>1,546,337</b>	<b>498,767</b>	<b>2,045,104</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	1,314,063	2,873,023	4,187,086
Unrestricted .....	994,139	681,379	1,675,518
<b>TOTAL NET POSITION.....</b>	<b>\$2,308,202</b>	<b>\$3,554,402</b>	<b>\$5,862,604</b>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 PROPRIETARY FUNDS**  
 For the Year Ended April 30, 2020

Statement 6

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Metered water sales.....	\$ 994,605	\$ -	\$ 994,605
Sewer service .....	-	851,920	851,920
Water bond revenue .....	155,369	-	155,369
Connection fees.....	6,465	150	6,615
Penalty revenue.....	12,615	13,402	26,017
Miscellaneous.....	<u>5,534</u>	<u>-</u>	<u>5,534</u>
Total operating revenues .....	<u>1,174,588</u>	<u>865,472</u>	<u>2,040,060</u>
<b>OPERATING EXPENSES</b>			
Water purchased.....	405,783	-	405,783
Sewer flow charges .....	-	363,220	363,220
Salaries, taxes and benefits .....	196,527	191,111	387,638
Materials and supplies.....	28,579	8,963	37,542
Gas and oil.....	4,692	4,762	9,454
Depreciation and amortization.....	87,711	164,944	252,655
Office supplies and expense.....	7,571	6,491	14,062
Insurance .....	13,542	9,937	23,479
Ordinance codification .....	2,250	2,250	4,500
Audit fees .....	5,513	5,513	11,026
Professional fees.....	33,688	40,763	74,451
Computer maintenance .....	2,233	2,641	4,874
Uniforms .....	1,281	1,246	2,527
Testing.....	3,973	1,348	5,321
Utilities and telephone.....	7,019	26,462	33,481
Dues.....	736	250	986
Publications and subscriptions .....	90	90	180
Repairs and maintenance .....	73,403	103,843	177,246
Drug screening .....	268	268	536
Miscellaneous.....	<u>6,824</u>	<u>1,437</u>	<u>8,261</u>
Total operating expenses .....	<u>881,683</u>	<u>935,539</u>	<u>1,817,222</u>
INCOME (LOSS) FROM OPERATIONS.....	<u>292,905</u>	( <u>70,067</u> )	<u>222,838</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income .....	1,656	771	2,427
Interest (expense) .....	( <u>43,573</u> )	( <u>8,423</u> )	( <u>51,996</u> )
Total nonoperating revenues (expenses) .....	( <u>41,917</u> )	( <u>7,652</u> )	( <u>49,569</u> )
<b>CHANGE IN NET POSITION</b> .....	250,988	( 77,719 )	173,269
NET POSITION AT BEGINNING OF YEAR.....	<u>2,057,214</u>	<u>3,632,121</u>	<u>5,689,335</u>
NET POSITION AT END OF YEAR.....	<u>\$2,308,202</u>	<u>\$3,554,402</u>	<u>\$5,862,604</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended April 30, 2020

Statement 7

	Water Utility	Sewer Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users.....	\$1,215,048	\$ 929,585	\$2,144,633
Payments for goods and services .....	( 718,604)	( 586,836)	( 1,305,440)
Payments to employees and benefits .....	( 200,718)	( 195,301)	( 396,019)
Net cash provided by (used for) operating activities.....	<u>295,726</u>	<u>147,448</u>	<u>443,174</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets.....	( 31,498)	( 39,372)	( 70,870)
Principal paid on revenue bonds and notes.....	( 120,654)	( 45,926)	( 166,580)
Interest paid on revenue bonds and notes .....	( 43,573)	( 8,423)	( 51,996)
Net cash provided by (used for) capital and related financing activities .....	( <u>195,725</u> )	( <u>93,721</u> )	( <u>289,446</u> )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received .....	<u>1,656</u>	<u>771</u>	<u>2,427</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>101,657</b>	<b>54,498</b>	<b>156,155</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b><u>1,083,907</u></b>	<b><u>489,478</u></b>	<b><u>1,573,385</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b><u>\$1,185,564</u></b>	<b><u>\$ 543,976</u></b>	<b><u>\$1,729,540</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss) from operations .....	\$ 292,905	(\$ 70,067)	\$ 222,838
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization .....	87,711	164,944	252,655
Pension adjustment other than contributions.....	( 2,773)	( 2,775)	( 5,548)
(Increase) decrease in assets:			
Accounts receivable .....	40,460	64,113	104,573
(Decrease) increase in liabilities			
Accounts payable .....	( 119,894)	( 4,577)	( 124,471)
Customer deposits payable .....	2,396	-	2,396
Accrued liabilities .....	( 5,079)	( 4,190)	( 9,269)
Net cash provided by (used for) operating activities .....	<u>\$ 295,726</u>	<u>\$ 147,448</u>	<u>\$ 443,174</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. – Reporting Entity**

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The Village is considered to be a primary government as defined by GASB Statement No. 14, since it is legally separate and fiscally independent.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government. The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

**B. – Fund Accounting**

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.



Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. – Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, telecommunications taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

*The General Fund* is used to account for all activities of the general government not accounted for in some other fund.

*The Motor Fuel Tax Fund* is used to account for revenues and expenditures related to street improvements and projects provided by motor fuel taxes received from the State of Illinois.

The Village reports the following non-major special revenue funds:

*The Capital Improvement Fund* is used to account for contributions and specific revenues and transfers from other Village funds and expenditures for various capital projects as the Trustees may designate.

*The TIF Fund* is used to account for the activities relating to the Tax Increment Financing District.

The Village reports the following proprietary funds, which are major funds:

*The Water Utility Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's water operations.

*The Sewer Utility Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's sewer operations.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. – Basis of Accounting and Financial Statement Presentation - Continued**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for water and sewer sales and service. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is generally the Village's policy to use restricted resources first, then unrestricted resources as they are needed. See the policy for use of resources in governmental funds.

**E. – Fund Balances**

Effective May 1, 2011, the Village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In addition, GASB Statement No. 54 modified certain fund type definitions and provided guidance for classification of stabilization amounts on the face of the balance sheet.

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority rests with the Village's Board of Trustees. The Village passes formal resolutions to commit their fund balances. At April 30, 2020, the Village has no committed fund balances.

Assigned – includes amounts that are constrained by the Village's intent to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by: 1) the Village's Board of Trustees itself; or 2) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects); resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned.

Unassigned – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. – Fund Balances - Continued**

It is the Village's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

At April 30, 2020, the Village's fund balance restrictions were for the following purposes:

Restricted purpose	
Highways and streets	\$ 209,651
Arboretum project	1,751
Public safety	823
TIF	<u>198,429</u>
	<u>\$ 410,654</u>

**F. – Budgets and Budgetary Accounting**

Annual budgets were adopted for all governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The budget is prepared by fund, department, division and object for the general fund and the department/division level for other funds, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body. The Board of Trustees approves all transfer amounts between departments for all funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

**G. – Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Village considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**H. – Capital Assets**

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Village records all capital items, which are individually greater than \$5,000, with a useful life of greater than one year, as capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. – Capital Assets - Continued**

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	20 to 40 years
Equipment	3 to 7 years
Utility property and improvements	5 to 40 years
Infrastructure	10 to 40 years

**I. – Investments**

Investments are stated at fair value based on quoted market prices at April 30, 2020. Non-negotiable certificates of deposit are reported at cost.

**J. – Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. The Village's deferred outflows relate to deferred amounts to be recognized in pension expenses in future periods. This amount will be recognized over the next five years.

**K. – Deferred Charges**

Deferred charges include connection fees related to connecting the Village's sewer system to the Springfield Metro Sanitary District. The connection fees are being amortized over the life of the sewer extension project.

**L. – Compensated Absences**

Vested or accumulated vacation leave and vested sick leave are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

**M. – Deferred Inflows of Resources**

The Village reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has two types of deferred inflows: net pension liability and property tax receivables recorded in the current year, but the revenue will be recorded in the subsequent year, as it is meant to finance the next fiscal year, and will be recognized in a future period.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N. – Long-term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net position.

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

**O. – Interfund Transactions**

During the course of normal operations, the Village has numerous transactions between funds. Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

**P. – Property Tax Calendar**

The following information gives significant dates on the property tax calendar of the Village:

- The property tax lien date is January 1 of each year.
- The annual tax levy ordinance for taxes received during fiscal year 2020 was passed December 2018.
- The first installment of property taxes is due to the County Collector in June and the second installment is due in September of each year.
- Significant amounts of property taxes for 2018 were distributed to the Village in June and September of 2019.

The 2019 taxes are intended to finance the subsequent fiscal year and are not considered available for current operations and are therefore shown as deferred inflows of resources. The 2019 tax levy has been recorded as a receivable at April 30, 2020. Although the tax attached as a lien on property as of January 1, 2020 the tax will not be levied until December 2020, and accordingly, is not measurable at April 30, 2020.

**Q. – Concentration of Suppliers**

The Village has an agreement with the City of Springfield, whereby the City of Springfield will supply water to and process sewage from the Village. The Village pays for actual water usage and sewage processed and is not required to purchase a minimum amount of water or process a minimum amount of sewage.

**R. – Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Village's Board of Trustees have adopted an investment policy to invest in instruments allowed by the Illinois Complied Statutes (ILCS), which authorize the Village to make deposits/investments in insured commercial banks, saving and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term 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 Village 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 Village 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, in order of priority, are conformance with legal requirements, safety of principal, liquidity and return on investment.

**A. – Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Currently the Village has a policy to not directly invest in securities maturing more than two years from the date of purchase.

The average maturities of investments in Illinois Funds as of April 30, 2020 were less than one year.

**B. – Credit Risk**

It is the policy of the Village to diversify its investments to the best of its availability based on the type of funds invested and cash flow needs of those funds. As of April 30, 2020, the Village is invested in a non-negotiable certificate of deposit and Illinois Funds.

The Illinois Funds (Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor's upon the request of the Fund's management. The most recent money market rating issued by Standard and Poor's was AAAM. The fair value of the position in the Illinois Funds is the same as the value of the Fund shares. Illinois state statutes provide the Illinois state treasurer with regulatory oversight over the Fund.

**C. – Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

It is the policy of the Village to require collateralization on all funds held in banks or savings and loans above the insured limits provided by the FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102 percent of market value of principal and accrued interest.

As of April 30, 2020, \$76,078 of the Village's bank or investment balance of \$2,990,437 was exposed to custodial credit risk.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital asset for the year ended April 30, 2020 is as follows:

	<u>Balances</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2020</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 101,434	\$ -	\$ -	\$ 101,434
Total capital assets, not being depreciated	<u>101,434</u>	<u>-</u>	<u>-</u>	<u>101,434</u>
Capital assets, being depreciated:				
Buildings and improvements	1,217,596	-	-	1,217,596
Equipment	1,097,167	6,000	-	1,103,167
Other improvements	773,428	-	-	773,428
Infrastructure	<u>383,740</u>	<u>-</u>	<u>-</u>	<u>383,740</u>
Total capital assets being depreciated	<u>3,471,931</u>	<u>6,000</u>	<u>-</u>	<u>3,477,931</u>
Less accumulated depreciation:				
Buildings and improvements	( 705,477)	( 28,078)	-	( 733,555)
Equipment	( 997,306)	( 50,928)	-	( 1,048,234)
Other improvements	( 598,936)	( 18,358)	-	( 617,294)
Infrastructure	<u>( 151,104)</u>	<u>( 10,407)</u>	<u>-</u>	<u>( 161,511)</u>
Total accumulated depreciation	<u>( 2,452,823)</u>	<u>( 107,771)</u>	<u>-</u>	<u>( 2,560,594)</u>
Total capital assets being depreciated, net	<u>1,019,108</u>	<u>( 101,771)</u>	<u>-</u>	<u>917,337</u>
Total capital assets, net	<u>\$1,120,542</u>	<u>(\$ 101,771)</u>	<u>\$ -</u>	<u>\$1,018,771</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 3 – CAPITAL ASSETS - Continued**

	Balances May 1, 2019	Additions	Retirements	Balances April 30, 2020
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 19,335	\$ -	\$ -	\$ 19,335
Construction in progress	<u>207,607</u>	<u>27,398</u>	( <u>88,100</u> )	<u>146,905</u>
Total capital assets not being depreciated	<u>226,942</u>	<u>27,398</u>	( <u>88,100</u> )	<u>166,240</u>
Capital assets, being depreciated:				
Building	876,631	88,100	-	964,731
Water and sewer system	8,114,231	-	-	8,114,231
Water tower	829,403	-	-	829,403
Other improvements	6,578	-	-	6,578
Equipment	<u>393,692</u>	<u>43,472</u>	-	<u>437,164</u>
Total capital assets being depreciated	<u>10,220,535</u>	<u>131,572</u>	-	<u>10,352,107</u>
Less accumulated depreciation:				
Building	( 734,777)	( 5,817)	-	( 740,594)
Water and sewer system	( 3,166,585)	( 199,605)	-	( 3,366,190)
Water tower	( 440,702)	( 20,735)	-	( 461,437)
Other improvements	( 6,578)	-	-	( 6,578)
Equipment	<u>( 268,883)</u>	<u>( 18,814)</u>	-	<u>( 287,697)</u>
Total accumulated depreciation	<u>( 4,617,525)</u>	<u>( 244,971)</u>	-	<u>( 4,862,496)</u>
Total capital assets being depreciated, net	<u>5,603,010</u>	( <u>113,399</u> )	-	<u>5,489,611</u>
Total capital assets, net	<u>\$ 5,829,952</u>	( <u>\$ 86,001</u> )	( <u>\$ 88,100</u> )	<u>\$ 5,655,851</u>

Depreciation expense was charged to functions/programs of the Village for the fiscal year ended April 30, 2020 as follows:

Governmental activities:	
General government	\$ 59,820
Public safety	31,609
Highways and streets	<u>16,342</u>
	<u>\$ 107,771</u>
Business-type activities:	
Water utility	\$ 87,711
Sewer utility	<u>157,260</u>
	<u>\$ 244,971</u>



Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 4 – LONG-TERM OBLIGATIONS**

Business-Type Activities

The Village has pledged future water utility revenue to repay \$1,700,000 in General Obligation Bonds issued in 2013 for the purpose of improving the Village's existing waterworks system. The bonds are payable from the water utility revenue collected by the Water Fund.

Total principal and interest payments	\$ <u>142,665</u>
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Total water revenue	\$ <u>1,174,588</u>
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\$1,700,000 General Obligations Bonds (alternative revenue source), Series 2013, payable through December 2028, interest is payable semiannually based on a 360- day year of twelve 30-day months, principal payments paid annually.	\$ <u>1,130,000</u>
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Future principal and interest payments on general obligation bonds (alternate revenue source) are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 105,000	\$ 40,295	\$ 145,295
2022	110,000	37,481	147,481
2023	115,000	34,214	149,214
2024	120,000	30,534	150,534
2025	125,000	26,490	151,490
2026-2029	<u>555,000</u>	<u>57,436</u>	<u>612,436</u>
	<u>\$1,130,000</u>	<u>\$ 226,450</u>	<u>\$1,356,450</u>

In addition, the Village has a note payable for water tower repairs.

\$127,000 (Water Tower) note payable, quarterly installments of \$3,687, including interest at 3.00%, through December 22, 2021.	\$ <u>24,854</u>
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Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,043	\$ 512	\$ 14,555
2022	<u>10,811</u>	<u>106</u>	<u>10,917</u>
	<u>\$ 24,854</u>	<u>\$ 618</u>	<u>\$ 25,472</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 4 – LONG-TERM OBLIGATIONS - Continued**

The Village entered into a lease to own arrangement with John Deer Financial Service for a backhoe to be shared between the Water and Sewer Funds.

\$69,650 (Backhoe) note payable,  
annual payments of \$15,792, including  
interest at 4.25%, through July 2021. \$ 29,644

Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,507	\$ 1,285	\$ 15,792
2022	<u>15,137</u>	<u>655</u>	<u>15,792</u>
	\$ <u>29,644</u>	\$ <u>1,940</u>	\$ <u>31,584</u>

During the year ending April 30, 2020, the Village borrowed \$400,000 for the purpose of building a pump station.

\$400,000 (Pump Station) note payable,  
annual payments including  
interest of 2.49%, through June 2026. \$ 284,267

Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 39,356	\$ 6,523	\$ 45,879
2022	39,782	5,517	45,299
2023	40,191	4,521	44,712
2024	40,605	3,514	44,119
2025	41,014	2,506	43,520
2026-2027	<u>83,319</u>	<u>1,902</u>	<u>85,221</u>
	\$ <u>284,267</u>	\$ <u>24,483</u>	\$ <u>308,750</u>

Following is a summary of the changes that occurred to the liabilities reported in the business-type activities of the Village for the year ended April 30, 2020.

	<u>Balance May 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance April 30, 2020</u>
General obligation bonds	\$1,230,000	\$ -	\$ 100,000	\$1,130,000
Water tower note payable	38,556	-	13,702	24,854
Backhoe note payable	43,549	-	13,905	29,644
Pump station note payable	<u>323,240</u>	<u>-</u>	<u>38,973</u>	<u>284,267</u>
	\$ <u>1,635,345</u>	\$ <u>-</u>	\$ <u>166,580</u>	\$ <u>1,468,765</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 5 – RETIREMENT PLAN**

**IMRF Plan Description**

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of 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 the first 15 years of service credited, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of 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 the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>18</u>
Total	<u>39</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 5 – RETIREMENT PLAN - Continued**

**Contributions**

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2019 was 12.52%. For the fiscal year ended April 30, 2020, the Village contributed \$159,761 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Village's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are methods and assumptions used to determine total pension liability at December 31, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Price Inflation** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
- **Mortality –**

For **Non-Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For **Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.

For **Active Members**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Morality Table with adjustments to match current IMRF experience.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 5 – RETIREMENT PLAN - Continued**

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
Total	100%	

**Single Discount Rate**

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 5 – RETIREMENT PLAN - Continued**

Changes in the Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Position Liability <u>(a) – (b)</u>
Balances at December 31, 2018	\$3,722,522	\$2,688,241	\$1,034,281
Changes for the year:			
Service cost	78,199	-	78,199
Interest on the Total Pension Liability	263,956	-	263,956
Difference between expected and actual experience of the Total Pension Liability	66,193	-	66,193
Changes in assumptions	-	-	-
Contributions – employer	-	157,634	( 157,634)
Contributions – employee	-	38,686	( 38,686)
Net investment income	-	515,554	( 515,554)
Benefit payments, including refunds of employee contributions	( 241,702)	( 241,702)	-
Other (Net Transfers)	-	54,740	( 54,740)
Net changes	<u>166,646</u>	<u>524,912</u>	<u>( 358,266)</u>
Balances at December 31, 2019	\$3,889,168	\$3,213,153	\$ 676,015

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25% as well as what the plan's net pension liability would be if it were calculated using a Single discount Rate that is 1% lower or 1% higher:

	1% Lower <u>6.25%</u>	Current Discount <u>7.25%</u>	1% Higher <u>8.25%</u>
Net pension liability	\$1,148,969	\$ 676,015	\$ 288,715

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 5 – RETIREMENT PLAN - Continued**

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2020, the Village recognized pension expense of \$159,761. At April 30, 2020, the Village reported net deferred outflows of resources related to pensions from the following sources:

Deferred amounts to be recognized in pension expense  
in the future periods

Differences between expected and actual experience	\$ 212,156
Assumption changes	9,932
Net difference between projected and actual earnings on pension plan investments	( <u>113,200</u> )

Total deferred amounts to be recognized in pension expense in future periods	108,888
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Pension contributions made subsequent to the measurement date	<u>37,249</u>
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Total deferred amounts related to pensions	<u>\$ 146,137</u>
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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending  
December 31,

2020	\$ 49,754
2021	25,771
2022	51,103
2023	( 35,697)
2024	17,518
Thereafter	<u>439</u>
Total	<u>\$ 108,888</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2020

**NOTE 6 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To insure against these losses, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool with transvers of risk. The Village pays an annual premium to IMLRMA for its coverage. The Village has not had significant reductions in insurance coverage during the year. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**NOTE 7 – RISKS & UNCERTAINTIES**

Beginning around March 2020, The Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, Organization programs, and funding sources could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.



## Village of Rochester, Illinois

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

April 30, 2020

Calendar year ending December 31,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service Cost	\$ 78,199	\$ 75,959	\$ 71,851	\$ 76,899	\$ 66,057	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	263,956	256,984	247,722	225,739	203,110	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	66,193	10,081	117,957	155,853	156,660	-	-	-	-	-
Assumption Changes	-	100,932	( 111,494)	( 11,443)	-	-	-	-	-	-
Benefit Payments and Refunds	( 241,702)	( 219,819)	( 189,376)	( 137,626)	( 119,012)	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	166,646	224,137	136,660	309,422	306,815	-	-	-	-	-
<b>Total Pension Liability - Beginning</b>	3,722,522	3,498,385	3,361,725	3,052,303	2,745,488	-	-	-	-	-
<b>Total Pension Liability - Ending (a)</b>	3,889,168	3,722,522	3,498,385	3,361,725	3,052,303	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	157,634	173,958	102,607	112,442	100,847	-	-	-	-	-
Employee Contributions	38,686	40,164	36,501	37,069	33,393	-	-	-	-	-
Pension Plan Net Investment Income	515,554	( 173,025)	420,296	129,449	10,397	-	-	-	-	-
Benefit Payments and Refunds	( 241,702)	( 219,819)	( 189,376)	( 137,626)	( 119,012)	-	-	-	-	-
Other	54,740	86,000	( 48,310)	114,553	105,913	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	524,912	( 92,722)	321,718	255,887	131,538	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	2,688,241	2,780,963	2,459,245	2,203,358	2,071,820	-	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	3,213,153	2,688,241	2,780,963	2,459,245	2,203,358	-	-	-	-	-
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	\$ 676,015	\$ 1,034,281	\$ 717,422	\$ 902,480	\$ 848,945	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	82.62%	72.22%	79.49%	73.15%	72.19%					
<b>Covered Valuation Payroll</b>	\$ 859,692	\$ 892,544	\$ 811,126	\$ 823,755	\$ 742,070					
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	78.63%	115.88%	88.45%	109.56%	114.40%					

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information is presented for those years for which information is available.

Village of Rochester, Illinois  
**SCHEDULE OF CONTRIBUTIONS**  
 April 30, 2020

Calendar year ending December 31,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution Contributions in Relation to the Actuarially	\$ 107,633	\$ 120,136	\$ 102,607	\$ 112,443	\$ 100,847	\$ -	\$ -	\$ -	\$ -	\$ -
Determined Contribution	157,634	173,958	102,607	112,442	100,847	-	-	-	-	-
Contribution Deficiency (Excess)	(\$ 50,001)	(\$ 53,822)	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 859,692	\$ 892,544	\$ 811,126	\$ 823,755	\$ 742,070	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-Employee Payroll	12.52%	13.46%	12.65%	13.65%	13.59%					

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate\***

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2019 Contribution Rates:**

Actuarial Cost Method:  
 Amortization Method:  
 Remaining Amortization Period:

Aggregate Entry Age Normal  
 Level Percentage of Payroll, Closed  
 Non-Taxing bodies: 10-year rolling period.  
 Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period  
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.  
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four other were financed over 29 years).

Asset Valuation Method:  
 Wage Growth:  
 Price Inflation:  
 Salary Increases:  
 Investment Rate of Return:  
 Retirement Age:  
 Mortality:

5-year smoothed market; 20% corridor  
 3.25%  
 2.50%  
 3.35% to 14.25% including inflation  
 7.50%

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.  
 For non-disabled retirees, an IMRF specific mortality table was used fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes  
 There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Rochester, Illinois  
**SCHEDULE OF FUNDING PROGRESS**

Schedule 3

Employer Number: 06716R  
 Required Supplemental Information  
 April 30, 2020

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) ---Entry Age (b)</b>	<b>AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/19	(\$ 121,761)	\$ 688,559	\$ 810,320	0.00%	\$ 859,692	94.26%
12/31/18	\$ 209,621	\$1,089,136	\$ 879,515	19.25%	\$ 892,544	98.54%
12/31/17	\$ 73,274	\$ 930,465	\$ 857,188	7.88%	\$ 811,126	105.68%

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$24,236. On a market basis, the funded ratio would be 3.52%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Village of Rochester. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended April 30, 2020

Schedule 4

	Original and Final Budget	Actual
<b>REVENUES</b>		
<b>TAXES</b>		
Property .....	\$ 349,400	\$ 346,899
Road and bridge.....	28,100	28,457
Utility .....	224,000	206,351
Cable television .....	59,500	59,473
Total taxes .....	661,000	641,180
<b>INTERGOVERNMENTAL</b>		
Income tax .....	352,000	362,845
Video gaming tax .....	26,000	35,560
Sales tax .....	110,000	121,847
Use tax .....	103,000	129,693
Replacement tax .....	1,900	2,562
Total intergovernmental .....	592,900	652,507
<b>FINES AND FEES</b>		
Police fines.....	14,000	11,572
Building inspection fees .....	5,000	4,850
Park reservation fees.....	1,600	1,340
Athletic field reservation fees.....	4,200	3,795
Athletic field electricity reimbursement.....	500	590
DUI Equipment fines.....	-	1,950
Gas franchise fees.....	6,000	6,000
Other fines and fees .....	4,200	-
Total fines and fees .....	35,500	30,097
<b>LICENSES AND PERMITS</b> .....	15,200	23,805
<b>MISCELLANEOUS</b>		
Police receipts.....	1,900	1,915
School security .....	4,400	3,787
July 4 <sup>th</sup> revenue.....	2,000	13,789
Library		
Utilities reimbursements .....	3,800	2,542
Library maintenance reimbursements.....	9,000	2,192
Library insurance reimbursements.....	2,700	-
Traffic signal reimbursements .....	8,000	6,475
Ice Deli lease payment.....	1,000	-
Other miscellaneous .....	50,600	68,017
Total miscellaneous.....	83,400	98,717
<b>INVESTMENT INCOME</b> .....	10,900	7,838
Total revenues.....	1,398,900	1,454,144

(Continued)

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
 GENERAL FUND  
 For the Year Ended April 30, 2020

Schedule 4

	Original and Final Budget	Actual
<b>EXPENDITURES</b>		
<b>GENERAL GOVERNMENT</b>		
Salaries.....	\$ 62,400	\$ 55,094
Health insurance .....	11,700	35,867
Other payroll expenditures .....	23,200	24,014
Travel and training.....	300	-
Legal fees.....	12,900	8,159
Professional services.....	16,400	31,689
Ordinance codification .....	4,500	4,500
Accounting and auditing fees .....	5,500	4,725
Building and grounds maintenance .....	19,000	8,357
Utilities and telephone .....	16,500	23,851
Office expenditures.....	5,800	19,488
General insurance .....	1,400	-
Computer administration and maintenance .....	700	3,168
Publications and subscriptions.....	1,300	662
Dues .....	300	150
Animal control.....	2,000	65
Drug screening.....	300	337
Equipment purchase .....	800	-
Miscellaneous .....	12,700	12,398
Total general government .....	197,700	232,524
<b>CULTURE AND RECREATION</b>		
Salaries.....	49,000	54,588
Building and grounds maintenance .....	3,800	2,186
Program expenditures .....	2,500	2,500
Fourth of July.....	1,500	18,190
Vehicle and equipment maintenance.....	9,500	5,976
Gas and oil.....	4,900	4,445
Uniforms and supplies .....	100	545
Operating supplies .....	2,500	4,360
Drug screening.....	200	68
Portable sanitation .....	3,500	3,400
Park improvements.....	11,200	1,162
Utilities .....	13,800	10,947
Miscellaneous .....	5,600	3,429
Total culture and recreation .....	108,100	111,796
<b>PUBLIC SAFETY</b>		
Salaries.....	496,000	464,878
Health insurance .....	60,000	62,553
Other payroll expenditures .....	166,400	159,033
Travel and training.....	7,500	7,943
Vehicle and equipment maintenance.....	19,400	19,507
Building maintenance.....	200	2,800
Office expenditures.....	500	506
Gas and oil.....	14,300	12,255

(Continued)  
Schedule 4

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
GENERAL FUND  
For the Year Ended April 30, 2020

	Original and Final Budget	Actual
<b>EXPENDITURES, Continued</b>		
<b>PUBLIC SAFETY, Continued</b>		
Computer administration and maintenance.....	\$ 500	\$ 2,146
Utilities and telephone.....	11,500	9,848
Equipment purchase .....	12,100	-
Police candidate hiring .....	1,000	2,772
Uniforms and supplies.....	12,500	24,216
Crime prevention.....	100	1,938
Miscellaneous.....	<u>15,700</u>	<u>10,622</u>
Total public safety.....	<u>817,700</u>	<u>781,017</u>
<b>HIGHWAYS AND STREETS</b>		
Salaries.....	81,900	74,485
Health insurance .....	13,900	13,125
Other payroll expenditures .....	28,600	21,608
Travel and training.....	100	-
Building and grounds maintenance .....	500	651
Vehicle and equipment maintenance.....	12,000	6,147
Equipment purchase .....	<u>3,400</u>	<u>-</u>
Equipment rental.....	20,000	11,808
Uniforms and supplies.....	4,600	9,939
Street maintenance.....	39,300	21,487
Traffic signal maintenance .....	10,000	8,860
Professional fees.....	5,300	5,986
Office expenditures.....	100	33
Gas and oil.....	4,000	4,515
Utilities .....	38,300	40,132
Miscellaneous.....	<u>200</u>	<u>5,169</u>
Total highways and streets.....	<u>262,200</u>	<u>223,945</u>
Total expenditures .....	<u>1,385,700</u>	<u>1,349,282</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) .....</b>	<b>13,200</b>	<b>104,862</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Grants .....	<u>5,000</u>	<u>5,228</u>
<b>NET CHANGE IN FUND BALANCE .....</b>	<b>\$ <u>18,200</u></b>	<b>110,090</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>		<u>741,521</u>
<b>FUND BALANCE AT END OF YEAR.....</b>		<u>\$ 851,611</u>

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
 TIF FUND  
 For the Year Ended April 30, 2020

Schedule 5

	Original and Final Budget	<u>Actual</u>
<b>REVENUES</b>		
Taxes .....	\$ 196,100	\$ 274,865
Investment income .....	200	-
Miscellaneous.....	<u>100</u>	<u>-</u>
Total revenues.....	<u>196,400</u>	<u>274,865</u>
<b>EXPENDITURES</b>		
Surplus Funds.....	93,600	136,952
Professional fees.....	16,700	25,630
Miscellaneous.....	<u>1,000</u>	<u>9,601</u>
Total expenditures .....	<u>111,300</u>	<u>172,183</u>
<b>NET CHANGE IN FUND BALANCE .....</b>	<b>\$ <u>85,100</u></b>	<b>102,682</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>		<u>95,747</u>
<b>FUND BALANCE AT END OF YEAR.....</b>		<b>\$ <u>198,429</u></b>

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**  
 (NON-GAAP)  
 WATER UTILITY FUND  
 For the Year Ended April 30, 2020

Schedule 6

	Original and Final Budget	Actual
<b>OPERATING REVENUES</b>		
Metered water sales.....	\$1,055,100	\$ 994,605
Connection fees.....	10,000	6,465
Penalty revenue.....	14,700	12,615
Water bond revenue.....	154,000	155,369
Miscellaneous.....	500	5,534
Total operating revenues.....	<u>1,234,300</u>	<u>1,174,588</u>
<b>OPERATING EXPENSES</b>		
Water purchased.....	620,000	405,783
Salaries, taxes and benefits.....	229,900	196,527
Materials and supplies.....	34,500	28,579
Gas and oil.....	6,200	4,692
Office supplies and expense.....	11,300	7,571
Insurance.....	-	13,542
Ordinance codification.....	4,500	2,250
Audit fees.....	6,000	5,513
Professional fees.....	58,300	33,688
Computer maintenance.....	2,100	2,233
Uniforms.....	600	1,281
Testing.....	2,500	3,973
Utilities and telephone.....	10,400	7,019
Dues.....	700	736
Publications and subscriptions.....	500	90
Repairs and maintenance.....	52,000	73,403
Drug screening.....	400	268
Miscellaneous.....	8,200	6,824
Total operating expenses.....	<u>1,048,100</u>	<u>793,972</u>
Income (loss) from operations.....	<u>186,200</u>	<u>380,616</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income.....	2,200	1,656
Interest expense.....	( 43,700)	( 43,573)
Total nonoperating revenues (expenses).....	<u>( 41,500)</u>	<u>( 41,917)</u>
Change in net position, budgetary basis.....	<u>\$ 144,700</u>	338,699
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization.....		( 87,711)
Net position at beginning of year.....		<u>2,057,214</u>
Net position at end of year.....		<u>\$2,308,202</u>



Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**  
 (NON-GAAP)  
 SEWER UTILITY FUND  
 For the Year Ended April 30, 2020

Schedule 7

	Original and Final Budget	Actual
<b>OPERATING REVENUES</b>		
Sewer service .....	\$ 895,000	\$ 851,920
Connection fees.....	500	150
Penalty revenue.....	<u>14,700</u>	<u>13,402</u>
Total operating revenues .....	<u>910,200</u>	<u>865,472</u>
<b>OPERATING EXPENSES</b>		
Sewer flow charges .....	390,000	363,220
Salaries, taxes and benefits .....	229,000	191,111
Materials and supplies.....	12,500	8,963
Office supplies and expense.....	11,700	6,491
Gasoline and oil.....	6,200	4,762
Insurance .....	-	9,937
Ordinance codification.....	4,500	2,250
Audit fees .....	6,000	5,513
Professional fees.....	39,500	40,763
Computer maintenance .....	3,600	2,641
Uniforms .....	600	1,246
Testing.....	500	1,348
Utilities and telephone.....	<u>17,200</u>	<u>26,462</u>
Dues.....	400	250
Publications and subscriptions .....	500	90
Repairs and maintenance .....	99,900	103,843
Drug screening .....	400	268
Miscellaneous.....	<u>7,700</u>	<u>1,437</u>
Total operating expenses .....	<u>830,200</u>	<u>770,595</u>
Income (loss) from operations.....	<u>80,000</u>	<u>94,877</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income .....	500	771
Interest (expense) .....	( <u>7,500</u> )	( <u>8,423</u> )
Total nonoperating revenues (expenses) .....	( <u>7,000</u> )	( <u>7,652</u> )
Change in net position, budgetary basis .....	<u>\$ 73,000</u>	87,225
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization .....		( 164,944 )
Net position at beginning of year .....		<u>3,632,121</u>
Net position at end of year.....		<u>\$3,554,402</u>

Village of Rochester, Illinois  
**COMBINING BALANCE SHEET**  
 NON-MAJOR GOVERNMENTAL FUNDS  
 April 30, 2020

Schedule 8

	<u>Motor Fuel Tax</u>	<u>Capital Improvement</u>	<u>Total 2020</u>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 198,710	\$ 9,766	\$ 208,476
Receivable:			
Other .....	<u>10,941</u>	<u>-</u>	<u>10,941</u>
<b>TOTAL ASSETS .....</b>	<b><u>\$ 209,651</u></b>	<b><u>\$ 9,766</u></b>	<b><u>\$ 219,417</u></b>
<u>Liabilities and Fund Balances</u>			
<b>LIABILITIES .....</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>FUND BALANCES</b>			
Restricted.....	209,651	-	209,651
Assigned.....	<u>-</u>	<u>9,766</u>	<u>9,766</u>
Total fund balance .....	<u>209,651</u>	<u>9,766</u>	<u>219,417</u>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b><u>\$ 209,651</u></b>	<b><u>\$ 9,766</u></b>	<b><u>\$ 219,417</u></b>

Village of Rochester, Illinois  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE**  
NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended April 30, 2020

Schedule 9

	Motor Fuel Tax	Capital Improvement	Total 2020
<b>REVENUES</b>			
Intergovernmental .....	\$ 136,130	\$ -	\$ 136,130
Interest income .....	<u>4,218</u>	<u>19</u>	<u>4,237</u>
<b>TOTAL REVENUES</b> .....	<u>140,348</u>	<u>19</u>	<u>140,367</u>
<b>EXPENDITURES</b>			
Current operation:			
Highway and streets .....	<u>20,322</u>	<u>-</u>	<u>20,322</u>
<b>NET CHANGE IN FUND BALANCES</b> .....	<b>120,026</b>	<b>19</b>	<b>120,045</b>
<b>FUND BALANCES – BEGINNING</b> .....	<u>89,625</u>	<u>9,747</u>	<u>99,372</u>
<b>FUND BALANCES – ENDING</b> .....	<u><b>\$ 209,651</b></u>	<u><b>\$ 9,766</b></u>	<u><b>\$ 219,417</b></u>

# Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report on Compliance With Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act

To the President and Board of Trustees  
Village of Rochester, Illinois

We have audited the balance sheet of the Incremental Tax Fund of the Village of Rochester, Illinois as of April 30, 2020, and the related statement of revenue, expenditures, and changes in fund balance for the year then ended, and have issued our report thereon dated March 8, 2021. The financial statements present only the Incremental Tax Fund and are not intended to present fairly the financial position and results of operations and the cash flows of the proprietary fund types of the Village of Rochester, Illinois in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Rochester, Illinois is the responsibility of the Village of Rochester, Illinois' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Rochester, Illinois' compliance with Subsection (q) of Section 11-74.4-3 (65 ILCS 5/11-74.4-3 (q)) of the Illinois Tax Increment Redevelopment Allocation Act. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

However, the results of our tests disclosed no instances of noncompliance with Subsection (q) of Section 11-74.4-3 (65 ILCS 5/11-74.4-3(q)) of the Illinois Tax Increment Redevelopment Allocation Act.

This report is intended for the information and use of management, State of Illinois Department of Revenue, and to taxing districts overlapping the Village of Rochester, Illinois Tax Increment Redevelopment Project Areas administered by the Village of Rochester, Illinois and is not intended to be and should not be used by anyone other than these specified parties.

*Estes, Bridgewater & Ogden*

Certified Public Accountants  
Springfield, Illinois

March 8, 2021

Village of Rochester, Illinois  
**ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS**  
 Tax Years 2019, 2018 and 2017

Schedule 10

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSESSED VALUATION.....</b>	<b><u>\$89,491,493</u></b>	<b><u>\$89,237,317</u></b>	<b><u>\$88,774,058</u></b>
<b>TAX RATES</b>			
General corporate.....	0.1687	0.1682	0.1787
Social Security .....	0.0842	0.0532	0.0730
Insurance .....	0.0740	0.0755	0.0637
Police Protection.....	0.0537	0.0771	0.0564
Audit.....	<u>0.0178</u>	<u>0.0175</u>	<u>0.0129</u>
	<b><u>0.3984</u></b>	<b><u>0.3915</u></b>	<b><u>0.3847</u></b>
<b>TAX EXTENSIONS</b>			
General corporate.....	\$ 150,972	\$ 150,097	\$ 158,639
Social Security .....	75,352	47,474	64,805
Insurance .....	66,224	67,374	56,549
Police Protection.....	48,057	68,802	50,069
Audit.....	<u>15,929</u>	<u>15,617</u>	<u>11,452</u>
Total extended	<u>\$ 356,534</u>	<u>\$ 349,364</u>	<u>\$ 341,514</u>
Total collected.....		<u>\$ 346,899</u>	<u>\$ 338,504</u>
Percentage collected.....		<u>99.29%</u>	<u>99.11%</u>
Collection of Village share of road and bridge tax.....		<u>\$ 28,457</u>	<u>\$ 28,129</u>

Village of Rochester, Illinois  
**SCHEDULE OF LEGAL DEBT MARGIN**  
April 30, 2020

Schedule 11

<b>ASSESSED VALUATION - 2019 TAX LEVY .....</b>		<b><u>\$89,491,493</u></b>
<b>STATUTORY DEBT LIMITATION (8.625% OF VALUATION) .....</b>		<b>\$ 7,718,641</b>
Total debt		
General obligation (alternative revenue source) bonds .....	\$1,130,000	
Water tower note payable .....	24,854	
Backhoe note payable .....	29,644	
Pump station note payable .....	<u>284,267</u>	
	1,468,765	
Less alternate revenue source bonds .....	( <u>1,130,000</u> )	<u>338,765</u>
<b>TOTAL LEGAL DEBT MARGIN.....</b>		<b><u>\$7,379,876</u></b>