



**FOX METRO WATER  
RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

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ANNUAL FINANCIAL REPORT

For the Years Ended May 31, 2019 and 2018

A grayscale photograph of a water treatment facility, showing a large, open hall with numerous vertical pipes and structural elements. The image is overlaid with a complex, semi-transparent geometric pattern of overlapping triangles and lines.

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**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Fox Metro Water Reclamation District  
Oswego, Illinois

We have audited the accompanying financial statements of the Fox Metro Water Reclamation District (the District), as of and for the years ended May 31, 2019 and 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 basic 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 the Fox Metro Water Reclamation District, as of May 31, 2019 and 2018, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Emphasis of Matter*

The District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended May 31, 2018. The implementation of this guidance resulted in changes to the postemployment benefit related liability, revenue, expense, notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental schedules and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 audits 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 other supplemental information as listed in the table of contents has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Sikich LLP*

Naperville, Illinois  
November 4, 2019

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

## Management's Discussion and Analysis

The management of Fox Metro Water Reclamation District (District) offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended May 31, 2019 and 2018.

### Financial Highlights

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$199,963,152 and \$188,289,755, respectively, (net position) at the close of the 2019 and 2018 fiscal years. Of this amount, \$38,080,271 and \$28,926,849, respectively, is unrestricted and available to meet ongoing and future obligations of the District, including its share of capital projects.

Net position increased by \$11,673,397 and \$7,056,892, respectively. The unrestricted portion increased (decreased) by \$9,153,422 and \$(5,979,549), respectively, while the net investment in capital assets portion increased by \$2,645,863 and \$13,045,334, respectively.

In 2018, the District's prior year net position was restated by \$7,243,792 from \$181,232,863 to \$173,989,071 due to the change in accounting principle from the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A significant impact of this accounting principle is the appearance of the total OPEB liability and pension items on the Statements of Net Position.

Operating income for the 2019 and 2018 fiscal years were \$13,067,140 and \$13,067,867, respectively.

Operating income for the 2019 and 2018 fiscal years were increased (decreased) by net non-operating revenues (expenses) \$(1,393,743) and of \$1,232,817, respectively.

The resulting changes in net position for fiscal years 2019 and 2018 were \$11,673,397 and \$14,300,684, respectively.

### Basic Financial Statements

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

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

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and non-operating revenue and expenses of the District for the fiscal year with the difference - the income or loss before contributions - being combined with any capital contributions to

(See independent auditor's report.)

determine the net change in position for the fiscal year. That change combined with last year-end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash 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.

## Financial Information

**Net Position:** The following schedule presents a summary of net position comparisons for the fiscal years ended May 31, 2019 and 2018 (amounts in thousands).

	May 31, 2019	May 31, 2018	Increase (Decrease)
Current assets	\$ 61,729	\$ 53,684	\$ 8,045
Capital assets	298,294	282,354	15,940
Total assets	<u>360,023</u>	<u>336,538</u>	<u>23,985</u>
Pension Items	<u>5,740</u>	<u>835</u>	<u>4,905</u>
Total deferred outflows of resources	<u>5,740</u>	<u>835</u>	<u>4,905</u>
Total assets and deferred outflows of resources	<u>365,764</u>	<u>336,873</u>	<u>28,891</u>
Current liabilities	13,769	10,911	2,858
Long-term liabilities	148,752	131,766	16,986
Total liabilities	<u>162,521</u>	<u>142,677</u>	<u>19,844</u>
Pension Items	<u>3,279</u>	<u>5,906</u>	<u>(2,627)</u>
Total deferred inflows of resources	<u>3,279</u>	<u>5,906</u>	<u>(2,627)</u>
Total liabilities and deferred inflows of resources	<u>165,801</u>	<u>148,583</u>	<u>17,218</u>
Net position			
Net investment in capital assets	158,570	155,924	2,646
Restricted	3,313	3,439	(126)
Unrestricted	<u>38,080</u>	<u>28,927</u>	<u>9,153</u>
Total net position	<u>\$ 199,963</u>	<u>\$ 188,290</u>	<u>\$ 11,673</u>

(See independent auditor's report.)



The District enjoys a very healthy quick ratio (cash and investments/current liabilities) of 3.66 and 2.95 respectively, providing the District with the liquid resources necessary to meet its foreseen and unforeseen operating requirements.

Restricted assets and liabilities payable from restricted assets relate to the District's requirement by the revenue bond covenants to set aside a certain amount of assets for future debt service and capital asset repair and replacement, offset by liabilities payable from said restricted assets.

The largest portion of the District's net position, \$158,569,666 and \$155,923,803, respectively, is net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and improvements). Outstanding debt attributable to these capital assets, primarily Illinois Environmental Protection Agency loans, are deducted from the net book value of capital assets to calculate these figures.

Restricted net position represents outside legal restrictions on the remainder of the net position of the District. The restricted net position of \$3,313,215 and \$3,439,103 respectively, are restricted for use by the revenue bond covenants.

Most of the remaining unrestricted net position of \$38,080,271 and \$28,926,849, respectively, represent resources available to meet both the District's current and capital obligations. This category increased (decreased) 31.64% and (17.13%), respectively from the prior year amount. The primary use of these net positions is to provide for the District's share of capital project costs, which are expected to total approximately \$155,726,000 over the next five (5) years. The District is tasked with having resources available for future environmental and safety regulations to protect public health, safety, and the environment.

(See independent auditor's report.)

**Revenue, expenses and changes in net position.** The following schedule presents a summary of revenues, expenses, and changes in net position for the fiscal years ended May 31, 2019 and 2018 (amounts in thousands).

	May 31, 2019	May 31, 2018	Increase (Decrease)
<b>Operating revenues</b>			
Wastewater treatment (user) charges	\$ 40,797	\$ 40,807	\$ (10)
Connection fees	2,545	1,621	924
Sewer TV inspection charges	74	23	51
Other operating revenues	295	264	31
<b>Total operating revenues</b>	<b>43,711</b>	<b>42,715</b>	<b>996</b>
<b>Operating expenses</b>			
Operations	15,822	14,860	962
Administration	6,533	6,561	(28)
Depreciation	8,289	8,226	63
<b>Total operating expenses</b>	<b>30,644</b>	<b>29,647</b>	<b>997</b>
<b>Operating income (loss)</b>	<b>13,067</b>	<b>13,068</b>	<b>(1)</b>
<b>Nonoperating revenues (expenses)</b>			
Investment income	705	359	346
Replacement taxes	361	379	(18)
Annexation and related fees	416	229	187
Other nonoperating revenues	983	1,315	(332)
Interest expense and fiscal charges	(3,858)	(1,050)	(2,808)
Gain on sale of capital assets	(1)	-	(1)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,394)</b>	<b>1,232</b>	<b>(2,626)</b>
<b>Change in net position</b>	<b>\$ 11,673</b>	<b>\$ 14,300</b>	<b>\$ (2,627)</b>

Operating revenues represent exchange transactions with the constituents of the District for treatment of wastewater. The District provides these services to the communities of Aurora, North Aurora, Montgomery, Oswego and Sugar Grove as well as unincorporated areas of DuPage, Kane, Kendall and Will counties. Primary operating revenues are wastewater treatment charges to the approximately 82,836 users in the communities and unincorporated areas served by the District. The District is responsible for the collection (from the lift station to the treatment plant) and treatment of wastewater in these areas with the communities being responsible for the collector lines from the point of usage to the lift station. The number of users increased by 437 from 2018 to 2019, and has increased on average 0.412% over the last five years. The number of users is anticipated to grow by 4% in total over the next ten years due to the lack of growth occurring in most areas served by the District. User fees are generally calculated based on water consumption. The current user rates per one thousand gallons are \$6.24 and \$5.97 for 2019 and 2018, respectively. The District has the ability to set its own user fees based on operating, capital, and cash flow needs of the District.

This past year, wastewater treatment charges decreased \$9,337 or about 2.29% over last year. Other operating revenue sources decreased \$696,380.

(See independent auditor's report.)

Operating expenses are those expenses directly resulting from providing services to our constituents. The District's operating expenses are grouped into three primary categories; operations, administration, and depreciation. Operations include salaries and employee benefits exclusive of administrative personnel salaries, utilities, supplies, maintenance, engineering fees, and other costs; administration includes administrative personnel salaries and employee benefits insurance, professional services, office supplies, and other costs; depreciation results from allocating the cost of the capital assets used to provide services over the assets respective useful lives. Operating expenses increased by \$997,242 or 3% from 2018.

Overall the District reported an operating income of \$13,067,140 and \$13,067,867 for fiscal 2019 and 2018, respectively. The operating income in 2019 is mainly attributed to wastewater treatment charges. Expenses have decreased while revenue increased. The operating income is attributed to management's efforts to build fund balance in order to support future plant improvement and plant expansions as well as funding debt payments.

Non-operating revenues and expenses represent those revenues and expense that are 1) incidental to providing services, or 2) one-time revenues not correlated to user fees. Net non-operating revenues (expenses) for fiscal years 2019 and 2018 totaled (\$1,393,743) and \$1,232,817, respectively, and are comprised primarily of annexation and related fees. These fees are comprised of two components, 1) annexation fees and 2) infrastructure participation fees. The primary non-operating expenses are interest costs on the District's outstanding debt obligations and intergovernmental reimbursements.

Overall, net position for fiscal 2019 and 2018 increased by \$11,673,397 and \$7,056,892, respectively.

**Net Position Budgetary Analysis.** This schedule is used to reconcile capital expenditures budgeted and completed in 2019 as compared to the planned budget for 2020. Due to unforeseen circumstances including weather, contractor delays, and unanticipated engineering considerations, not all projects are completed during the planned fiscal year. This creates unanticipated surpluses or deficits. The surpluses from 2019 will be used to complete projects in 2020. The goal is to present this phenomenon in a timely and transparent manner. For a more detailed breakout of budget versus actual, see Schedules of Revenues and Expenses – Budget and Actual in the Supplemental Schedules.

	2019 Budget	2019 Actual	Variance	2020 Budget	Budget Increase (Decrease)
Revenues (excluding IEPA loan proceeds)	\$ 43,459,220	\$ 46,176,854	\$ 2,717,634	\$ 45,777,783	\$ 2,318,563
IEPA loan proceeds	21,500,000	16,514,303	(4,985,697)	5,000,000	(16,500,000)
Expenditures (excluding capital)	(23,688,575)	(27,700,773)	(4,012,198)	(21,140,680)	2,547,895
Capital expenditures	(42,721,256)	(25,798,760)	16,922,496	(41,142,320)	1,578,936
Total revenues over expenses	\$ (1,450,611)	\$ 9,191,624	\$ 10,642,235	\$ (11,505,217)	\$ (10,054,606)

(See independent auditor's report.)

**Capital Assets.** Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost for purchased or constructed capital assets and at fair value for contributed capital assets. The following table summarizes the capital asset activity of the District. Additional information regarding the capital asset activity can be found in Note 4.

	Beginning Balance June 1	Additions	Retirements	Ending Balance May 31
<b>2019</b>				
Total capital assets not being depreciated	\$ 110,525,123	\$ 21,427,274	\$103,214,865	\$ 28,737,532
Total capital assets being depreciated	317,549,443	106,019,420	1,766,050	421,802,813
Total accumulated depreciation	145,720,908	8,289,668	1,764,730	152,245,846
Total capital assets being depreciated, net	171,828,535	97,729,752	1,320	269,556,967
<b>CAPITAL ASSETS, NET</b>	<b>\$ 282,353,658</b>	<b>\$ 119,157,026</b>	<b>\$ 103,216,185</b>	<b>\$ 298,294,499</b>
<b>2018</b>				
Total capital assets not being depreciated	\$ 62,407,419	\$ 61,493,361	\$ 13,375,657	\$ 110,525,123
Total capital assets being depreciated	309,759,582	10,503,464	2,713,603	317,549,443
Total accumulated depreciation	140,208,360	8,226,151	2,713,603	145,720,908
Total capital assets being depreciated, net	169,551,222	(2,277,313)	-	171,828,535
<b>CAPITAL ASSETS, NET</b>	<b>\$ 231,958,641</b>	<b>\$ 63,770,674</b>	<b>\$ 13,375,657</b>	<b>\$ 282,353,658</b>

The capital assets are comprised primarily of the treatment facility located in Montgomery, Illinois along the Fox River and transmission lines and lift stations. The current treatment plant is approximately 90 years old and meets all current EPA requirements. It has an overall capacity of 42 MGD, of which average daily usage is 32.9 MGD and peak daily usage is 85 MGD. This provides the District with 54 MGD of excess capacity which is projected to accommodate the increased rain-event flows from combined sewers in the City of Aurora. Anticipated future growth is projected to increase demand to 52 MGD, which will require expansion of the existing treatment facility, construction of an additional treatment facility, or both in order to meet the growing constituent base and new EPA standards. The District maintains approximately 240 miles of collections systems and 11 lift stations.

(See independent auditor's report.)

**Long-term debt.** The District has the ability to issue long-term debt to finance the construction, acquisition and replacement of capital assets used in the District's operations as well as to provide short term cash flow financing for operations, if necessary. The District's debt is comprised of six IEPA loans. The District has an AA bond rating from (Moody's/Standard and Poor's). The IEPA loans are low interest loans funded through the Illinois IEPA revolving loan fund. Additional information regarding the long-term debt of the District can be found in Note 6.

### **Other Financial Information**

The District has the ability under Illinois Compiled Statutes (ILCS) to adopt a property tax levy for certain costs as well as for debt service, with approval from the voters, as the District is considered a tax capped entity. The District has not levied for property taxes in over thirty years, instead relying on user fees and non-operating revenues to cover the costs of providing services to the constituents.

The full-time employees and certain part time employees of the District are covered by the Illinois Municipal Retirement Fund, an agent multiple employer pension plan. The funded status of the plan as of December 31, 2018 and 2017 (latest information available) was 83.96% and 98.60%, respectively. The decrease in the funded status of the plan in 2018 was due to a decrease in IMRF's expected rate of return and the difference between projected and actual earnings.

### **Economic Factors and Future Rates**

Fox Metro has developed a comprehensive long-term capital improvement plan and several other planning documents that have been approved by Fox Metro's Board of Trustees and the Illinois Environmental Protection Agency. The decision-making for these projects is predicated upon the age of the asset, its overall condition and an assessment of the year-to-year maintenance costs versus the cost of rehabilitating or replacing the asset. Additionally, the performance of the asset is evaluated in terms of meeting Fox Metro's level of service goals when considering rehabilitation, improvement or replacement. All capital improvements, their funding, and implementation schedule are based upon needs of satellite partners and projected population growth as well as the age and condition of assets.

While not all inclusive, the featured projects highlight some of the major capital activities, in excess of \$282 million, planned for the next several years. Potable water system improvements including two new wells and a new well house needed serve both the existing North and new South Wastewater Treatment Facilities. Aeration System Improvements needed to serve the North Wastewater Treatment Facility, which have already provided a 35% reduction in energy consumption and were partially paid for with a Com-Ed efficiency grant. Sewer Lining Projects throughout the service area, approximately 5,000 linear feet each year are lined to reduce infiltration and inflow and to provide structural stability within the existing pipe. Continuing South Plant and North Plant improvement projects for phosphorous reduction.

**Requests for Information.** The financial report is intended to provide an overview of the finances of the Fox Metro Water Reclamation District for those with an interest in this organization. Questions concerning any information contained in this report may be directed to Mr. Jimmie Delgado, Business Services Manager, 682 Route 31, Oswego, Illinois 60543.

(See independent auditor's report.)

## **BASIC FINANCIAL STATEMENTS**

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

STATEMENTS OF NET POSITION

May 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,696,659	\$ 402,063
Investments	34,150,138	28,391,685
Restricted assets		
Investments	3,313,215	3,439,103
Receivables		
Accounts (net of allowance for uncollectible accounts)	2,091,525	2,168,232
Unbilled user fee revenue	5,762,805	6,160,248
Interest	120,891	52,602
IEPA revolving loan receivable	3,288,905	11,979,542
Due from other governments	110,927	902,687
Prepaid expenses		
Insurance	193,659	187,905
	<hr/>	<hr/>
Total current assets	61,728,724	53,684,067
<b>NONCURRENT ASSETS</b>		
Capital assets not being depreciated	28,737,532	110,525,123
Capital assets being depreciated, net of accumulated depreciation	269,556,967	171,828,535
	<hr/>	<hr/>
Total net capital assets	298,294,499	282,353,658
	<hr/>	<hr/>
Total assets	360,023,223	336,037,725
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
IMRF pension items	5,297,973	455,686
OPEB pension items	442,505	379,686
	<hr/>	<hr/>
Total deferred outflows of resources	5,740,478	835,372
	<hr/>	<hr/>
Total assets and deferred outflows of resources	365,763,701	336,873,097

(This statement is continued on the following page.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

STATEMENTS OF NET POSITION (Continued)

May 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,628,178	\$ 2,908,533
Construction retainage payable	2,985,688	4,290,712
Wages payable	305,643	252,731
Accrued vacation and sick pay, current portion	225,947	216,820
Claims liability	183,841	183,358
Unearned revenues	161,402	165,402
Due to other governments, current portion	214,021	206,584
Accrued interest	594,281	45,633
Current portion of long-term debt	6,470,396	2,641,206
Current portion of total OPEB liability	257,788	-
Total current liabilities	<u>14,027,185</u>	<u>10,910,979</u>
<b>LONG-TERM LIABILITIES</b>		
Accrued vacation and sick pay, net of current portion	903,786	867,280
Water pollution control revolving fund notes payable, net of current portion	127,812,336	118,139,964
Due to other governments, net of current portion	5,228,080	5,442,101
Net pension liability	7,704,776	611,154
Total OPEB liability	<u>6,845,174</u>	<u>6,705,982</u>
Total long-term liabilities	<u>148,494,152</u>	<u>131,766,481</u>
Total liabilities	<u>162,521,337</u>	<u>142,677,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
IMRF pension items	1,083,371	3,425,701
OPEB pension items	2,195,841	2,480,181
Total deferred inflows of resources	<u>3,279,212</u>	<u>5,905,882</u>
Total liabilities and deferred inflows of resources	<u>165,800,549</u>	<u>148,583,342</u>
<b>NET POSITION</b>		
Net investment in capital assets	158,569,666	155,923,803
Restricted under IEPA loan covenant	3,313,215	3,439,103
Unrestricted	<u>38,080,271</u>	<u>28,926,849</u>
<b>TOTAL NET POSITION</b>	<u>\$ 199,963,152</u>	<u>\$ 188,289,755</u>

See accompanying notes to financial statements.



**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION

For the Years Ended May 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>OPERATING REVENUES</b>		
Wastewater treatment (user) charges	\$ 40,797,317	\$ 40,806,654
Connection fees	2,544,886	1,621,295
Sewer T.V. inspection charges	74,099	22,713
Montgomery pump station operation	9,900	6,050
Pretreatment recovery revenue	286,188	254,712
Lien processing fees	(866)	3,585
	<hr/>	<hr/>
Total operating revenues	43,711,524	42,715,009
<b>OPERATING EXPENSES</b>		
Operations	15,821,846	14,860,075
Administration	6,532,870	6,560,916
Depreciation	8,289,668	8,226,151
	<hr/>	<hr/>
Total operating expenses	30,644,384	29,647,142
<b>OPERATING INCOME</b>	<hr/>	<hr/>
	13,067,140	13,067,867
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	705,525	358,901
Gain (loss) on sale of capital assets	(1,320)	-
Replacement taxes	360,537	378,910
Annexation and related fees	415,829	229,236
Other revenue	983,439	1,315,453
Interest expense and fiscal charges	(3,857,753)	(1,049,683)
	<hr/>	<hr/>
Total non-operating revenues (expenses)	(1,393,743)	1,232,817
<b>CHANGE IN NET POSITION</b>	<hr/>	<hr/>
	11,673,397	14,300,684
<b>NET POSITION, JUNE 1</b>	<hr/>	<hr/>
	188,289,755	181,232,863
Change in accounting principle	-	(7,243,792)
	<hr/>	<hr/>
<b>NET POSITION, JUNE 1, RESTATED</b>	188,289,755	173,989,071
	<hr/>	<hr/>
<b>NET POSITION, MAY 31</b>	<u>\$ 199,963,152</u>	<u>\$ 188,289,755</u>

See accompanying notes to financial statements.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

**STATEMENTS OF CASH FLOWS**

For the Years Ended May 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 44,181,674	\$ 41,689,524
Payments to suppliers	(19,615,965)	(15,541,880)
Payments to employees	(6,475,499)	(6,898,021)
Net cash from operating activities	<u>18,090,210</u>	<u>19,249,623</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Replacement taxes	360,537	378,910
Annexation and related fees	415,829	229,236
Other revenues	1,775,199	900,891
Net cash from noncapital financing activities	<u>2,551,565</u>	<u>1,509,037</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(22,028,360)	(60,717,560)
Interest paid and fiscal charges	(3,309,105)	(1,055,262)
Principal paid on state revolving fund notes payable	(3,012,741)	(2,947,287)
Principal paid on due to other governments	(206,584)	(199,312)
Proceeds from state revolving fund notes payable	25,204,940	39,121,500
Net cash from capital and related financing activities	<u>(3,351,850)</u>	<u>(25,797,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income received	637,236	400,790
(Purchase) proceeds of investments	(5,632,565)	1,119,494
Net cash from investing activities	<u>(4,995,329)</u>	<u>1,520,284</u>

(This statement is continued on the following page.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 12,294,596	\$ (3,518,977)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	402,063	3,921,040
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 12,696,659</u>	<u>\$ 402,063</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 13,067,140	\$ 13,067,867
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	8,289,668	8,226,151
Changes in assets and liabilities		
Accounts payable	(3,788,848)	(593,611)
Accounts receivable	76,707	(184,211)
Unbilled user fee receivable	397,443	(827,774)
Prepaid expenses	(5,754)	(44,968)
Wages payable	52,912	17,946
Accrued vacation and sick pay	45,633	15,361
Claims liability	483	(43,226)
Total OPEB liability	396,980	(1,824,223)
Net pension liability	7,093,622	(5,592,901)
Deferred pension items - OPEB	(347,159)	2,100,495
Deferred pension items - IMRF	(7,184,617)	4,946,217
Unearned revenues	(4,000)	(13,500)
Total adjustments	5,023,070	6,181,756
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 18,090,210</u>	<u>\$ 19,249,623</u>
<b>NONCASH TRANSACTIONS</b>		
IEPA revolving loan receivable	\$ 3,288,905	\$ 11,979,542
<b>TOTAL NONCASH TRANSACTIONS</b>	<u>\$ 3,288,905</u>	<u>\$ 11,979,542</u>

See accompanying notes to financial statements.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

May 31, 2019 and 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fox Metro Water Reclamation District (the District) is an Illinois unit of local government organized in 1925 under the Illinois Sanitary District Act of 1917. The Board of Trustees is appointed by state legislators who serve communities within district boundaries.

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

a. Reporting Entity

The District is considered to be a primary government 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 financial statements in this report, into a single fund.

Proprietary Funds

*Enterprise Funds*

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the District 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 District has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

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 all liabilities associated with the operation of these funds are included on the statements of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total 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 statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments with a maturity date of less than one year from the date of purchase and non-negotiable certificates of deposit are recorded at cost or amortized cost. Investments with a maturity date of more than one year from the date of purchase 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. The District held no investments reported at fair value at May 31, 2019 or 2018.

f. Accounts Receivable and Unbilled User Fees

The District recognizes wastewater treatment (user) charges in the period in which they are provided. The District bills these services on a bimonthly basis. An allowance for uncollectible accounts is provided based upon historical losses.

g. Prepaid Expenses

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

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

h. Restricted Assets

Proceeds of Illinois EPA Loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable loan covenants.

i. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost.

Capital assets contributed to the District are recorded at acquisition value on the date contributed. Depreciation is computed under the straight-line method over the estimated useful lives of the assets. Depreciation is not recognized on construction in progress.

The following is a summary of useful lives used for depreciation of the various classes of capital assets:

Class	Useful Life in Years
Plant - buildings and improvements	5-50
Sanitary sewers and improvements	50
Plant machinery and equipment	3-50
Office furniture and equipment	5-15
Capitalized engineering and other costs	3-50
Vehicles	3-5

j. Compensated Absences

Compensated absences (sick days and vacation) are recorded in the period in which they are earned by employees whether or not actually paid.

k. Net Position

Restricted net position represent amounts required to be segregated by Illinois EPA Loan covenants ordinance provisions. Net investment in capital assets represents the book value of capital assets less outstanding long-term debt principal issued to construct or acquire capital assets. None of the District's net position is restricted as a result of enabling legislation adopted by the District. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

l. Annexation and Related Fees

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective for fiscal years beginning after June 15, 2000, the District began recognizing capital contributions from non-exchange transactions as non-operating revenues beginning with fiscal year 2002. The District recognizes fees realized under annexation arrangements as revenue in the period received.

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net 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, represent 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.

n. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS 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 in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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**2. DEPOSITS AND INVESTMENTS (Continued)**

the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The District's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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.

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 held no investments reported at fair value at May 31, 2019 or 2018.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. The District's investment policy does not address how collateral is to be held. At May 31, 2019 and 2018, collateral is held in the name of the District at a third party financial institution.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to interest rate risk by remaining sufficiently liquid to meet all operating requirements that may be reasonably anticipated and to provide sufficient liquidity to pay obligations as they come due. The investment policy does not limit the maximum maturity length of investments. The District held no investments other than certificates of deposit at May 31, 2019 and 2018.



**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk

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. The District's investment policy does not address custodial credit risk for investments.

Concentration of 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 places no limit on the amount that may be invested in any one issuer, stating only that the District diversify its investments to avoid unreasonable risks. The District held no investments other than certificates of deposit at May 31, 2019 and 2018.

**3. ACCOUNTS RECEIVABLE**

The aging of the accounts receivable balance at May 31, 2019 and 2018 is as follows:

<u>Days</u>	<u>2019</u>	<u>2018</u>
0-30	\$ 1,459,949	\$ 1,432,901
31-59	223,884	250,809
60-89	559,626	573,559
90 and over	179,547	241,792
Total accounts receivable	2,423,006	2,499,061
Allowance for uncollectible accounts	(331,481)	(330,829)
NET ACCOUNTS RECEIVABLE	<u>\$ 2,091,525</u>	<u>\$ 2,168,232</u>

Included in the 90 and over balance are accounts against which liens have been filed by the District (\$60,101 and \$105,781 in 2019 and 2018, respectively) and related lien-filing fees and interest which the District charges (\$119,446 and \$136,011 in 2019 and 2018, respectively). The allowance for uncollectible accounts that is provided is management's estimation based upon the historical experience and other facts available at the time.

Unbilled user fee revenue has been recorded as of May 31, 2019 and 2018 in the amount of \$5,762,805 and \$6,160,248, respectively, to reflect wastewater treatment services performed but not billed as of those dates.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. CAPITAL ASSETS**

The District's property, plant, and equipment as of May 31, 2019 and 2018 are as follows:

	Balances June 1	Additions	Retirements	Balances May 31
<u>2019</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,714,894	\$ -	\$ -	\$ 10,714,894
Construction in progress	99,810,229	21,427,274	103,214,865	18,022,638
Total capital assets not being depreciated	<u>110,525,123</u>	<u>21,427,274</u>	<u>103,214,865</u>	<u>28,737,532</u>
Capital assets being depreciated				
Buildings and improvements	97,161,508	101,327,624	-	198,489,132
Sanitary sewers and improvements	132,814,727	3,957,918	-	136,772,645
Plant machinery and equipment	80,529,246	496,978	1,368,723	79,657,501
Office furniture and equipment	863,584	-	-	863,584
Capitalized engineering and other costs	4,402,322	34,264	37,200	4,399,386
Vehicles	1,778,056	202,636	360,127	1,620,565
Total capital assets being depreciated	<u>317,549,443</u>	<u>106,019,420</u>	<u>1,766,050</u>	<u>421,802,813</u>
Less accumulated depreciation for				
Buildings and improvements	47,242,711	2,127,886	-	49,370,597
Sanitary sewers and improvements	53,026,224	3,211,062	-	56,237,286
Plant machinery and equipment	40,239,856	2,685,679	1,368,723	41,556,812
Office furniture and equipment	538,920	48,767	-	587,687
Capitalized engineering and other costs	3,186,293	105,588	37,200	3,254,681
Vehicles	1,486,904	110,686	358,807	1,238,783
Total accumulated depreciation	<u>145,720,908</u>	<u>8,289,668</u>	<u>1,764,730</u>	<u>152,245,846</u>
Total capital assets being depreciated, net	<u>171,828,535</u>	<u>97,729,752</u>	<u>1,320</u>	<u>269,556,967</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 282,353,658</u>	<u>\$ 119,157,026</u>	<u>\$ 103,216,185</u>	<u>\$ 298,294,499</u>

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. CAPITAL ASSETS (Continued)**

	Balances June 1	Additions	Retirements	Balances May 31
<u>2018</u>				
Capital assets not being depreciated				
Land and land rights	\$ 6,700,466	\$ 4,014,428	\$ -	\$ 10,714,894
Construction in progress	55,706,953	57,478,933	13,375,657	99,810,229
Total capital assets not being depreciated	62,407,419	61,493,361	13,375,657	110,525,123
Capital assets being depreciated				
Buildings and improvements	98,360,820	-	1,199,312	97,161,508
Sanitary sewers and improvements	125,668,990	7,168,053	22,316	132,814,727
Plant machinery and equipment	78,910,594	3,024,054	1,405,402	80,529,246
Office furniture and equipment	757,258	159,695	53,369	863,584
Capitalized engineering and other costs	4,396,098	27,360	21,136	4,402,322
Vehicles	1,665,822	124,302	12,068	1,778,056
Total capital assets being depreciated	309,759,582	10,503,464	2,713,603	317,549,443
Less accumulated depreciation for				
Buildings and improvements	46,327,045	2,114,978	1,199,312	47,242,711
Sanitary sewers and improvements	49,996,331	3,052,209	22,316	53,026,224
Plant machinery and equipment	38,914,441	2,730,817	1,405,402	40,239,856
Office furniture and equipment	528,056	64,233	53,369	538,920
Capitalized engineering and other costs	3,108,233	99,196	21,136	3,186,293
Vehicles	1,334,254	164,718	12,068	1,486,904
Total accumulated depreciation	140,208,360	8,226,151	2,713,603	145,720,908
Total capital assets being depreciated, net	169,551,222	2,277,313	-	171,828,535
CAPITAL ASSETS, NET	\$ 231,958,641	\$ 63,770,674	\$ 13,375,657	\$ 282,353,658

**5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. General liability and property risks are covered through a public entity risk pool with transfer of risk. The District pays annual premiums to the risk pool. The District is not aware of any additional premiums owed to the risk pool as of May 31, 2019 and 2018 and for the prior two claim years.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**5. RISK MANAGEMENT (Continued)**

Workers' Compensation

The District is partially self-insured for workers' compensation coverage. At May 31, 2019 and 2018, the following insurance limits of coverage were in effect:

- a. Aggregate Excess Workers' Compensation Insurance: Limits \$2,000,000 three-year loss fund equal to the greater of 200% of the standards premium or the minimum term loan fund of \$825,000 whichever is greater.
- b. Special Excess Workers' Compensation and/or Employer's Liability Insurance: Illinois Workers' Compensation Act statutory maximum each occurrence, excess of a retention of \$250,000 each occurrence, employer's liability limited to \$500,000 each occurrence.
- c. First Dollar Accident Hazards Insurance: Five times basic annual earnings limited to \$225,000 per occurrence for accidental loss of life, limb, or sight. Aggregate limit equal to \$2,000,000.

The District employs an independent claims service company to review and recommend payment of claims under workers' compensation. The District had \$69,739 of workers' compensation open claims and estimated claims incurred but not reported as of May 31, 2019 and \$26,717 of workers' compensation open claims and estimated claims incurred but not reported as of May 31, 2018. These claims are based upon salary costs of individuals and incurred medical and legal fees and individual claims incurred but not reported as of May 31, 2019 and 2018.

Health Insurance

The District has entered into an agreement with a claims paying agent to which the District pays for insurance premiums and fees. Claims are processed by this agency, but are paid directly from a District funded Health Insurance bank account. The agent pays insurance premiums for specific and aggregate policies, pays claims, and collects its fee for such services.

Under the self-insurance program, the District is responsible for the first \$85,000 of covered charges per individual. Maximum lifetime benefits per individual are unlimited. On an aggregate basis, for the policy year, the District has a self-insurance retention based upon the average monthly number of employees and dependents. At May 31, 2019 and 2018, this self-insurance retention was approximately \$2,432,084 and \$2,117,279, respectively. Covered charges in excess of the aggregate self-insurance retention are provided by insurance to the extent of \$1,000,000.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. RISK MANAGEMENT (Continued)**

Health Insurance (Continued)

The District's maximum exposure for the years ended May 31, 2019, 2018, and 2017 was calculated as follows:

	2019	2018	2017
Fixed costs			
Health and life coverage (specific, life, HFN fee, aggregate insurance, and administration cost)	\$ 328,590	\$ 737,429	\$ 699,012
Variable costs (fund to pay claims)	1,697,392	1,734,900	1,531,541
<b>TOTAL</b>	<b>\$ 2,025,982</b>	<b>\$ 2,472,329</b>	<b>\$ 2,230,553</b>

As of May 31, 2019 and 2018, claims outstanding and estimated as incurred but not reported were \$114,102 and \$156,641, respectively.

Claims Liabilities

The District is self-insured for all risks relative to health and workers' compensation insurance. The District has also purchased excess coverage policies to limit the District's exposure to these risks. An amount for incurred but not reported (IBNR) claims is recorded in the financial statements based upon actual experience.

The following is a reconciliation of changes in the liability for claims in the years ended May 31, 2019, 2018, and 2017:

	2019	2018	2017
<b>CLAIMS LIABILITIES - JUNE 1</b>	<b>\$ 183,358</b>	<b>\$ 226,584</b>	<b>\$ 122,142</b>
Claims incurred and ceded	1,801,861	1,745,247	1,581,227
Claims paid	(1,801,378)	(1,788,473)	(1,476,785)
<b>CLAIMS LIABILITIES - MAY 31</b>	<b>\$ 183,841</b>	<b>\$ 183,358</b>	<b>\$ 226,584</b>

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term debt of the District for the years ended May 31, 2019 and 2018:

	Water Pollution Control Revolving Fund Note Payable 2	Water Pollution Control Revolving Fund Note Payable 3	Water Pollution Control Revolving Fund Note Payable 4	Water Pollution Control Revolving Fund Note Payable 5
NOTES PAYABLE AT MAY 31, 2017	\$ 2,514,974	\$ 10,428,856	\$ 14,944,864	\$ 9,811,845
Issuances	-	-	-	-
Retirements	(534,508)	(720,362)	(943,404)	(577,446)
NOTES PAYABLE AT MAY 31, 2018	1,980,466	9,708,494	14,001,460	9,234,399
Issuances	-	-	-	-
Retirements	(548,143)	(738,484)	(967,137)	(584,687)
NOTES PAYABLE AT MAY 31, 2019	\$ 1,432,323	\$ 8,970,010	\$ 13,034,323	\$ 8,649,712
CURRENT PORTION	\$ 562,127	\$ 376,180	\$ 991,466	\$ 592,018
	Water Pollution Control Revolving Fund Note Payable 6	Water Pollution Control Revolving Fund Note Payable 7	Water Pollution Control Revolving Fund Note Payable 8*	Water Pollution Control Revolving Fund Note Payable 9*
NOTES PAYABLE AT MAY 31, 2017	\$ 1,499,855	\$ 1,601,682	\$ 42,430,099	\$ -
Issuances	-	-	39,997,799	498,483
Retirements	(88,269)	(83,298)	-	-
NOTES PAYABLE AT MAY 31, 2018	1,411,586	1,518,384	82,427,898	498,483
Issuances	-	-	13,256,346	3,257,957
Retirements	(89,377)	(84,913)	-	-
NOTES PAYABLE AT MAY 31, 2019	\$ 1,322,209	\$ 1,433,471	\$ 95,684,244	\$ 3,756,440
CURRENT PORTION	\$ 90,497	\$ 86,560	\$ 3,771,548	\$ -

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. CHANGES IN LONG-TERM DEBT (Continued)**

	Net Pension Liability	Total OPEB Liability, Restated	Total
NOTES PAYABLE AT MAY 31, 2017	\$ 5,204,055	\$ 1,286,413	\$ 89,722,643
Issuances	-	5,419,569	45,915,851
Retirements	(4,592,901)	-	(7,540,188)
NOTES PAYABLE AT MAY 31, 2018	611,154	6,705,982	128,098,306
Issuances	7,093,622	396,980	24,004,905
Retirements	-	-	(3,012,741)
NOTES PAYABLE AT MAY 31, 2019	<u>\$ 7,704,776</u>	<u>\$ 7,102,962</u>	<u>\$149,090,470</u>
CURRENT PORTION	<u>\$ -</u>	<u>\$ 257,788</u>	<u>\$ 6,728,184</u>

\*Final repayment schedules for the Water Pollution Control Revolving Fund Note Payable 8 and 9 are not available as of May 31, 2019. The current portion of Note Payable 8 is based on a preliminary repayment schedule.

Long-term debt at May 31, 2019 and 2018 comprises of the following individual note obligations.

a. Water Pollution Control Revolving Fund Notes Payable

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2000 (Note Payable 2) for the upgrade and expansion of the District Wastewater Treatment System. The note bears interest at 2.535% and matures on August 28, 2021. Simple interest is accrued on each loan disbursement on the day after the date of issuance. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended. The loan agreement was issued on a junior lien basis to the Sewerage Refunding Revenue Bond Series 1993 and 2002, and bonds which may be issued on a parity with the Series 1993 and 2002 Bonds. The loan agreement specifies special junior lien accounts into which revenues received from the use and operation of the sewerage system shall be set aside based upon the loan repayment schedule. The Sewerage Refunding Revenue Bond Series 2002 were retired on June 1, 2008.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. CHANGES IN LONG-TERM DEBT (Continued)**

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2008 (Note Payable 3) for the construction of a Temperature Phase Anaerobic Digestion System. The note bears interest at 2.50% and matures on August 15, 2029, with interest and principal payments due each February 15 and August 15 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2009 (Note Payable 4) for the construction of a Excess Flow Pump Station and Disinfection Improvements. The note bears interest at 2.50% and matures on September 3, 2030, with interest and principal payments due each March 3 and September 3 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2011 (Note Payable 5) for the construction of a Wet Weather Excess Flow Pump Station. The note bears interest at 1.25% and matures on April 7, 2032, with interest and principal payments due each April 7 and October 7 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2012 (Note Payable 6) for the construction of the Cedar Glen subdivision sanitary sewer improvements. The note bears interest at 1.25% and matures on May 22, 2032, with interest and principal payments due each May 22 and November 22 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.



**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. CHANGES IN LONG-TERM DEBT (Continued)**

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2014 (Note Payable 7) for the construction of the Montgomery/Sugar Grove interceptor extension. The note bears interest at 1.93% and matures on September 30, 2033, with interest and principal payments due each March 30 and September 30 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2016 (Note Payable 8) for the construction of the South Wastewater Treatment Plant and an interceptor crossing the Waubonsee River. The note bears interest at 1.86% and matures on December 1, 2038, with interest and principal payments due each June 1 and December 1 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2018 (Note Payable 9) for the construction of the North Facility Improvements (Phase II Waubonsee). The note bears interest at 1.56% and matures on September 25, 2039, with interest and principal payments due each March 25 and September 25 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. CHANGES IN LONG-TERM DEBT (Continued)**

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

The loans are payable solely from and secured by a pledge of the net revenues (as defined in the loan agreements) of the sewerage system. The District also covenants that it will at all times establish and maintain reasonable fees, rates, and charges for the services of the sewerage system so that the revenues derived there from will be sufficient to provide funds to pay the principal and interest requirements of the loans.

The Reserve Account shall be equal to the annual principal and interest payment funded within two years after the loan award. At May 31, 2019 and 2018, the balance of the account was \$3,313,215 and \$3,439,103, respectively.

b. Compensated Absences

The following is a summary of accrued compensated absences payable of the District for the years ended May 31, 2019 and 2018:

COMPENSATED ABSENCES PAYABLE AT MAY 31, 2017	\$ 1,068,739
Issuances	229,099
Retirements	<u>(213,738)</u>
COMPENSATED ABSENCES PAYABLE AT MAY 31, 2018	1,084,100
Issuances	262,453
Retirements	<u>(216,820)</u>
COMPENSATED ABSENCES PAYABLE AT MAY 31, 2019	<u>\$ 1,129,733</u>
CURRENT PORTION	<u>\$ 225,947</u>

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. CHANGES IN LONG-TERM DEBT (Continued)**

- c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2019 are as follows:

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund Note Payable 2		Water Pollution Control Revolving Fund Note Payable 3	
	Principal	Interest	Principal	Interest
2020	\$ 562,127	\$ 32,769	\$ 747,715	\$ 228,894
2021	576,468	18,429	766,525	210,085
2022	293,728	3,723	785,808	190,802
2023	-	-	805,576	171,034
2024	-	-	825,841	150,769
2025	-	-	846,616	129,994
2026	-	-	867,914	108,696
2027	-	-	889,747	86,862
2028	-	-	912,130	64,480
2029	-	-	935,076	41,534
2030	-	-	958,597	18,011
2031	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,432,323</b>	<b>\$ 54,921</b>	<b>\$ 9,341,545</b>	<b>\$ 1,401,161</b>

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. CHANGES IN LONG-TERM DEBT (Continued)**

- c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2019 are as follows (Continued):

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund Note Payable 4		Water Pollution Control Revolving Fund Note Payable 5	
	Principal	Interest	Principal	Interest
2020	\$ 991,466	\$ 319,700	\$ 592,018	\$ 106,277
2021	1,016,407	294,758	599,442	98,854
2022	1,041,976	269,189	606,958	91,337
2023	1,068,189	242,977	614,569	83,727
2024	1,095,060	216,106	622,275	76,020
2025	1,122,608	188,558	630,078	68,218
2026	1,150,848	160,317	637,978	60,317
2027	1,179,799	131,366	645,978	52,318
2028	1,209,479	101,687	654,078	44,218
2029	1,239,905	71,261	662,280	36,016
2030	1,271,096	40,070	670,584	27,712
2031	647,490	8,094	678,992	19,303
2032	-	-	687,506	10,789
2033	-	-	346,976	2,169
2034	-	-	-	-
<b>TOTAL</b>	<b>\$ 13,034,323</b>	<b>\$ 2,044,083</b>	<b>\$ 8,649,712</b>	<b>\$ 777,275</b>

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. CHANGES IN LONG-TERM DEBT (Continued)**

- c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2019 are as follows (Continued):

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund Note Payable 6		Water Pollution Control Revolving Fund Note Payable 7	
	Principal	Interest	Principal	Interest
2020	\$ 90,497	\$ 16,246	\$ 86,560	\$ 27,250
2021	91,632	15,111	88,239	25,572
2022	92,781	13,962	89,950	23,860
2023	93,944	12,799	91,695	22,116
2024	95,122	11,621	93,473	20,338
2025	96,315	10,428	95,286	18,525
2026	97,522	9,220	97,133	16,677
2027	98,745	7,997	99,017	14,793
2028	99,983	6,759	100,937	12,873
2029	101,237	5,505	102,895	10,916
2030	102,507	4,236	104,890	8,920
2031	103,792	2,951	106,925	6,886
2032	105,093	1,649	108,998	4,813
2033	53,039	331	111,112	2,699
2034	-	-	56,361	544
<b>TOTAL</b>	<b>\$ 1,322,209</b>	<b>\$ 118,815</b>	<b>\$ 1,433,471</b>	<b>\$ 216,782</b>

**7. INTERGOVERNMENTAL AGREEMENTS**

City of Aurora

On April 19, 2006, the City of Aurora (the City) entered into an agreement with the District to jointly construct a new sanitary sewer system for the City's downtown area. The agreement specifies that the City will finance all construction costs of the system. The District will repay the City 50% of the costs on a 30-year schedule in line with the debt service schedule for the City's Water and Sewer Revenue Bonds, Series 2006. Principal payments are due to the City on June 1 of each year beginning June 1, 2007, and interest payments are due semiannually on June 1 and December 1 of each year beginning December 1, 2006. During fiscal year 2016, the City refunded the underlying debt leading to a revised future payment schedule.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. INTERGOVERNMENTAL AGREEMENTS (Continued)**

City of Aurora (Continued)

The constructed system subject to 50% repayment shall be titled in the name of the District, which will own 100%. The District agreed to be fully responsible for operation and maintenance of the system. In addition, the principal amount of the liability to be paid to the City is recorded in the statement of net position and has been accrued as a proportion of construction costs as incurred.

The liability is to be paid to the City each year as follows:

Fiscal Year	Sanitary Sewer System	
	Principal	Interest
2020	\$ 214,021	\$ 191,836
2021	224,136	185,416
2022	229,362	178,692
2023	239,870	171,811
2024	248,015	164,615
2025-2029	1,379,917	705,079
2030-2034	1,692,813	449,834
2035-2039	1,213,967	98,580
<b>TOTAL PAYMENTS</b>	<b>\$ 5,442,101</b>	<b>\$ 2,145,863</b>

Waubonsee Community College

On June 15, 2005, the District entered into an agreement with Waubonsee Community College (the College) for the construction of a new sanitary sewer line. The agreement requires the District to remit to the College the Infrastructure Participation Fees associated with the new plant, with potential payments totaling \$3,521,000. The total payments to date as of May 31, 2019 and 2018 were \$686,006.

**8. COMMITMENTS**

The District is currently involved with certain sewer system development and maintenance projects. Uncompleted contractual amounts on these projects, relating to the District and exclusive of amounts being incurred by developers and other governmental entities, totaled approximately \$8,129,964 and \$23,040,657 as of May 31, 2019 and 2018, respectively.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. DEFINED BENEFIT PENSION PLAN**

The District’s defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

Illinois Municipal Retirement Fund

*Plan Administration*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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

*Plan Membership*

At December 31, 2018, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	93
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>88</u>
 TOTAL	 <u><u>206</u></u>

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>84</u>
 TOTAL	 <u><u>193</u></u>

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

Illinois Municipal Retirement Fund (Continued)

*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*

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual required contribution percentage for the fiscal years 2018 and 2019 was 13.57% and 11.16%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.



**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions*

The District's net pension liability was measured as of December 31, 2018 and 2017 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, 2017	December 31, 2018
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.50%	2.50%
Salary increases	3.39% to 14.25%	3.39% to 14.25%
Interest rate	7.50%	7.25%
Cost of living adjustments	3.00%	3.00%
Asset valuation method	Market value	Market value

2018 and 2017 - For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability at December 31, 2018 and 2017 was 7.25% and 7.50%, respectively. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*Change in the Net Pension Liability*

December 31, 2017

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 43,294,967	\$ 37,090,912	\$ 6,204,055
Changes for the period			
Service cost	649,378	-	649,378
Interest	3,194,524	-	3,194,524
Difference between expected and actual experience	(197,873)	-	(197,873)
Changes in assumptions	(1,338,332)	-	(1,338,332)
Employer contributions	-	1,832,333	(1,832,333)
Employee contributions	-	289,228	(289,228)
Net investment income	-	6,658,965	(6,658,965)
Benefit payments and refunds	(2,052,012)	(2,052,012)	-
Administrative expense	-	-	-
Other (net transfer)	-	(879,928)	879,928
Net changes	255,685	5,848,586	(5,592,901)
BALANCES AT DECEMBER 31, 2017	\$ 43,550,652	\$ 42,939,498	\$ 611,154

Changes in assumptions related to price inflation, salary increases, retirement age, and mortality rates were made in 2017.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

Illinois Municipal Retirement Fund (Continued)

*Change in the Net Pension Liability (Continued)*

December 31, 2018

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 43,550,652	\$ 42,939,498	\$ 611,154
Changes for the period			
Service cost	626,720	-	626,720
Interest	3,210,473	-	3,210,473
Difference between expected and actual experience	1,330,113	-	1,330,113
Changes in assumptions	1,419,711	-	1,419,711
Employer contributions	-	945,437	(945,437)
Employee contributions	-	403,942	(403,942)
Net investment income	-	(2,399,474)	2,399,474
Benefit payments and refunds	(2,115,418)	(2,115,418)	-
Administrative expense	-	-	-
Other (net transfer)	-	543,490	(543,490)
Net changes	4,471,599	(2,622,023)	7,093,622
BALANCES AT DECEMBER 31, 2018	\$ 48,022,251	\$ 40,317,475	\$ 7,704,776

Changes in assumptions related to the discount rate were made in 2018.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

Illinois Municipal Retirement Fund (Continued)

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

For the year ended May 31, 2019, the District recognized pension expense of \$903,909. At May 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 1,142,572	\$ 172,716
Changes in assumption	1,168,550	910,655
District contributions subsequent to the measurement date	276,845	-
Net difference between projected and actual earnings on pension plan investments	<u>2,710,006</u>	<u>-</u>
 TOTAL	 <u>\$ 5,297,973</u>	 <u>\$ 1,083,371</u>

\$276,845 reported as deferred outflows of resources resulting from district contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending May 31, 2020.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending May 31,</u>	
2020	\$ 1,123,906
2021	603,064
2022	562,866
2023	1,469,512
2024	<u>178,409</u>
 TOTAL	 <u>\$ 3,937,757</u>

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

December 31, 2018

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 14,160,987	\$ 7,704,776	\$ 2,409,296

December 31, 2017

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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 6,322,146	\$ 611,154	\$ (4,090,395)

**10. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

In addition to providing the pension benefits described, the District provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

Benefits Provided

The District provides postemployment health care and life insurance benefits to its retirees. To be eligible for implicit benefits, an employee must qualify for retirement under IMRF or meet COBRA requirements. Employees become eligible for explicit benefits at a rate of 3% of premiums per year of service. Employees receive 100% of premiums at a minimum age of 62 with 20 years of service.

All health care benefits are provided through the District's self-insured employee health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. The benefits are provided until age 65 or whenever Medicare coverage becomes available.

a. Membership

At May 31, 2018 and 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	10
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>95</u>
 TOTAL	 <u><u>105</u></u>
 Participating employers	 <u>1</u>

b. Total OPEB Liability

The District's total OPEB liability of \$7,102,962 and \$6,705,982 was measured as of May 31, 2019 and 2018, respectively and was determined by an actuarial valuation as of June 1, 2018.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

c. Actuarial Assumptions and Other Inputs

The total OPEB liability at May 31, 2019 and 2018, as determined by an actuarial valuation as of June 1, 2018 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to May 31, 2019, including updating the discount rate at May 31, 2019.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Inflation	3.00%
Salary increases	4.00%
Discount rate	3.05%
Healthcare cost trend rates	4.50% to 5.00% Initial and Ultimate

The actuarial assumptions used for the May 31, 2018 measurement date were the same as above except the discount rate was 3.27%.

The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds rated AA or better at May 31, 2019.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on scale AA.

The actuarial assumptions used in the June 1, 2018 valuation are based on 10% participation assumed for Trustees and 100% for all other future retirees, with 80% electing spouse coverage for Trustees and 60% for non-Trustee employees.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

d. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JUNE 1, 2017	<u>\$ 8,530,205</u>
Changes for the period	
Service cost	295,928
Interest	215,239
Difference between expected and actual experience	(1,863,567)
Changes in benefit terms	253,406
Changes in assumptions	(477,738)
Benefit payments	<u>(247,491)</u>
Net changes	<u>(1,824,223)</u>
BALANCES AT MAY 31, 2018	<u><u>\$ 6,705,982</u></u>

There were changes in assumptions related to the discount rate and health care trend rate, participation assumption for trustees and eligibility requirements for Trustees and non-Trustees. In addition, the decrements were changed to those in the most recent IMRF pension plan valuation report.

	<u>Total OPEB Liability</u>
BALANCES AT JUNE 1, 2018	<u>\$ 6,705,982</u>
Changes for the period	
Service cost	308,294
Interest	228,052
Changes in assumptions	117,851
Benefit payments	(257,788)
Other changes	<u>571</u>
Net changes	<u>396,980</u>
BALANCES AT MAY 31, 2019	<u><u>\$ 7,102,962</u></u>

There were changes in assumptions related to the discount rate.



**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

e. Rate Sensitivity

May 31, 2019

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 3.05% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.05%) or 1 percentage point higher (4.05%) than the current rate:

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Total OPEB liability	\$ 7,660,607	\$ 7,102,962	\$ 6,581,863

May 31, 2018

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 3.27% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.27%) or 1 percentage point higher (4.27%) than the current rate:

	1% Decrease (2.27%)	Current Discount Rate (3.27%)	1% Increase (4.27%)
Total OPEB liability	\$ 7,236,407	\$ 6,705,982	\$ 6,211,365

**FOX METRO WATER RECLAMATION DISTRICT**  
**OSWEGO, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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

e. Rate Sensitivity (Continued)

May 31, 2019

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 4.50% to 5.00% 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 (3.50% to 4.00%) or 1 percentage point higher (5.50% to 6.00%) than the current rate:

	1% Decrease (3.50% to 4.00%)	Current Healthcare Rate (4.50% to 5.00%)	1% Increase (5.50% to 6.00%)
Total OPEB liability	\$ 6,364,838	\$ 7,102,962	\$ 7,969,677

May 31, 2018

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 4.50% to 5.00% 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 (3.50% to 4.00%) or 1 percentage point higher (5.50% to 6.00%) than the current rate:

	1% Decrease (3.50% to 4.00%)	Current Healthcare Rate (4.50% to 5.00%)	1% Increase (5.50% to 6.00%)
Total OPEB liability	\$ 6,010,033	\$ 6,705,982	\$ 7,522,650

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

- f. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2019, the District recognized OPEB expense of \$307,609. At May 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,480,220
Changes in assumptions	442,505	715,621
<b>TOTAL</b>	<u>\$ 442,505</u>	<u>\$ 2,195,841</u>

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

<u>Year Ending May 31,</u>	
2020	\$ (228,737)
2021	(228,737)
2022	(228,737)
2023	(228,737)
2024	(228,737)
Thereafter	<u>(609,651)</u>
<b>TOTAL</b>	<u>\$ (1,753,336)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

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

Last Four Calendar Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 611,734	\$ 623,792	\$ 649,378	\$ 626,720
Interest	2,945,960	3,078,963	3,194,524	3,210,473
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	224,422	(100,244)	(197,873)	1,330,113
Changes of assumptions	52,631	(109,180)	(1,338,332)	1,419,711
Benefit payments, including refunds of member contributions	(1,922,014)	(2,098,151)	(2,052,012)	(2,115,418)
Net change in total pension liability	1,912,733	1,395,180	255,685	4,471,599
Total pension liability - beginning	39,987,054	41,899,787	43,294,967	43,550,652
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 41,899,787</b>	<b>\$ 43,294,967</b>	<b>\$ 43,550,652</b>	<b>\$ 48,022,251</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 868,666	\$ 875,384	\$ 1,832,333	\$ 945,437
Contributions - member	270,736	278,009	289,228	403,942
Net investment income	175,193	2,456,460	6,658,965	(2,399,474)
Benefit payments, including refunds of member contributions	(1,922,014)	(2,098,151)	(2,052,012)	(2,115,418)
Other (net transfer)	686,461	70,313	(879,928)	543,490
Net change in plan fiduciary net position	79,042	1,582,015	5,848,586	(2,622,023)
Plan fiduciary net position - beginning	35,429,855	35,508,897	37,090,912	42,939,498
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 35,508,897</b>	<b>\$ 37,090,912</b>	<b>\$ 42,939,498</b>	<b>\$ 40,317,475</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 6,390,890</b>	<b>\$ 6,204,055</b>	<b>\$ 611,154</b>	<b>\$ 7,704,776</b>
Plan fiduciary net position as a percentage of the total pension liability	84.75%	85.67%	98.60%	83.96%
Covered payroll	\$ 6,016,362	\$ 6,177,988	\$ 6,427,285	\$ 7,485,647
Employer's net pension liability as a percentage of covered payroll	106.23%	100.42%	9.51%	102.93%

In 2015, 2016, and 2018, there was a change in assumptions with respect to the discount rate.

In 2017, changes in assumptions related to price inflation, salary increases, retirement age, and mortality rates were made.

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

(See independent auditor's report.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

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

Last Four Fiscal Years

<b>FISCAL YEAR ENDING MAY 31,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially determined contribution	\$ 905,387	\$ 944,380	\$ 817,162	\$ 994,904
Contributions in relation to the actuarially determined contribution	905,387	944,380	817,162	994,904
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 6,016,362	\$ 6,913,945	\$ 6,022,876	\$ 7,757,301
Contributions as a percentage of covered payroll	15.05%	13.66%	13.57%	12.83%

Notes to Required Supplementary Information

The District made an additional contribution of \$1,000,000 during the fiscal year ending May 31, 2017.

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 25 years (ten-year rolling period for nontaxing bodies); 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 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.50% 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.

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

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

Last Two Fiscal Years

<b>MEASUREMENT DATE MAY 31,</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>		
Service cost	\$ 295,928	\$ 308,294
Interest	215,239	228,052
Changes of benefit terms	253,406	-
Differences between expected and actual experience	(1,863,567)	-
Changes of assumptions	(477,738)	117,851
Benefit payments, including refunds of member contributions	(247,491)	(257,788)
Other changes	-	571
Net change in total OPEB liability	(1,824,223)	396,980
Total OPEB liability - beginning	8,530,205	6,705,982
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 6,705,982</b>	<b>\$ 7,102,962</b>
Covered payroll	\$ 6,365,770	\$ 6,365,770
Employer's total OPEB liability as a percentage of covered payroll	105.34%	111.58%

For 2018, the following changes in assumptions were made: starting per capita costs, health care trend rates, and decrements were changed to those in the most recent IMRF pension plan valuation report. In addition, the election assumption for Trustees was changed to 10% and eligibility requirements for Trustees and dental benefits for non-Trustee retirees were changed to the current policy.

For the 2019, the following changes in assumptions were made: the discount rate was changed from 3.27% to 3.05%.

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

(See independent auditor's report.)

## **SUPPLEMENTAL SCHEDULES**



**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

SCHEDULES OF CHANGES IN NET POSITION

For the Years Ended May 31, 2019 and 2018

	<b>Net Position</b>			
	<b>Net</b>	<b>Restricted</b>		
	<b>Investment in</b>	<b>Under IEPA</b>	<b>Unrestricted</b>	<b>Total</b>
	<b>Capital Assets</b>	<b>Loan</b>		
	<b>Requirements</b>			
<b>BALANCES, MAY 31, 2016</b>	\$ 142,878,469	\$ 3,447,996	\$ 34,906,398	\$ 181,232,863
Change in accounting principle	-	-	(7,243,792)	(7,243,792)
<b>BALANCES, MAY 31, 2017, RESTATED</b>	142,878,469	3,447,996	27,662,606	173,989,071
Change in net position for the year ended May 31, 2017	-	-	14,300,684	14,300,684
Interaccount transfers				
Payment of bond principal, interest, and escrow amounts	-	(3,795,942)	3,795,942	-
Transfer of amounts in accordance with IEPA loan requirements	-	3,787,049	(3,787,049)	-
Transfer required to net investment in capital assets	13,045,334	-	(13,045,334)	-
<b>BALANCES, MAY 31, 2018</b>	155,923,803	3,439,103	28,926,849	188,289,755
Change in net position for the year ended May 31, 2018	-	-	11,673,397	11,673,397
Interaccount transfers				
Payment of bond principal, interest, and escrow amounts	-	(3,795,803)	3,795,803	-
Transfer of amounts in accordance with IEPA loan requirements	-	3,669,915	(3,669,915)	-
Transfer required to net investment in capital assets	2,645,863	-	(2,645,863)	-
<b>BALANCES, MAY 31, 2019</b>	\$ 158,569,666	\$ 3,313,215	\$ 38,080,271	\$ 199,963,152

(See independent auditor's report.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

**SCHEDULES OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL**

For the Years Ended May 31, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING REVENUES</b>						
Wastewater treatment (user) charges	\$ 39,686,620	\$ 40,797,317	\$ 1,110,697	\$ 37,957,000	\$ 40,806,654	\$ 2,849,654
Connection fees	2,400,000	2,544,886	144,886	2,500,000	1,621,295	(878,705)
Sewer T.V. inspection charges	6,000	74,099	68,099	10,000	22,713	12,713
Montgomery pump station operation	6,600	9,900	3,300	6,600	6,050	(550)
Pretreatment recovery revenues	220,000	286,188	66,188	135,000	254,712	119,712
Lien processing fees	3,600	(866)	(4,466)	3,600	3,585	(15)
<b>Total operating revenues</b>	<b>42,322,820</b>	<b>43,711,524</b>	<b>1,388,704</b>	<b>40,612,200</b>	<b>42,715,009</b>	<b>2,102,809</b>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>						
Operations						
Union and non-union salaries and wages	5,669,800	6,332,276	662,476	5,426,600	5,114,160	(312,440)
Pension (FICA and IMRF)	1,193,400	1,285,539	92,139	1,148,000	1,193,781	45,781
Training and development	198,190	141,741	(56,449)	151,420	191,786	40,366
Unemployment compensation	18,000	11,941	(6,059)	20,500	17,577	(2,923)
Electricity	1,497,000	1,514,061	17,061	1,660,000	1,427,827	(232,173)
Natural gas	72,000	206,170	134,170	120,000	137,152	17,152
Cost of solids removal	420,400	284,352	(136,048)	397,500	250,850	(146,650)
Chemical cost	755,000	778,290	23,290	814,850	662,904	(151,946)
Supplies and maintenance of sewer and lift stations	1,318,800	863,306	(455,494)	1,258,000	579,228	(678,772)
T.V. sewer inspection	622,600	292,190	(330,410)	622,600	1,075,008	452,408
Plant maintenance	1,365,700	1,305,405	(60,295)	954,700	994,199	39,499
Plant supplies	205,600	235,340	29,740	205,925	177,886	(28,039)
Instrumentation	312,400	363,965	51,565	354,000	328,736	(25,264)
Motor vehicle maintenance	75,600	69,075	(6,525)	101,300	62,518	(38,782)
Plant computer	119,800	122,032	2,232	95,500	66,266	(29,234)
Engineering fees	4,600,000	1,378,975	(3,221,025)	-	1,398,989	1,398,989
Miscellaneous capital expenses	38,121,256	24,419,785	(13,701,471)	61,158,833	59,501,297	(1,657,536)
Engineering supplies and equipment	549,385	339,850	(209,535)	503,385	451,286	(52,099)
Lab supplies and equipment	224,300	149,656	(74,644)	214,600	210,422	(4,178)
Lab - outside analysis	10,500	900	(9,600)	11,900	9,783	(2,117)
<b>Total operations</b>	<b>57,349,731</b>	<b>40,094,849</b>	<b>(17,254,882)</b>	<b>75,219,613</b>	<b>73,851,655</b>	<b>(1,367,958)</b>

(This schedule is continued on the following pages.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

SCHEDULES OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (Continued)

For the Years Ended May 31, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)</b>						
Administration						
Union and non-union salaries and wages	\$ 1,361,800	\$ 1,623,288	\$ 261,488	\$ 1,249,000	\$ 1,479,495	\$ 230,495
Pension (FICA and IMRF)	285,000	313,713	28,713	287,000	279,944	(7,056)
Insurance expense	306,500	302,691	(3,809)	303,000	331,211	28,211
Insurance claims and premiums	2,790,000	2,219,683	(570,317)	2,575,000	2,525,181	(49,819)
Attorney fees	120,000	73,085	(46,915)	100,000	120,122	20,122
Accounting and auditing	115,000	71,666	(43,334)	80,000	54,292	(25,708)
Administrative computer	573,000	644,914	71,914	519,100	551,769	32,669
Recorder fees	4,200	1,640	(2,560)	5,000	2,526	(2,474)
Postage	160,000	173,415	13,415	205,000	189,128	(15,872)
Telephone	76,500	104,504	28,004	69,000	78,955	9,955
Small claims court	11,000	27,225	16,225	14,000	9,521	(4,479)
Collection agency fees	86,000	101,064	15,064	94,000	91,180	(2,820)
Meter reading costs	79,700	104,564	24,864	88,200	90,384	2,184
Billing supplies	45,500	33,461	(12,039)	65,500	37,663	(27,837)
Office supplies and equipment	7,200	11,502	4,302	10,000	7,248	(2,752)
Publishing and printing	23,000	24,392	1,392	21,500	18,027	(3,473)
Payroll service	20,400	26,305	5,905	17,500	22,501	5,001
Office machine repair	11,500	-	(11,500)	3,000	-	(3,000)
District associations	40,000	29,859	(10,141)	40,000	33,164	(6,836)
Travel	1,000	440	(560)	1,500	388	(1,112)
Books and subscriptions	1,800	2,034	234	1,750	1,101	(649)
Real estate taxes	40,000	20,395	(19,605)	5,000	19,951	14,951
NPDES permit	75,000	77,388	2,388	80,000	75,138	(4,862)
Miscellaneous	489,000	543,791	54,791	497,000	504,946	7,946
Employee assistance program	3,000	1,200	(1,800)	3,000	2,370	(630)
Bad debt expense	-	651	651	-	34,711	34,711
Total administration	6,726,100	6,532,870	(193,230)	6,334,050	6,560,916	226,866
Total operating expenses	64,075,831	46,627,719	(17,448,112)	81,553,663	80,412,571	(1,141,092)

(This schedule is continued on the following page.)

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

SCHEDULES OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (Continued)

For the Years Ended May 31, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING INCOME</b>	\$ (21,753,011)	\$ (2,916,195)	\$ 18,836,816	\$ (40,941,463)	\$ (37,697,562)	\$ 3,243,901
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	157,900	705,525	547,625	80,000	358,901	278,901
Gain (Loss) on sale of capital assets	-	(1,320)	(1,320)	-	-	-
Bond requirement	(900,000)	(3,012,741)	(2,112,741)	(2,710,906)	(2,947,287)	(236,381)
IEPA loan proceeds	21,500,000	16,514,303	(4,985,697)	45,000,000	40,496,282	(4,503,718)
Replacement taxes	235,000	360,537	125,537	300,000	378,910	78,910
Annexation and related fees	60,000	415,829	355,829	86,000	229,236	143,236
Other revenue	683,500	983,439	299,939	866,000	1,315,453	449,453
Interest expense and fiscal charges	(1,434,000)	(3,857,753)	(2,423,753)	(1,434,000)	(1,049,683)	384,317
Total non-operating revenues (expenses)	20,302,400	12,107,819	(8,194,581)	42,187,094	38,781,812	(3,405,282)
<b>CHANGE IN NET POSITION (BUDGETARY BASIS)</b>	\$ (1,450,611)	\$ 9,191,624	\$ 10,642,235	\$ 1,245,631	\$ 1,084,250	\$ (161,381)
<b>ADJUSTMENTS TO GAAP BASIS</b>						
Additions to Capital Assets		24,231,829			58,621,168	
Bond requirement		3,012,741			2,947,287	
IEPA loan proceeds		(16,514,303)			(40,496,282)	
Depreciation		(8,289,668)			(8,226,151)	
Pension Expense		90,995			646,684	
OPEB Expense		(49,821)			(276,272)	
Total Adjustments to GAAP Basis		2,481,773			13,216,434	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>		\$ 11,673,397			\$ 14,300,684	

(See independent auditor's report.)

**OTHER SUPPLEMENTAL INFORMATION**

**FOX METRO WATER RECLAMATION DISTRICT  
OSWEGO, ILLINOIS**

INSURANCE COVERAGE AND OTHER INFORMATION

May 31, 2019

<b>Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Coverage</b>	<b>Liability Limits</b>
Chubb Group of Insurance Companies	35948073	Dec-19	Property	\$127,219,582 replacement value, flood \$5,000,000, earthquake \$5,000,000.
Illinois Counties Risk	R1-1000211-1819-01	Dec-19	General liability	\$1,000,000 each occurrence, \$3,000,000 annual aggregate,
Illinois Counties Risk Management Trust (ICRMT)	R1-1000211-1819-01	Dec-19	Auto liability	\$1,000,000 each accident, \$100,000 uninsured motorist, medical payments \$5,000/\$25,000 each person/accident
Illinois Counties Risk Management Trust (ICRMT)	R1-1000211-1819-01	Dec-19	Public officials liability	\$1,000,000 per claim
Illinois Counties Risk Management Trust (ICRMT)	R1-1000211-1819-01	Dec-19	Crime	\$500,000 blanket employee dishonesty
Illinois Counties Risk Management Trust (ICRMT)	R1-1000211-1819-01	Dec-19	Cyber Liability	\$100,000 per claim
Illinois Counties Risk Management Trust (ICRMT)	R1-1000211-1819-01	Dec-19	Umbrella liability	\$9,000,000 sits over general, auto, and public officials liability
Lloyd's Illinois, Inc.	ESE00140022	Dec-19	Cyber Liability	\$1,000,000 per claim
Safety National	SP 4057894	Dec-19	Workers' compensation, specific excess \$500,000 deductible	\$2,500,000 or as limited under Illinois state law
Unimerica	UNI-201990	Jul-19	Health benefit excess per employee and dependent (\$70,000 deductible)	\$5,000,000 lifetime per employee or dependent
Unimerica	UNI-201990	Jul-19	Life insurance	1x annual salary, \$2,500 spouse, \$1,000 child

\* Policies in effect for the fiscal year ended May 31, 2019 are shown above. All policies with an expiration date of July 2019 were renewed subsequent to year end and have an expiration date of July 2020.

(See independent auditor's report.)