

Rock River Water Reclamation District  
Rockford, Illinois

# Comprehensive Annual Financial Report

Fiscal Year Ended April 30, 2019



**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
April 30, 2019

**ROCK RIVER WATER RECLAMATION DISTRICT  
 ROCKFORD, ILLINOIS  
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**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
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## **INTRODUCTORY SECTION**

## **LIST OF PRINCIPAL OFFICIALS**

### **2018/2019 Board of Trustees**

Mr. Donald Massier, President

Mr. Elmer Jones, Vice President

Mr. Rick Pollack, Clerk/Treasurer

Mr. John F. Sweeney, Trustee

Mr. Ben Bernsten, Trustee

### **2018/2019 Administration**

Mr. Timothy Hanson, District Director

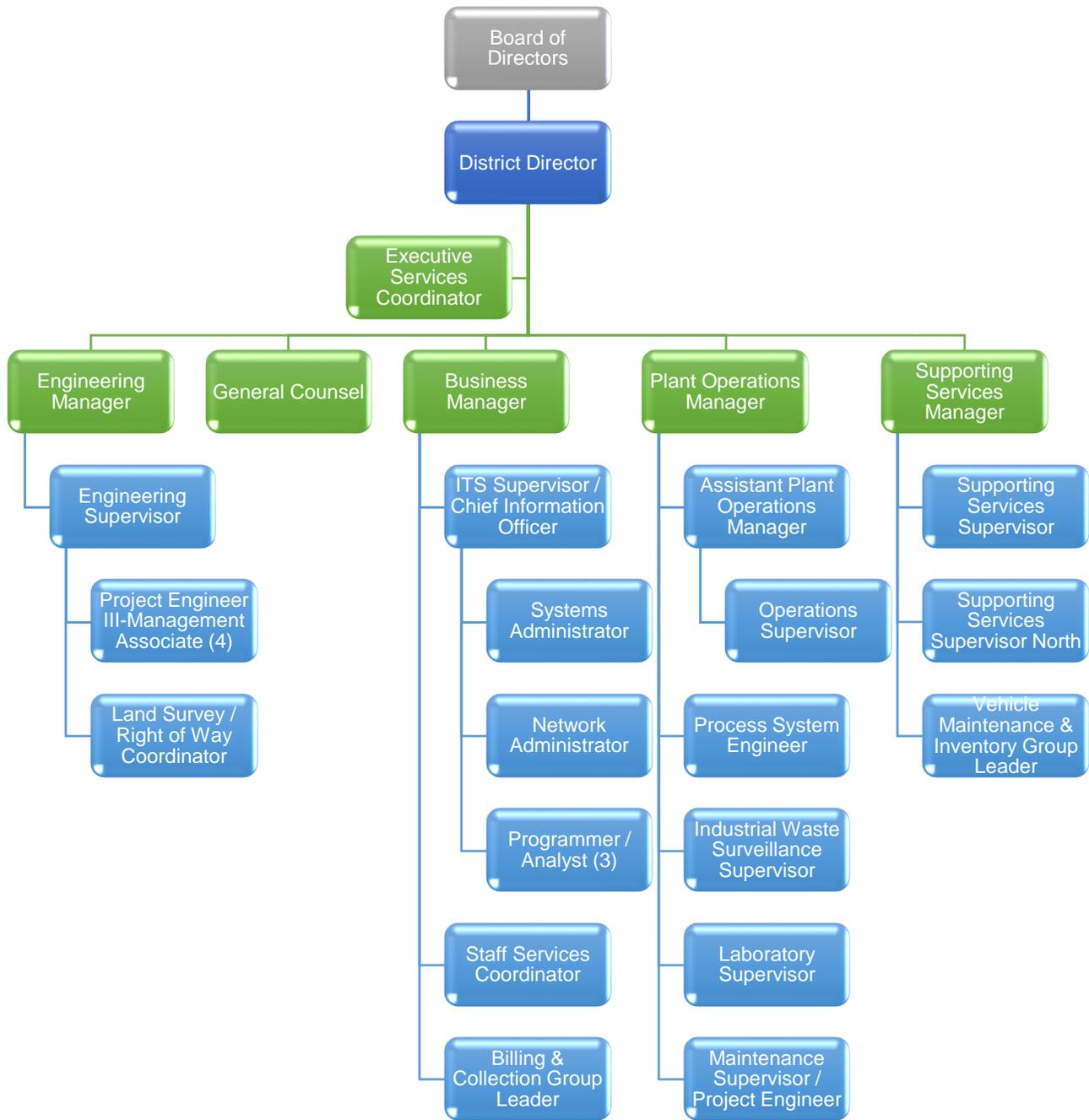
Mr. Christopher Baer, Engineering Manager

Mr. Chris Black, Business Manager

Mr. Joseph W. Hanley III, Esq., General Counsel

Mr. Larry McFall, Plant Operations Manager

Mr. Jim Reader, Supporting Services Manager





Government Finance Officers Association

Certificate of  
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for Excellence  
in Financial  
Reporting

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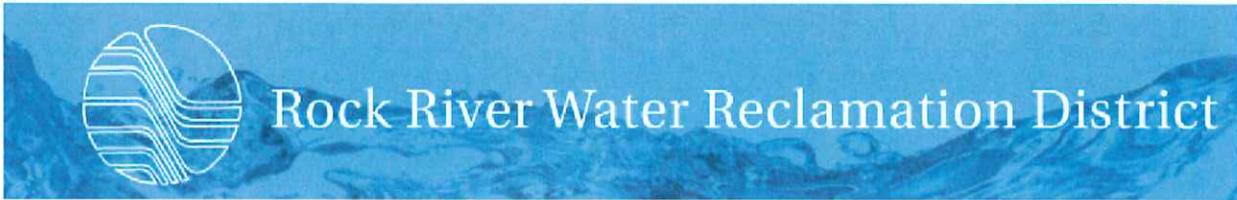
**Rock River Water Reclamation District**  
**Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



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**Board of Trustees**  
Donald Massier, President  
Rick Pollack, Clerk/Treasurer  
Elmer Jones, Trustee  
John F. Sweeney, Trustee  
Ben Bernsten, Trustee

September 4, 2019

Board of Trustees  
Rock River Water Reclamation District

Dear Trustees:

State law requires that the Rock River Water Reclamation District (District) publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of independent licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the District for the fiscal year ended April 30, 2019.

The report consists of management's representations concerning the finances of the District. Accordingly, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile

sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Sikich LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ended April 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles use and significant estimates made by management; and evaluating the overall financial statement presentation. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, Sikich LLP expresses no such opinion. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended April 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

### **General**

The Rock River Water Reclamation District (District) was originally incorporated as the Rockford Sanitary District in 1926 under the Sanitary District Act of 1917. The primary treatment plant was completed in 1931. A secondary treatment plant and additional treatment facilities were added in 1958. Use of vacuum filters began in 1968. In 1972 a bond issue was approved for expansion, and a pre-treatment program was instituted that same year. A nitrifying secondary system was added in 1996. A solid treatment upgrade including

anaerobic solid digestion and centrifuge dewatering was completed in 2002.

### **Service Area**

The District covers nearly 100 square miles of Winnebago County and serves over 240,000 people in the communities of Rockford, Loves Park, Machesney Park, Roscoe, Cherry Valley, New Milford, a small part of Rockton and a number of unincorporated areas of Winnebago County. In addition, the District currently has an agreement with the Village of Winnebago to own and operate their plant and collection system.

### **Profile of District**

The District cleanses the wastewater in accordance with the District's Illinois Environmental Protection Agency (IEPA) Permit before effluent is released back into the environment. This process safeguards public health as well as protects aquatic life in the waterway that receives the effluent. Staff regularly inspect and evaluate the health of the aquatic ecosystem in the receiving waterway to ensure compliance with state and federal water quality standards.

The District owns and maintains a majority of the wastewater collection sewers within the service area. The District's approximately 1,131-mile-long network of buried sewers conveys wastewater from residences, industrial sites and other businesses to the treatment plant in southeast Rockford. The collection facilities consist of gravity sewers, approximately 33 pumping stations, and pressure sewers. The gravity system consists of large and small diameter sewer lines. The largest gravity

lines are interceptor and trunk sewers of diameters up to six feet. They often follow rivers, creeks and drainage ways. Eight and ten-inch diameter lateral (neighborhood) sewers flow to larger interceptors and trunks.

Once the wastewater is collected, the District provides treatment at facilities located on Kishwaukee Street in Rockford. The District currently provides secondary wastewater treatment consisting of the following major treatment components:

- Raw wastewater pumping station with Parshall flume for recording the quantity of incoming wastewater to the treatment facility.
- Bar screen and primary settling tanks.
- Aeration tanks that provide for biological removal of contaminants from the wastewater.
- Final settling tanks followed by chlorine contact tanks and the discharge of the treated wastewater to the Rock River.
- Solids removed from the wastewater are thickened and then pumped into heated anaerobic digesters where the wastes are stabilized and methane gas is produced. Those solids will be applied to farmland as a fertilizer and soil conditioner.
- The methane gas produced by the anaerobic digester is used as a fuel to operate generators that help produce heat for the anaerobic digester operation and electricity to operate the plant.

## **Governance**

The District's governing body is the Rock River Water Reclamation District Board of Trustees, which is composed of five members.

## **Budgets**

The general provisions that regulate the District's budget and appropriation procedures are set forth in Illinois statutes. The Director is required to submit an operating, debt service and capital budget to the Trustees annually.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

The Rockford metropolitan area continues to reflect a solid economic base and diversification despite the major recession that occurred ten years ago. After six straight years of declining property values, for the second consecutive year, taxable valuations in 2018 increased 6.1% following a 2.0% increase in the District's service area in 2017.

Another indicator of the improvement in the Rockford area economy has been the decrease in the unemployment rate. The annual unemployment rate in Winnebago

County was 5.7% in 2018 compared to 6.3% in 2017. The unemployment rate has now decreased each of the last five years since 2014 when the unemployment rate was 10.3%.

### Long-Range Financial Planning

The District maintains long-range financial plans for its Operations and Maintenance (O&M) and Capital budgets. The District's operating budget utilizes a user charge stabilization fund and an equipment replacement fund to help stabilize user charge rates while improving customer service and the efficiency of operations. Items of note in the Fiscal Year 2019/20 operating budget include:

- \$38.5 million in budgeted sewer user charge billings for FY 2019/20, a 14.3% increase from FY 2018/19. The annual average District household charge of \$365 in 2019 represents an increase of \$37 or 11.3% from the FY 2018/19 amount of \$328.
- Total O&M expenditures were budgeted at \$24.3 million, 5.9% higher than in FY 2018/19.

The District's ten-year financing plan for the capital budget seeks to accomplish the District's capital program needs within the following financing objectives:

- At a minimum, 20% cash financing for capital projects, and
- Maintaining outstanding debt at no more than 5.75% of total equalized assessed value.

The ten-year plan provides for \$279.1 million in capital project expenditures from 2020 to 2029, primarily for rehabilitation, upgrade or replacement of assets at the District's water reclamation facilities, as well as new sewer extensions.



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Timothy S. Hanson  
Director



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Chris Black  
Business Manager

## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

To The Board of Trustees  
Rock River Water Reclamation District  
Rockford, Illinois

We have audited the accompanying basic financial statements of the Rock River Water Reclamation District (the District), as of and for the year ended April 30, 2019, and the related notes to 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 basic financial statements referred to above present fairly, in all material respects, the respective financial position, of Rock River Water Reclamation District, as of April 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 10 to the basic financial statements. Our opinion is not modified with respect to this matter.

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying introductory section, supplemental schedules, and statistical section as 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 accompanying supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2019 on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

*Sikich LLP*

Naperville, Illinois  
September 4, 2019

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

Our discussion and analysis of the Rock River Water Reclamation District's financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2019 and 2018. This information is presented in conjunction with the audited financial statements that follow this section.

**Financial Highlights**

- Total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$323.6 million at April 30, 2019. This is an increase of \$13.3 million, or 4.3%, from the amount on April 30, 2018.
- The amount of unrestricted assets at April 30, 2019 totaled \$34.5 million, an increase of \$8.6 million or 33.2% from the prior year.
- Total restricted assets are \$10.5 million and net investment in capital assets is \$278.6 million at April 30, 2019. The totals are an increase of \$0.5 million and \$4.2 million, respectively from April 30, 2018.
- Operating income for 2019 and 2018 fiscal years was \$3.2 million and \$1.9 million, respectively.
- User fee rates per hundred cubic feet increased from \$3.608 in April 2018 to \$4.063 in April 2019.

**Basic Financial Statements**

The basic financial statements of the District are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District is reported under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenues are recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information, supplemental schedules and certain other supplemental information.

The statement of net position presents information on the assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and nonoperating revenue and expenses of the District for the fiscal year with the difference - the income or loss before capital contributions - being combined with any capital contributions to determine the net change in position for the fiscal year. That change combined with last year-end net position total reconciles to the net position total at the end of this fiscal year.

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, non-capital financing, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of year cash and cash equivalents balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year. Contrary to the other basic financial statements, this statement is prepared on a cash basis.

**Summary of Organization and Business**

The Rock River Water Reclamation District (District) was originally incorporated as the Rockford Sanitary District in 1926 under the Sanitary District Act of 1917. Today the District covers nearly 100 square miles of Winnebago County and serves over 240,000 people in the communities of Rockford, Loves Park, Machesney Park, Roscoe, Cherry Valley, New Milford, a small part of Rockton and a number of unincorporated areas of Winnebago County.

**Financial Analysis**

**Net Position**

The following schedule presents a summary of net position comparisons for the fiscal years ended April 30, 2019 and 2018 (amounts in millions).

**Condensed Statement of Net Position**  
**(In Millions of Dollars)**

	FY		Increase (Decrease)	
	2019	2018	Amount	Percent
Current and other assets	\$ 59.9	\$ 52.9	\$ 7.0	13.2%
Capital assets, net	368.4	365.4	3.0	0.8%
Total Assets	428.3	418.3	10.0	2.4%
Deferred outflows of resources	7.8	2.2	5.6	254.5%
<b>Total assets and deferred outflows</b>	<b>436.1</b>	<b>420.5</b>	<b>25.6</b>	<b>3.7%</b>
Current liabilities	10.7	12.0	(1.3)	-10.8%
Long-term debt, less current portion	95.5	88.7	6.8	7.7%
Total Liabilities	106.2	100.7	5.5	5.5%
Deferred inflows of resources	6.3	9.5	(3.2)	-33.7%
<b>Total liabilities and deferred inflows</b>	<b>218.7</b>	<b>210.9</b>	<b>7.8</b>	<b>3.7%</b>
Net investment in capital assets	278.6	274.4	4.2	1.5%
Restricted net position	10.5	10.0	0.5	5.0%
Unrestricted net position	34.5	25.9	8.6	33.2%
<b>Total net position</b>	<b>\$ 323.6</b>	<b>\$ 310.3</b>	<b>\$ 13.3</b>	<b>4.3%</b>

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

The District's net position at April 30, 2019 is \$323.6 million, an increase of \$13.3 million from the amount at April 30, 2018. The largest portion of the net position is reflected in the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) totaling \$278.6 million. Capital assets are calculated based on the net book value of capital assets less any related debt used to acquire those assets still outstanding.

Restricted net position represents outside legal restrictions on the remainder of the net position of the District. The restricted net position as of April 30, 2019 and April 30, 2018 is \$10.5 million and \$10.0 million, respectively. The restrictions for net position are for the purpose of public benefit, special assessments, and a debt service reserve.

The unrestricted net position at April 30, 2019 is \$34.5 million, an increase of \$8.6 million from the amount at April 30, 2018. The unrestricted amount includes an operating reserve equal to 25% of annual department operating expenses per the District's financial policies. A portion of the unrestricted amount represents resources available to meet the District's capital obligations in future years. The District plans to use \$37.4 million in cash for capital project funding over the next three fiscal years.

**Revenue, expenses, and changes in net position**

The schedule on the following page presents a summary of revenues, expenses, and changes in net position for the fiscal years ended April 30, 2019 and 2018 (amounts in millions).

The District's user charges were \$36.3 million in fiscal year 2019, which is a 6.8% increase from the prior year. The District had 74,900 customers and billable use estimated at 8.6 million units (100 cubic feet) of water use in fiscal year 2019. The District independently sets user fees that are calculated based on the quantity and quality of wastewater treated.

The District's operating expenses are grouped into three categories, operations, administration and depreciation. Operations and administration include salaries, employee benefits, supplies, contractual, and repair and maintenance expenses. Depreciation results from allocating that cost of assets capital assets to provide services over their useful lives. Total operating expenses were \$35.6 million in fiscal year 2019. Operating expenses less depreciation were \$21.6 million, an increase of \$0.7 million or 3.3% from fiscal year 2018.

Operating income for the District totaled approximately \$3.3 million in fiscal year 2019, about \$1.3 million more than the previous year. Operating income is primarily attributable to the growth in user fees. Operating expenses increased at a higher percentage than operating revenues.

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

**Change in Net Position**  
**(In Millions)**

	FY	FY	Increase (Decrease)	
	2019	2018	Amount	%
Operating revenues:				
User charges	\$ 36.3	\$ 34.0	\$ 2.3	6.8%
Collection charges and penalties	0.6	0.4	0.2	50.0%
Operating contributions from property owners and other governments	0.6	0.1	0.5	500.0%
Other	1.4	1.7	(0.3)	-17.6%
<b>Total operating revenues</b>	<b>38.9</b>	<b>36.2</b>	<b>2.7</b>	<b>7.5%</b>
Nonoperating revenues:				
Property taxes	5.0	5.0	-	0.0%
Replacement taxes	1.5	1.7	(0.2)	-11.8%
Investment income	0.6	0.2	0.4	200.0%
Other nonoperating revenues	0.1	0.3	(0.2)	-66.7%
<b>Total nonoperating revenues</b>	<b>7.2</b>	<b>7.2</b>	<b>-</b>	<b>0.0%</b>
<b>Total revenues</b>	<b>46.1</b>	<b>43.4</b>	<b>2.7</b>	<b>6.2%</b>
Operating expenses:				
Operations	16.5	15.8	0.7	4.4%
Administration	5.1	5.1	0.0	0.0%
Depreciation	14.0	13.3	0.7	5.3%
<b>Total operating expenses</b>	<b>35.6</b>	<b>34.2</b>	<b>1.4</b>	<b>4.1%</b>
Nonoperating expenses –				
Bond issuance costs	0.1	0	0.1	0.0%
Interest expense	2.2	1.8	0.4	22.2%
<b>Total nonoperating expenses</b>	<b>2.3</b>	<b>1.8</b>	<b>0.5</b>	<b>27.8%</b>
<b>Total expenses</b>	<b>37.9</b>	<b>36.0</b>	<b>1.9</b>	<b>5.3%</b>
Income before contributions	8.2	7.4	0.8	10.8%
Capital contributions	2.6	0.2	2.4	1200.0%
Change in net position	10.8	7.6	3.2	42.1%
Net position, beginning, as previously reported	310.3	302.7	7.6	2.5%
Restatement	2.5	-	2.5	-
Net position, beginning, as restated	312.8	302.7	10.1	3.3%
<b>Net position, ending</b>	<b>\$ 323.6</b>	<b>\$ 310.3</b>	<b>\$ 13.3</b>	<b>4.3%</b>

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

Non-operating revenues and expenses represent those revenues and expenses that are incidental to providing services or one-time revenues not correlated to user fees. In fiscal year 2019, non-operating revenues totaled \$7.2 million, which is the same amount as the prior year. The primary non-operating expense is interest expense on outstanding bond obligations.

**Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost for purchased or constructed capital assets and at fair value for contributed capital assets. The following table summarizes the capital asset activity of the District (in thousands).

**Capital Assets**  
**(Net of Depreciation, In Thousands)**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Increase</u>
Land	\$ 5,820	5,820	–
Treatment plant	143,478	137,991	5,487
Sewers and lift stations	398,967	389,191	9,776
Machinery & equipment	23,340	21,423	1,917
Construction in progress	39,471	40,066	(595)
<b>Sub-total</b>	<u>611,076</u>	<u>594,491</u>	16,585
Accumulated depreciation	242,711	229,076	13,635
<b>Net capital assets</b>	<u>\$ 368,365</u>	<u>365,415</u>	<u>2,950</u>

The capital assets are comprised primarily of the treatment facility located in Rockford, Illinois along the Rock River and transmission lines and lift stations. The primary treatment plant was completed in 1931 and a secondary treatment plant and additional treatment facilities were added in 1958. The plant has a design flow of 40 million gallons per day, with an average daily flow of 31.9 gallons and peak wet weather design flow capacity of 80 million gallons per day.

During fiscal year 2019 several projects, including Fuller Creek (sewer line to Village of Winnebago), Spring Creek Sanitary Sewer, and Parkson Screen Repairs were not completed and are reported as construction in progress. Various other projects were finished and contributed to the capital asset value increasing by \$3 million.

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

**Long-Term Debt**

At fiscal year-end the District had approximately \$87.9 million in long-term debt, including the current portion. The District made principal payments of \$8.9 million and borrowed an additional \$2.7 million in fiscal year 2019. Total debt decreased by 3.4% compared to fiscal year 2018. IEPA Projects that result in additions to long-term debt include \$2.3 million for the Fuller Creek Phase 3,4, and 5.

**Long-Term Debt**  
**(In Thousands)**

		<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
IEPA Loans	\$	56,691	56,200	491	0.9%
Bonds Payable		31,005	34,410	(3,405)	-9.9%
Capital Lease		205	366	(161)	-44.0%
<b>Total Long Term Debt</b>	<b>\$</b>	<b>87,901</b>	<b>90,976</b>	<b>(3,075)</b>	<b>-3.4%</b>

**Economic Factors and Future Rates**

The District’s board considers many factors when setting the fiscal year 2020 and user rates and property tax levy. One of the factors is the local economy. While the District’s population has declined in recent years, the unemployment rate in Winnebago County declined in 2018 to 5.7% as compared to 6.3% the prior year. In addition, taxable property valuations in 2018 increased 6.1%, following 2.0% growth in in 2017.

The District aims to operate and maintain its system efficiently and effectively, as well as fund necessary capital improvements. The fiscal year 2020 budget for operating and maintenance expenditures is \$24.3 million, a 5.9% increase from the prior year. The planned outlay for capital projects is \$32.5 million. User charges are budgeted at \$38.5 million and increase approximately 11.6% for the average residential user. The 2018 (collected 2019) property tax levy is \$5.1 million, increasing 2.1%, and the rate declines to \$.1960 from the prior year’s \$0.2040.

**ROCKFORD RIVER WATER RECLAMATION DISTRICT**  
**Management Discussion and Analysis – Unaudited**

**District Contact Information**

This financial report is designed to provide citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Anyone having questions regarding this report or desiring additional information may contact Mr. Chris Black, Business Manager, Rock River Water Reclamation District, 3501 Kishwaukee Street, P.O. 7480, Rockford, Illinois 61126-7480.

## **BASIC FINANCIAL STATEMENTS**

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

BALANCE SHEET

April 30, 2019

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**ASSETS AND DEFERRED  
OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 28,787,132
Investments	3,711,763
Restricted assets	
Cash and cash equivalents	195,724
Investments	4,127,100
Receivables	
Billed user charges, net of allowance for uncollectible amounts of \$225,000	4,582,556
Property taxes	5,120,464
Other	5,272,267
Estimated unbilled user charges	7,501,806
Accrued interest income	95,562
Prepaid expenses	<u>557,972</u>
 Total current assets	 <u>59,952,346</u>

**CAPITAL ASSETS**

Capital assets not being depreciated	45,291,226
Capital assets being depreciated, net	<u>323,073,627</u>
 Total capital assets	 <u>368,364,853</u>
 Total assets	 <u>428,317,199</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension items - IMRF	7,640,747
Pension items - OPEB	18,415
Unamortized loss on refunding	<u>118,578</u>
 Total deferred outflows of resources	 <u>7,777,740</u>

**TOTAL ASSETS AND DEFERRED  
OUTFLOWS OF RESOURCES**

\$ 436,094,939

(This statement is continued on the following page.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

BALANCE SHEET (Continued)

April 30, 2019

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<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Current portion of long-term debt	\$ 7,136,422
Accounts payable	2,499,806
Accrued expenses	
Salaries and wages	257,454
Pension contribution	44,506
Accrued interest	701,434
Other	105,530
	<hr/>
Total current liabilities	10,745,152
	<hr/>
<b>LONG-TERM LIABILITIES</b>	
Claims payable	200,000
Compensated absences	1,828,259
Long-term debt, net of current maturities	81,971,895
Total OPEB liability	2,251,838
Net pension liability	9,213,791
	<hr/>
Total long-term liabilities	95,465,783
	<hr/>
Total liabilities	106,210,935
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	5,120,464
Unamortized gain on refunding	87,050
Pension items - IMRF	1,044,085
	<hr/>
Total deferred inflows of resources	6,251,599
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	278,404,486
Restricted for	
Public benefit	3,713,640
Capital improvements	2,485,309
Debt service	4,322,824
Unrestricted	34,706,146
	<hr/>
Total net position	323,632,405
	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 436,094,939</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION

For the Year Ended April 30, 2019

**OPERATING REVENUES**

User charges	
Operation and maintenance	\$ 35,988,400
Inspection fees and other user charges	<u>281,146</u>
Total user charges	36,269,546
Collection charges and penalties	589,828
Operating contributions from property owners and other governments	591,880
Other	<u>1,411,070</u>
Total operating revenues	<u>38,862,324</u>

**OPERATING EXPENSES**

Operations	16,502,920
Administration	5,155,954
Depreciation	<u>13,980,211</u>
Total operating expenses	<u>35,639,085</u>

OPERATING INCOME	<u>3,223,239</u>
------------------	------------------

**NON-OPERATING REVENUES (EXPENSES)**

Property taxes	4,974,922
Assessments	14,965
Illinois personal property replacement taxes	1,526,641
Investment income	642,560
Gain on sale of asset	108,585
Bond issuance costs	(87,201)
Interest expense	<u>(2,149,101)</u>
Total non-operating revenues (expenses)	<u>5,031,371</u>

INCOME BEFORE CAPITAL CONTRIBUTIONS	8,254,610
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Capital contributions	<u>2,604,000</u>
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CHANGE IN NET POSITION	<u>10,858,610</u>
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NET POSITION, MAY 1	310,291,473
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Prior period adjustment	4,547,147
Change in accounting principle	<u>(2,064,825)</u>

NET POSITION, MAY 1, RESTATED	<u>312,773,795</u>
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NET POSITION, APRIL 30	<u><u>\$ 323,632,405</u></u>
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See accompanying notes to financial statements.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from customers	\$ 37,522,778
Paid to suppliers for goods and services	(8,926,123)
Paid to employees for services - including benefits	<u>(12,658,590)</u>

Net cash from operating activities 15,938,065

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Tax proceeds received	<u>6,516,528</u>
-----------------------	------------------

Net cash from noncapital financing activities 6,516,528

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

Proceeds on disposal of capital assets	108,585
Acquisition and construction of capital assets	(16,851,081)
Interest paid and fiscal charges	(1,836,789)
Proceeds from issuance of bonds and drawdowns on IEPA loans	13,127,638
Principal payments on IEPA loans and bonds	(8,797,084)
Payments on capital lease obligation	<u>(161,056)</u>

Net cash from capital and related  
financing activities (14,409,787)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	623,416
Purchase of investments	(4,883,114)
Proceeds from sale of investments	<u>7,145,077</u>

Net cash from investing activities 2,885,379

NET INCREASE IN CASH AND CASH EQUIVALENTS 10,930,185

CASH AND CASH EQUIVALENTS, MAY 1 18,052,671

**CASH AND CASH EQUIVALENTS, APRIL 30** \$ 28,982,856

Cash and cash equivalents	\$ 28,787,132
Restricted cash and cash equivalents	<u>195,724</u>

**TOTAL CASH AND CASH EQUIVALENTS** \$ 28,982,856

(This statement is continued on the following page.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2019

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<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 3,223,239
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	13,980,211
Increase (decrease) in cash due to changes in assets and liabilities	
Receivables	
User charges	(1,190,054)
Other receivables	(149,492)
Prepaid expenses	(83,910)
Net pension liability - IMRF	9,390,336
Deferred outflows - pension items - IMRF	(5,582,631)
Deferred inflows - pension items - IMRF	(3,425,189)
Total OPEB liability	(95,258)
Deferred outflows - pension items - OPEB	(18,415)
Accounts payable	(256,354)
Compensated absences	79,915
Accrued expenses and other liabilities	<u>65,667</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 15,938,065</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Grant receivable	112,234
IEPA loan payable	(112,234)
Wastewater sewer extensions contributed by area developers and other governments	2,604,000
Cost of capital assets included in accounts payable	<u>883,578</u>
<b>TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>\$ 3,487,578</u></b>

See accompanying notes to financial statements.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Rock River Water Reclamation District (the District) was organized in 1926 under the Sanitary Districts Sewage Disposal Act of 1917 to acquire, develop, and manage the sewage disposal system. The District encompasses an area which includes the entire City of Rockford, City of Loves Park, Village of Machesney Park, Village of New Milford, Village of Cherry Valley, Village of Roscoe, Village of Winnebago, and a number of unincorporated areas within Winnebago County. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental 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 following is a summary of the more significant accounting policies of the District:

a. Reporting Entity

The District is a separate autonomous taxing district governed by a five-member Board of Trustees, appointed by the Winnebago County Board Chairman with the advice and consent of the Winnebago County Board.

The District is considered to be a primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations, are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Trustees of the District.

b. Fund Accounting

Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the basic financial statements in this report, into a single fund.

The Enterprise Fund is used for the general operation, maintenance, and improvement of the sewage system. The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

b. Fund Accounting (Continued)

business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash in checking and money market accounts and any certificates of deposits and U.S. treasuries with an original maturity of three months or less. Any certificates of deposit and U.S. treasuries with maturity dates over three months are presented as investments.

e. Investments

Investments with a maturity date of less than one year from the date of purchase are recorded at cost or amortized cost. Investments with a maturity date of greater than one year, at time of purchase, if any, 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.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

f. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are stated at cost, except for donated assets, which are stated at acquisition value on the date donated.

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets.

Depreciation of plant and equipment is provided on the straight-line basis over the estimated useful lives of the respective assets as follows:

	<u>Years</u>
Treatment plant	15-30
Sewers and lift stations	15-50
Machinery and equipment	3-15
Computer software	10

No depreciation is taken in the year of the capitalization and a full year is taken in the year of retirement.

g. Property Taxes

Property taxes are assessed as of January 1 on real property. The District must file its tax levy with the Winnebago County Clerk by the second Tuesday of September. Generally, in April of the subsequent year, the County Clerk calculates the tax rates using the equalized assessed value of the District, as determined by the Illinois Department of Revenue. These rates are then extended against the equalized assessed value of each parcel of property. The tax bills are normally mailed by May 1 with payments generally due in two equal installments around June 1 and September 1.

Several of the District's levies are subject to tax rate limits. These tax limits and the District's tax rates for the 2018 tax levy are as follows:

	<u>Limit</u>	<u>2018</u>
	Rate	Rate
Corporate	0.1660	0.1498
Sewerage chlorination	0.0500	0.0327
Public benefit	0.0500	0.0139

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

g. Property Taxes (Continued)

The other tax levies of the District are not subject to tax rate limitations. The 2019 tax levy, which attached as an enforceable lien on property as of January 1, 2019, has not been recorded as a receivable as of April 30, 2019 as the tax has not yet been levied by the District and will not be levied until September 2019 and, therefore, the levy is not measurable at April 30, 2019.

h. User Charges

User charges are recognized as revenue when earned. As of April 30, 2019, there were approximately three months of earned but unbilled user charges due to billing practices of water districts that supply the District with consumption information.

i. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

j. Restricted Assets

Proceeds of general obligation alternate revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

k. Bond Issuance Costs, Bond Discounts, and Bond Premiums

Bond discounts, premiums, and gains/losses on refundings are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a reduction of the face amount of bonds payable; bond premiums are presented as an addition to the face amount of bonds payable. Bond issuance costs are expensed in the year they are incurred.

l. Compensated Absences

District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and one-half of all unused sick leave is paid upon termination of employment. Compensated absences start to vest for employees at the end of their orientation period.

The District recognizes vacation expense as it is earned. Sick leave pay is recognized at the time the liability vests. An additional amount is accrued for salary-related payments directly and incrementally associated with payment made for compensated absences on termination.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

m. Net Position

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. None of the net position has been restricted by enabling legislation adopted by the District. Net investment in capital assets represents the book value of capital assets less long-term debt principal outstanding issued to construct or acquire capital assets. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

n. 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) 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.

o. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The District's investment policy authorizes the District to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments insured by the Federal Deposit Insurance Corporation (FDIC), obligations or securities guaranteed by the United States Government, direct obligations of any bank as defined by the Illinois Banking Act, certain short-term commercial paper rated within the highest classification established by at least two standard rating services, certain money market mutual funds, repurchase agreements, and the Illinois Public Treasurers' Investment Pool (The Illinois Funds).

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

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 market 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.

It is the policy of the District 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 District 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, in order of priority, safety of principal, liquidity, and rate of return.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral, including a letter of credit issued by a Federal Home Loan Bank, or private insurance, for all bank balances in excess of FDIC coverage, at an amount not less than 105% of the fair market value of the funds secured, with collateral held by the District, an independent third party, or a Federal Reserve Bank.

b. Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District attempts to match its investments with anticipated cash flow requirements. The District's investment's policy limits the average maturity of the total portfolio to a maximum of five years. Investments in securities in excess of five years shall coincide as nearly as practicable with the expected use of the funds.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

b. Investments (Continued)

The following are the District's investment in debt securities as of April 30, 2019:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. agencies	\$ 1,287,170	\$ -	\$ 1,287,170	\$ -	\$ -
Negotiable certificates of deposit	737,894	737,894	-	-	-
<b>TOTAL</b>	<b>\$ 2,025,064</b>	<b>\$ 737,894</b>	<b>\$ 1,287,170</b>	<b>\$ -</b>	<b>\$ -</b>

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of April 30, 2019: the U.S. agency obligations and the negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs).

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District limits its exposure to credit risk by pre-qualifying all financial institutions and other intermediaries with which the District conducts business. The Illinois Funds are rated AAAM and U.S. agencies are rated AA+ by Standard & Poor's. The negotiable certificates of deposit are not rated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the District'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 District's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the District's name. The Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District limits its exposure to concentration of credit risk by establishes guidelines for diversification of the investment portfolio by limiting investments to certain investments categories and certain percentages of the portfolio.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. CAPITAL ASSETS**

Capital assets activity for the year ended April 30, 2019 was as follows:

	Balances May 1	Additions	Deletions	Transfers	Balances April 30
Capital assets not being depreciated					
Land	\$ 5,820,275	\$ -	\$ -	\$ -	\$ 5,820,275
Construction in progress	40,066,049	11,679,074	(9,206)	(12,264,966)	39,470,951
Total capital assets not being depreciated	45,886,324	11,679,074	(9,206)	(12,264,966)	45,291,226
Capital assets being depreciated					
Treatment plant	137,990,772	262,661	-	5,224,393	143,477,826
Sewers and lift stations	389,191,401	2,832,632	-	6,942,938	398,966,971
Machinery and equipment	21,422,555	2,164,650	(345,061)	97,635	23,339,779
Total capital assets being depreciated	548,604,728	5,259,943	(345,061)	12,264,966	565,784,576
Less accumulated depreciation					
Treatment plant	67,701,751	4,819,591	-	-	72,521,342
Sewers and lift stations	146,084,022	7,543,567	-	-	153,627,589
Machinery and equipment	15,290,026	1,617,053	(345,061)	-	16,562,018
Total accumulated depreciation	229,075,799	13,980,211	(345,061)	-	242,710,949
Net capital assets being depreciated	319,528,929	(8,720,268)	-	12,264,966	323,073,627
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 365,415,253</b>	<b>\$ 2,958,806</b>	<b>\$ (9,206)</b>	<b>\$ -</b>	<b>\$ 368,364,853</b>

For the year ended April 30, 2019, the District capitalized interest costs of \$270,978.

**4. LONG-TERM LIABILITIES**

The District's long-term liabilities outstanding consisted of the following at April 30, 2019:

	Balances May 1, as restated	Additions	Deletions	Balances April 30	Due Within One Year
Illinois IEPA loans					
Sewer Lining Project	\$ 662,703	\$ -	\$ (63,584)	\$ 599,119	\$ 65,183
McDonald Creek Project	1,089,943	-	(103,610)	986,333	106,216
Clarifier/Voltage Switches Project	251,848	-	(25,447)	226,401	26,087
Rock River East Project	1,178,807	-	(94,304)	1,084,503	94,305
Point Repair/Lining Project	1,637,843	-	(116,784)	1,521,059	118,249
Fuller Creek Project	11,412,735	-	(555,829)	10,856,906	566,608
Main Line Repairs/Lining Project	1,865,997	-	(97,044)	1,768,953	98,926
Excess Flow	5,630,094	-	(257,803)	5,372,291	263,532
Sewer Lining	2,231,097	-	(102,163)	2,128,934	104,433
Fuller Creek Phase 3	17,658,823	496,463	(336,679)	17,818,607	405,465
Spring Creek Sanitary Sewer	9,198,547	6,815	(431,102)	8,774,260	774,038
Sanitary Sewer	3,381,483	379,811	(40,599)	3,720,695	161,626
Fuller Creek Phase 4 & 5	-	1,833,116	-	1,833,116	72,471
Total Illinois IEPA loans	56,199,920	2,716,205	(2,224,948)	56,691,177	2,857,139

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

	Balances			Balances	Due Within
	May 1, as restated	Additions	Deletions	April 30	One Year
Capital lease payable	\$ 366,288	\$ -	\$ (161,057)	\$ 205,231	\$ 72,577
Bonds payable					
General Obligation Alternate Bonds, Series 2007	90,000	-	(90,000)	-	-
General Obligation Alternate Bonds, Series 2008	470,000	-	(470,000)	-	-
General Obligation Alternate Bonds, Series 2009	3,825,000	-	(3,825,000)	-	-
General Obligation Alternate Bonds, Series 2010B	6,245,000	-	(425,000)	5,820,000	440,000
General Obligation Alternate Bonds, Series 2013A	6,820,000	-	(1,310,000)	5,510,000	1,335,000
General Obligation Alternate Bonds, Series 2014	7,820,000	-	(370,000)	7,450,000	380,000
General Obligation Alternate Bonds, Series 2017	9,140,000	-	(215,000)	8,925,000	805,000
General Obligation Alternate Bonds, Series 2018	-	3,300,000	-	3,300,000	265,000
Total bonds payable	34,410,000	3,300,000	(6,705,000)	31,005,000	3,225,000
Bond premium (discounts)	1,028,506	349,823	(171,420)	1,206,909	130,515
Total OPEB liability	2,347,096	-	(95,258)	2,251,838	287,121
Compensated absences	1,748,344	1,828,259	(1,748,344)	1,828,259	564,070
Net pension liability	-	9,213,791	-	9,213,791	-
Claims payable	50,000	270,575	(120,575)	200,000	-
<b>TOTAL</b>	<b>\$ 96,150,154</b>	<b>\$ 17,678,653</b>	<b>\$ (11,226,602)</b>	<b>\$ 102,602,205</b>	<b>\$ 7,136,422</b>

The aggregate maturities of long-term debt are as follows:

Year Ending April 30,	Illinois EPA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 2,857,139	\$ 1,021,535	\$ 3,225,000	\$ 1,192,458
2021	2,914,559	971,134	3,320,000	1,104,868
2022	2,968,048	917,644	3,405,000	1,007,492
2023	3,022,571	863,121	3,490,000	900,668
2024	3,078,149	807,543	2,155,000	784,230
2025-2029	15,860,553	3,171,520	11,710,000	2,504,760
2030-2034	15,744,424	1,735,508	3,700,000	512,000
2035-2039	10,245,734	388,645	-	-
<b>TOTAL</b>	<b>\$ 56,691,177</b>	<b>\$ 9,876,650</b>	<b>\$ 31,005,000</b>	<b>\$ 8,006,476</b>

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

The following is a schedule of future minimum lease payments under the capital lease and the present value of minimum lease payments:

<u>Year Ending</u> <u>April 30,</u>	
2020	\$ 78,017
2021	78,017
2022	<u>58,513</u>
Total minimum lease payments	214,547
Amount representing interest	<u>(9,316)</u>
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b><u>\$ 205,231</u></b>

a. Illinois EPA Loans

Sewer Lining

The District began restoration of the sewer lines in various locations in October 2006 and was completed in April 2009.

In connection with this project, the District entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA), which provided a long-term loan. At April 30, 2019, the outstanding balance on the loan was \$599,119.

The District paid principal and interest payments totaling \$79,756 during fiscal year 2019. The final repayment of the loan is due September 2027. Interest is at a rate of 2.50%.

McDonald Creek

The District began construction in December 2006 on a McDonald Creek project which was completed in March 2008.

In connection with this project, the District entered into a loan agreement with the IEPA, which provided a long-term loan. At April 30, 2019, the outstanding balance on the loan was \$986,333.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

a. Illinois EPA Loans (Continued)

McDonald Creek (Continued)

The District paid principal and interest payments totaling \$130,215 during fiscal year 2019. The final repayment of the loan is due September 2027. Interest is at a rate of 2.50%.

Clarifier/Voltage Switches

The District began construction in June 2007 on a Clarifier/Voltage Switches project which was completed in March 2008.

In connection with this project, the District entered into a loan agreement with the IEPA, which provided a long-term loan. At April 30, 2019, the outstanding balance on the loan was \$226,401.

The District paid principal and interest payments totaling \$31,585 during fiscal year 2019. The final repayment of the loan is due April 2027. Interest is at a rate of 2.50%.

Rock River East

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2010 for the restoration of the sewer lines at Rock River East Interceptor. The Rock River East Project was completed during fiscal year 2011. The District paid principal and interest payments totaling \$94,305 during fiscal year 2019. The loan calls for semiannual principal payments of \$47,152, beginning June 2011 through maturity at June 2030, and bears interest at 0%. As of April 30, 2019, the outstanding balance on the loan was \$1,084,503.

Point Repair/Lining

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2011 for sewer lining and point repair improvements. The loan calls for semiannual principal and interest payments through maturity at February 2031 and bears interest at 1.25%. The total amount of loan disbursements to be made to the District under this agreement is \$3,175,564, of which \$820,169 is not required to be repaid. As of April 30, 2019, the outstanding balance on the loan was \$1,521,059.

The District paid principal and interest payments totaling \$136,894 during fiscal year 2019. The final repayment of the loan is due February 2031. Interest is at a rate of 1.25%.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

a. Illinois EPA Loans (Continued)

Fuller Creek Project

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2014 for new trunk sewer and new regional pumping station with two new force mains. The Fuller Creek Project was completed during fiscal year 2017. The loan calls for semiannual principal and interest payments through maturity at February 2035 and bears interest at 1.93%. As of April 30, 2019, the outstanding balance on the loan was \$10,856,906. The District paid principal and interest payments totaling \$773,426 during fiscal year 2019.

Main Line Repairs/Lining

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2014 for lining and point repair on sanitary sewers throughout the District's collection system. The loan calls for semiannual principal and interest payments through maturity at July 2034 and bears interest at 1.93%. As of April 30, 2019, the outstanding balance on the loan was \$1,768,953. The District paid principal and interest payments totaling \$132,592 during fiscal year 2019.

Excess Flow

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2016 for a new excess flow storage basin and excess flow pump station. The loan calls for semiannual principal and interest payments through maturity at June 2036 and bears interest at 2.21%. As of April 30, 2019, the outstanding balance on the loan was \$5,372,291. The District paid principal and interest payments totaling \$380,812 during fiscal year 2019.

Sewer Lining

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2016 for improvement of the sewer lines in various locations. The loan calls for semiannual principal and interest payments through maturity at July 2036 and bears interest at 2.21%. As of April 30, 2019, the outstanding balance on the loan was \$2,128,934. The District paid principal and interest payments totaling \$150,908 during fiscal year 2019.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

a. Illinois EPA Loans (Continued)

Fuller Creek Phase 3

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2017 for improvement of the Fuller Creek sanitary sewer. The loan calls for semiannual principal and interest payments through maturity at July 2038 and bears interest at 1.75%. The District recorded \$262,290 in principal draws and \$234,173 of capitalized interest under this agreement during the year ended April 30, 2019. As of April 30, 2019, the outstanding balance on the loan was \$17,818,607. The District paid principal and interest payments totaling \$477,044 during fiscal year 2019.

Spring Creek Sanitary Sewer

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2017 for improvement of the Spring Creek sanitary sewer. The loan calls for semiannual principal and interest payments through maturity at July 2037 and bears interest at 1.75%. The District recorded \$(132,863) in principal draws under this agreement during the year ended April 30, 2019, as the District has decided to close out the loan balance before paying the final retainage on the project. Additionally, there was \$6,815 of capitalized interest for the year ended April 30, 2019. As of April 30, 2019, the outstanding balance on the loan was \$8,774,260. The District paid principal and interest payments totaling \$429,067 during fiscal year 2019.

Sanitary Sewer

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2018 for improvement of the District sanitary sewers. The loan calls for semiannual principal and interest payments through maturity at July 2038 and bears interest at 1.75%. The District recorded \$359,883 in principal draws and \$19,928 of capitalized interest under this agreement during the year ended April 30, 2019. As of April 30, 2019, the outstanding balance on the loan was \$3,720,695. The District paid principal and interest payments totaling \$57,524 during fiscal year 2019.

Fuller Creek Phase 4 & 5

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2019 for improvement of the Fuller Creek sanitary sewer. The loan calls for semiannual principal and interest payments through maturity at March 2039 and bears interest at 1.76%. The District recorded \$1,823,054 in principal draws and \$10,062 of capitalized interest under this agreement during the year ended April 30, 2019. As of April 30, 2019, the outstanding balance on the loan was \$1,833,116.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

b. Capital Lease Payable

During fiscal year 2017, the District entered into a capital lease payable for computer equipment, payable in monthly installments ranging from \$6,501 to \$7,582 including interest of 3.10% through February of 2022.

The cost of the assets acquired under capital lease is \$386,123.

c. General Obligation Alternate Bonds

Series 2007

The District issued Series 2007, General Obligation Alternate Bonds on December 27, 2007 totaling \$5,000,000, due in annual installments of principal on December 15 in varying amounts ranging from \$165,000 to \$360,000, with interest payable semiannually at 4.00% to 5.40% maturing on December 15, 2027.

The debt was issued for the purpose of paying the cost of improving and extending the sewerage system of the District.

These bonds were partially refunded by the General Obligation Alternate Refunding Bonds Series 2017. The remaining balance of the bonds after refunding was \$325,000, which is due in annual installments of principal on December 15 in varying amounts ranging from \$90,000 to \$235,000, with interest payable semiannually at 4.00% to 5.40%. These bonds matured on December 15, 2018.

Series 2008

The District issued Series 2008, General Obligation Alternate Bonds totaling \$10,000,000 on December 30, 2008, due in annual installments of principal on December 15, with interest ranging from 4.25% to 5.00% maturing at various amounts through December 15, 2028.

The debt was issued for the purpose of paying the cost of improving and extending the sewerage system of the District and a new administration building.

These bonds were partially refunded by the General Obligation Alternate Refunding Bonds Series 2017. The remaining balance of the bonds after refunding was \$920,000, which is due in annual installments of principal on December 15 in varying amounts ranging from \$450,000 to \$470,000, with interest payable semiannually at 4.250% to 4.375%. These bonds matured on December 15, 2018.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

c. General Obligation Alternate Bonds (Continued)

Series 2009

The District issued Series 2009, General Obligation Alternate Bonds totaling \$6,000,000 on December 1, 2009, with interest ranging from 3% to 5% maturing at various amounts through December 15, 2028.

The debt was issued for the purpose of paying the cost of improving and extending the sewerage system of the District.

These bonds were partially refunded by the General Obligation Alternate Refunding Bonds Series 2018. The remaining balance of the bonds after refunding was \$285,000, which was due on December 15, 2018 with interest payable at 3.25%.

Series 2010B

The District issued Series 2010B, General Obligation Alternate Bonds totaling \$8,245,000 on July 20, 2010, with interest ranging from 2.25% to 6.25% maturing at various amounts through December 15, 2029.

The debt was issued for the purpose of paying the cost of improving and extending the sewerage system of the District.

Series 2013A

The District issued Series 2013A, General Obligation Alternate Bonds totaling \$9,700,000 on April 10, 2013, with interest ranging from 2% to 3% maturing at various amounts through December 15, 2022.

The debt was issued for the purpose of refinancing a portion of the outstanding obligations under certain loan agreements with the Environmental Protection Agency (EPA) entered into for the purpose of financing the costs of improvements to and extensions of the sewerage system.

Series 2014

The District issued Series 2014, General Obligation Alternate Bonds totaling \$9,350,000 on April 14, 2014, with interest ranging from 2% to 5% maturing at various amounts through December 15, 2033.

The debt was issued for the purpose of paying the costs of improving and extending the sewerage system of the District.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

c. General Obligation Alternate Bonds (Continued)

Advance Refunding - General Obligation Alternate Refunding Bonds, Series 2017

On April 27, 2017, the District issued \$9,140,000 General Obligation Alternate Refunding Bond, Series 2017 with interest ranging from 3.00% to 3.25% maturing at various amounts through December 15, 2028. The District passed an ordinance directing the execution of an escrow agreement in order to partially refund General Obligation Alternate Bond, Series 2007 issued by the District and outstanding in the principal amount of \$2,905,000 and to partially refund General Obligation Alternate Bond, Series 2008 issued by the District and outstanding in the principal amount of \$6,100,000.

Proceeds in the amount of \$9,332,172 from the refunding bonds along with \$247,186 from the District's debt service funds were used to execute the escrow agreement. The refunded \$2,905,000 General Obligation Alternate Bond, Series 2007 bonds were called in its entirety on December 15, 2017 and the refunded \$6,100,000 General Obligation Alternate Bond, Series 2008 bonds were called in its entirety on December 15, 2018.

Current Refunding - General Obligation Refunding Alternate Bonds, Series 2018

The District issued General Obligation Refunding Alternate Bonds, Series 2018 totaling \$3,300,000 on September 27, 2018, with interest ranging from 3% to 5% maturing at various amounts through December 15, 2028. The District passed an ordinance directing the execution of an escrow agreement in order to partially refund General Obligation Alternate Bond, Series 2009 issued by the District and outstanding in the principal amount of \$3,540,000. This current refunding was undertaken to reduce total debt service payments over the next ten years by \$321,775 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$272,086. The net carrying amount of the old debt exceeded the reacquisition price by \$87,050. This amount is being amortized over the remaining life of the refunding debt.

Proceeds in the amount of \$3,487,987 from the refunding bonds along with \$113,741 from the District's debt service funds were used to execute the escrow agreement. The refunded \$6,000,000 General Obligation Alternate Bond, Series 2009 were called in their entirety on December 15, 2018.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

c. General Obligation Alternate Bonds (Continued)

Current Refunding - General Obligation Refunding Alternate Bonds, Series 2018  
(Continued)

The General Obligation Alternate Bonds are to be paid from revenues of the system remaining after the payment of operation and maintenance costs of the system and any required monthly deposits and credits have been made as required by any ordinances adopted in the future authorizing the issuance of any future series of prior lien sewerage revenue bonds. These pledges will remain until all bonds are retired.

The amount of the pledges remaining as of April 30, 2019 is as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date
2010B	Revenues of the system	\$ 8,015,275	12/15/2029
2013A	Revenues of the system	5,827,125	12/15/2022
2014	Revenues of the system	8,636,950	12/15/2033
2017	Revenues of the system	10,435,425	12/15/2028
2018	Revenues of the system	4,186,700	12/15/2028

A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2019 is as follows:

Debt Issue	Pledged Revenue Source	Pledged Revenue Collected	Principal and Interest Paid	Commitment End Date
2007	Revenues of the system	\$ 18,030,622	\$ 93,600	12/15/2027
2008	Revenues of the system	18,030,622	490,563	12/15/2028
2009	Revenues of the system	18,030,622	3,989,808	12/15/2028
2010B	Revenues of the system	18,030,622	769,870	12/15/2029
2013A	Revenues of the system	18,030,622	1,456,975	12/15/2022
2014	Revenues of the system	18,030,622	700,950	12/15/2033
2017	Revenues of the system	18,030,622	490,963	12/15/2028
2018	Revenues of the system	18,030,622	32,847	12/15/2028

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

c. General Obligation Alternate Bonds (Continued)

Current Refunding - General Obligation Refunding Alternate Bonds, Series 2018  
(Continued)

During the year ended April 30, 2013, the District authorized the issuance of \$49,500,000 in General Obligation Alternate Bonds as Sewerage System Alternate Revenue Source. During the years ended April 30, 2013 and 2014, \$17,545,000 and \$9,350,000 of these bonds were issued, respectively. The remaining \$22,605,000 of the bonds authorized had not been issued as of April 30, 2019.

**5. DEFINED BENEFIT PENSION PLAN**

The District's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the Plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at [www.imrf.org](http://www.imrf.org).

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

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Plan Membership*

At December 31, 2018, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	134
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>116</u>
 TOTAL	 <u><u>275</u></u>

*Benefits Provided*

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

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

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rates for the plan years ended December 31, 2018 and December 31, 2019 were 10.75% and 8.56%, respectively. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Net Pension Liability*

The District's net pension liability was measured as of December 31, 2018 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, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25% (7.50% for the plan year 2017). 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 District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability (Asset)*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2018	\$ 62,895,771	\$ 63,072,316	\$ (176,545)
Changes for the period			
Service cost	864,080	-	864,080
Interest	4,612,931	-	4,612,931
Difference between expected and actual experience	964,541	-	964,541
Changes in assumptions	1,717,049	-	1,717,049
Employer contributions	-	1,104,076	(1,104,076)
Employee contributions	-	419,326	(419,326)
Net investment income	-	(3,818,856)	3,818,856
Benefit payments and refunds	(3,644,125)	(3,644,125)	-
Other (net transfer)	-	1,063,719	(1,063,719)
Net changes	4,514,476	(4,875,860)	9,390,336
BALANCES AT DECEMBER 31, 2018	\$ 67,410,247	\$ 58,196,456	\$ 9,213,791

There was a change in assumptions with respect to the inflation rates, salary rates, interest rate, and mortality since the prior measurement date.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2019, the District recognized pension expense of \$1,319,211. At April 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 1,840,421	\$ -	\$ 1,840,421
Changes in assumption	1,335,556	1,044,085	291,471
Net difference between projected and actual earnings on pension plan investments	4,179,728	-	4,179,728
Contributions subsequent to the measurement date	285,042	-	285,042
<b>TOTAL</b>	<b>\$ 7,640,747</b>	<b>\$ 1,044,085</b>	<b>\$ 6,596,662</b>

\$285,042 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2020. 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 April 30,</u>	
2020	\$ 2,061,213
2021	1,171,206
2022	1,108,377
2023	<u>1,970,824</u>
<b>TOTAL</b>	<b>\$ <u>6,311,620</u></b>

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.25% as well as what the District’s net pension liability 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	\$ 16,927,495	\$ 9,213,791	\$ 2,767,364

**6. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

In addition to providing the pension benefits described, the District provides other postemployment health care benefits (OPEB) for retired employees. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and ILCS. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a separate report.

b. Benefits Provided

The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the District’s retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the District’s insurance provider.

The District will contribute the prevailing group premiums for health insurance if an employee retires between age 62 and 65 with at least 12 years of service at the District. Eligible retirees contribute at the same rate as active employees. All other retirees contribute 100% of the cost (blended) of coverage.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

c. Membership

At April 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Active vested and nonvested plan members	<u>115</u>
<b>TOTAL</b>	<b><u>130</u></b>
Participating employers	<u><u>1</u></u>

d. Total OPEB Liability

The District's total OPEB liability of \$2,251,838 was measured as of April 30, 2019 and was determined by an actuarial valuation as of that date.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of April 30, 2019, 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
Actuarial value of assets	Not applicable
Salary increases	3.50%
Discount rate	3.79%
Healthcare cost trend rates	7.50% Initial 4.00% Ultimate

The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds rated AA or better at April 30, 2019.

Mortality rates were based on the RP-2014 base rates projected to 2019 using scale MP2018.

The actuarial assumptions used in the April 30, 2019 valuation are based on 70% of current employees participation upon retirement and 100% of current employees eligible for 62/12 special benefit participation upon retirement. 50% of employees were assumed to have participating spouses. Females were assumed to be three years younger than males.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2018	<u>\$ 2,347,096</u>
Changes for the period	
Service cost	84,069
Interest	87,480
Assumption changes	20,314
Benefit payments	<u>(287,121)</u>
Net changes	<u>(95,258)</u>
BALANCES AT APRIL 30, 2019	<u>\$ 2,251,838</u>

There were changes in assumptions related to the discount rate, mortality rates, and withdrawal, disability, and retirement rates.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 3.79% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB liability	\$ 2,367,367	\$ 2,251,838	\$ 2,141,086

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 7.50% to 4.00% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (6.50% to 3.00%) or 1 percentage point higher (8.50% to 5.00%) than the current rate:

	1% Decrease (6.50% to 3.00%)	Current Healthcare Rate (7.50% to 4.00%)	1% Increase (8.50% to 5.00%)
Total OPEB liability	\$ 2,098,261	\$ 2,251,838	\$ 2,428,830

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

For the year ended April 30, 2019, the District recognized OPEB expense of \$173,448. At April 30, 2019, the District 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
Changes in assumptions	\$ 18,415	\$ -
<b>TOTAL</b>	<b>\$ 18,415</b>	<b>\$ -</b>

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

<u>Year Ending April 30,</u>	
2020	\$ 1,899
2021	1,899
2022	1,899
2023	1,899
2024	1,899
Thereafter	<u>8,920</u>
<b>TOTAL</b>	<b><u>\$ 18,415</u></b>

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. COMMITMENTS AND CONTINGENCIES**

a. Commitments

The District has entered into certain agreements in connection with the construction of sewer and other various projects. Outstanding commitments at April 30, 2019 totaled approximately \$786,090.

b. Pending Litigation

There are various other lawsuits pending or threatened against the District. The outcome and eventual liability of the District, if any, in these cases is not known at this time.

**8. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts and health claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is covered by commercial insurance for all programs, except workers' compensation. The coverage is as follows:

Workers' Compensation

The District is self-insured for workers' compensation. In order to limit its exposure to losses, the District has purchased specific excess insurance limiting the maximum loss from any one occurrence to \$550,000 with a statutory limit. The District also has purchased aggregate excess insurance that provides for losses in excess of an estimated \$1,605,839 with a limit of \$1,000,000. No claims have reached this limit.

A reconciliation of the claims liability for workers' compensation is as follows:

	2019	2018
UNPAID CLAIMS, MAY 1	\$ 50,000	\$ 500,000
Incurred claims (including IBNR's)*	270,575	(322,324)
Claim payments	(120,575)	(127,676)
UNPAID CLAIMS, APRIL 30	\$ 200,000	\$ 50,000

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the two prior years.

\*Claims incurred in fiscal year 2018 show as a negative figure above due to a decrease in estimated unpaid claims by the District's claims administrator.

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**9. INTERGOVERNMENTAL AGREEMENT**

On December 21, 2011, the Village of Winnebago (the Village) entered into an agreement with the District to construct a new sanitary sewer, pump/lift station and force main for the sanitary sewer system needed to connect the Village sanitary sewer system to the District sanitary sewer system. The agreement specifies that the District will finance all construction costs of the improvements. In return, the Village will pay the District 25.75% of the debt service payments related to the IEPA Fuller Creek Phase C loan.

The District shall own, operate and maintain the sanitary sewer improvements. The receivable to be paid by the Village each year is as follows:

<u>Year Ending</u> <u>April 30,</u>	
2020	\$ 286,041
2021	202,850
2022	206,416
2023	210,043
2024	213,735
2025-2029	1,126,364
2030-2034	1,228,894
2035-2038	<u>1,201,382</u>
<b>TOTAL RECEIVABLE</b>	<b><u>\$ 4,675,725</u></b>

**10. PRIOR PERIOD ADJUSTMENT AND CHANGE IN ACCOUNTING PRINCIPLE**

In 2019, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the District is required to retroactively record the total other postemployment benefit liability and write-off the net other postemployment benefit obligation.

Additionally, the District has recorded a prior period adjustment to recognize revenue in the proper period.

	<u>Increase</u> <u>(Decrease)</u>
Change in accounting principle	
To write-off the net OPEB obligation	\$ 282,271
To record the total OPEB liability	(2,347,096)
Prior period adjustment	
Restatement - correction of an error	<u>4,547,147</u>
<b>TOTAL PRIOR PERIOD ADJUSTMENT AND</b>	
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	<b><u>\$ 2,482,322</u></b>

**ROCK RIVER WATER RECLAMATION DISTRICT**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**11. SUBSEQUENT EVENT**

On August 26, 2019, the District authorized the issuance of not to exceed \$5,600,000 General Obligation Refunding Alternate Revenue Bonds, Series 2019, for the purpose of refunding a portion of the District's Series 2010 General Obligation Alternate Revenue Bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Fiscal Year

<b>MEASUREMENT DATE APRIL 30,</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 84,069
Interest	87,480
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	20,314
Benefit payments, including refunds of member contributions	<u>(287,121)</u>
Net change in total OPEB liability	(95,258)
Total OPEB liability - beginning	<u>2,347,096</u>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<u><u>\$ 2,251,838</u></u>
Covered payroll	\$ 7,174,918
Employer's total OPEB liability as a percentage of covered payroll	31.38%

There were changes in assumptions related to the discount rate, mortality rates, and withdrawal, disability and retirement rates in 2019.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 936,695	\$ 959,287	\$ 903,898	\$ 873,398
Contributions in relation to the actuarially determined contribution	<u>936,695</u>	<u>959,287</u>	<u>903,898</u>	<u>873,398</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,447,903	\$ 9,127,736	\$ 8,363,961	\$ 7,634,596
Contributions as a percentage of covered payroll	9.91%	10.51%	10.81%	11.44%

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 25 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.39% to 14.25% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

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

Last Four Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 864,080	\$ 874,280	\$ 828,881	\$ 816,520
Interest	4,612,931	4,494,054	4,294,310	4,120,053
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	964,541	1,598,197	690,650	292,148
Changes of assumptions	1,717,049	(1,887,215)	(67,574)	65,513
Benefit payments, including refunds of member contributions	(3,644,125)	(3,334,241)	(3,030,078)	(2,771,003)
Net change in total pension liability	4,514,476	1,745,075	2,716,189	2,523,231
Total pension liability - beginning	62,895,771	61,150,696	58,434,507	55,911,276
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 67,410,247</b>	<b>\$ 62,895,771</b>	<b>\$ 61,150,696</b>	<b>\$ 58,434,507</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 1,104,076	\$ 1,018,170	\$ 959,118	\$ 873,398
Contributions - member	419,326	402,935	366,170	346,821
Net investment income	(3,818,856)	9,945,965	3,638,819	269,400
Benefit payments, including refunds of member contributions	(3,644,125)	(3,334,241)	(3,030,078)	(2,771,003)
Other (net transfer)	1,063,719	(782,481)	242,688	271,228
Net change in plan fiduciary net position	(4,875,860)	7,250,348	2,176,717	(1,010,156)
Plan fiduciary net position - beginning	63,072,316	55,821,968	53,645,251	54,655,407
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 58,196,456</b>	<b>\$ 63,072,316</b>	<b>\$ 55,821,968</b>	<b>\$ 53,645,251</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ 9,213,791</b>	<b>\$ (176,545)</b>	<b>\$ 5,328,728</b>	<b>\$ 4,789,256</b>
Plan fiduciary net position as a percentage of the total pension liability	86.33%	100.28%	91.29%	91.80%
Covered payroll	\$ 9,318,346	\$ 8,830,460	\$ 8,137,119	\$ 7,634,596
Employer's net pension liability (asset) as a percentage of covered payroll	98.88%	(2.00%)	65.49%	62.73%

Notes to Required Supplementary Information

Changes in assumptions related to the discount rate were made in 2015, 2016, and 2018.

Changes in assumptions related to inflation rates, salary rates, and mortality were made in 2017.

Changes in assumptions related to inflation rates, salary rates, and mortality were made in 2018.

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 SCHEDULES**

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

COMBINING BALANCE SHEET

April 30, 2019

	<b>General Operations</b>	<b>Public Benefit</b>	<b>Special Assessments</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 24,084,357	\$ 2,923,035	\$ 1,779,740	\$ -	\$ 28,787,132
Investments	2,439,322	790,605	481,836	-	3,711,763
Restricted assets					
Cash and cash equivalents	195,724	-	-	-	195,724
Investments	4,127,100	-	-	-	4,127,100
Receivables					
Billed user charges (net of allowance for uncollectible amounts of \$225,000)	4,582,556	-	-	-	4,582,556
Property taxes	4,758,473	361,991	-	-	5,120,464
Other	4,934,391	-	337,876	-	5,272,267
Due from special assessments	114,143	-	-	(114,143)	-
Estimated unbilled user charges	7,501,806	-	-	-	7,501,806
Accrued interest income	95,562	-	-	-	95,562
Prepaid expenses	557,972	-	-	-	557,972
<b>Total current assets</b>	<b>53,391,406</b>	<b>4,075,631</b>	<b>2,599,452</b>	<b>(114,143)</b>	<b>59,952,346</b>
Capital assets not being depreciated	45,058,164	-	233,062	-	45,291,226
Capital assets being depreciated, net	323,073,627	-	-	-	323,073,627
<b>Total capital assets</b>	<b>368,131,791</b>	<b>-</b>	<b>233,062</b>	<b>-</b>	<b>368,364,853</b>
<b>Total assets</b>	<b>421,523,197</b>	<b>4,075,631</b>	<b>2,832,514</b>	<b>(114,143)</b>	<b>428,317,199</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension items - IMRF	7,640,747	-	-	-	7,640,747
Pension items - OPEB	18,415	-	-	-	18,415
Unamortized loss on refunding	118,578	-	-	-	118,578
<b>Total deferred outflows of resources</b>	<b>7,777,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,777,740</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 429,300,937</b>	<b>\$ 4,075,631</b>	<b>\$ 2,832,514</b>	<b>\$ (114,143)</b>	<b>\$ 436,094,939</b>

(This statement is continued on the following page.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

COMBINING BALANCE SHEET (Continued)

April 30, 2019

	<b>General Operations</b>	<b>Public Benefit</b>	<b>Special Assessments</b>	<b>Eliminations</b>	<b>Total</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Current portion of long-term debt	\$ 7,136,422	\$ -	\$ -	\$ -	\$ 7,136,422
Accounts payable	2,499,806	-	-	-	2,499,806
Accrued expenses					
Salaries and wages	257,454	-	-	-	257,454
Pension contribution	44,506	-	-	-	44,506
Accrued interest	701,434	-	-	-	701,434
Other	105,530	-	-	-	105,530
Due to general operations	-	-	114,143	(114,143)	-
<b>Total current liabilities</b>	<b>10,745,152</b>	<b>-</b>	<b>114,143</b>	<b>(114,143)</b>	<b>10,745,152</b>
<b>LONG-TERM LIABILITIES</b>					
Claims payable	200,000	-	-	-	200,000
Compensated absences	1,828,259	-	-	-	1,828,259
Long-term debt, net of current maturities	81,971,895	-	-	-	81,971,895
Total OPEB liability	2,251,838	-	-	-	2,251,838
Net pension liability	9,213,791	-	-	-	9,213,791
<b>Total long-term liabilities</b>	<b>95,465,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,465,783</b>
<b>Total liabilities</b>	<b>106,210,935</b>	<b>-</b>	<b>114,143</b>	<b>(114,143)</b>	<b>106,210,935</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	4,758,473	361,991	-	-	5,120,464
Unamortized gain on refunding	87,050	-	-	-	87,050
Pension items - IMRF	1,044,085	-	-	-	1,044,085
<b>Total deferred inflows of resources</b>	<b>5,889,608</b>	<b>361,991</b>	<b>-</b>	<b>-</b>	<b>6,251,599</b>
<b>NET POSITION</b>					
Net investment in capital assets	278,171,424	-	233,062	-	278,404,486
Restricted for					
Public benefit	-	3,713,640	-	-	3,713,640
Capital improvements	-	-	2,485,309	-	2,485,309
Debt service	4,322,824	-	-	-	4,322,824
Unrestricted	34,706,146	-	-	-	34,706,146
<b>Total net position</b>	<b>317,200,394</b>	<b>3,713,640</b>	<b>2,718,371</b>	<b>-</b>	<b>323,632,405</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 429,300,937</b>	<b>\$ 4,075,631</b>	<b>\$ 2,832,514</b>	<b>\$ (114,143)</b>	<b>\$ 436,094,939</b>

(See independent auditor's report.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended April 30, 2019

	<b>General Operations</b>	<b>Public Benefit</b>	<b>Special Assessments</b>	<b>Eliminations</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
User charges					
Operation and maintenance	\$ 35,988,400	\$ -	\$ -	\$ -	\$ 35,988,400
Inspection fees and other user charges	281,146	-	-	-	281,146
Total user charges	36,269,546	-	-	-	36,269,546
Collection charges and penalties	589,828	-	-	-	589,828
Operating contributions from property owners and other governments	571,530	-	20,350	-	591,880
Other	1,411,070	-	-	-	1,411,070
Total operating revenues	38,841,974	-	20,350	-	38,862,324
<b>OPERATING EXPENSES</b>					
Operations	16,502,920	-	-	-	16,502,920
Administration	5,148,380	-	7,574	-	5,155,954
Depreciation	13,980,211	-	-	-	13,980,211
Total operating expenses	35,631,511	-	7,574	-	35,639,085
<b>OPERATING INCOME</b>	<b>3,210,463</b>	<b>-</b>	<b>12,776</b>	<b>-</b>	<b>3,223,239</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	4,617,387	357,535	-	-	4,974,922
Assessments	14,965	-	-	-	14,965
Illinois personal property replacement taxes	1,526,641	-	-	-	1,526,641
Investment income	521,262	62,749	58,549	-	642,560
Gain on sale of asset	108,585	-	-	-	108,585
Bond issuance costs	(87,201)	-	-	-	(87,201)
Interest expense	(2,149,101)	-	-	-	(2,149,101)
Total non-operating revenues (expenses)	4,552,538	420,284	58,549	-	5,031,371
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>7,763,001</b>	<b>420,284</b>	<b>71,325</b>	<b>-</b>	<b>8,254,610</b>
Capital contributions	2,604,000	-	-	-	2,604,000
Transfers in	-	916	246,997	(247,913)	-
Transfers (out)	-	(246,997)	(916)	247,913	-
<b>CHANGE IN NET POSITION</b>	<b>10,367,001</b>	<b>174,203</b>	<b>317,406</b>	<b>-</b>	<b>10,858,610</b>
<b>NET POSITION, MAY 1</b>	<b>304,351,071</b>	<b>3,539,437</b>	<b>2,400,965</b>	<b>-</b>	<b>310,291,473</b>
Prior period adjustment	4,547,147	-	-	-	4,547,147
Change in accounting principle	(2,064,825)	-	-	-	(2,064,825)
<b>NET POSITION, MAY 1, RESTATED</b>	<b>306,833,393</b>	<b>3,539,437</b>	<b>2,400,965</b>	<b>-</b>	<b>312,773,795</b>
<b>NET POSITION, APRIL 30</b>	<b>\$ 317,200,394</b>	<b>\$ 3,713,640</b>	<b>\$ 2,718,371</b>	<b>\$ -</b>	<b>\$ 323,632,405</b>

(See independent auditor's report.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF CAPITAL ASSETS

For the Year Ended April 30, 2019

	Capital Assets				Accumulated Depreciation				
	April 30, 2018	Additions	Retirements	Transfers	April 30, 2019	Current Year			April 30, 2019
						April 30, 2018	Depreciation	Retirements	
<b>TREATMENT PLANT</b>									
Land	\$ 5,820,275	\$ -	\$ -	\$ -	\$ 5,820,275	\$ -	\$ -	\$ -	\$ -
Buildings	18,608,135	-	-	-	18,608,135	7,242,678	542,201	-	7,784,879
Improvements	10,543,400	176,136	-	1,204,410	11,923,946	3,353,513	655,317	-	4,008,830
Aeration	26,684,996	-	-	-	26,684,996	20,336,858	702,563	-	21,039,421
Vacuum filter and incineration	16,198,042	-	-	-	16,198,042	11,979,887	263,635	-	12,243,522
Pumping equipment	18,116,062	20,420	-	-	18,136,482	5,459,808	1,020,584	-	6,480,392
Grit and sludge equipment	2,333,799	-	-	-	2,333,799	1,603,753	50,625	-	1,654,378
Primary settling equipment	4,025,730	-	-	-	4,025,730	3,429,572	100,580	-	3,530,152
Chlorination equipment	870,249	-	-	-	870,249	771,383	10,665	-	782,048
Biosolids	26,367,596	27,695	-	4,019,983	30,415,274	7,575,041	578,605	-	8,153,646
Miscellaneous equipment	805,485	-	-	-	805,485	641,670	788,694	-	1,430,364
Cogeneration	11,830,488	-	-	-	11,830,488	3,972,011	11,177	-	3,983,188
Engineering and other studies	1,606,790	38,410	-	-	1,645,200	1,335,577	94,945	-	1,430,522
Total treatment plant	143,811,047	262,661	-	5,224,393	149,298,101	67,701,751	4,819,591	-	72,521,342
<b>SEWER AND LIFT STATIONS</b>									
	389,191,401	2,832,632	-	6,942,938	398,966,971	146,084,022	7,543,567	-	153,627,589
<b>MACHINERY AND EQUIPMENT</b>									
Trucks and automobiles	11,057,990	1,211,296	336,562	-	11,932,724	7,845,691	976,045	336,562	8,485,174
Engineering equipment	179,084	-	-	-	179,084	179,084	-	-	179,084
Chemistry equipment	678,133	19,384	8,499	12,654	701,672	581,379	31,157	8,499	604,037
Supporting services equipment	652,862	-	-	-	652,862	637,372	5,725	-	643,097
Sewer maintenance equipment	3,034	-	-	-	3,034	3,035	-	-	3,035
Maintenance equipment	409,433	-	-	-	409,433	273,880	38,767	-	312,647
Office equipment	12,813	31,903	-	-	44,716	12,816	-	-	12,816
Computer hardware and software	8,429,206	902,067	-	84,981	9,416,254	5,756,769	565,359	-	6,322,128
Total machinery and equipment	21,422,555	2,164,650	345,061	97,635	23,339,779	15,290,026	1,617,053	345,061	16,562,018
<b>CONSTRUCTION IN PROGRESS</b>									
Special assessments	9,207	223,856	-	-	233,063	-	-	-	-
General operations	40,056,842	11,446,012	-	(12,264,966)	39,237,888	-	-	-	-
Total construction in progress	40,066,049	11,669,868	-	(12,264,966)	39,470,951	-	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 594,491,052</b>	<b>\$ 16,929,811</b>	<b>\$ 345,061</b>	<b>\$ -</b>	<b>\$ 611,075,802</b>	<b>\$ 229,075,799</b>	<b>\$ 13,980,211</b>	<b>\$ 345,061</b>	<b>\$ 242,710,949</b>

(See independent auditor's report.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF DEPARTMENTAL EXPENSES  
GENERAL OPERATING SUBFUND

For the Year Ended April 30, 2019

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under)</b>
<b>ADMINISTRATION</b>			
General			
Personnel	\$ 882,445	\$ 729,911	\$ (152,534)
Operating cost	19,200	9,280	(9,920)
Contractual	580,000	445,815	(134,185)
Total general	1,481,645	1,185,006	(296,639)
Billing and collection			
Personnel	1,014,261	997,892	(16,369)
Operating cost	57,800	59,566	1,766
Contractual	394,100	392,683	(1,417)
Total billing and collection	1,466,161	1,450,141	(16,020)
Information processing			
Personnel	992,936	923,815	(69,121)
Operating cost	266,500	227,082	(39,418)
Contractual	1,249,800	1,293,255	43,455
Repair and maintenance	5,000	5,568	568
Transfers	(197,757)	(265,820)	(68,063)
Total information processing	2,316,479	2,183,900	(132,579)
Legal			
Personnel	254,858	252,547	(2,311)
Operating cost	4,500	739	(3,761)
Contractual	91,885	76,047	(15,838)
Total legal	351,243	329,333	(21,910)
Total administration	5,615,528	5,148,380	(467,148)
<b>ENGINEERING</b>			
Personnel	2,903,535	2,655,227	(248,308)
Operating cost	17,300	8,971	(8,329)
Contractual	49,980	44,588	(5,392)
Repairs and maintenance	2,600	1,221	(1,379)
Transfers	(678,134)	(896,655)	(218,521)
Total engineering	2,295,281	1,813,352	(481,929)
<b>PLANT OPERATIONS CONTROL</b>			
General			
Personnel	200,450	205,963	5,513
Operating cost	46,870	66,767	19,897
Contractual	5,480	5,364	(116)
Total general	252,800	278,094	25,294

(This schedule is continued on the following pages.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF DEPARTMENTAL EXPENSES (Continued)  
GENERAL OPERATING SUBFUND

For the Year Ended April 30, 2019

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under)</b>
<b>PLANT OPERATIONS CONTROL (Continued)</b>			
Chemistry			
Personnel	\$ 535,968	\$ 529,199	\$ (6,769)
Operating cost	166,500	130,964	(35,536)
Contractual	113,140	105,082	(8,058)
Repair and maintenance	10,000	19,916	9,916
Total chemistry	<u>825,608</u>	<u>785,161</u>	<u>(40,447)</u>
Water surveillance			
Personnel	665,688	671,932	6,244
Operating cost	11,150	11,922	772
Contractual	5,870	17,257	11,387
Repair and maintenance	4,000	3,721	(279)
Total water surveillance	<u>686,708</u>	<u>704,832</u>	<u>18,124</u>
Total plant operations control	<u>1,765,116</u>	<u>1,768,087</u>	<u>2,971</u>
<b>SUPPORTING SERVICES</b>			
General			
Personnel	984,817	992,430	7,613
Operating cost	1,000	713	(287)
Contractual	3,350	5,989	2,639
Total general	<u>989,167</u>	<u>999,132</u>	<u>9,965</u>
Building and grounds			
Personnel	153,054	107,738	(45,316)
Operating cost	111,000	94,086	(16,914)
Contractual	356,500	379,897	23,397
Repair and maintenance	210,000	242,297	32,297
Total building and grounds	<u>830,554</u>	<u>824,018</u>	<u>(6,536)</u>
Sewer and lift stations			
Personnel	2,891,434	2,615,704	(275,730)
Operating cost	297,000	195,735	(101,265)
Contractual	107,000	98,793	(8,207)
Repair and maintenance	1,300,000	848,249	(451,751)
Total sewer and lift stations	<u>4,595,434</u>	<u>3,758,481</u>	<u>(836,953)</u>

(This schedule is continued on the following pages.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF DEPARTMENTAL EXPENSES (Continued)  
GENERAL OPERATING SUBFUND

For the Year Ended April 30, 2019

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under)</b>
<b>SUPPORTING SERVICES (Continued)</b>			
Trucks and automobiles			
Personnel	\$ 494,812	\$ 477,259	\$ (17,553)
Operating cost	465,700	367,905	(97,795)
Contractual	45,200	60,904	15,704
Repair and maintenance	250,000	223,291	(26,709)
Total trucks and automobiles	<u>1,255,712</u>	<u>1,129,359</u>	<u>(126,353)</u>
Total supporting services	<u>7,670,867</u>	<u>6,710,990</u>	<u>(959,877)</u>
<b>WASTEWATER TREATMENT</b>			
General			
Personnel	1,740,512	1,957,473	216,961
Operating cost	19,500	25,423	5,923
Contractual	6,300	10,182	3,882
Real estate taxes	23,800	24,466	666
Repair and maintenance	-	198	198
Transfers	(95,660)	(84,665)	10,995
Total general	<u>1,694,452</u>	<u>1,933,077</u>	<u>238,625</u>
Pumping station			
Operating cost	217,000	250,300	33,300
Contractual	401,640	528,713	127,073
Repair and maintenance	31,000	51,035	20,035
Total pumping station	<u>649,640</u>	<u>830,048</u>	<u>180,408</u>
Grit and sludge removal			
Operating cost	1,900	395	(1,505)
Contractual	92,200	62,500	(29,700)
Repair and maintenance	22,500	101,631	79,131
Total grit and sludge removal	<u>116,600</u>	<u>164,526</u>	<u>47,926</u>
Vacuum filter and solids disposal			
Operating cost	353,750	596,176	242,426
Contractual	488,600	379,484	(109,116)
Repair and maintenance	92,000	125,582	33,582
Agricultural land	28,330	22,237	(6,093)
Total vacuum filter and solids disposal	<u>962,680</u>	<u>1,123,479</u>	<u>160,799</u>

(This schedule is continued on the following page.)

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SCHEDULE OF DEPARTMENTAL EXPENSES (Continued)  
GENERAL OPERATING SUBFUND

For the Year Ended April 30, 2019

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under)</b>
<b>WASTEWATER TREATMENT (Continued)</b>			
Aeration			
Operating cost	\$ 16,000	\$ 11,503	\$ (4,497)
Contractual	330,650	264,800	(65,850)
Repair and maintenance	55,000	61,000	6,000
	401,650	337,303	(64,347)
Maintenance			
Personnel	1,200,520	1,152,158	(48,362)
Operating cost	107,050	249,884	142,834
Contractual	118,860	88,206	(30,654)
Repair and maintenance	385,000	365,568	(19,432)
	1,811,430	1,855,816	44,386
Total wastewater treatment	5,636,452	6,244,249	607,797
<b>TOTAL DEPARTMENT EXPENSES</b>	<b>\$ 22,983,244</b>	<b>\$ 21,685,058</b>	<b>\$ (1,298,186)</b>
<b>SUMMARY</b>			
Personnel	\$ 14,039,399	\$ 13,106,773	\$ (932,626)
Operating cost	2,084,060	2,222,746	138,686
Contractual	4,440,555	4,259,559	(180,996)
Repair and maintenance	2,367,100	2,049,277	(317,823)
Agricultural land	28,330	22,237	(6,093)
Real estate taxes	23,800	24,466	666
	22,983,244	21,685,058	(1,298,186)
Vacation and sick pay adjustments not allocated to departments	-	79,915	79,915
OPEB expense	-	(113,673)	(113,673)
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$ 22,983,244</b>	<b>\$ 21,651,300</b>	<b>\$ (1,331,944)</b>
Operations		\$ 16,502,920	
Administration		5,148,380	
<b>TOTAL DEPARTMENTAL EXPENSES</b>		<b>\$ 21,651,300</b>	

(See independent auditor's report.)

## STATISTICAL SECTION (Unaudited)

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	49-54
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, water reclamation charges.	55-59
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	60-63
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	64-71
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	72-74

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

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
<b>ASSETS</b>				
Current assets	\$ 34,126,867	\$ 39,236,860	\$ 32,574,431	\$ 32,814,816
Other assets	371,639	397,227	371,198	-
Capital assets, net	287,359,733	292,519,464	305,413,729	307,028,144
Total assets	321,858,239	332,153,551	338,359,358	339,842,960
Deferred outflows of resources	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	321,858,239	332,153,551	338,359,358	339,842,960
<b>LIABILITIES</b>				
Current Liabilities	12,906,846	12,719,510	13,389,398	9,143,935
Long-term debt, less current portion	46,678,338	54,968,214	52,345,651	48,602,454
Other liabilities	1,703,607	-	-	-
Total liabilities	61,288,791	67,687,724	65,735,049	57,746,389
Deferred inflows of resources	-	-	-	4,654,447
Total deferred inflows of resources	-	-	-	4,654,447
Total liabilities and deferred inflows of resources	61,288,791	67,687,724	65,735,049	62,400,836
<b>NET POSITION</b>				
Net investment in capital assets	240,232,553	235,134,679	250,716,820	255,729,921
Restricted net position	7,082,600	8,040,077	9,898,937	10,246,328
Unrestricted net position	13,254,295	21,291,071	12,008,552	11,465,875
<b>TOTAL NET POSITION</b>	<b>\$ 260,569,448</b>	<b>\$ 264,465,827</b>	<b>\$ 272,624,309</b>	<b>\$ 277,442,124</b>

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 39,111,669	\$ 39,912,924	\$ 40,671,434	\$ 43,790,599	\$ 52,701,941	\$ 59,952,346
-	-	-	-	176,545	-
325,617,263	329,187,064	336,770,564	345,213,687	365,415,253	368,364,853
364,728,932	369,099,988	377,441,998	389,004,286	418,293,739	428,317,199
-	-	3,606,351	3,713,219	2,191,517	7,777,740
-	-	3,606,351	3,713,219	2,191,517	7,777,740
364,728,932	369,099,988	381,048,349	392,717,505	420,485,256	436,094,939
11,744,320	10,416,775	11,092,230	11,218,133	12,011,082	10,745,152
64,943,631	63,940,043	69,881,525	73,683,138	88,700,673	95,465,783
-	-	-	-	-	-
76,687,951	74,356,818	80,973,755	84,901,271	100,711,755	106,210,935
4,749,530	4,860,267	4,940,700	5,065,942	9,482,028	6,251,599
4,749,530	4,860,267	4,940,700	5,065,942	9,482,028	6,251,599
81,437,481	79,217,085	85,914,455	89,967,213	110,193,783	112,462,534
257,294,832	260,413,331	266,551,066	270,659,404	274,461,095	278,637,210
11,686,522	9,881,258	9,542,522	9,702,367	9,958,036	10,521,773
14,310,097	19,588,314	19,040,306	22,388,521	25,872,342	34,473,422
\$ 283,291,451	\$ 289,882,903	\$ 295,133,894	\$ 302,750,292	\$ 310,291,473	\$ 323,632,405

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
<b>OPERATING REVENUES</b>				
User charges				
Operation and maintenance	\$ 19,316,201	\$ 21,249,698	\$ 23,941,818	\$ 26,616,372
Capital	1,628,128	1,227,847	-	-
Inspection fees and other user charges	232,555	130,000	140,529	149,659
Total user charges	21,176,884	22,607,545	24,082,347	26,766,031
Collection charges and penalties	251,195	313,246	254,646	372,459
Operating contributions from property owners and other government	-	-	-	-
Other	500,577	738,502	674,516	692,715
Total operating revenues	21,928,656	23,659,293	25,011,509	27,831,205
<b>OPERATING EXPENSES</b>				
Operations	13,158,030	13,437,616	14,049,842	13,929,286
Administration	3,737,308	3,549,239	3,706,304	4,050,456
Depreciation	9,176,404	9,084,723	9,662,120	10,320,057
Total operating expenses	26,071,742	26,071,578	27,418,266	28,299,799
OPERATING INCOME (LOSS)	(4,143,086)	(2,412,285)	(2,406,757)	(468,594)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property taxes	4,357,935	4,268,121	4,405,568	4,486,748
Assessments	-	-	-	-
Contribution from property owners and other governments	465,416	211,134	1,789,486	1,194,454
Illinois personal property replacement taxes	1,211,839	1,707,523	1,540,371	1,527,188
Grant revenue	620,616	820,169	-	-
Investment income	281,974	245,614	148,077	158,773
Gain on sale of asset	18,424	8,278	59,082	7,952
Bond issuance costs	(19,938)	(19,920)	(26,029)	(189,601)
Interest expense	(1,221,912)	(1,366,935)	(1,708,082)	(1,830,972)
Total non-operating revenues (expenses)	5,714,354	5,873,984	6,208,473	5,354,542
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,571,268	3,461,699	3,801,716	4,885,948
<b>CAPITAL CONTRIBUTIONS</b>	3,655,070	434,680	4,356,766	303,065
CHANGE IN NET POSITION	5,226,338	3,896,379	8,158,482	5,189,013
NET POSITION, MAY 1	255,343,110	260,569,448	264,465,827	272,624,309
Prior period adjustment	-	-	-	(371,198)
Change in accounting principle	-	-	-	-
NET POSITION, MAY 1, RESTATED	-	-	-	272,253,111
<b>NET POSITION, APRIL 30</b>	<b>\$ 260,569,448</b>	<b>\$ 264,465,827</b>	<b>\$ 272,624,309</b>	<b>\$ 277,442,124</b>

2014	2015	2016	2017	2018	2019
\$ 27,467,382	\$ 28,703,404	\$ 30,597,615	\$ 31,771,981	\$ 33,724,019	\$ 35,988,400
-	-	-	-	-	-
123,639	256,869	233,911	204,845	257,550	281,146
27,591,021	28,960,273	30,831,526	31,976,826	33,981,569	36,269,546
372,964	310,713	459,657	427,272	417,564	589,828
-	-	-	1,121,897	104,797	591,880
801,286	1,268,915	816,152	934,071	1,686,141	1,411,070
28,765,271	30,539,901	32,107,335	34,460,066	36,190,071	38,862,324
14,402,443	14,635,601	14,609,380	15,156,571	15,843,489	16,502,920
4,186,334	4,191,715	4,482,179	4,776,160	5,136,374	5,155,954
10,762,949	10,953,242	12,898,464	11,966,603	13,279,911	13,980,211
29,351,726	29,780,558	31,990,023	31,899,334	34,259,774	35,639,085
(586,455)	759,343	117,312	2,560,732	1,930,297	3,223,239
4,629,495	4,715,715	4,805,294	4,899,572	4,976,974	4,974,922
-	-	6,613	6,387	6,162	14,965
1,388,177	287,299	474,405	-	-	-
1,747,717	1,705,217	1,518,683	1,814,742	1,688,093	1,526,641
-	-	-	232,525	181,001	-
100,998	142,857	142,620	178,459	244,377	642,560
56,306	31,208	63,844	73,079	140,394	108,585
(119,160)	-	-	(175,461)	-	(87,201)
(1,521,245)	(1,792,273)	(1,874,634)	(2,045,837)	(1,787,652)	(2,149,101)
6,282,288	5,090,023	5,136,825	4,983,466	5,449,349	5,031,371
5,695,833	5,849,366	5,254,137	7,544,198	7,379,646	8,254,610
153,494	742,086	948,326	72,200	161,535	2,604,000
5,849,327	6,591,452	6,202,463	7,616,398	7,541,181	10,858,610
277,442,124	283,291,451	289,882,903	295,133,894	302,750,292	310,291,473
-	-	(951,472)	-	-	4,547,147
-	-	288,931,431	-	-	(2,064,825)
-	-	288,931,431	-	-	312,773,795
\$ 283,291,451	\$ 289,882,903	\$ 295,133,894	\$ 302,750,292	\$ 310,291,473	\$ 323,632,405

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

NET POSITION BY SUBFUND

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GENERAL OPERATIONS</b>				
Net investment in capital assets	\$ 239,086,400	\$ 234,550,798	\$ 249,094,016	\$ 255,420,159
Restricted - Debt Service	551,793	447,939	3,215,575	3,145,121
Unrestricted	13,254,295	21,291,071	12,008,552	11,465,875
Total general operations	252,892,488	256,289,808	264,318,143	270,031,155
<b>PUBLIC BENEFIT</b>				
Restricted	4,573,860	5,772,769	5,014,552	4,525,884
<b>SPECIAL ASSESSMENTS</b>				
Net investment in capital assets	1,146,153	583,881	1,622,804	309,762
Restricted	1,956,947	1,819,369	1,668,810	2,575,323
Total special assessments	3,103,100	2,403,250	3,291,614	2,885,085
<b>TOTAL NET POSITION</b>	<b>\$ 260,569,448</b>	<b>\$ 264,465,827</b>	<b>\$ 272,624,309</b>	<b>\$ 277,442,124</b>

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	257,040,999	\$ 260,256,470	\$ 264,232,539	\$ 270,171,724	\$ 274,451,889	\$ 278,404,148
	4,711,248	3,245,999	3,969,895	3,995,100	4,026,840	4,322,824
	14,310,097	19,588,314	19,040,306	22,388,521	25,872,342	34,473,422
	276,062,344	283,090,783	287,242,740	296,555,345	304,351,071	317,200,394
	3,259,898	4,237,275	2,479,564	3,187,776	3,539,437	3,713,640
	253,833	156,861	2,318,527	487,680	9,206	233,062
	3,715,376	2,397,984	3,093,063	2,519,491	2,391,759	2,485,309
	3,969,209	2,554,845	5,411,590	3,007,171	2,400,965	2,718,371
\$	283,291,451	\$ 289,882,903	\$ 295,133,894	\$ 302,750,292	\$ 310,291,473	\$ 323,632,405

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SEWER USER RATE CHARGES AND CONNECTION FEES

Last Ten Fiscal Years

<b>Fiscal Year</b> <sup>(1)</sup>	<b>Flow (Cents per 100 cubic feet)</b>	<b>Biochemical Oxygen Demand (BOD)</b> <sup>(2)</sup>	<b>Total Suspended Solids (TSS)</b> <sup>(2)</sup>	<b>Ammonia-N</b> <sup>(2)</sup>	<b>Customer Service Charge</b> <sup>(3)</sup>	<b>Average Household</b> <sup>(4)</sup>	<b>Millions of Gallons of Sewage Treated</b>
2010	\$ 0.85662	\$ 0.07844	\$ 0.54547	\$ 0.37352	2.50	156.01	13,172
2011	0.89089	0.08158	0.56729	0.38847	2.50	161.85	12,369
2012	1.04578	0.15164	0.61835	0.55854	2.74	190.06	11,215
2013	1.17283	0.19849	0.59067	0.69635	3.54	206.64	9,666
2014	1.38110	0.22835	0.54599	0.79404	4.01	224.84	12,377
2015	1.46284	0.24082	0.61020	0.82518	4.46	242.40	11,778
2016	1.59279	0.24371	0.66576	0.79768	4.84	261.30	11,655
2017	1.66084	0.21484	0.74883	0.59641	5.14	273.11	11,646
2018	1.82179	0.23838	0.77960	0.52676	5.93	295.02	13,422
2019	2.03860	0.23931	0.76992	0.53405	6.31	313.98	14,370

Data Sources

District Records

<sup>(1)</sup> Billing cycle from April 1 through March 31

<sup>(2)</sup> Cents per Pound

<sup>(3)</sup> Quarterly

<sup>(4)</sup> Dollars per Year

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

SIGNIFICANT INDUSTRIAL USERS

For the Current Year and Nine Years Ago

<b>Customer</b>	<b>2019</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Dean Dairy Holdings LLC	\$ 1,116,922	3.1	\$ 787,948	3.7
Muller Pinehurst Dairy	437,094	1.2	112,512	0.5
Mondelez Global LLC	256,904	0.7	131,069	0.6
Winnebago Reclamation	211,691	0.6		
Swedish American Hospital	175,251	0.5	95,677	0.5
OSF St Anthony Medical Center	169,703	0.5		
Beacon Hill Apartments	169,675	0.5	80,178	0.4
Winnebago County Justice Center	150,429	0.4		
Aramark Uniform Services Inc	145,641	0.4	78,543	0.4
Gunite Corp	141,045	0.4		
Rockford Memorial Hospital			118,278	0.6
Christopher Dodson			111,908	0.5
Rockford Housing Authority			108,413	0.5
Great Oaks Apartments			88,115	0.4
Subtotal (10 largest)	2,974,355	8.20%	1,712,641	8.10%
Balance from other customers	33,295,191	91.80%	19,464,243	91.90%
<b>Grand Totals</b>	<b>\$ 36,269,546</b>	<b>100.00%</b>	<b>\$ 21,176,884</b>	<b>100.00%</b>

Data Source

District Records

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other (Farm and Railway)</b>	<b>Total Taxable Assessed Value</b>	<b>Corporate Tax Rate</b>	<b>Public Benefit Tax Rate</b>	<b>Chlorination Tax Rate</b>	<b>Total Direct Tax Rate</b>
2009	\$ 2,320,485,647	\$ 735,317,117	\$ 254,466,716	\$ 5,048,264	\$ 3,315,317,744	\$ 0.0648	\$ 0.0387	\$ 0.0233	\$ 0.1268
2010	2,238,766,611	709,721,341	244,529,662	5,580,376	3,198,597,990	0.1008	0.0103	0.0251	0.1362
2011	2,135,076,709	668,442,992	234,025,455	5,684,281	3,043,229,437	0.1173	0.0025	0.0271	0.1469
2012	1,945,614,542	611,366,303	221,244,170	6,005,511	2,784,230,526	0.1365	0.0001	0.0299	0.1665
2013	1,761,541,462	580,360,655	207,033,338	6,390,403	2,555,325,858	0.1120	0.0413	0.0323	0.1856
2014	1,645,180,987	557,179,504	207,773,127	7,024,810	2,417,158,428	0.1230	0.0437	0.0341	0.2008
2015	1,592,429,089	572,256,914	205,774,186	7,297,030	2,377,757,219	0.1289	0.0441	0.0345	0.2075
2016	1,606,374,398	581,722,910	209,231,098	8,080,105	2,405,408,511	0.1547	0.0197	0.0338	0.2082
2017	1,644,400,425	589,205,082	212,912,446	7,802,416	2,454,320,369	0.1554	0.0147	0.0339	0.2040
2018	1,756,635,120	617,526,864	221,409,561	8,681,497	2,604,253,042	0.1498	0.0139	0.0327	0.1964

Data Source

Winnebago County Clerk's Office

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

PROPERTY TAX INFORMATION

Last Ten Levy Years

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<b>Fiscal Year</b>	<b>Equalized Value of Taxable Property</b>	<b>Tax Rate Per \$1,000 Equalized Value</b>	<b>Corporate</b>	<b>Public Benefit</b>	<b>Chlorination</b>	<b>Total Tax Levies</b>
2009	\$ 3,315,317,744	\$ 0.1268	\$ 2,148,326	\$ 1,283,028	\$ 772,469	\$ 4,203,823
2010	3,198,597,990	0.1362	3,224,187	329,456	802,848	4,356,490
2011	3,043,229,437	0.1469	3,569,708	76,081	824,715	4,470,504
2012	2,784,230,526	0.1665	3,800,475	2,784	832,485	4,635,744
2013	2,555,325,858	0.1856	2,861,965	1,055,350	825,370	4,742,685
2014	2,417,158,428	0.2008	2,973,105	1,056,298	824,251	4,853,654
2015	2,377,757,219	0.2075	3,064,929	1,048,591	820,326	4,933,846
2016	2,405,408,511	0.2082	3,721,167	473,865	813,028	5,008,061
2017	2,454,320,369	0.2040	3,814,014	360,785	832,015	5,006,814
2018	2,604,253,042	0.1964	3,901,171	361,991	851,591	5,114,753

Data Source

Winnebago County Clerk's Office

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Rank	Assessed Valuation	of Total Assessed Valuation	Rank	Assessed Valuation	of Total Assessed Valuation
CBL/Cherryvale	1	\$ 13,179,565	0.36%	1	\$ 16,804,933	0.35%
Lowes Home Center, Inc.	2	11,555,048	0.31%	2	15,521,346	0.32%
Greater Rockford Airport Authority	3	10,926,443	0.30%	3	13,077,526	0.27%
Woodward, Inc.	4	9,804,556	0.27%			
Meijer Stores Limited Partnership	5	8,235,649	0.22%			
Beloit Memorial Hospital	6	7,999,200	0.22%	4	12,060,526	0.25%
Forest Plaza, LLC	7	6,772,912	0.18%			
National Retail Properties, LP	8	5,196,512	0.14%			
Lubrizol Holding Inc.	9	5,076,903	0.14%			
Wesley Willows Corp.	10	4,353,986	0.12%			
Two Star Property Co., Inc.				5	6,119,493	0.13%
Petry Family Trust				6	6,000,454	0.12%
Menards, Inc.				7	5,636,843	0.12%
Simon Property Group				8	5,320,802	0.11%
MB Rockford State LLC				9	4,695,778	0.10%
Wal Mart Stores				10	4,672,928	0.10%
<b>TOTALS</b>		<b>\$ 83,100,774</b>	<b>2.26%</b>		<b>\$ 89,910,629</b>	<b>1.87%</b>

Note: The above figures for 2018 represent the Assessed Valuation related to the 2017 tax levy paid in 2018.

Data Source

Winnebago County Clerk's Office

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

**SCHEDULE OF OUTSTANDING DEBT**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Illinois EPA Loans</b>	<b>Capital Lease Payable</b>	<b>General Obligation Bonds</b>	<b>Total Debt</b>
2010	\$ 29,544,513	\$ -	\$ 20,180,000	\$ 49,724,513
2011	28,656,957	-	28,440,000	57,096,957
2012	27,401,910	-	27,295,000	54,696,910
2013	7,208,692	142,363	43,660,000	51,011,055
2014	17,644,503	106,735	49,375,000	67,126,238
2015	20,920,681	66,957	45,325,000	66,312,638
2016	25,458,481	317,973	41,325,000	67,101,454
2017	31,644,522	552,431	37,420,000	69,616,953
2018	56,199,920	366,288	34,410,000	90,976,208
2019	56,691,177	205,231	31,005,000	87,901,408

Data Source

Notes to financial statements

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2010	\$ 21,176,884	\$ 16,895,338	\$ 4,281,546	\$ 3,214,993	\$ 1,411,766	\$ 0.93
2011	22,607,545	16,986,855	5,620,690	3,296,842	1,838,020	1.09
2012	24,082,347	17,756,146	6,326,201	3,718,655	1,993,563	1.11
2013	26,766,031	17,979,742	8,786,289	3,906,668	1,907,677	1.51
2014	27,591,021	18,588,777	9,002,244	4,306,566	1,494,200	1.55
2015	28,960,273	18,827,316	10,132,957	4,777,910	1,778,076	1.55
2016	30,831,526	19,091,559	11,739,967	4,890,022	2,323,739	1.63
2017	31,976,826	19,932,731	12,044,095	5,527,024	2,089,887	1.58
2018	33,981,569	20,979,863	13,001,706	4,772,436	1,808,228	1.98
2019	36,269,546	21,658,874	14,610,672	6,154,526	2,219,624	1.74

Note: Operating expenses do not include depreciation or amortization. The District's existing debt consists of revolving loans to Illinois EPA, Capital Lease Payables, and General Obligation Bonds.

Data Source

District Records

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Business-Type Activities			Total Debt	Percentage of Personal Income	Per Capita
	Illinois EPA Loans	General Obligation Bonds	Capital Lease Payable			
2010	\$ 29,544,513	\$ 20,180,000	\$ -	\$ 49,724,513	0.51	\$ 168.21
2011	28,656,957	28,440,000	-	57,096,957	0.57	193.49
2012	27,401,910	27,295,000	-	54,696,910	0.53	186.32
2013	7,208,692	43,660,000	142,363	51,011,055	0.49	174.67
2014	17,644,503	49,375,000	106,735	67,126,238	0.63	230.77
2015	20,920,681	45,325,000	66,957	66,312,638	0.60	229.72
2016	25,458,481	41,325,000	317,973	67,101,454	0.59	233.69
2017	31,644,522	37,420,000	552,431	69,616,953	0.61	243.34
2018	56,199,920	34,410,000	366,288	90,976,208	0.77	319.46
2019	56,691,177	31,005,000	205,231	87,901,408	N/A	N/A

N/A - Not Available

Data Source

Notes to the financial statements

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2019**

Assessed Value	\$ 2,604,253,042
Debt limit - state (5.75% of assessed value)	\$ 149,744,550
Debt applicable to limit	
General obligation bonds	31,005,000
IEPA loans	56,691,177
Capital lease	205,231
Total amount applicable to debt limit	87,901,408
<b>LEGAL DEBT MARGIN</b>	<b>\$ 61,843,142</b>
Total net debt as % of debt limit	58.70%

**Legal Debt Margin Information for the Last Ten Fiscal Years**

Fiscal Year	Total Net Debt Limit	Debt	Legal Debt Margin	Total Net Debt as % of Debt Limit
2010	\$ 190,630,770	\$ 49,724,513	\$ 140,906,257	26.08%
2011	183,919,384	57,096,957	126,822,427	31.04%
2012	174,985,693	54,696,910	120,288,783	31.26%
2013	160,093,255	51,011,055	109,082,200	31.86%
2014	146,931,237	67,126,238	79,804,999	45.69%
2015	138,986,610	66,312,638	72,673,972	47.71%
2016	136,721,040	67,101,454	69,619,586	49.08%
2017	138,310,989	69,616,953	68,694,036	50.33%
2018	141,123,421	90,976,208	50,147,213	64.47%
2019	149,744,550	87,901,408	61,843,142	58.70%

Data Sources

Audit Financial Statements and Winnebago County Assessor's Office

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Calendar Years

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<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>
2009	295,612	\$ 9,716,186	\$ 32,868
2010	295,088	9,941,306	33,689
2011	293,571	10,265,610	34,968
2012	292,049	10,492,070	35,926
2013	290,883	10,721,365	36,858
2014	288,670	11,056,726	38,302
2015	287,141	11,438,671	39,836
2016	286,088	11,475,722	40,113
2017	284,778	11,870,102	41,682
2018	284,081	N/A	N/A

N/A = Not Available

Data Source

Statistics are not compiled specifically for the District. Population figures were determined by staff through the use of available U.S. Department of Commerce, Bureau of Economic Analysis information for Winnebago County.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

POPULATION TRENDS

April 30, 2019

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<b>Fiscal Year</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2018</b>	<b>Change 2010 - 2016</b>
City of Loves Park	15,462	20,044	23,996	23,342	-2.73 %
City of Rockford	139,426	150,115	152,871	146,526	-4.15
Village of Cherry Valley	1,615	2,191	3,162	3,078	-2.66
Village of Machesney Park	19,033	20,759	23,499	22,695	-3.42
Village of Roscoe	2,079	6,244	10,785	10,526	-2.40
Village of Winnebago	1,840	2,958	3,101	2,989	-3.61
Winnebago County	252,913	278,418	295,266	284,081	-3.79
State of Illinois	11,430,602	12,419,293	12,830,632	12,741,080	-0.70

Data Sources

US Census Bureau, 1990 Census, 2000 Census, 2010 Census, and 2018 data.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

UNEMPLOYMENT RATES

Last Ten Calendar Years

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<b>Fiscal Year</b>	<b>Winnebago County</b>	<b>City of Rockford</b>	<b>State of Illinois</b>	<b>National</b>
2009	15.00%	16.40%	10.20%	9.30%
2010	14.00%	15.80%	10.40%	9.60%
2011	11.90%	13.70%	9.70%	8.90%
2012	10.50%	12.10%	9.00%	8.10%
2013	10.50%	12.10%	9.00%	7.40%
2014	8.30%	9.60%	7.10%	6.20%
2015	7.00%	8.20%	6.00%	5.30%
2016	6.60%	7.60%	5.80%	4.90%
2017	6.30%	7.50%	5.00%	4.40%
2018	5.70%	6.80%	4.30%	3.90%

Data Source

Illinois Department of Employment Security

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018			2009		
	Rank	Employees	Percentage of the Total City Employment	Rank	Employees	Percentage of the Total City Employment
Mercyhealth	1	4,000	2.6%	3	2,500	1.7%
Rockford Public Schools	2	3,713	2.4%	1	4,800	3.3%
SwedishAmerican Health System	3	3,359	2.2%	2	2,600	1.8%
OSF Healthcare	4	2,800	1.8%	5	2,000	1.4%
United Parcel Service	5	2,379	1.5%	6	2,000	1.4%
Rockwell Collins	6	2,200	1.4%	4	2,200	1.5%
Woodward	7	1,900	1.2%	10	1,200	0.8%
PCI - Packaging Coordinators Inc	8	1,800	1.2%			
Wal-Mart Stores	9	1,471	1.0%			
Winnebago County	10	1,292	0.8%	9	1,512	1.0%
Rockford Park District				7	1,692	1.2%
Amcore Financial				8	1,600	1.1%
<b>TOTALS</b>		<u>24,914</u>	<u>16.2%</u>		<u>22,104</u>	<u>15.3%</u>
Total employment in the Rockford MSA		153,900			144,300	

Data Sources

Statistics are not compiled specifically for the District. Employment figures were determined by staff through the use of available Rockford Area Economic and Development Council employment data.

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

**RESIDENTIAL HOUSING BUILDING PERMITS**

Last Ten Calendar Years

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<b>Calendar Year</b>	<b>Building Permits <sup>(1)</sup></b>	<b>Valuation <sup>(2)</sup></b>
2009	222	\$ 37,865
2010	299	35,644
2011	168	23,902
2012	135	15,717
2013	96	15,171
2014	150	18,376
2015	134	19,067
2016	213	28,021
2017	235	32,032
2018	265	33,350

Data Sources

Statistics are not compiled specifically for the District. Permit figures were determined by staff through the use of available U.S. Census Bureau data for the Rockford Metropolitan Area.

<sup>(1)</sup> New Privately Owned Housing Units Authorized

<sup>(2)</sup> In Thousands of Dollars

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

DISTRIBUTION OF HOME VALUES FOR OWNER-OCCUPIED UNITS

April 30, 2019

Value of Specified Units	City of Loves Park	City of Rockford	Village of Valley	Village of Park	Village of Roscoe	Village of Winnebago	Winnebago County	State of Illinois	National
Less than \$50,000	7.80%	12.50%	1.00%	5.50%	4.40%	2.60%	8.60%	7.50%	8.80%
\$50,000 to \$99,999	34.20%	44.20%	11.50%	32.20%	8.70%	16.20%	31.40%	16.20%	14.80%
\$100,000 to \$149,999	29.30%	24.60%	21.90%	35.60%	33.40%	35.80%	29.80%	16.60%	15.30%
\$150,000 to \$199,999	17.40%	10.30%	38.80%	18.10%	32.10%	30.40%	16.70%	16.40%	14.90%
\$200,000 to \$299,999	8.10%	5.70%	19.70%	6.40%	16.70%	14.40%	9.30%	20.30%	18.40%
\$300,000 to \$499,999	2.60%	1.80%	5.50%	1.50%	4.40%	0.00%	3.10%	15.10%	16.40%
\$500,000 to \$999,999	0.40%	0.70%	0.00%	0.70%	0.00%	0.00%	0.80%	6.20%	9.00%
\$1,000,000 or more	0.10%	0.30%	1.70%	0.00%	0.40%	0.60%	0.20%	1.50%	2.50%
<b>TOTALS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Median value	\$ 113,400	\$ 91,400	\$ 165,000	\$ 116,000	\$ 153,900	\$ 144,500	\$ 116,200	\$ 174,800	\$ 184,700
Owner-occupied	68.90%	54.42%	68.30%	79.60%	71.56%	85.19%	65.47%	65.95%	63.61%

Note: Total of columns may not equal 100% due to rounding.

Data Sources

U. S. Census Bureau, 2012-2016 American Community Survey Five-Year Estimates

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

DISTRIBUTION OF HOUSEHOLD INCOME

April 30, 2019

Household Income	City of Loves Park	City of Rockford	Village of Valley	Village of Park	Village of Roscoe	Village of Winnebago	Winnebago County	State of Illinois	National
Under \$10,000	5.80%	11.10%	0.80%	3.60%	3.10%	2.70%	7.90%	7.10%	7.00%
\$10,000 to \$14,999	5.90%	7.40%	2.50%	3.00%	2.90%	6.90%	5.40%	4.40%	5.10%
\$15,000 to \$24,999	8.80%	13.70%	9.70%	8.90%	5.80%	4.30%	11.20%	9.60%	10.20%
\$25,000 to \$34,999	11.30%	11.60%	9.10%	13.00%	6.80%	8.00%	10.80%	9.20%	9.90%
\$35,000 to \$49,999	17.90%	15.70%	21.40%	15.20%	10.60%	7.10%	15.20%	12.60%	13.20%
\$50,000 to \$74,999	20.80%	17.50%	16.10%	22.40%	20.10%	22.80%	19.10%	17.50%	17.80%
\$75,000 to \$99,999	13.50%	10.70%	11.70%	16.10%	17.60%	17.70%	13.00%	12.70%	12.20%
\$100,000 to \$149,999	9.50%	7.70%	17.90%	14.70%	22.60%	14.00%	11.10%	14.50%	13.50%
\$150,000 to \$199,999	4.00%	2.50%	3.90%	2.70%	5.70%	10.90%	3.70%	6.00%	5.40%
\$200,000 or more	2.40%	2.20%	7.00%	0.40%	4.80%	5.50%	2.70%	6.20%	5.70%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Median Household Income	\$ 50,284	\$ 40,143	\$ 58,750	\$ 56,563	\$ 76,463	\$ 73,719	\$ 49,468	\$ 59,196	\$ 55,322

Note: Total of columns may not equal 100% due to rounding.

Data Sources

U.S. Census Bureau, 2012-2016 American Community Survey Five-Year Estimates

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

EDUCATION LEVELS FOR PERSONS 25 YEARS OF AGE AND OLDER

April 30, 2019

<b>Education Level</b>	<b>City of Loves Park</b>	<b>City of Rockford</b>	<b>Village of Valley</b>	<b>Village of Park</b>	<b>Village of Roscoe</b>	<b>Village of Winnebago</b>	<b>Winnebago County</b>	<b>Illinois</b>	<b>National</b>
Less than 9th Grade	2.80%	6.20%	2.50%	3.30%	1.90%	20.00%	4.30%	5.30%	5.60%
9th to 12th grade, no diploma	7.20%	10.40%	4.30%	8.30%	2.50%	2.50%	8.30%	6.40%	7.40%
High School Graduate	31.80%	30.00%	33.80%	39.10%	28.80%	32.10%	32.30%	26.50%	27.50%
Some college, no degree	27.60%	23.60%	24.10%	25.60%	25.80%	24.20%	24.20%	21.10%	21.00%
Associate degree	7.80%	8.30%	7.40%	9.30%	8.50%	14.60%	8.50%	7.80%	8.20%
Bachelor's degree	14.50%	13.00%	20.10%	10.90%	20.60%	16.90%	14.30%	20.20%	18.80%
Graduate or professional degree	8.30%	8.60%	7.80%	3.50%	12.00%	9.40%	8.10%	12.70%	11.50%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Total of columns may not equal 100% due to rounding.

Data Sources

U.S. Census Bureau, 2012-2016 American Community Survey Five-Year Estimates

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

**BUDGETED AUTHORIZED FULL-TIME EQUIVALENT EMPLOYEES**

Last Ten Fiscal Years

<b>Department</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Administration	23	23	23	23	23	24	24	24	25	23
Legal	-	-	-	-	-	-	-	2	2	2
Engineering	18	18	18	18	18	19	19	18	19	18
Plant Operations	28	28	28	28	28	28	28	29	29	33
Laboratory	5	5	5	5	5	5	5	5	5	5
Maintenance	37	37	37	37	37	37	37	37	38	37
<b>TOTAL</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>113</b>	<b>113</b>	<b>115</b>	<b>117</b>	<b>117</b>

Data Source

District Records

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

OPERATING INDICATORS

Last Ten Calendar Years

Calendar Year	Non-Residential Connection Permits	Millions of Gallons of Influent Plant Flow <sup>(1)</sup>	Screenings <sup>(2)</sup>	Grit <sup>(2)</sup>	Biochemical Oxygen Demand (BOD) <sup>(2)</sup>	Percent Removal	Total Suspended Solids (TSS) <sup>(3)</sup>	Percent Removal	Ammonia Nitrogen (NH4-N) <sup>(2)</sup>
2009	35	13,172	245,620	103,920	18,486,345	96.10%	8,427	97.70%	1,681,199
2010	34	12,369	249,780	526,860	19,535,943	96.20%	8,150	97.70%	1,657,605
2011	38	11,215	400,700	232,420	18,826,155	95.90%	8,395	97.40%	1,981,900
2012	41	9,666	875,180	220,520	18,301,998	96.70%	8,668	97.70%	1,970,335
2013	41	12,377	644,935	116,240	19,936,613	95.70%	10,821	97.00%	1,994,707
2014	48	11,778	475,060	92,920	18,146,077	96.20%	9,047	97.90%	2,066,971
2015	64	11,655	494,090	103,120	18,483,264	95.70%	8,452	96.50%	2,120,628
2016	68	11,646	274,124	142,980	17,868,833	96.30%	8,007	97.20%	1,977,897
2017	72	13,422	213,660	122,900	16,822,172	96.80%	8,187	97.70%	2,050,413
2018	71	14,370	259,800	161,260	17,378,522	96.20%	8,865	96.50%	1,866,082

Data Sources

District Records

<sup>(1)</sup> Total per Year

<sup>(2)</sup> Pounds per Year

<sup>(3)</sup> Dry Tons per Year

**ROCK RIVER WATER RECLAMATION DISTRICT  
ROCKFORD, ILLINOIS**

ANNEXATIONS AND SEWER EXTENSIONS

Last Ten Fiscal Years

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Fiscal Year	Area Added to District <sup>(1)</sup>	Sanitary Sewers Built by the the District and others <sup>(2)</sup>
2010	370.08	10.34
2011	274.91	15.40
2012	-	2.17
2013	521.37	2.08
2014	45.67	2.06
2015	226.01	1.78
2016	170.68	3.37
2017	182.30	2.99
2018	67.90	7.09
2019	1,574.00	1.89

Data Source

District Records

<sup>(1)</sup> Acres

<sup>(2)</sup> Miles