Rock River Water Reclamation District
Rockford, Illinois

# Comprehensive Annual Financial Report

Fiscal Year Ended April 30, 2020

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

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2020

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**ROCKFORD, ILLINOIS**
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# INTRODUCTORY SECTION

## LIST OF PRINCIPAL OFFICIALS

**2019/2020 Board of Trustees**

Mr. Donald Massier, President

Mr. Elmer Jones, Vice President

Mr. Richard T. Pollack, Clerk/Treasurer

Mr. John F. Sweeney, Trustee

Mr. Ben Bernsten, Trustee

**2019/2020 Administration**

Mr. Timothy Hanson, Executive Director

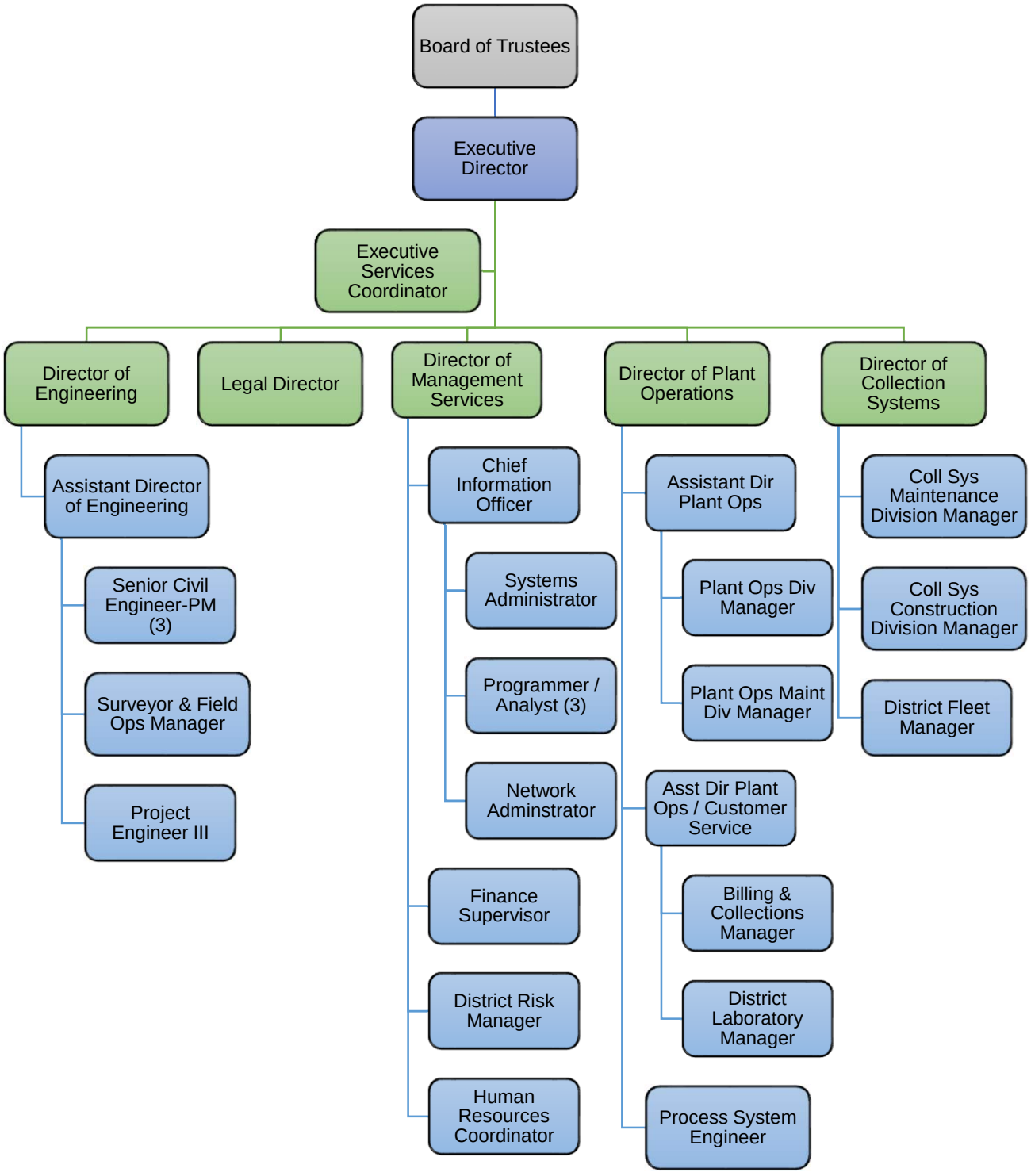
Mr. Christopher Baer, Director of Engineering

Ms. Julia Scott-Valdez, Director of Management Services

Mr. Joseph W. Hanley III, Esq., Legal Director

Mr. Larry McFall, Director of Plant Operations

Mr. Jim Reader, Director of Collection Systems


Board of Trustees
Executive Director
Executive Services Coordinator
Director of Engineering
Legal Director
Director of Management Services
Director of Plant Operations
Director of Collection Systems
Assistant Director of Engineering
Senior Civil Engineer-PM (3)
Surveyor & Field Ops Manager
Project Engineer III
Chief Information Officer
Systems Administrator
Programmer / Analyst (3)
Network Adminstrator
Finance Supervisor
District Risk Manager
Human Resources Coordinator
Assistant Dir Plant Ops
Plant Ops Div Manager
Plant Ops Maint Div Manager
Asst Dir Plant Ops / Customer Service
Billing & Collections Manager
District Laboratory Manager
Process System Engineer
Coll Sys Maintenance Division Manager
Coll Sys Construction Division Manager
District Fleet Manager

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Rock River Water Reclamation District**

**Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**April 30, 2019**

Christopher P. Morrill

Executive Director/CEO

Rock River Water Reclamation District

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P.O. Box 7480
Rockford, IL 61126-7480

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**Board of Trustees**
Richard T. Pollack, President
John F. Sweeney, Vice President
Ben Bernsten, Clerk/Treasurer
Donald J. Massier, Trustee
Elmer Jones, Trustee
Timothy S. Hanson, Executive Director

September 21, 2020

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 United States 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 Rock River Water Reclamation District's Comprehensive Annual Financial Report for the fiscal year ended April 30, 2020.

The report consists of management's representations concerning the finances of the District. Accordingly, management assumes full responsibility for the completeness and reliability of the information presented in this 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 the 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 thereby providing reasonable assurance that the financial statements of the District for the fiscal year ended April 30, 2020 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 used 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 year ended April 30, 2020 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 the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors' Report.

## 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 104 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 and protects aquatic life in the waterway that receives the effluent. Staff regularly inspects and evaluates 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 1,141-mile-long network of buried sewers conveys wastewater from residential, industrial and other business sites 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 contaminates from the wastewater.

- Final settling tanks followed by chlorine contact tanks and the discharge of the treated wastewater to the Rock River.

- Removal of solids from the wastewater to be thickened and 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. The Board determines District policy, approves the annual budget, levies taxes, authorizes the payment of bills, approves bids and contracts involving District business and adopts District ordinances.

**Budgets**

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

## FACTORS AFFECTING FINANCIAL CONDITION

The Board of Trustees, as well as the Executive Director and staff, are intent on maintaining the District's strong financial position, while continuing to provide high quality services to its constituents. 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 more than a decade ago. After years of declining property values during and after the Great Recession of 2008, for the fourth consecutive year, taxable valuations in 2019 increased 6.4% following a 6.1% increase in the District's service area in 2018.

Another indicator of the improvement in the Rockford area economy has been the relatively flat unemployment rate when comparing calendar year 2018 to 2019; the 2019 unemployment rate in Winnebago County was 5.7%, as compared to 5.6% in 2018. This is a significant improvement when compared to the 8.3% unemployment rate in 2014.

### Long-Range Financial Planning

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 implementing operational efficiencies. In addition, the District maintains long-range financial plans for its Operations and Maintenance (O&M) and Capital budgets. 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:

- ✓ Utilizing existing revenue sources, provide, at a minimum, 20% cash financing for capital projects
- ✓ Maintain total outstanding debt at no more than 5.75% of the District's Equalized Assessed Valuation

The ten-year plan provides for $359.6 million in capital project expenditures from 2021 to 2030, primarily for rehabilitation, upgrade and replacement of assets at the District's water reclamation facilities, as well as new sewer extensions. Items of note in the Fiscal Year 2020/21 operating budget include:

- $39.7 million in budgeted sewer user charge billings for FY 2020/21, a 3.3% increase from FY 2019/20. The annual average District household charge of $380 in 2020 represents an increase of $13 or 3.7% from the FY 2019/20 amount of $367.
- Total O&M expenditures were budgeted at $25.1 million, 3.3% higher than in FY 2019/20.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Rock River Water Reclamation District for the fiscal year ended April 30, 2019. The District has received this prestigious award for the last two years. In order to be awarded the Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR. This report satisfies both generally accepted accounting principles and other applicable requirements.

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

Preparation of this report would not have been possible without the efficient and dedicated service of the District's staff. Each staff member is sincerely appreciated for their contribution to the financial operations of the District, as well as to this report.

Timothy S. Hanson
Executive Director

Julia Scott-Valdez
Director of Management Services

# 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, 2020, 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, 2020, 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.

## 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 18, 2020 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 18, 2020

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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the basic financial statements the Rock River Water Reclamation District (the District) as of and for the year ended April 30, 2020, and the related notes to financial statements, and have issued our report thereon dated September 18, 2020.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
September 18, 2020

# 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 years ended April 30, 2020 and 2019. 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 $334.5 million at April 30, 2020. This is an increase of $10.9 million, or 3.4%, as compared to April 30, 2019.
- The amount of unrestricted net position at April 30, 2020 totaled $40.9 million, an increase of $6.4 million or 18.5% as compared to the prior year.
- Total net investment in capital assets is $283.1 million at April 30, 2020 as compared to $278.6 million as of April 30, 2019.
- Operating income for 2020 was approximately $4.0 million, as compared to $3.3 million for fiscal year 2019.
- User fee rates per hundred cubic feet increased from $4.063 in April 2019 to $4.213 in April 2020.

## Basic Financial Statements

The District is reported under one enterprise fund, and the basic financial statements of the District are prepared using proprietary fund (enterprise fund) accounting. This is the same basis of accounting used by private-sector business enterprises. 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 assets/outflows and liabilities/inflows 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 operating and non-operating revenues 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 total net position, reconciles to the net position total at the end of this fiscal year.

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 investment 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 104 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, 2020 and 2019 (amounts in millions).

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

| | | | Increase (Decrease) | |
|---|---|---|---|---|
| | FY 2020 | FY 2019 | Amount | % |
| Current assets | $ 62.1 | $ 59.9 | $ 2.2 | 3.7% |
| Long-term note receivable | 5.4 | | 5.4 | |
| Capital assets, net | 369.2 | 368.4 | 0.8 | 0.2% |
| Total Assets | 436.7 | 428.3 | 8.4 | 2.0% |
| Deferred outflows of resources | 2.7 | 7.8 | (5.1) | -65.4% |
| **Total assets and deferred outflows** | **439.4** | **436.1** | **3.3** | **0.8%** |
| Current liabilities | 11.7 | 10.7 | 1.0 | 9.3% |
| Long-term debt, less current portion | 84.3 | 95.5 | (11.2) | -11.7% |
| Total Liabilities | 96.0 | 106.2 | (10.2) | -9.6% |
| Deferred inflows of resources | 8.9 | 6.3 | 2.6 | 41.3% |
| **Total liabilities and deferred inflows** | **104.9** | **112.5** | **(7.6)** | **-6.8%** |
| Net investment in capital assets | 283.1 | 278.6 | 4.5 | 1.6% |
| Restricted net position | 10.5 | 10.5 | - | 0.0% |
| Unrestricted net position | 40.9 | 34.5 | 6.4 | 18.6% |
| **Total net position** | **$ 334.5** | **$ 323.6** | **$ 10.9** | **3.4%** |

The District's net position at April 30, 2020 is $334.5 million, an increase of $10.9 million from the amount at April 30, 2019. The largest portion of the net position is reflected in the net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) totaling $283.1 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 of $10.5 million did not change between April 30, 2019 and April 30, 2020. The restrictions of net position are for the purpose of public benefit and special assessments, as well as a debt service reserve.

The unrestricted net position at April 30, 2020 is $40.9 million, an increase of $6.4 million from the amount at April 30, 2019. 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.

**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, 2020 and 2019 (amounts in millions).

The District's user charges were $38.1 million in fiscal year 2020, which is a 5.0% increase from the prior year. The District had 75,500 customers and billable use estimated at 8.8 million units (100 cubic feet) of water use in fiscal year 2020. 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 services, and repair and maintenance expenses. Depreciation results from allocating that cost of capital assets to providing services over the asset's useful lives. Total operating expenses were $38.6 million in fiscal year 2020. Operating expenses less depreciation were $24.0 million, an increase of $2.4 million or 11.1% from fiscal year 2019.

Operating income for the District totaled approximately $4.0 million in fiscal year 2020, about $0.7 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.

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

| | FY FY 2020 | FY FY 2019 | Increase (Decrease) Amount | % |
|---|---|---|---|---|
| Operating revenues: | | | | |
| User charges | $ 38.1 | $ 36.3 | $ 1.8 | 5.0% |
| Collection charges and penalties | 0.4 | 0.6 | (0.2) | -33.3% |
| Operating contributions from property owners and other governments | 2.8 | 0.6 | 2.2 | 366.7% |
| Other | 1.3 | 1.4 | (0.1) | -7.1% |
| **Total operating revenues** | 42.6 | 38.9 | 3.7 | 9.5% |
| Nonoperating revenues: | | | | |
| Property taxes | 5.1 | 5.0 | 0.1 | 2.0% |
| Replacement taxes | 2.0 | 1.5 | 0.5 | 33.3% |
| Investment income | 0.9 | 0.6 | 0.3 | 50.0% |
| Other nonoperating revenues | 0.1 | 0.1 | - | 0.0% |
| **Total nonoperating revenues** | 8.1 | 7.2 | 0.9 | 12.5% |
| **Total revenues** | 50.7 | 46.1 | 4.6 | 10.0% |
| Operating expenses: | | | | |
| Operations | 18.2 | 16.5 | 1.7 | 10.3% |
| Administration | 5.8 | 5.1 | 0.7 | 13.7% |
| Depreciation | 14.6 | 14.0 | 0.6 | 4.3% |
| **Total operating expenses** | 38.6 | 35.6 | 3.0 | 8.4% |
| Nonoperating expenses – | | | | |
| Bond issuance costs | 0.0 | 0.1 | (0.1) | -100.0% |
| Interest expense | 2.2 | 2.2 | - | 0.0% |
| **Total nonoperating expenses** | 2.2 | 2.3 | (0.1) | -4.3% |
| **Total expenses** | 40.8 | 37.9 | 2.9 | 7.7% |
| Income before contributions | 9.9 | 8.2 | 1.7 | 20.7% |
| Capital contributions | 1.0 | 2.6 | (1.6) | -61.5% |
| Change in net position | 10.9 | 10.8 | 0.1 | 0.9% |
| Net position, beginning, as previously reported | 323.6 | 310.3 | 13.3 | 4.3% |
| Restatement | - | 2.5 | (2.5) | -100.0% |
| Net position, beginning, as restated | 323.6 | 312.8 | 10.8 | 3.5% |
| **Net position, ending** | **$ 334.5** | **$ 323.6** | **$ 10.9** | **3.4%** |

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 2020, non-operating revenues totaled $8.1 million, an increase of $.9 million as compared to 2019. 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 acquisition 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)**

| | FY 2020 | FY 2019 | Increase |
|---|---|---|---|
| Land | $ 6,042 | $ 5,820 | $ 222 |
| Treatment plant | 144,521 | 143,478 | 1,043 |
| Sewers and lift stations | 405,195 | 398,967 | 6,228 |
| Machinery & equipment | 24,483 | 23,340 | 1,143 |
| Construction in progress | 45,735 | 39,471 | 6,264 |
| **Sub-total** | 625,976 | 611,076 | 14,900 |
| Accumulated depreciation | 256,800 | 242,711 | 14,089 |
| **Net capital assets** | **$ 369,176** | **$ 368,365** | **$ 811** |

The capital assets are comprised primarily of the treatment facility located along the Rock River, as well as 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 million gallons and peak wet weather design flow capacity of 80 million gallons per day.

During fiscal year 2020 several projects, including Cherry Valley Parallel Force Main, RAS Pump Replacement, Main Pump HVAC Replacement, West State Street Sewer Replacement-Phase 2, Primary Filtration and Substation 3-6 were not completed and are reported as construction in progress. Various other projects were finished and contributed to the capital asset value increasing by $0.8 million.

## Long-Term Debt

As of April 30, 2020, the District had approximately $82.9 million in long-term debt, including the current portion. The District made principal payments of $11.5 million and borrowed an additional $6.5 million in fiscal year 2020. Included in these amounts is the partial advanced refunding of the General Obligation Alternate Bonds 2010B through the issuance of General Obligation Refunding Alternate Bonds, Series 2019. The present value interest savings of this refunding amounted to approximately $594,000. Total debt decreased by 5.7% compared to fiscal year 2019. IEPA Projects that result in additions to long-term debt include $1.7 million for Collection System Repairs.

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

| | FY 2020 | FY 2019 | Dollar Change | Percent Change |
|---|---|---|---|---|
| IEPA Loans | $ 55,549 | $ 56,691 | $ (1,142) | -2.0% |
| Bonds Payable | 27,185 | 31,005 | (3,820) | -12.3% |
| Capital Lease | 133 | 205 | (72) | -35.1% |
| **Total Long Term Debt** | $ 82,867 | $ 87,901 | $ (5,034) | -5.7% |

## Economic Factors and Future Rates

The District's board considers many factors when setting the fiscal year 2020 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 remained relatively flat between 2018 and 2019. In addition, taxable property valuations in 2019 increased approximately 6.4%, following a 6.1% increase in 2018.

The District aims to operate and maintain its system efficiently and effectively, as well as fund necessary capital improvements. The fiscal year 2021 budget for operating and maintenance expenditures is $25.1 million, a 3.3% increase from the prior year. The planned outlay for capital projects is $31.5 million. User charges are budgeted at $39.7 million and increase approximately 3.7% for the average residential user. The 2019 (collected 2020) property tax levy is $5.1 million, remaining flat, and the rate declines to $.1848 from the prior year's $0.1964.

In 2020, the world has experienced an international pandemic due to COVID-19. Although the size and duration of the financial impact has not yet been determined, the District and Directors have taken preliminary steps in fiscal year 2021 to control expenditures and, if needed, delay capital projects in anticipation of revenue reductions. As of this writing, there is insufficient data to quantify the magnitude of revenue loss.

## 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 Ms. Julia Scott-Valdez, Director of Management Services, Rock River Water Reclamation District, 3501 Kishwaukee Street, PO Box 7480, Rockford, Illinois 61126-7480.

# BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET

April 30, 2020

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 35,519,388 |
| Investments | 1,982,857 |
| Restricted assets | |
| Cash and cash equivalents | 203,112 |
| Investments | 4,194,435 |
| Receivables | |
| Billed user charges, net of allowance for uncollectible amounts of $260,000 | 5,934,484 |
| Property taxes | 5,124,321 |
| Other | 697,677 |
| Estimated unbilled user charges | 7,520,082 |
| Accrued interest income | 44,704 |
| Long-term loans receivable, current portion | 261,765 |
| Prepaid expenses | 613,455 |
| Total current assets | 62,096,280 |
| **NONCURRENT ASSETS** | |
| Long-term loans receivable | 5,444,570 |
| Capital assets not being depreciated | 51,777,483 |
| Capital assets being depreciated, net | 317,398,864 |
| Net capital assets | 369,176,347 |
| Total noncurrent assets | 374,620,917 |
| Total assets | 436,717,197 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pension items - IMRF | 2,408,820 |
| OPEB items | 125,820 |
| Unamortized loss on refunding | 120,927 |
| Total deferred outflows of resources | 2,655,567 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 439,372,764 |

(This statement is continued on the following page.)

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

BALANCE SHEET (Continued)

April 30, 2020

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Current portion of long-term debt | $ 7,420,281 |
| Accounts payable | 2,987,363 |
| Accrued expenses | |
| Salaries and wages | 355,339 |
| Pension contribution | 197,125 |
| Accrued interest | 616,525 |
| Other | 122,212 |
| Total current liabilities | 11,698,845 |
| **LONG-TERM LIABILITIES** | |
| Claims payable | 299,267 |
| Compensated absences | 1,316,540 |
| Long-term debt, net of current maturities | 77,976,399 |
| Total OPEB liability | 2,233,289 |
| Net pension liability | 2,427,059 |
| Total long-term liabilities | 84,252,554 |
| Total liabilities | 95,951,399 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred revenue - property taxes | 5,124,321 |
| Unamortized gain on refunding | 78,345 |
| Pension items - IMRF | 3,695,791 |
| Total deferred inflows of resources | 8,898,457 |
| **NET POSITION** | |
| Net investment in capital assets | 283,097,450 |
| Restricted for | |
| Pubic benefit | 3,659,409 |
| Capital improvements | 2,509,192 |
| Debt service | 4,397,547 |
| Unrestricted | 40,859,310 |
| Total net position | 334,522,908 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | $ 439,372,764 |

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, 2020

| | |
|---|---|
| **OPERATING REVENUES** | |
| User charges | |
| Operation and maintenance | $ 37,847,086 |
| Inspection fees and other user charges | 224,062 |
| Total user charges | 38,071,148 |
| Collection charges and penalties | 451,854 |
| Operating contributions from property owners and other governments | 2,761,044 |
| Other | 1,349,780 |
| Total operating revenues | 42,633,826 |
| **OPERATING EXPENSES** | |
| Operations | 18,247,786 |
| Administration | 5,831,950 |
| Depreciation | 14,572,992 |
| Total operating expenses | 38,652,728 |
| OPERATING INCOME | 3,981,098 |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Property taxes | 5,109,617 |
| Assessments | 5,724 |
| Illinois personal property replacement taxes | 2,009,891 |
| Investment income | 859,787 |
| Gain on sale of asset | 110,822 |
| Interest expense | (2,162,436) |
| Total non-operating revenues (expenses) | 5,933,405 |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 9,914,503 |
| Capital contributions | 976,000 |
| CHANGE IN NET POSITION | 10,890,503 |
| NET POSITION, MAY 1 | 323,632,405 |
| **NET POSITION, APRIL 30** | $ 334,522,908 |

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2020

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Received from customers | $ 39,890,977 |
| Paid to suppliers for goods and services | (9,821,794) |
| Paid to employees for services - including benefits | (12,841,408) |
| Net cash from operating activities | 17,227,775 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Tax proceeds received | 7,125,232 |
| Net cash from noncapital financing activities | 7,125,232 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Proceeds on disposal of capital assets | 110,822 |
| Acquisition and construction of capital assets | (13,666,661) |
| Interest paid and fiscal charges | (1,565,403) |
| Proceeds from issuance of bonds and drawdowns on IEPA loans | 6,470,379 |
| Principal payments on IEPA loans and bonds | (11,462,139) |
| Payments on capital lease obligation | (72,577) |
| Net cash from capital and related financing activities | (20,185,579) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest income | 910,645 |
| Purchase of investments | (4,890,122) |
| Proceeds from sale of investments | 6,551,693 |
| Net cash from investing activities | 2,572,216 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 6,739,644 |
| CASH AND CASH EQUIVALENTS, MAY 1 | 28,982,856 |
| **CASH AND CASH EQUIVALENTS, APRIL 30** | $ 35,722,500 |
| Cash and cash equivalents | $ 35,519,388 |
| Restricted cash and cash equivalents | 203,112 |
| **TOTAL CASH AND CASH EQUIVALENTS** | $ 35,722,500 |

(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, 2020

| | |
|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating income | $ 3,981,098 |
| Adjustments to reconcile operating income to net cash from operating activities | |
| Depreciation | 14,572,992 |
| Increase (decrease) in cash due to changes in assets and liabilities | |
| Receivables | |
| User charges | (1,370,204) |
| Other receivables | (1,372,645) |
| Prepaid expenses | (55,483) |
| Net pension liability - IMRF | (6,786,732) |
| Deferred outflows - pension items - IMRF | 5,231,927 |
| Deferred inflows - pension items - IMRF | 2,651,706 |
| Total OPEB liability | (18,549) |
| Deferred outflows - pension items - OPEB | (107,405) |
| Accounts payable | 115,976 |
| Compensated absences | 117,908 |
| Accrued expenses and other liabilities | 267,186 |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | $ 17,227,775 |
| **NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Grant receivable | $ 353,134 |
| IEPA loan payable | (353,134) |
| Wastewater sewer extensions contributed by area developers and other governments | 976,000 |
| Cost of capital assets included in accounts payable | 1,354,426 |
| **TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES** | $ 2,330,426 |

See accompanying notes to financial statements.

## 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

## 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.

## 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.

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

| | Years |
|---|---|
| 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 last Tuesday of December. 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 2019 tax levy are as follows:

| | Limit Rate | 2019 Rate |
|---|---|---|
| Corporate | 0.1660 | 0.1409 |
| Sewerage chlorination | 0.0500 | 0.0308 |
| Public benefit | 0.0500 | 0.0131 |

## 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 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020 as the tax has not yet been levied by the District and will not be levied until September 2020 and, therefore, the levy is not measurable at April 30, 2020.

h. User Charges

User charges are recognized as revenue when earned. As of April 30, 2020, 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.

## 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).

## 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 fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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 in the District's name.

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.

## 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, 2020:

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| Negotiable certificates of deposit | $ 6,177,293 | $ 5,434,976 | $ 742,317 | $ - | $ - |
| TOTAL | $ 6,177,293 | $ 5,434,976 | $ 742,317 | $ - | $ - |

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, 2020: 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 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 established guidelines for diversification of the investment portfolio by limiting investments to certain investments categories and certain percentages of the portfolio.

## 3. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2020 was as follows:

| | Balances May 1 | Additions | Deletions | Transfers | Balances April 30 |
|---|---|---|---|---|---|
| Capital assets not being depreciated | | | | | |
| Land | $ 5,820,275 | $ 221,856 | $ - | $ - | $ 6,042,131 |
| Construction in progress | 39,470,951 | 12,472,380 | - | (6,207,979) | 45,735,352 |
| Total capital assets not being depreciated | 45,291,226 | 12,694,236 | - | (6,207,979) | 51,777,483 |
| Capital assets being depreciated | | | | | |
| Treatment plant | 143,477,826 | 86,985 | - | 956,114 | 144,520,925 |
| Sewers and lift stations | 398,966,971 | 976,002 | - | 5,251,865 | 405,194,838 |
| Machinery and equipment | 23,339,779 | 1,627,263 | 484,257 | - | 24,482,785 |
| Total capital assets being depreciated | 565,784,576 | 2,690,250 | 484,257 | 6,207,979 | 574,198,548 |
| Less accumulated depreciation | | | | | |
| Treatment plant | 72,521,342 | 5,047,008 | - | - | 77,568,350 |
| Sewers and lift stations | 153,627,589 | 7,730,588 | - | - | 161,358,177 |
| Machinery and equipment | 16,562,018 | 1,795,396 | 484,257 | - | 17,873,157 |
| Total accumulated depreciation | 242,710,949 | 14,572,992 | 484,257 | - | 256,799,684 |
| Net capital assets being depreciated | 323,073,627 | (11,882,742) | - | 6,207,979 | 317,398,864 |
| TOTAL CAPITAL ASSETS, NET | $ 368,364,853 | $ 811,494 | $ - | $ - | $ 369,176,347 |

## 4. LONG-TERM LIABILITIES

The District's long-term liabilities outstanding consisted of the following at April 30, 2020:

| | Balances May 1 | Additions | Deletions | Balances April 30 | Due Within One Year |
|---|---|---|---|---|---|
| Illinois IEPA loans | | | | | |
| Sewer Lining Project | $ 599,119 | $ - | $ (65,183) | $ 533,936 | $ 66,823 |
| McDonald Creek Project | 986,333 | - | (106,216) | 880,117 | 108,888 |
| Clarifier/Voltage Switches Project | 226,401 | - | (26,087) | 200,314 | 26,743 |
| Rock River East Project | 1,084,503 | - | (94,305) | 990,198 | 94,305 |
| Point Repair/Lining Project | 1,521,059 | - | (118,249) | 1,402,810 | 119,732 |
| Fuller Creek Project | 10,856,906 | - | (566,608) | 10,290,298 | 577,597 |
| Main Line Repairs/Lining Project | 1,768,953 | - | (98,926) | 1,670,027 | 100,845 |
| Excess Flow | 5,372,291 | - | (263,532) | 5,108,759 | 269,389 |
| Sewer Lining | 2,128,934 | - | (104,433) | 2,024,501 | 106,753 |
| Fuller Creek Phase 3 | 17,818,607 | - | (774,038) | 17,044,569 | 787,642 |
| Spring Creek Sanitary Sewer | 8,774,260 | - | (405,465) | 8,368,795 | 412,592 |
| Sanitary Sewer | 3,720,695 | - | (161,626) | 3,559,069 | 164,467 |
| Fuller Creek Phase 4 & 5 | 1,833,116 | | (72,471) | 1,760,645 | 78,783 |
| Collection System Repairs | - | 1,715,457 | | 1,715,457 | - |
| Total Illinois IEPA loans | 56,691,177 | 1,715,457 | (2,857,139) | 55,549,495 | 2,914,559 |

## 4. LONG-TERM LIABILITIES (Continued)

| | Balances May 1 | Additions | Deletions | Balances April 30 | Due Within One Year |
|---|---|---|---|---|---|
| Capital lease payable | $ 205,231 | $ - | $ (72,577) | $ 132,654 | $ 74,904 |
| Bonds payable | | | | | |
| General Obligation Alternate Bonds, Series 2010B | 5,820,000 | - | (5,820,000) | - | - |
| General Obligation Alternate Bonds, Series 2013A | 5,510,000 | - | (1,335,000) | 4,175,000 | 1,365,000 |
| General Obligation Alternate Bonds, Series 2014 | 7,450,000 | - | (380,000) | 7,070,000 | 390,000 |
| General Obligation Alternate Bonds, Series 2017 | 8,925,000 | - | (805,000) | 8,120,000 | 840,000 |
| General Obligation Alternate Bonds, Series 2018 | 3,300,000 | - | (265,000) | 3,035,000 | 275,000 |
| General Obligation Alternate Bonds, Series 2019 | - | 4,785,000 | - | 4,785,000 | 410,000 |
| Total bonds payable | 31,005,000 | 4,785,000 | (8,605,000) | 27,185,000 | 3,280,000 |
| Bond premium (discounts) | 1,206,909 | 826,808 | (133,813) | 1,899,904 | 212,536 |
| Total OPEB liability | 2,251,838 | - | (18,549) | 2,233,289 | 308,655 |
| Compensated absences | 1,828,259 | 1,946,167 | (1,828,259) | 1,946,167 | 629,627 |
| Net pension liability | 9,213,791 | - | (6,786,732) | 2,427,059 | - |
| Claims payable | 200,000 | 159,299 | (60,032) | 299,267 | - |
| TOTAL | $ 102,602,205 | $ 9,432,731 | $ (20,362,101) | $ 91,672,835 | $ 7,420,281 |

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

| Year Ending | Illinois EPA Loans | | General Obligation Bonds | |
|---|---|---|---|---|
| April 30, | Principal | Interest | Principal | Interest |
| 2021 | $ 2,914,559 | $ 971,134 | $ 3,280,000 | $ 977,037 |
| 2022 | 2,968,048 | 917,644 | 3,360,000 | 892,837 |
| 2023 | 3,022,571 | 863,121 | 3,440,000 | 800,652 |
| 2024 | 3,078,149 | 807,543 | 2,095,000 | 700,862 |
| 2025 | 3,134,803 | 750,889 | 2,170,000 | 627,462 |
| 2026-2030 | 15,907,521 | 2,882,996 | 10,350,000 | 1,842,100 |
| 2031-2035 | 16,083,541 | 1,444,252 | 2,490,000 | 318,750 |
| 2036-2039 | 6,724,846 | 217,535 | - | - |
| TOTAL | $ 53,834,038 | $ 8,855,114 | $ 27,185,000 | $ 6,159,700 |

The total principal payments above for the Illinois EPA Loans does not agree to the long-term liabilities schedule presented as no repayment schedule has been determined for the Connection System Repairs loan.

## 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:

| Year Ending April 30, | |
|---|---|
| 2021 | $ 78,017 |
| 2022 | 58,513 |
| Total minimum lease payments | 136,530 |
| Amount representing interest | (3,876) |
| PRESENT VALUE OF MINIMUM LEASE PAYMENTS | $ 132,654 |

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, 2020, the outstanding balance on the loan was $533,936.

The District paid principal and interest payments totaling $79,756 during fiscal year 2020. 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, 2020, the outstanding balance on the loan was $880,117.

## 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 2020. 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, 2020, the outstanding balance on the loan was $200,314.

The District paid principal and interest payments totaling $31,585 during fiscal year 2020. 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 2020. 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, 2020, the outstanding balance on the loan was $990,198.

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, 2020, the outstanding balance on the loan was $1,402,810.

The District paid principal and interest payments totaling $136,894 during fiscal year 2020. The final repayment of the loan is due February 2031. Interest is at a rate of 1.25%.

## 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, 2020, the outstanding balance on the loan was $10,290,298. The District paid principal and interest payments totaling $773,426 during fiscal year 2020.

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, 2020, the outstanding balance on the loan was $1,670,027. The District paid principal and interest payments totaling $132,592 during fiscal year 2020.

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, 2020, the outstanding balance on the loan was $5,108,759. The District paid principal and interest payments totaling $380,812 during fiscal year 2020.

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, 2020, the outstanding balance on the loan was $2,024,501. The District paid principal and interest payments totaling $150,908 during fiscal year 2020.

## 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%. As of April 30, 2020, the outstanding balance on the loan was $17,044,569. The District paid principal and interest payments totaling $1,082,492 during fiscal year 2020.

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%. As of April 30, 2020, the outstanding balance on the loan was $8,368,795. The District paid principal and interest payments totaling $557,249 during fiscal year 2020.

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%. As of April 30, 2020, the outstanding balance on the loan was $3,559,069. The District paid principal and interest payments totaling $226,035 during fiscal year 2020.

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%. As of April 30, 2020, the outstanding balance on the loan was $1,760,645. The District paid principal and interest payments totaling $102,407 during fiscal year 2020.

## 4. LONG-TERM LIABILITIES (Continued)

a. Illinois EPA Loans (Continued)

Collection System Repairs

The District entered into a water revolving fund loan agreement with the IEPA in fiscal year 2020 for collection system repairs. The loan calls for semiannual principal and interest payments through maturity at April 2040 and bears interest at 1.84%. The total amount of loan disbursements to be made to the District under this agreement is $2,519,706. As of April 30, 2020, the District has recorded $1,715,457 in principal draws under this agreement. The collection system repairs project is still in the construction phase and, therefore, no repayment schedule has been determined as of April 30, 2020.

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 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.

These bonds were refunded by the General Obligation Alternate Refunding Bonds Series 2019. The remaining balance of the bonds was $5,380,000, which was due on December 15, 2019 with interest payable at 4.60%.

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.

## 4. LONG-TERM LIABILITIES (Continued)

c. General Obligation Alternate Bonds (Continued)

Series 2013A (Continued)

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.

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.

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.

## 4. LONG-TERM LIABILITIES (Continued)

c. General Obligation Alternate Bonds (Continued)

Advance Refunding - General Obligation Refunding Alternate Bonds, Series 2019

The District issued General Obligation Refunding Alternate Bonds, Series 2019 totaling $4,785,000 on September 26, 2019, with interest ranging from 2% to 5% maturing at various amounts through December 15, 2029. The District passed an ordinance directing the execution of an escrow agreement in order to partially refund General Obligation Alternate Bond, Series 2010B issued by the District. This advance refunding was undertaken to reduce total debt service payments over the next ten years by $595,216 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $594,179. The reacquisition price of the old debt exceeded the net carrying amount by $17,171. This amount is being amortized over the remaining life of the refunding debt.

Proceeds in the amount of $5,522,681 from the refunding bonds along with $56,892 from the District's debt service funds were used to execute the escrow agreement. The refunded General Obligation Alternate Bonds, Series 2010B in the amount of $5,380,000 were called on December 15, 2019.

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, 2020 is as follows:

| Debt Issue | Pledged Revenue Source | Pledge Remaining | Commitment End Date |
|---|---|---|---|
| 2013A | Revenues of the system | $ 4,371,350 | 12/15/2022 |
| 2014 | Revenues of the system | 9,843,400 | 12/15/2033 |
| 2017 | Revenues of the system | 9,360,913 | 12/15/2028 |
| 2018 | Revenues of the system | 3,770,100 | 12/15/2028 |
| 2019 | Revenues of the system | 5,999,150 | 12/15/2029 |

## 4. LONG-TERM LIABILITIES (Continued)

c. General Obligation Alternate Bonds (Continued)

A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2020 is as follows:

| Debt Issue | Pledged Revenue Source | Pledged Revenue Collected | Principal and Interest Paid | Commitment End Date |
|---|---|---|---|---|
| 2013A | Revenues of the system | $ 18,686,272 | 1,455,775 | 12/15/2022 |
| 2014 | Revenues of the system | 18,686,272 | 703,550 | 12/15/2033 |
| 2017 | Revenues of the system | 18,686,272 | 1,074,513 | 12/15/2028 |
| 2018 | Revenues of the system | 18,686,272 | 416,600 | 12/15/2028 |
| 2019 | Revenues of the system | 18,686,272 | - | 12/15/2029 |

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, 2020.

## 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.

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.

## 5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Plan Administration* (Continued)

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

*Plan Membership*

At December 31, 2019, IMRF membership consisted of:

| | |
|---|---|
| Inactive employees or their beneficiaries currently receiving benefits | 140 |
| Inactive employees entitled to but not yet receiving benefits | 25 |
| Active employees | 115 |
| TOTAL | 280 |

*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 rate for the fiscal year ending April 30, 2020 was 9.45%. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

## 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, 2019 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, 2019 |
| Actuarial cost method | Entry-age normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary increases | 3.35% to 14.25% |
| Interest rate | 7.25% |
| Asset valuation method | Fair 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%. 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.

## 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 Liability |
|---|---|---|---|
| BALANCES AT JANUARY 1, 2019 | $ 67,410,247 | $ 58,196,456 | $ 9,213,791 |
| Changes for the period | | | |
| Service cost | 950,267 | - | 950,267 |
| Interest | 4,779,539 | - | 4,779,539 |
| Difference between expected and actual experience | (252,186) | - | (252,186) |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 830,072 | (830,072) |
| Employee contributions | - | 436,368 | (436,368) |
| Net investment income | - | 11,276,440 | (11,276,440) |
| Benefit payments and refunds | (3,921,405) | (3,921,405) | - |
| Other (net transfer) | - | (278,528) | 278,528 |
| Net changes | 1,556,215 | 8,342,947 | (6,786,732) |
| BALANCES AT DECEMBER 31, 2019 | $ 68,966,462 | $ 66,539,403 | $ 2,427,059 |

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

For the year ended April 30, 2020, the District recognized pension expense of $2,074,819. At April 30, 2020, 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 |
|---|---|---|
| Difference between expected and actual experience | $ 1,074,878 | $ 195,878 |
| Changes in assumption | 944,613 | 596,660 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,903,253 |
| Contributions subsequent to the measurement date | 389,329 | - |
| TOTAL | $ 2,408,820 | $ 3,695,791 |

## 5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources* (Continued)

$389,329 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

| Year Ending April 30, | |
|---|---|
| 2021 | $ (317,809) |
| 2022 | (380,638) |
| 2023 | 481,809 |
| 2024 | (1,459,662) |
| TOTAL | $ (1,676,300) |

*Discount Rate Sensitivity*

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Net pension liability (asset) | $ 10,219,392 | $ 2,427,059 | $ (4,092,450) |

## 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

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Plan Description (Continued)

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.

c. Membership

At April 30, 2019 (most recent information available), membership consisted of:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 15 |
| Active vested and nonvested plan members | 115 |
| TOTAL | 130 |
| Participating employers | 1 |

d. Total OPEB Liability

The District's total OPEB liability of $2,233,289 was based upon an actuarial valuation performed as of April 30, 2019 rolled forward to April 30, 2020.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, 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.

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Actuarial Assumptions and Other Inputs (Continued)

| | |
|---|---|
| Actuarial cost method | Entry-age normal |
| Actuarial value of assets | Not applicable |
| Salary increases | 3.50% |
| Discount rate | 2.92% |
| Healthcare cost trend rates | 7.50% Initial<br>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, 2020.

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

The actuarial assumptions used in the April 30, 2020 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.

f. Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| BALANCES AT MAY 1, 2019 | $ 2,251,838 |
| Changes for the period | |
| Service cost | 90,037 |
| Interest | 79,496 |
| Assumption changes | 120,573 |
| Benefit payments | (308,655) |
| Net changes | (18,549) |
| BALANCES AT APRIL 30, 2020 | $ 2,233,289 |

There were changes in assumptions related to the discount rate.

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 2.92% 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 (1.92%) or 1 percentage point higher (3.92%) than the current rate:

| | 1% Decrease (1.92%) | Current Discount Rate (2.92%) | 1% Increase (3.92%) |
|---|---|---|---|
| Total OPEB liability | $ 2,350,406 | $ 2,233,289 | $ 2,120,228 |

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 | $ 2,045,258 | $ 2,233,289 | $ 2,453,280 |

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

For the year ended April 30, 2020, the District recognized OPEB expense of $182,701. At April 30, 2020, 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 | $ 125,820 | $ - |
| TOTAL | $ 125,820 | $ - |

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

| Year Ending April 30, | | |
|---|---|---|
| 2021 | $ | 13,168 |
| 2022 | | 13,168 |
| 2023 | | 13,168 |
| 2024 | | 13,168 |
| 2025 | | 13,168 |
| Thereafter | | 59,980 |
| TOTAL | $ | 125,820 |

## 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, 2020 totaled approximately $2,353,071.

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.

## 8. RISK MANAGEMENT (Continued)

Workers' Compensation (Continued)

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

| | 2020 | 2019 |
|---|---|---|
| UNPAID CLAIMS, MAY 1 | $ 200,000 | $ 50,000 |
| Incurred claims (including IBNR's) | 159,299 | 270,575 |
| Claim payments | (60,032) | (120,575) |
| UNPAID CLAIMS, APRIL 30 | $ 299,267 | $ 200,000 |

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.

## 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. Additionally, the Village will pay the District 75% of the debt service payments related to the IEPA Fuller Creek Phase D and F 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:

| Year Ending April 30, | |
|---|---|
| 2021 | $ 261,765 |
| 2022 | 266,372 |
| 2023 | 271,060 |
| 2024 | 275,830 |
| 2025 | 280,685 |
| 2026-2030 | 1,479,283 |
| 2031-2035 | 1,614,088 |
| 2036-2039 | 1,257,253 |
| TOTAL RECEIVABLE | $ 5,706,336 |

# 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 Two Fiscal Years

| **MEASUREMENT DATE APRIL 30,** | **2020** | **2019** |
|---|---|---|
| **TOTAL OPEB LIABILITY** | | |
| Service cost | $ 90,037 | $ 84,069 |
| Interest | 79,496 | 87,480 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | - | - |
| Changes of assumptions | 120,573 | 20,314 |
| Benefit payments, including refunds of member contributions | (308,655) | (287,121) |
| Net change in total OPEB liability | (18,549) | (95,258) |
| Total OPEB liability - beginning | 2,251,838 | 2,347,096 |
| **TOTAL OPEB LIABILITY - ENDING** | $ 2,233,289 | $ 2,251,838 |
| Covered payroll | $ 7,426,040 | $ 7,174,918 |
| Employer's total OPEB liability as a percentage of covered payroll | 30.07% | 31.38% |

There were changes in assumptions related to the discount rate, mortality rates, and withdrawal, disability and retirement rates in 2019. There were changes in assumptions related to the discount rate in 2020.

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.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

| **FISCAL YEAR ENDED APRIL 30,** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 934,358 | $ 936,695 | $ 959,287 | $ 903,898 | $ 873,398 |
| Contributions in relation to the actuarially determined contribution | 934,358 | 936,695 | 959,287 | 903,898 | 873,398 |
| **CONTRIBUTION DEFICIENCY (Excess)** | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 9,887,698 | $ 9,447,903 | $ 9,127,736 | $ 8,363,961 | $ 7,634,596 |
| Contributions as a percentage of covered payroll | 9.45% | 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 24 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually, and postretirement benefit increases of 3.25% 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.

**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 Five Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **TOTAL PENSION LIABILITY** | | | | | |
| Service cost | $ 950,267 | $ 864,080 | $ 874,280 | $ 828,881 | $ 816,520 |
| Interest | 4,779,539 | 4,612,931 | 4,494,054 | 4,294,310 | 4,120,053 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | (252,186) | 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 | (3,921,405) | (3,644,125) | (3,334,241) | (3,030,078) | (2,771,003) |
| Net change in total pension liability | 1,556,215 | 4,514,476 | 1,745,075 | 2,716,189 | 2,523,231 |
| Total pension liability - beginning | 67,410,247 | 62,895,771 | 61,150,696 | 58,434,507 | 55,911,276 |
| **TOTAL PENSION LIABILITY - ENDING** | $ 68,966,462 | $ 67,410,247 | $ 62,895,771 | $ 61,150,696 | $ 58,434,507 |
| **PLAN FIDUCIARY NET POSITION** | | | | | |
| Contributions - employer | $ 830,072 | $ 1,104,076 | $ 1,018,170 | $ 959,118 | $ 873,398 |
| Contributions - member | 436,368 | 419,326 | 402,935 | 366,170 | 346,821 |
| Net investment income | 11,276,440 | (3,818,856) | 9,945,965 | 3,638,819 | 269,400 |
| Benefit payments, including refunds of member contributions | (3,921,405) | (3,644,125) | (3,334,241) | (3,030,078) | (2,771,003) |
| Other (net transfer) | (278,528) | 1,063,719 | (782,481) | 242,688 | 271,228 |
| Net change in plan fiduciary net position | 8,342,947 | (4,875,860) | 7,250,348 | 2,176,717 | (1,010,156) |
| Plan fiduciary net position - beginning | 58,196,456 | 63,072,316 | 55,821,968 | 53,645,251 | 54,655,407 |
| **PLAN FIDUCIARY NET POSITION - ENDING** | $ 66,539,403 | $ 58,196,456 | $ 63,072,316 | $ 55,821,968 | $ 53,645,251 |
| **EMPLOYER'S NET PENSION LIABILITY (ASSET)** | $ 2,427,059 | $ 9,213,791 | $ (176,545) | $ 5,328,728 | $ 4,789,256 |
| Plan fiduciary net position as a percentage of the total pension liability | 96.48% | 86.33% | 100.28% | 91.29% | 91.80% |
| Covered payroll | $ 9,697,090 | $ 9,318,346 | $ 8,830,460 | $ 8,137,119 | $ 7,634,596 |
| Employer's net pension liability (asset) as a percentage of covered payroll | 25.03% | 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.

# SUPPLEMENTAL SCHEDULES

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

COMBINING BALANCE SHEET

April 30, 2020

| | General Operations | Public Benefit | Special Assessments | Eliminations | Total |
|---|---|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | $ 30,410,731 | $ 3,119,902 | $ 1,988,755 | $ - | $ 35,519,388 |
| Investments | 1,099,447 | 539,507 | 343,903 | - | 1,982,857 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 203,112 | - | - | - | 203,112 |
| Investments | 4,194,435 | - | - | - | 4,194,435 |
| Receivables | | | | | |
| Billed user charges (net of allowance for uncollectible amounts of $225,000) | 5,934,484 | - | - | - | 5,934,484 |
| Property taxes | 4,761,460 | 362,861 | - | - | 5,124,321 |
| Other | 440,560 | - | 257,117 | - | 697,677 |
| Due from special assessments | 80,583 | - | - | (80,583) | - |
| Estimated unbilled user charges | 7,520,082 | - | - | - | 7,520,082 |
| Accrued interest income | 44,704 | - | - | - | 44,704 |
| Long-term loans receivable, current portion | 261,765 | - | - | - | 261,765 |
| Prepaid expenses | 613,455 | - | - | - | 613,455 |
| Total current assets | 55,564,818 | 4,022,270 | 2,589,775 | (80,583) | 62,096,280 |
| **NONCURRENT ASSETS** | | | | | |
| Long-term loans receivable | 5,444,570 | - | - | - | 5,444,570 |
| Capital assets not being depreciated | 51,353,370 | - | 424,113 | - | 51,777,483 |
| Capital assets being depreciated, net | 317,398,864 | - | - | - | 317,398,864 |
| Net capital assets | 368,752,234 | - | 424,113 | - | 369,176,347 |
| Total noncurrent assets | 374,196,804 | - | 424,113 | - | 374,620,917 |
| Total assets | 429,761,622 | 4,022,270 | 3,013,888 | (80,583) | 436,717,197 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| Pension items - IMRF | 2,408,820 | - | - | - | 2,408,820 |
| OPEB items | 125,820 | - | - | - | 125,820 |
| Unamortized loss on refunding | 120,927 | - | - | - | 120,927 |
| Total deferred outflows of resources | 2,655,567 | - | - | - | 2,655,567 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 432,417,189 | $ 4,022,270 | $ 3,013,888 | $ (80,583) | $ 439,372,764 |

(This statement is continued on the following page.)

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

COMBINING BALANCE SHEET (Continued)

April 30, 2020

| | General Operations | Public Benefit | Special Assessments | Eliminations | Total |
|---|---|---|---|---|---|
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Current portion of long-term debt | $ 7,420,281 | $ - | $ - | $ - | $ 7,420,281 |
| Accounts payable | 2,987,363 | - | - | - | 2,987,363 |
| Accrued expenses | | | | | |
| Salaries and wages | 355,339 | - | - | - | 355,339 |
| Pension contribution | 197,125 | - | - | - | 197,125 |
| Accrued interest | 616,525 | - | - | - | 616,525 |
| Other | 122,212 | - | - | - | 122,212 |
| Due to general operations | - | - | 80,583 | (80,583) | - |
| Total current liabilities | 11,698,845 | - | 80,583 | (80,583) | 11,698,845 |
| **LONG-TERM LIABILITIES** | | | | | |
| Claims payable | 299,267 | - | - | - | 299,267 |
| Compensated absences | 1,316,540 | - | - | - | 1,316,540 |
| Long-term debt, net of current maturities | 77,976,399 | - | - | - | 77,976,399 |
| Total OPEB liability | 2,233,289 | - | - | - | 2,233,289 |
| Net pension liability | 2,427,059 | - | - | - | 2,427,059 |
| Total long-term liabilities | 84,252,554 | - | - | - | 84,252,554 |
| Total liabilities | 95,951,399 | - | 80,583 | (80,583) | 95,951,399 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Deferred revenue - property taxes | 4,761,460 | 362,861 | - | - | 5,124,321 |
| Unamortized gain on refunding | 78,345 | - | - | - | 78,345 |
| Pension items - IMRF | 3,695,791 | - | - | - | 3,695,791 |
| Total deferred inflows of resources | 8,535,596 | 362,861 | - | - | 8,898,457 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 282,673,337 | - | 424,113 | - | 283,097,450 |
| Restricted for | | | | | |
| Pubic benefit | - | 3,659,409 | - | - | 3,659,409 |
| Capital improvements | - | - | 2,509,192 | - | 2,509,192 |
| Debt service | 4,397,547 | - | - | - | 4,397,547 |
| Unrestricted | 40,859,310 | - | - | - | 40,859,310 |
| Total net position | 327,930,194 | 3,659,409 | 2,933,305 | - | 334,522,908 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | $ 432,417,189 | $ 4,022,270 | $ 3,013,888 | $ (80,583) | $ 439,372,764 |

(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, 2020

| | General Operations | Public Benefit | Special Assessments | Eliminations | Total |
|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | |
| User charges | | | | | |
| Operation and maintenance | $ 37,847,086 | $ - | $ - | $ - | $ 37,847,086 |
| Inspection fees and other user charges | 224,062 | - | - | - | 224,062 |
| Total user charges | 38,071,148 | - | - | - | 38,071,148 |
| Collection charges and penalties | 451,854 | - | - | - | 451,854 |
| Operating contributions from property owners and other governments | 2,674,544 | - | 86,500 | - | 2,761,044 |
| Other | 1,334,568 | 15,212 | - | - | 1,349,780 |
| Total operating revenues | 42,532,114 | 15,212 | 86,500 | - | 42,633,826 |
| **OPERATING EXPENSES** | | | | | |
| Operations | 18,247,786 | - | - | - | 18,247,786 |
| Administration | 5,857,827 | - | (25,877) | - | 5,831,950 |
| Depreciation | 14,572,992 | - | - | - | 14,572,992 |
| Total operating expenses | 38,678,605 | - | (25,877) | - | 38,652,728 |
| OPERATING INCOME | 3,853,509 | 15,212 | 112,377 | - | 3,981,098 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Property taxes | 4,748,921 | 360,696 | - | - | 5,109,617 |
| Assessments | 5,724 | - | - | - | 5,724 |
| Illinois personal property replacement taxes | 2,009,891 | - | - | - | 2,009,891 |
| Investment income | 748,080 | 58,489 | 53,218 | - | 859,787 |
| Gain on sale of asset | 110,822 | - | - | - | 110,822 |
| Interest expense and fiscal charges | (2,162,436) | - | - | - | (2,162,436) |
| Total non-operating revenues (expenses) | 5,461,002 | 419,185 | 53,218 | - | 5,933,405 |
| INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 9,314,511 | 434,397 | 165,595 | - | 9,914,503 |
| Capital contributions | 976,000 | - | - | - | 976,000 |
| Transfers in | 439,289 | - | 488,628 | (927,917) | - |
| Transfers (out) | - | (488,628) | (439,289) | 927,917 | - |
| CHANGE IN NET POSITION | 10,729,800 | (54,231) | 214,934 | - | 10,890,503 |
| NET POSITION, MAY 1 | 317,200,394 | 3,713,640 | 2,718,371 | - | 323,632,405 |
| **NET POSITION, APRIL 30** | $ 327,930,194 | $ 3,659,409 | $ 2,933,305 | $ - | $ 334,522,908 |

(See independent auditor's report.)

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

SCHEDULE OF CAPITAL ASSETS

For the Year Ended April 30, 2020

| | Capital Assets | | | | | Accumulated Depreciation | | | |
|---|---|---|---|---|---|---|---|---|---|
| | April 30, 2019 | Additions | Retirements | Transfers | April 30, 2020 | April 30, 2019 | Current Year Depreciation | Retirements | April 30, 2020 |
| **TREATMENT PLANT** | | | | | | | | | |
| Land | $ 5,820,275 | $ 221,856 | $ - | $ - | $ 6,042,131 | $ - | $ - | $ - | $ - |
| Buildings | 18,608,135 | - | - | - | 18,608,135 | 7,784,879 | 542,200 | - | 8,327,079 |
| Improvements | 11,923,946 | 65,894 | - | 956,114 | 12,945,954 | 4,008,830 | 743,656 | - | 4,752,486 |
| Aeration | 26,684,996 | - | - | - | 26,684,996 | 21,039,421 | 702,563 | - | 21,741,984 |
| Vacuum filter and incineration | 16,198,042 | - | - | - | 16,198,042 | 12,243,522 | 263,635 | - | 12,507,157 |
| Pumping equipment | 18,136,482 | - | - | - | 18,136,482 | 6,480,392 | 1,021,058 | - | 7,501,450 |
| Grit and sludge equipment | 2,333,799 | - | - | - | 2,333,799 | 1,654,378 | 50,625 | - | 1,705,003 |
| Primary settling equipment | 4,025,730 | - | - | - | 4,025,730 | 3,530,152 | 100,580 | - | 3,630,732 |
| Chlorination equipment | 870,249 | - | - | - | 870,249 | 782,048 | 10,665 | - | 792,713 |
| Biosolids | 30,415,274 | - | - | - | 30,415,274 | 8,153,646 | 714,650 | - | 8,868,296 |
| Miscellaneous equipment | 805,485 | - | - | - | 805,485 | 652,846 | 11,177 | - | 664,023 |
| Cogeneration | 11,830,488 | - | - | - | 11,830,488 | 4,760,705 | 788,694 | - | 5,549,399 |
| Engineering and other studies | 1,645,200 | 21,091 | - | - | 1,666,291 | 1,430,523 | 97,505 | - | 1,528,028 |
| Total treatment plant | 149,298,101 | 308,841 | - | 956,114 | 150,563,056 | 72,521,342 | 5,047,008 | - | 77,568,350 |
| **SEWER AND LIFT STATIONS** | 398,966,971 | 976,002 | - | 5,251,865 | 405,194,838 | 153,627,589 | 7,730,588 | - | 161,358,177 |
| **MACHINERY AND EQUIPMENT** | | | | | | | | | |
| Trucks and automobiles | 11,932,724 | 1,249,104 | 484,257 | - | 12,697,571 | 8,485,174 | 1,000,307 | 484,257 | 9,001,224 |
| Engineering equipment | 179,084 | - | - | - | 179,084 | 179,084 | - | - | 179,084 |
| Chemistry equipment | 701,672 | - | - | - | 701,672 | 604,037 | 37,565 | - | 641,602 |
| Supporting services equipment | 652,862 | - | - | - | 652,862 | 643,097 | 5,725 | - | 648,822 |
| Sewer maintenance equipment | 3,034 | - | - | - | 3,034 | 3,035 | - | - | 3,035 |
| Maintenance equipment | 409,433 | - | - | - | 409,433 | 312,647 | 33,986 | - | 346,633 |
| Office equipment | 44,716 | - | - | - | 44,716 | 12,816 | 4,558 | - | 17,374 |
| Computer hardware and software | 9,416,254 | 378,159 | - | - | 9,794,413 | 6,322,128 | 713,255 | - | 7,035,383 |
| Total machinery and equipment | 23,339,779 | 1,627,263 | 484,257 | - | 24,482,785 | 16,562,018 | 1,795,396 | 484,257 | 17,873,157 |
| **CONSTRUCTION IN PROGRESS** | | | | | | | | | |
| Special assessments | 233,063 | 630,339 | - | (439,289) | 424,113 | - | - | - | - |
| General operations | 39,237,888 | 11,842,041 | - | (5,768,690) | 45,311,239 | - | - | - | - |
| Total construction in progress | 39,470,951 | 12,472,380 | - | (6,207,979) | 45,735,352 | - | - | - | - |
| **TOTAL CAPITAL ASSETS** | $ 611,075,802 | $ 15,384,486 | $ 484,257 | $ - | $ 625,976,031 | $ 242,710,949 | $ 14,572,992 | $ 484,257 | $ 256,799,684 |

(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, 2020

| | Budget | Actual | Over (Under) |
|---|---|---|---|
| **ADMINISTRATION** | | | |
| General | | | |
| Personnel | $ 885,167 | $ 1,005,655 | $ 120,488 |
| Operating cost | 23,200 | 12,124 | (11,076) |
| Contractual | 566,000 | 552,988 | (13,012) |
| Total general | 1,474,367 | 1,570,767 | 96,400 |
| Billing and collection | | | |
| Personnel | 993,113 | 1,060,988 | 67,875 |
| Operating cost | 69,650 | 54,146 | (15,504) |
| Contractual | 494,600 | 434,423 | (60,177) |
| Total billing and collection | 1,557,363 | 1,549,557 | (7,806) |
| Information processing | | | |
| Personnel | 797,532 | 862,717 | 65,185 |
| Operating cost | 276,250 | 230,852 | (45,398) |
| Contractual | 1,524,100 | 1,433,803 | (90,297) |
| Repair and maintenance | 5,000 | 181 | (4,819) |
| Transfers | (197,757) | (268,277) | (70,520) |
| Total information processing | 2,405,125 | 2,259,276 | (145,849) |
| Legal | | | |
| Personnel | 257,975 | 270,586 | 12,611 |
| Operating cost | 1,160 | 61 | (1,099) |
| Contractual | 85,590 | 207,580 | 121,990 |
| Total legal | 344,725 | 478,227 | 133,502 |
| Total administration | 5,781,580 | 5,857,827 | 76,247 |
| **ENGINEERING** | | | |
| Personnel | 2,761,830 | 2,634,213 | (127,617) |
| Operating cost | 24,250 | 12,024 | (12,226) |
| Contractual | 55,190 | 74,031 | 18,841 |
| Repairs and maintenance | - | - | - |
| Transfers | (720,225) | (733,665) | (13,440) |
| Total engineering | 2,121,045 | 1,986,603 | (134,442) |
| **PLANT OPERATIONS CONTROL** | | | |
| General | | | |
| Personnel | 204,493 | 213,737 | 9,244 |
| Operating cost | 30,220 | 30,753 | 533 |
| Contractual | 7,075 | 4,058 | (3,017) |
| Total general | 241,788 | 248,548 | 6,760 |

(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, 2020

| | Budget | Actual | Over (Under) |
|---|---|---|---|
| **PLANT OPERATIONS CONTROL (Continued)** | | | |
| Chemistry | | | |
| Personnel | $ 542,845 | $ 549,565 | $ 6,720 |
| Operating cost | 170,800 | 160,157 | (10,643) |
| Contractual | 124,140 | 191,168 | 67,028 |
| Repair and maintenance | - | - | - |
| Total chemistry | 837,785 | 900,890 | 63,105 |
| Water surveillance | | | |
| Personnel | 694,017 | 776,769 | 82,752 |
| Operating cost | 16,040 | 12,753 | (3,287) |
| Contractual | 22,784 | 5,310 | (17,474) |
| Repair and maintenance | - | - | - |
| Total water surveillance | 732,841 | 794,832 | 61,991 |
| Total plant operations control | 1,812,414 | 1,944,270 | 131,856 |
| **COLLECTION SYSTEMS** | | | |
| General | | | |
| Personnel | 1,023,820 | 1,103,927 | 80,107 |
| Operating cost | 1,000 | 861 | (139) |
| Contractual | 5,700 | 10,299 | 4,599 |
| Total general | 1,030,520 | 1,115,087 | 84,567 |
| Building and grounds | | | |
| Personnel | 160,272 | 130,497 | (29,775) |
| Operating cost | 181,000 | 171,249 | (9,751) |
| Contractual | 534,756 | 578,555 | 43,799 |
| Repair and maintenance | - | (11,107) | (11,107) |
| Total building and grounds | 876,028 | 869,194 | (6,834) |
| Sewer and lift stations | | | |
| Personnel | 2,812,177 | 2,732,903 | (79,274) |
| Operating cost | 640,000 | 790,458 | 150,458 |
| Contractual | 1,064,500 | 567,148 | (497,352) |
| Repair and maintenance | - | (13,583) | (13,583) |
| Total sewer and lift stations | 4,516,677 | 4,076,926 | (439,751) |

(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, 2020

| | Budget | Actual | Over (Under) |
|---|---|---|---|
| **COLLECTION SYSTEMS (Continued)** | | | |
| Trucks and automobiles | | | |
| Personnel | $ 478,112 | $ 505,834 | $ 27,722 |
| Operating cost | 650,700 | 439,682 | (211,018) |
| Contractual | 97,700 | 148,288 | 50,588 |
| Repair and maintenance | - | 1,056 | 1,056 |
| Total trucks and automobiles | 1,226,512 | 1,094,860 | (131,652) |
| Total supporting services | 7,649,737 | 7,156,067 | (493,670) |
| **WASTEWATER TREATMENT** | | | |
| General | | | |
| Personnel | 2,188,950 | 2,173,853 | (15,097) |
| Operating cost | 34,000 | 33,722 | (278) |
| Contractual | 32,400 | 10,648 | (21,752) |
| Real estate taxes | 23,800 | 26,569 | 2,769 |
| Repair and maintenance | - | - | - |
| Transfers | (95,660) | (84,936) | 10,724 |
| Total general | 2,183,490 | 2,159,856 | (23,634) |
| Pumping station | | | |
| Operating cost | 279,000 | 335,784 | 56,784 |
| Contractual | 451,350 | 429,467 | (21,883) |
| Repair and maintenance | - | - | - |
| Total pumping station | 730,350 | 765,251 | 34,901 |
| Grit and sludge removal | | | |
| Operating cost | 29,500 | 70,001 | 40,501 |
| Contractual | 81,400 | 66,955 | (14,445) |
| Repair and maintenance | - | 265 | 265 |
| Total grit and sludge removal | 110,900 | 137,221 | 26,321 |
| Vacuum filter and solids disposal | | | |
| Operating cost | 752,250 | 953,324 | 201,074 |
| Contractual | 457,200 | 792,380 | 335,180 |
| Repair and maintenance | - | 27,137 | 27,137 |
| Agricultural land | 28,330 | 34,487 | 6,157 |
| Total vacuum filter and solids disposal | 1,237,780 | 1,807,328 | 569,548 |

(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, 2020

| | Budget | Actual | Over (Under) |
|---|---|---|---|
| **WASTEWATER TREATMENT (Continued)** | | | |
| Aeration | | | |
| Operating cost | $ 126,000 | $ 88,538 | $ (37,462) |
| Contractual | 293,450 | 280,600 | (12,850) |
| Repair and maintenance | - | - | - |
| Total aeration | 419,450 | 369,138 | (50,312) |
| Maintenance | | | |
| Personnel | 1,213,182 | 1,186,193 | (26,989) |
| Operating cost | 549,000 | 452,780 | (96,220) |
| Contractual | 519,000 | 290,710 | (228,290) |
| Repair and maintenance | - | 415 | 415 |
| Total maintenance | 2,281,182 | 1,930,098 | (351,084) |
| Total wastewater treatment | 6,963,152 | 7,168,892 | 205,740 |
| **TOTAL DEPARTMENT EXPENSES** | $ 24,327,928 | $ 24,113,659 | $ (214,269) |
| **SUMMARY** | | | |
| Personnel | $ 14,095,503 | $ 14,205,495 | $ 109,992 |
| Operating cost | 3,758,360 | 3,764,333 | 5,973 |
| Contractual | 6,416,935 | 6,078,411 | (338,524) |
| Repair and maintenance | 5,000 | 4,364 | (636) |
| Agricultural land | 28,330 | 34,487 | 6,157 |
| Real estate taxes | 23,800 | 26,569 | 2,769 |
| Allocated departmental | 24,327,928 | 24,113,659 | (214,269) |
| Vacation and sick pay adjustments not allocated to departments | - | 117,908 | 117,908 |
| OPEB expense | - | (125,954) | (125,954) |
| **TOTAL DEPARTMENTAL EXPENSES** | $ 24,327,928 | $ 24,105,613 | $ (222,315) |
| Operations | | $ 18,247,786 | |
| Administration | | 5,857,827 | |
| **TOTAL DEPARTMENTAL EXPENSES** | | $ 24,105,613 | |

(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.


| Contents | Page(s) |
|---|---|
| Financial Trends<br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 48-53 |
| Revenue Capacity<br>These schedules contain information to help the reader assess the District's most significant local revenue source, water reclamation charges. | 54-58 |
| Debt Capacity<br>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. | 59-62 |
| Demographic and Economic Information<br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 63-70 |
| Operating Information<br>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. | 71-73 |


*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 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | $ 39,236,860 | $ 32,574,431 | $ 32,814,816 | $ 39,111,669 |
| Other assets | 397,227 | 371,198 | - | - |
| Capital assets, net | 292,519,464 | 305,413,729 | 307,028,144 | 325,617,263 |
| Total assets | 332,153,551 | 338,359,358 | 339,842,960 | 364,728,932 |
| Deferred outflows of resources | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | 332,153,551 | 338,359,358 | 339,842,960 | 364,728,932 |
| **LIABILITIES** | | | | |
| Current Liabilities | 12,719,510 | 13,389,398 | 9,143,935 | 11,744,320 |
| Long-term debt, less current portion | 54,968,214 | 52,345,651 | 48,602,454 | 64,943,631 |
| Other liabilities | - | - | - | - |
| Total liabilities | 67,687,724 | 65,735,049 | 57,746,389 | 76,687,951 |
| Deferred inflows of resources | - | - | 4,654,447 | 4,749,530 |
| Total deferred inflows of resources | - | - | 4,654,447 | 4,749,530 |
| Total liabilities and deferred inflows of resources | 67,687,724 | 65,735,049 | 62,400,836 | 81,437,481 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 235,134,679 | 250,716,820 | 255,729,921 | 257,294,832 |
| Restricted net position | 8,040,077 | 9,898,937 | 10,246,328 | 11,686,522 |
| Unrestricted net position | 21,291,071 | 12,008,552 | 11,465,875 | 14,310,097 |
| Total net position | $ 264,465,827 | $ 272,624,309 | $ 277,442,124 | $ 283,291,451 |

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| $ 39,912,924 | $ 40,671,434 | $ 43,790,599 | $ 52,701,941 | $ 59,952,346 | $ 62,096,280 |
| - | - | - | 176,545 | - | 5,444,570 |
| 329,187,064 | 336,770,564 | 345,213,687 | 365,415,253 | 368,364,853 | 369,176,347 |
| 369,099,988 | 377,441,998 | 389,004,286 | 418,293,739 | 428,317,199 | 436,717,197 |
| - | 3,606,351 | 3,713,219 | 2,191,517 | 7,777,740 | 2,655,567 |
| - | 3,606,351 | 3,713,219 | 2,191,517 | 7,777,740 | 2,655,567 |
| 369,099,988 | 381,048,349 | 392,717,505 | 420,485,256 | 436,094,939 | 439,372,764 |
| 10,416,775 | 11,092,230 | 11,218,133 | 12,011,082 | 10,745,152 | 11,698,845 |
| 63,940,043 | 69,881,525 | 73,683,138 | 88,700,673 | 95,465,783 | 84,252,554 |
| - | - | - | - | - | - |
| 74,356,818 | 80,973,755 | 84,901,271 | 100,711,755 | 106,210,935 | 95,951,399 |
| 4,860,267 | 4,940,700 | 5,065,942 | 9,482,028 | 6,251,599 | 8,898,457 |
| 4,860,267 | 4,940,700 | 5,065,942 | 9,482,028 | 6,251,599 | 8,898,457 |
| 79,217,085 | 85,914,455 | 89,967,213 | 110,193,783 | 112,462,534 | 104,849,856 |
| 260,413,331 | 266,551,066 | 270,659,404 | 274,461,095 | 278,637,210 | 283,097,450 |
| 9,881,258 | 9,542,522 | 9,702,367 | 9,958,036 | 10,521,773 | 10,566,148 |
| 19,588,314 | 19,040,306 | 22,388,521 | 25,872,342 | 34,473,422 | 40,859,310 |
| $ 289,882,903 | $ 295,133,894 | $ 302,750,292 | $ 310,291,473 | $ 323,632,405 | $ 334,522,908 |

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

CHANGE IN NET POSITION

Last Ten Fiscal Years

| Fiscal Year | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| User charges | | | | |
| Operation and maintenance | $ 21,249,698 | $ 23,941,818 | $ 26,616,372 | $ 27,467,382 |
| Replacement | - | - | - | - |
| Capital | 1,227,847 | - | - | - |
| Inspection fees and other user charges | 130,000 | 140,529 | 149,659 | 123,639 |
| Total user charges | 22,607,545 | 24,082,347 | 26,766,031 | 27,591,021 |
| Collection charges and penalties | 313,246 | 254,646 | 372,459 | 372,964 |
| Operating contributions from property owners and other government | - | - | - | - |
| Other | 738,502 | 674,516 | 692,715 | 801,286 |
| Total operating revenues | 23,659,293 | 25,011,509 | 27,831,205 | 28,765,271 |
| **OPERATING EXPENSES** | | | | |
| Operations | 13,437,616 | 14,049,842 | 13,929,286 | 14,402,443 |
| Administration | 3,549,239 | 3,706,304 | 4,050,456 | 4,186,334 |
| Depreciation | 9,084,723 | 9,662,120 | 10,320,057 | 10,762,949 |
| Total operating expenses | 26,071,578 | 27,418,266 | 28,299,799 | 29,351,726 |
| OPERATING INCOME (LOSS) | (2,412,285) | (2,406,757) | (468,594) | (586,455) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | |
| Property taxes | 4,268,121 | 4,405,568 | 4,486,748 | 4,629,495 |
| Assessments | - | - | - | - |
| Contrib. from property owners and other governments | 211,134 | 1,789,486 | 1,194,454 | 1,388,177 |
| Illinois personal property replacement taxes | 1,707,523 | 1,540,371 | 1,527,188 | 1,747,717 |
| Grant revenue | 820,169 | - | - | - |
| Investment income | 245,614 | 148,077 | 158,773 | 100,998 |
| Gain on sale of asset | 8,278 | 59,082 | 7,952 | 56,306 |
| Bond issuance costs | (19,920) | (26,029) | (189,601) | (119,160) |
| Interest expense | (1,366,935) | (1,708,082) | (1,830,972) | (1,521,245) |
| Total non-operating revenues (expenses) | 5,873,984 | 6,208,473 | 5,354,542 | 6,282,288 |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 3,461,699 | 3,801,716 | 4,885,948 | 5,695,833 |
| CAPITAL CONTRIBUTIONS | 434,680 | 4,356,766 | 303,065 | 153,494 |
| CHANGE IN NET POSITION | 3,896,379 | 8,158,482 | 5,189,013 | 5,849,327 |
| NET POSITION, MAY 1 | 260,569,448 | 264,465,827 | 272,624,309 | 277,442,124 |
| Prior period adjustment | - | - | (371,198) | - |
| Change in accounting principle | - | - | - | - |
| NET POSITION, MAY 1, RESTATED | - | - | 272,253,111 | - |
| **NET POSITION, APRIL 30** | $ 264,465,827 | $ 272,624,309 | $ 277,442,124 | $ 283,291,451 |

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| $ 28,703,404 | $ 30,597,615 | $ 31,771,981 | $ 33,724,019 | $ 35,988,400 | $ 37,847,086 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 256,869 | 233,911 | 204,845 | 257,550 | 281,146 | 224,062 |
| 28,960,273 | 30,831,526 | 31,976,826 | 33,981,569 | 36,269,546 | 38,071,148 |
| 310,713 | 459,657 | 427,272 | 417,564 | 589,828 | 451,854 |
| - | - | 1,121,897 | 104,797 | 591,880 | 2,761,044 |
| 1,268,915 | 816,152 | 934,071 | 1,686,141 | 1,411,070 | 1,349,780 |
| 30,539,901 | 32,107,335 | 34,460,066 | 36,190,071 | 38,862,324 | 42,633,826 |
| 14,635,601 | 14,609,380 | 15,156,571 | 15,843,489 | 16,525,679 | 18,247,786 |
| 4,191,715 | 4,482,179 | 4,776,160 | 5,136,374 | 5,133,195 | 5,831,950 |
| 10,953,242 | 12,898,464 | 11,966,603 | 13,279,911 | 13,980,211 | 14,572,992 |
| 29,780,558 | 31,990,023 | 31,899,334 | 34,259,774 | 35,639,085 | 38,652,728 |
| 759,343 | 117,312 | 2,560,732 | 1,930,297 | 3,223,239 | 3,981,098 |
| 4,715,715 | 4,805,294 | 4,899,572 | 4,976,974 | 4,974,922 | 5,109,617 |
| - | 6,613 | 6,387 | 6,162 | 14,965 | 5,724 |
| 287,299 | 474,405 | - | - | - | - |
| 1,705,217 | 1,518,683 | 1,814,742 | 1,688,093 | 1,526,641 | 2,009,891 |
| - | - | 232,525 | 181,001 | - | - |
| 142,857 | 142,620 | 178,459 | 244,377 | 642,560 | 859,787 |
| 31,208 | 63,844 | 73,079 | 140,394 | 108,585 | 110,822 |
| - | - | (175,461) | - | (87,201) | - |
| (1,792,273) | (1,874,634) | (2,045,837) | (1,787,652) | (2,149,101) | (2,162,436) |
| 5,090,023 | 5,136,825 | 4,983,466 | 5,449,349 | 5,031,371 | 5,933,405 |
| 5,849,366 | 5,254,137 | 7,544,198 | 7,379,646 | 8,254,610 | 9,914,503 |
| 742,086 | 948,326 | 72,200 | 161,535 | 2,604,000 | 976,000 |
| 6,591,452 | 6,202,463 | 7,616,398 | 7,541,181 | 10,858,610 | 10,890,503 |
| 283,291,451 | 289,882,903 | 295,133,894 | 302,750,292 | 310,291,473 | 323,632,405 |
| - | (951,472) | - | - | 4,547,147 | - |
| - | - | - | - | (2,064,825) | - |
| - | 288,931,431 | - | - | 312,773,795 | - |
| $ 289,882,903 | $ 295,133,894 | $ 302,750,292 | $ 310,291,473 | $ 323,632,405 | $ 334,522,908 |

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

NET POSITION BY SUB FUND

Last Ten Fiscal Years

| Fiscal Year | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| **GENERAL OPERATIONS** | | | | |
| Net investment in capital assets | $ 234,550,798 | $ 249,094,016 | $ 255,420,159 | $ 257,040,999 |
| Restricted - Debt Service | 447,939 | 3,215,575 | 3,145,121 | 4,711,248 |
| Unrestricted | 21,291,071 | 12,008,552 | 11,465,875 | 14,310,097 |
| Total general operations | 256,289,808 | 264,318,143 | 270,031,155 | 276,062,344 |
| **PUBLIC BENEFIT** | | | | |
| Restricted | 5,772,769 | 5,014,552 | 4,525,884 | 3,259,898 |
| **SPECIAL ASSESSMENTS** | | | | |
| Net investment in capital assets | 583,881 | 1,622,804 | 309,762 | 253,833 |
| Restricted | 1,819,369 | 1,668,810 | 2,575,323 | 3,715,376 |
| Total special assessments | 2,403,250 | 3,291,614 | 2,885,085 | 3,969,209 |
| **TOTAL NET POSITION** | $ 264,465,827 | $ 272,624,309 | $ 277,442,124 | $ 283,291,451 |

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| $ 260,256,470 | $ 264,232,539 | $ 270,171,724 | $ 274,451,889 | $ 278,171,424 | $ 282,673,337 |
| 3,245,999 | 3,969,895 | 3,995,100 | 4,026,840 | 4,322,824 | 4,397,547 |
| 19,588,314 | 19,040,306 | 22,388,521 | 25,872,342 | 34,706,146 | 40,859,310 |
| 283,090,783 | 287,242,740 | 296,555,345 | 304,351,071 | 317,200,394 | 327,930,194 |
| 4,237,275 | 2,479,564 | 3,187,776 | 3,539,437 | 3,713,640 | 3,659,409 |
| 156,861 | 2,318,527 | 487,680 | 9,206 | 233,062 | 424,113 |
| 2,397,984 | 3,093,063 | 2,519,491 | 2,391,759 | 2,485,309 | 2,509,192 |
| 2,554,845 | 5,411,590 | 3,007,171 | 2,400,965 | 2,718,371 | 2,933,305 |
| $ 289,882,903 | $ 295,133,894 | $ 302,750,292 | $ 310,291,473 | $ 323,632,405 | $ 334,522,908 |

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

SEWER USER RATE CHARGES AND CONNECTION FEES

Last Ten Fiscal Years

| Fiscal Year [1] | Flow [2] | Biochemical Oxygen Demand (BOD) [3] | Total Suspended Solids (TSS) [3] | Ammonia-N [3] | Customer Service Charge [4] | Average Household [5] | Millions of Gallons of Sewage Treated |
|---|---|---|---|---|---|---|---|
| 2011 | 0.89089 | 0.08158 | 0.56729 | 0.38847 | 2.50 | $ 171.64 | 12,369 |
| 2012 | 1.04578 | 0.15164 | 0.61835 | 0.55854 | 2.74 | 201.28 | 11,215 |
| 2013 | 1.17283 | 0.19849 | 0.59067 | 0.69635 | 3.54 | 217.64 | 9,666 |
| 2014 | 1.38110 | 0.22835 | 0.54599 | 0.79404 | 4.01 | 235.16 | 12,377 |
| 2015 | 1.46284 | 0.24082 | 0.61020 | 0.82518 | 4.46 | 253.88 | 11,778 |
| 2016 | 1.59279 | 0.24371 | 0.66576 | 0.79768 | 4.84 | 273.76 | 11,655 |
| 2017 | 1.66084 | 0.21484 | 0.74883 | 0.59641 | 5.14 | 286.88 | 11,646 |
| 2018 | 1.82179 | 0.23838 | 0.77960 | 0.52676 | 5.93 | 309.64 | 13,422 |
| 2019 | 2.03860 | 0.23931 | 0.76992 | 0.53405 | 6.31 | 328.24 | 14,370 |
| 2020 | 2.06874 | 0.27791 | 0.99772 | 0.73490 | 6.31 | 366.56 | 15,856 |

Data Source

District Records

[1] Billing cycle from April 1 through March 31

[2] Cents per 100 cubic feet

[3] Cents per Pound

[4] Quarterly

[5] Dollars per Year

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

SIGNIFICANT INDUSTRIAL USERS

For the Current Year and Nine Years Ago

| | 2020 | | 2011 | |
|---|---|---|---|---|
| **Customer** | **Amount** | **%** | **Amount** | **%** |
| Dean Dairy Holdings LLC | $ 1,411,756 | 3.71% | $ 599,293 | 2.65% |
| Muller Pinehurst Dairy | 511,345 | 1.34% | 98,693 | 0.44% |
| Mondelez Global LLC | 288,244 | 0.76% | 210,238 | 0.93% |
| Swedish American Hospital | 248,935 | 0.65% | 111,009 | 0.49% |
| Winnebago Reclamation | 198,102 | 0.52% | | |
| Winnebago County Justice Center | 172,334 | 0.45% | 87,637 | 0.39% |
| Advanced Disposal Services | 171,596 | 0.45% | | |
| Beacon Hill Apartments | 136,850 | 0.36% | | |
| OSF St Anthony Medical Center | 130,092 | 0.34% | 81,261 | 0.36% |
| Cintas Corp | 121,860 | 0.32% | | |
| Evoqua Water Technologies LLC | | | 73,918 | 0.33% |
| Javon Bea Hospital | | | 79,655 | 0.35% |
| Loves Park Water Dept | | | 77,546 | 0.34% |
| Collins Aerospace | | | 73,143 | 0.32% |
| Subtotal (10 largest) | 3,391,114 | 8.91% | 1,492,393 | 6.60% |
| Balance from other customers | 34,680,034 | 91.09% | 21,115,152 | 93.40% |
| **Grand Totals** | $ 38,071,148 | 100.00% | $ 22,607,545 | 100.00% |

Data Source

District Records

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

ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

| Levy Year | Residential Property | Commercial Property | Industrial Property | Other (Farm and Railway) | Total Taxable Assessed Value | Corporate Tax Rate | Public Benefit Tax Rate | Chlorination Tax Rate | Total Direct Tax Rate |
|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 2019 | 1,863,649,388 | 666,772,401 | 230,258,482 | 9,252,192 | 2,769,932,463 | 0.1409 | 0.0131 | 0.0308 | 0.1848 |

Data Source

Winnebago County Clerk's Office

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

PROPERTY TAX INFORMATION

Last Ten Levy Years

| Levy Year | Equalized Value of Taxable Property | Tax Rate Per $1,000 Equalized Value | Corporate | Public Benefit | Chlorination | Total Tax Levies |
|---|---|---|---|---|---|---|
| 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 |
| 2019 | 2,769,932,463 | 0.1848 | 3,902,835 | 362,861 | 853,139 | 5,118,835 |

Data Source

Winnebago County Clerk's Office

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

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

| | Tax Year 2018 | | | Tax Year 2009 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **Rank** | **Assessed Valuation** | **Percentage of Total Assessed Valuation** | **Rank** | **Assessed Valuation** | **Percentage of Total Assessed Valuation** |
| Lowes Home Centers Inc | 1 | $ 12,036,691 | 0.46% | 1 | $ 20,843,644 | 0.63% |
| Woodward Inc | 2 | 10,081,044 | 0.39% | | | |
| CBL Cherryvale | 3 | 8,810,189 | 0.34% | 2 | 17,024,231 | 0.51% |
| Meijer Stores Limited Partnership | 4 | 8,523,515 | 0.33% | | | |
| Beloit Memorial Hospital Inc | 5 | 7,332,600 | 0.28% | 4 | 12,240,194 | 0.37% |
| Forest Plaza LLC | 6 | 7,077,017 | 0.27% | 5 | 9,287,594 | 0.28% |
| Greater Rockford Airport Authority | 7 | 5,889,548 | 0.23% | 3 | 13,027,505 | 0.39% |
| National Retail Properties LP | 8 | 5,155,381 | 0.20% | | | |
| Lubrizol Holding Inc | 9 | 5,076,903 | 0.19% | | | |
| Wesley Willows Corp | 10 | 5,048,911 | 0.19% | | | |
| Two Star Property | | | | 6 | 6,193,624 | 0.19% |
| Petry Family Trust | | | | 7 | 5,902,355 | 0.18% |
| MB Rockford State LLC | | | | 8 | 4,745,542 | 0.14% |
| Wal-Mart Stores, Inc | | | | 9 | 4,737,691 | 0.14% |
| Edward Rose Associates Inc | | | | 10 | 4,679,382 | 0.14% |
| **TOTALS** | | $ 75,031,799 | 2.88% | | $ 98,681,762 | 2.98% |

Note: The above figures represent the Assessed Valuation related to the 2018 tax levy collected by the District in fiscal year 2020.

Data Source

Winnebago County Clerk's Office

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

SCHEDULE OF OUTSTANDING DEBT

Last Ten Fiscal Years

| Fiscal Year | Illinois EPA Loans | Capital Lease Payable | General Obligation Bonds | Total Debt |
|---|---|---|---|---|
| 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 |
| 2020 | 55,549,495 | 132,654 | 27,185,000 | 82,867,149 |

Data Source

Notes to financial statements

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

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

| Fiscal Year | Operating Revenue | Less: Operating Expenses | Net Available Revenues | Principal | Interest | Coverage |
|---|---|---|---|---|---|---|
| 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 |
| 2020 | 42,532,114 | 24,079,736 | 18,452,378 | 6,272,576 | 1,959,153 | 2.24 |

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

| | Business-Type Activities | | | | | |
|---|---|---|---|---|---|---|
| **Fiscal Year** | **Illinois EPA Loans** | **General Obligation Bonds** | **Capital Lease Payable** | **Total Debt** | **Percentage of Personal Income** | **Per Capita** |
| 2011 | $ 28,656,957 | $ 28,440,000 | $ - | $ 57,096,957 | 57.43% | $ 193.49 |
| 2012 | 27,401,910 | 27,295,000 | - | 54,696,910 | 53.28% | 186.32 |
| 2013 | 7,208,692 | 43,660,000 | 142,363 | 51,011,055 | 48.62% | 174.67 |
| 2014 | 17,644,503 | 49,375,000 | 106,735 | 67,126,238 | 62.61% | 230.77 |
| 2015 | 20,920,681 | 45,325,000 | 66,957 | 66,312,638 | 59.97% | 229.72 |
| 2016 | 25,458,481 | 41,325,000 | 317,973 | 67,101,454 | 58.66% | 233.69 |
| 2017 | 31,644,522 | 37,420,000 | 552,431 | 69,616,953 | 60.66% | 243.34 |
| 2018 | 56,199,920 | 34,410,000 | 366,288 | 90,976,208 | 76.64% | 319.46 |
| 2019 | 56,691,177 | 31,005,000 | 205,231 | 87,901,408 | 70.74% | 309.42 |
| 2020 | 55,549,495 | 27,185,000 | 132,654 | 82,867,149 | N/A | N/A |

N/A Not Available

Data Source

Notes to the financial statements and other supplementary information

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

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2020**

| | |
|---|---|
| Assessed Value | $ 2,769,932,463 |
| Debt Limit - State (5.75% of assessed value) | 159,271,117 |
| Debt Applicable to Limit | |
| General Obligation Bonds | 27,185,000 |
| IEPA Loans | 55,549,495 |
| Capital Lease | 132,654 |
| Total Amount Applicable to Debt Limit | 82,867,149 |
| Legal debt margin | $ 76,403,968 |
| Total Net Debt as % of Debt Limit | 52.03% |

**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 |
|---|---|---|---|---|
| 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% |
| 2020 | 159,271,117 | 82,867,149 | 76,403,968 | 52.03% |

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

| Calendar Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income |
|---|---|---|---|
| 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 | 12,426,271 | 43,742 |
| 2019 | 282,572 | 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.

US Bureau of Economic Analysis, Per Capita Personal Income in Winnebago County
PCPI17202, retrieved from Federal Reserve Bank of St. Louis
https://fred.stlouisfed.org/series/PCPI17201, August 31, 2020

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

POPULATION TRENDS

April 30, 2020

| | 1990 | 2000 | 2010 | 2019 | Change 2010 - 2019 |
|---|---|---|---|---|---|
| City of Loves Park | 15,462 | 20,044 | 23,996 | 23,371 | -2.60 % |
| City of Rockford | 139,426 | 150,115 | 152,871 | 145,609 | -4.75 |
| Village of Cherry Valley | 1,615 | 2,191 | 3,162 | 3,078 | -2.66 |
| Village of Machesney Park | 19,033 | 20,759 | 23,499 | 22,677 | -3.50 |
| Village of Roscoe | 2,079 | 6,244 | 10,785 | 10,510 | -2.55 |
| Village of Winnebago | 1,840 | 2,958 | 3,101 | 2,989 | -3.61 |
| Winnebago County | 252,913 | 278,418 | 295,266 | 282,572 | -4.30 |
| State of Illinois | 11,430,602 | 12,419,293 | 12,830,632 | 12,671,821 | -1.24 |

Data Sources

US Census Bureau, 1990 Census, 2000 Census, 2010 Census, and 2019 data.

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

UNEMPLOYMENT RATES

Last Ten Calendar Years

| Calendar Year | Winnebago County | City of Rockford | State of Illinois | National |
|---|---|---|---|---|
| 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 | 6.70% | 7.70% | 5.80% | 4.90% |
| 2017 | 6.50% | 7.60% | 4.90% | 4.40% |
| 2018 | 5.60% | 6.60% | 4.30% | 3.90% |
| 2019 | 5.70% | 6.80% | 4.00% | 3.70% |

Data Source

Illinois Department of Employment Security

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

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| | 2019 | | | 2010 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Rank** | **Number of Employees** | **Percentage of the Total City Employment** | **Rank** | **Number of Employees** | **Percentage of the Total City Employment** |
| Rockford Public Schools | 1 | 4,890 | 3.2% | 1 | 4,800 | 3.3% |
| Mercyhealth | 2 | 4,520 | 3.0% | 4 | 2,500 | 1.7% |
| Fiat Chrysler Automobiles | 3 | 3,749 | 2.5% | 5 | 2,350 | |
| SwedishAmerican Health System | 4 | 3,375 | 2.2% | 3 | 2,600 | 1.8% |
| United Parcel Service | 5 | 2,203 | 1.5% | 6 | 2,000 | 1.4% |
| OSF Healthcare | 6 | 2,200 | 1.5% | 7 | 2,000 | 1.4% |
| Collins Aerospace | 7 | 2,200 | 1.5% | | | |
| Woodward | 8 | 1,900 | 1.3% | | | |
| PCI - Packing Coordinators Inc. | 9 | 1,800 | 1.2% | | | |
| Wal-Mart Stores | 10 | 1,470 | 1.0% | 2 | 2,750 | 1.9% |
| Hamilton Sundstrand Corporation | | | | 8 | 2,000 | 1.4% |
| Winnebago County | | | | 9 | 1,600 | 1.1% |
| Harris Bank | | | | 10 | 1,600 | 1.1% |
| Totals | | 28,307 | 18.7% | | 24,200 | 15.1% |
| Total employment in the Rockford MSA | | 151,100 | | | 144,600 | |

Data Source

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**

BUILDING PERMITS

Last Ten Calendar Years

| Calendar Year | Building Permits [1] | Valuation [2] |
|---|---|---|
| 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 |
| 2019 | 300 | 44,335 |

Data Source

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.

[1] New Privately Owned Housing Units Authorized

[2] In Thousands of Dollars

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

DISTRIBUTION OF HOME VALUES FOR OWNER-OCCUPIED UNITS

April 30, 2020

| Value of Specified Owner-Occupied Units | City of Loves Park | City of Rockford | Village of Cherry Valley | Village of Machesney | Village of Roscoe | Village of Winnebago | Winnebago County | State of Illinois | National |
|---|---|---|---|---|---|---|---|---|---|
| Less than $50,000 | 8.40 % | 14.50 % | 0.00 % | 5.00 % | 2.90 % | 2.30 % | 9.20 % | 6.70 % | 7.60 % |
| $50,000 to $99,999 | 34.90 | 43.00 | 11.80 | 32.70 | 8.70 | 15.10 | 30.80 | 15.00 | 13.00 |
| $100,000 to $149,999 | 25.80 | 23.90 | 21.90 | 34.60 | 30.00 | 42.00 | 29.10 | 15.70 | 14.00 |
| $150,000 to $199,999 | 16.00 | 9.40 | 40.60 | 18.20 | 37.30 | 26.40 | 16.30 | 16.10 | 14.30 |
| $200,000 to $299,999 | 10.10 | 6.60 | 17.50 | 6.80 | 16.90 | 13.30 | 10.20 | 21.00 | 19.20 |
| $300,000 to $499,999 | 4.30 | 1.40 | 6.20 | 1.20 | 3.90 | 0.00 | 3.20 | 16.90 | 18.30 |
| $500,000 to $999,999 | 0.04 | 0.70 | 0.000 | 1.40 | 0.000 | 0.05 | 0.80 | 7.00 | 10.50 |
| $1,000,000 or more | 0.01 | 0.40 | 2.10 | 0.00 | 0.30 | 0.05 | 0.30 | 1.80 | 3.10 |
| Total | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % |
| Median value | $ 112,400 | $ 89,500 | $ 166,700 | $ 116,400 | $ 158,200 | $ 139,000 | $ 117,000 | $ 187,200 | $ 204,900 |
| Owner-occupied | 68.20 % | 60.40 % | 65.20 % | 67.00 % | 76.60 % | 69.00 % | 63.60 % | 63.80 % | 63.10 % |

Note: Total of columns may not equal 100.0% due to rounding.

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.

Data Sources

U. S. Census Bureau, 2013-2017 American Community Survey Five-Year Estimates

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

DISTRIBUTION OF HOUSEHOLD INCOME

April 30, 2020

| Household Income | City of Loves Park | City of Rockford | Village of Cherry Valley | Village of Machesney Park | Village of Roscoe | Village of Winnebago | Winnebago County | State of Illinois | National |
|---|---|---|---|---|---|---|---|---|---|
| Under $10,000 | 4.90 % | 10.20 % | 2.60 % | 2.50 % | 3.40 % | 5.40 % | 7.20 % | 6.50 % | 6.30 % |
| $10,000 to $14,999 | 4.20 | 6.90 | 1.60 | 3.30 | 1.80 | 4.80 | 5.00 | 4.00 | 4.60 |
| $15,000 to $24,999 | 10.20 | 13.10 | 6.80 | 6.60 | 4.40 | 4.10 | 10.70 | 8.90 | 9.30 |
| $25,000 to $34,999 | 10.50 | 11.20 | 15.30 | 11.10 | 4.40 | 5.50 | 10.30 | 8.60 | 9.30 |
| $35,000 to $49,999 | 17.40 | 14.90 | 25.80 | 14.50 | 10.80 | 5.00 | 14.10 | 12.00 | 12.60 |
| $50,000 to $74,999 | 19.80 | 18.10 | 21.60 | 24.90 | 16.90 | 18.40 | 19.30 | 17.20 | 17.50 |
| $75,000 to $99,999 | 13.70 | 10.90 | 13.70 | 15.30 | 17.90 | 19.80 | 13.00 | 12.70 | 12.50 |
| $100,000 to $149,999 | 11.00 | 8.70 | 11.60 | 15.80 | 24.20 | 19.50 | 12.30 | 15.60 | 14.60 |
| $150,000 to $199,999 | 3.80 | 3.20 | 1.10 | 4.60 | 8.30 | 10.80 | 4.70 | 6.90 | 6.30 |
| $200,000 or more | 4.50 | 2.80 | - | 1.50 | 8.00 | 6.70 | 3.40 | 7.60 | 7.00 |
| Total | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % |
| Median Household Income | $ 53,106 | $ 43,066 | $ 48,000 | $ 60,353 | $ 86,116 | $ 82,763 | $ 52,743 | $ 63,575 | $ 60,293 |

Note: Total of columns may not equal 100.0% due to rounding.

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.

Data Sources

U.S. Census Bureau, 2013-2017 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, 2020

| Education Level | City of Loves Park | City of Rockford | Village of Cherry Valley | Village of Machesney Park | Village of Roscoe | Village of Winnebago | Winnebago County | State of Illinois | National |
|---|---|---|---|---|---|---|---|---|---|
| Less than High School Diploma | 9.00 | 16.20 | 10.10 | 11.20 | 5.90 | 3.40 | 12.30 | 11.10 | 12.40 |
| High School Graduate | 33.80 | 30.50 | 35.70 | 37.50 | 25.60 | 28.90 | 32.00 | 26.10 | 27.10 |
| Some college, no degree | 24.90 | 23.60 | 20.70 | 27.50 | 26.50 | 24.20 | 24.40 | 20.70 | 20.60 |
| Associate degree | 9.20 | 8.00 | 9.40 | 8.90 | 9.00 | 12.90 | 8.70 | 8.00 | 8.40 |
| Bachelor's degree | 14.80 | 12.80 | 16.10 | 11.40 | 19.90 | 19.50 | 14.00 | 20.80 | 19.40 |
| Graduate or professional degree | 8.20 | 9.00 | 8.00 | 3.60 | 13.20 | 11.10 | 8.50 | 13.30 | 12.10 |
| Total | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % |

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

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.

Data Sources

U.S. Census Bureau, 2013-2017 American Community Survey Five-Year Estimates

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

BUDGETED AUTHORIZED FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

| Department | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Administration | 23 | 23 | 23 | 23 | 23 | 24 | 24 | 24 | 24.5 | 22.5 |
| Legal | - | - | - | - | - | - | - | 2 | 1.5 | 1.5 |
| 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 |
| Collection Systems | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 38 | 37 |
| Total | 111 | 111 | 111 | 111 | 111 | 113 | 113 | 115 | 117 | 117 |

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 [1] | Screenings [2] | Grit [2] | Biochemical Oxygen Demand (BOD) [2] | Percent Removal | Total Suspended Solids (TSS) [3] | Percent Removal | Ammonia Nitrogen (NH4-N) [2] |
|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 2019 | 101 | 15,856 | 307,540 | 91,740 | 17,838,317 | 95.30% | 8,870 | 96.10% | 1,906,760 |

Data Source

District Records
[1] Total per Year
[2] Pounds per Year
[3] Dry Tons per Year

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

ANNEXATIONS AND SEWER EXTENSIONS

Last Ten Fiscal Years

| Fiscal Year | Area Added to District [1] | Sanitary Sewers Built by the District and Others [2] |
|---|---|---|
| 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 |
| 2020 | 21.65 | 2.28 |

Data Source

District Records

[1] Acres

[2] Miles