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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
OF THE  
METROPOLITAN WATER RECLAMATION  
DISTRICT OF GREATER CHICAGO**

**Chicago, Illinois**



**As of and for the year ended  
December 31, 2025**

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# I. INTRODUCTORY SECTION



*MWRD leaders and 42nd Ward Ald. Brendan Reilly turn on the MWRD's Melas Centennial Fountain to usher in summer months, recreation on the Chicago River, improved water quality and over a century of service from the agency devoted to protecting this environment.*

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# **Metropolitan Water Reclamation District of Greater Chicago**

## **Board of Commissioners and Principal Officers**

as of May 8, 2026

### **Board of Commissioners:**

Honorable Kari K. Steele, President  
Honorable Patricia Theresa Flynn, Vice President  
Honorable Marcelino Garcia, Chairman of Finance  
Honorable Precious Brady-Davis  
Honorable Yumeka Brown  
Honorable Cameron Davis  
Honorable Beth McElroy Kirkwood  
Honorable Eira L. Corral Sepúlveda  
Honorable Sharon Waller

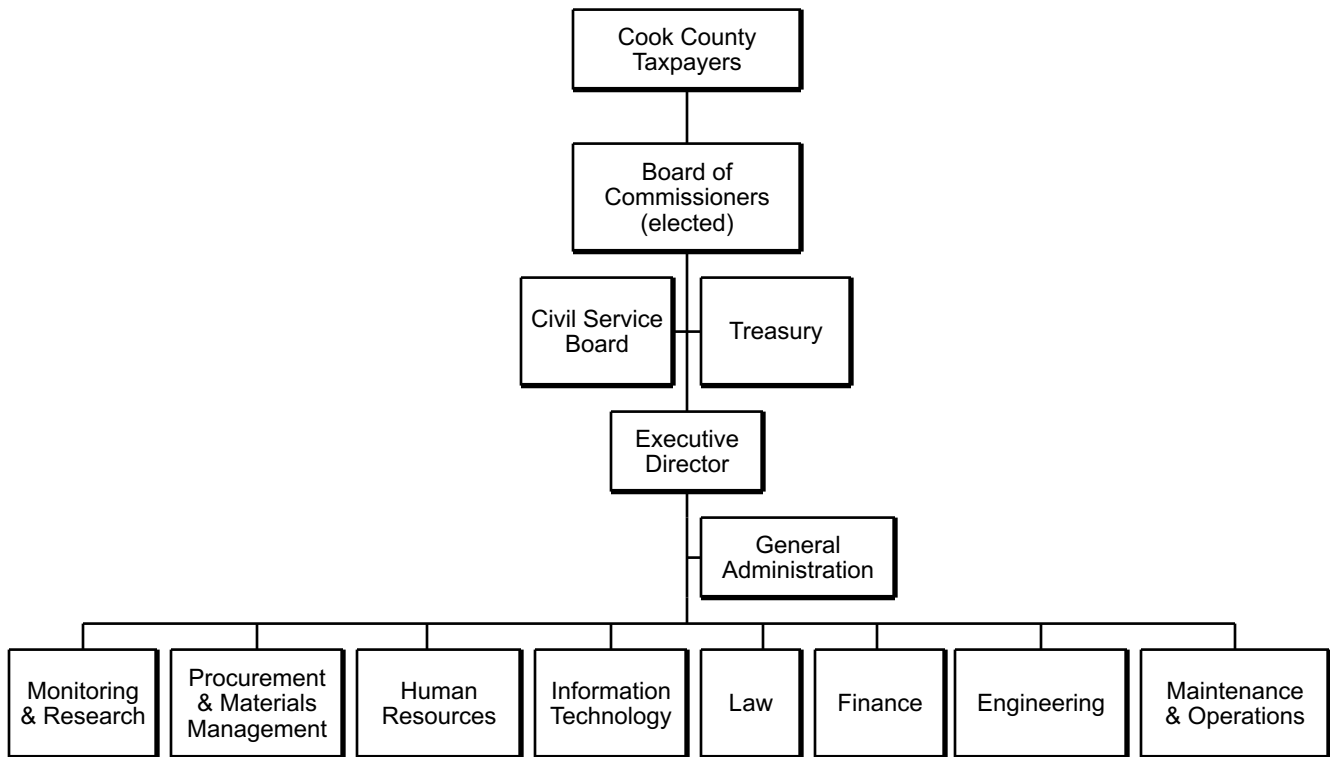
### **Principal Officers:**

John P. Murray, Executive Director  
Steven Lux, Treasurer  
Allison Fore, Public and Intergovernmental Affairs Officer  
Sean Kelly, Director of Information Technology  
Thaddeus J. Kosowski, Director of Human Resources  
Darlene A. LoCascio, Director of Procurement and Materials Management  
Susan T. Morakalis, General Counsel  
Catherine O'Connor, Ph.D., P.E., Director of Engineering  
Edward W. Podczerwinski, P.E., Director of Monitoring and Research  
Shellie A. Riedle, Administrative Services Officer  
Edward J. Staudacher, Acting Director of Maintenance and Operations  
Jacqueline Torres, Clerk/Director of Finance

**Main Office**  
**100 East Erie Street**  
**Chicago, Illinois 60611**

# Metropolitan Water Reclamation District of Greater Chicago

## Organization Chart



1,952 Budgeted  
Positions in 2025



**Metropolitan Water Reclamation District of Greater Chicago**

# President's Annual Message 2025: A Year in Review



Reflecting on the past 12 months, I am proud to witness how our collective efforts have made lasting positive impacts and secured meaningful progress across wastewater treatment, stormwater management, waterway stewardship, monitoring and research, infrastructure management, fiscal strength and community engagement. We met our mission in protecting the health and safety of the 5.19 million people we serve, protecting the quality of their water while building regional resilience against a changing climate.

This year the MWRD was showered with praise in receiving the prestigious "Leading Utility of the World" award at the Water Environment Federation's Technical Exhibition and Conference (WEFTEC). The honor underscores our status among the world's most forward-thinking water and wastewater utilities. We joined a global network of utilities held up as the "gold standard of utility innovation and performance." This achievement reflects our steadily advancing capabilities, deep commitment to stewardship and readiness to lead into the future. In our presentation to the Leading Utilities of the World at WEFTEC, we highlighted our triumphs in meeting the challenges of climate change, community engagement and nutrient control. But these are only a few of the many challenges we face each day, and I am proud to report that our staff continues to rise to the occasion, working tirelessly to protect public health and preserve our water environment.

In the pages that follow, you will find highlights of our progress under the MWRD's 2021–2025 Strategic Plan, including achievements in protecting water quality, advancing research, pursuing energy neutrality, enhancing climate resilience, expanding green infrastructure, and strengthening community partnerships. These efforts reflect our commitment to sound financial stewardship and our mission to serve the people of Cook County.

Thank you to the Board of Commissioners, our talented workforce, our municipal partners, our vendors and contractors, community organizations and residents for helping make 2025 a year of significant advancement. We carry this momentum forward with purpose and optimism.

A handwritten signature in black ink that reads "Kari K. Steele". The signature is fluid and cursive, with a large initial "K".

Kari K. Steele  
*President of the Board of Commissioners*

## **2021- 2025 Strategic Plan**

In 2025, we entered the final year of our current five-year Strategic Plan. Within our five key pillars — resource management, stormwater management, workforce excellence, community engagement and enterprise resilience — we completed over 90 percent of our targeted outcomes. The Strategic Plan was ambitious in its volume of more than 140 action plans that spanned every facet of the MWRD's work. These goals ranged from new water quality standards, energy and phosphorus removal optimization, and stormwater capture volumes, to Information Technology innovations and public and employee communications. By meeting so many of these goals, our staff demonstrated their commitment to accomplishing our mission. Looking ahead, we are planning the next five-year cycle of strategic initiatives that will build on this strong foundation.

### **Protecting water quality**

Our seven water reclamation plants continued to deliver exceptional performance. In May, the National Association of Clean Water Agencies (NACWA) announced we were the recipient of six Platinum Peak Performance Awards. These awards recognize five consecutive years of full compliance under National Pollutant Discharge Elimination System (NPDES) permit requirements. Five of these water reclamation plants have met these high standards for more than a decade. This means our plant staff captures the unpredictable flow of polluted water and stormwater inundation, cleans it and releases it back into the environment, reclaiming it all in a matter of hours. Achieving and sustaining this level of compliance amidst evolving regulations and increased flows is a tribute to our operations, maintenance, monitoring and engineering teams. We improved water quality downstream of our Egan Water Reclamation Plant by partnering with the Forest Preserve District of DuPage County and the DuPage River Salt Creek Workgroup; we removed a 90-year-old dam to improve fish and boat migration, improve local water quality, stabilize the streambank and attract new visitors. Along the Cal-Sag Channel, we also improved our Sidestream Elevated Pool Aeration Station in Blue Island and helped extend the Cal-Sag Trail 1.5 miles in Palos Hills.

## **Chicago Area Waterways**

Water quality in the Chicago Area Waterway System (CAWS) remains a priority. This year we completed a major connection from the Westchester Pumping Station into the Tunnel and Reservoir Plan (TARP), further protecting water quality and reducing risk of overflows. The connection between the Westchester Pumping Station to TARP improves our capacity and reduces risk of untreated discharges. On the broader waterways front, our ecology, monitoring and community-access efforts reinforce our dual goals of environmental protection and public benefit. Throughout the year our sampling programs have revealed improvements in water quality to make the CAWS an inviting attraction.

### **Research**

Innovation remains central to our work. This year we advanced studies in nutrient recovery and winter algal blooms, real-time water quality monitoring, carbon management optimization, aeration tank performance, the presence of per and polyfluoroalkyl substances (PFAS), the growth of industrial hemp in biosolids, and an investigation into hydrogen sulfide levels in intercepting sewers. Connecting research to operational deployment ensures that our system remains resilient and forward looking.

### **Energy neutrality**

Our multi-year path to achieving energy neutrality moved forward in 2025. Through upgrades in efficiency, increased use of biogas and optimization of plant processes, we continue to reduce consumption and shift toward renewable-energy sources. The link between energy management and water quality performance grows ever stronger. Many of our plans for energy neutrality align with our Capital Improvement Program, while others will be evaluated to ensure they support the MWRD's core responsibilities.

### **Climate protection**

With climate-driven rainfall increasing and infrastructure stress, we adopted enhanced planning and mitigation strategies. Since releasing our first Climate Action Plan in 2023, the MWRD has made strong progress across all four strategy tiers that target direct emissions, renewable energy, future greenhouse gas (GHG) reduction

research and monitoring, and carbon management. As a result of this lengthy study and exercise, we achieved a nearly 40 percent reduction in GHG emissions compared to 2005 levels, surpassing the Strategic Plan 2021–2025 goal of 28 percent by 2025. Our plan was recognized by the International Water Association as a top three finalist out of a field of more than 90 international water utilities. We are not just responding to change, we are helping shape how utilities worldwide adapt and thrive.

## **Stormwater and climate resiliency**

The year's flood-protection commitments, including the Addison Creek Channel Improvements, Glenwood Levee completion along Thorn Creek and dozens of local stormwater management improvements across Cook County, reflect the reality that stormwater resilience is integral to our mission. These projects protect communities, reduce basement backups, improve public safety and support equity of service. Since 2014, we have invested approximately \$586 million toward the completion of 289 stormwater management projects that protect nearly 19,000 homes, businesses and buildings and represent a total investment of \$926 million.

## **Green infrastructure**

In our first decade of partnering on local stormwater management projects, over 120 green infrastructure projects have been completed. These projects provide a total of 13.2 million gallons of stormwater storage. In 2025 alone, we contributed \$4.4 million to 11 green infrastructure partnership projects which can capture more than 2.5 million gallons of stormwater that could otherwise overwhelm local sewers during heavy storm events. Each project helps retain stormwater, reduce runoff, improve habitat and enhance community space. Many of these projects were on full display in 2025 in public spaces designed to capture stormwater. Through our collaboration with Palos Heights and Lake Katherine Nature Center, we completed a new green parking lot with 45 parking spaces, 16 trees, and enough permeable pavers and bioswales to store an estimated 120,000 gallons of stormwater each time it rains. We partnered with the Village of Willow Springs on the construction of a series of green infrastructure improvements aimed at enhancing flood protection and sustainability. These

upgrades provide more than 1 million gallons of stormwater storage capacity, helping reduce the burden on the local sewer system and alleviate flooding in the area. In Markham, we completed three green alleys which will help reduce flooding by retaining more than 90,000 gallons of stormwater.

This was also a major year of progress in green infrastructure investments at schoolyards. We engaged with our Space to Grow™ partners from the city of Chicago, Chicago Public Schools, Openlands and Healthy Schools Campaign to complete seven schoolyards in 2025, and we launched five more to be completed in 2026. These schoolyards give children a place to play while also capturing millions of gallons of stormwater each time it rains, thanks to new and improved permeable surface areas. In 2025, we expanded our schoolyard work to the suburbs, breaking ground on an inaugural program with a new schoolyard at Burnham Elementary School in Burnham.

## **Diversity, equity, environmental justice and inclusion**

Our commitment to an inclusive workforce and vendor outreach was strengthened in 2025. We hosted the Small Business Summit with over 300 guests and 55 exhibitors, welcomed new vendors and increased representation across our contracting and employment strategies. These efforts support not only operational excellence but broader community trust and participation. We began the process of modernizing contract compliance tracking and real-time monitoring of participation, workforce hours and goal attainment through a new software system. We also partnered with City Colleges of Chicago to establish an inaugural Wastewater Technology Certificate Program to recruit future workforce talent.

## **Celebrating culture**

In 2025, we celebrated two remarkable milestones: 125 years since the reversal of the Chicago River and 50 years of the Egan Water Reclamation Plant. These anniversaries highlight our enduring legacy of improving water quality and renewing communities, including helping make the Chicago River Swim possible for the first time in a century. Throughout the year, we honored our workforce and the communities we serve with

heritage month observances, flag-raising ceremonies, and open house events. Celebrating culture and history strengthens the connection between our mission and the people of Cook County.

### **Community engagement**

This year's open house events, facility tours, and outreach forums welcomed residents, students and stakeholders to learn about wastewater treatment, stormwater management, river ecology and infrastructure. The more our community understands our work, the more effective our partnership becomes. We welcomed international delegations from the Czech Republic, Denmark, Germany, Italy, New Zealand, Singapore and water professionals from all over the world to tour our facilities and exchange knowledge. Our Community Partnership Councils (CPCs) continue to provide a vital two-way voice between the MWRD and the communities near our facilities. In 2025 we expanded CPC participation at our Stickney Water Reclamation Plant and began shaping new project engagement models that start at the planning phase rather than after design. Lastly, our Overflow Action Day Alerts in partnership with Friends of the Chicago River have become a national outreach model in promoting water conservation; the City of Chicago's Office of Emergency Management and media outlets across the region, which include CBS 2, NBC 5, ABC 7, WGN-TV, WBBM-AM, WTTW, the *Chicago Sun-Times* and *Chicago Tribune*, helped amplify our Overflow Action Day Alerts to ensure residents received timely information.

### **Financial stewardship**

Our fiscal discipline provides the foundation for everything we do. We maintained strong credit ratings and transparent financial reporting. In November Fitch Ratings reaffirmed our AAA credit rating, while we maintained AA+ rating from S&P Global Ratings. In 2025, we also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the 49th consecutive year. We were also proud to report that our Other Post-Employment Benefits (OPEB) Trust is fully funded, thanks to solid investment returns and asset growth. This fiscal strength empowers us to pursue vital projects in water

quality, infrastructure, climate resilience, and community protection, ensuring affordability and accountability remain uncompromised.

### **Conclusion**

The achievements of 2025 reflect a convergence of mission driven investment, operational excellence, research infused innovation, community engagement and fiscal strength. As we move into the next chapter, the MWRD is well positioned thanks to our staff, our Board, our partners, and the public we serve. I extend my sincere thanks to each person and organization that has contributed to our success. Together, we will continue to protect and enhance the region's water environment and reduce flooding damages to provide a healthier future for all. Thank you for your continued trust and collaboration.



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**Metropolitan Water Reclamation District of Greater Chicago**

**Multi-Year Awards**

**1975-2024**

Government Finance Officers Association of the United States and Canada  
*Certificate of Achievement for Excellence in Financial Reporting/Annual Comprehensive Financial Report*

**1993-2024**

Government Finance Officers Association of the United States and Canada  
*Certificate of Achievement for Excellence in Financial Reporting Award for Retirement Fund's Annual Comprehensive Financial Report*

**1985-2025**

Government Finance Officers Association of the United States and Canada  
*Award for Distinguished Budget Presentation*

**2007-2024**

Government Finance Officers Association of the United States and Canada  
*Certificate of Achievement for Excellence in Financial Reporting Award for the Retiree Health Care Trust Fund's Annual Comprehensive Financial Report*

National Association of Clean Water Agencies (NACWA),  
formerly known as Association of Metropolitan Sewerage Agencies  
*NACWA Award for compliance with National Pollutant Discharge Elimination System*  
*Platinum Award for 28 consecutive years of full compliance for Lemont Water Reclamation Plant*  
*Platinum Award for 20 consecutive years of full compliance for James C. Kirie Water Reclamation Plant*  
*Platinum Award for 19 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant*  
*Platinum Award for 17 consecutive years of full compliance for Hanover Park Water Reclamation Plant*  
*Platinum Award for 11 consecutive years of full compliance for John E. Egan Water Reclamation Plant*  
*Gold Award for 5 consecutive years for Stickney Water Reclamation Plant*  
*Silver Award for Calumet Water Reclamation Plant*

**2003-2025**

National Institute of Governmental Purchasing  
*Quality Public Procurement Department (QPPD) Accreditation (formerly known as "Outstanding Agency Accreditation Award")*

**Individual Year Awards (partial listing)**

**2022**

American Society of Civil Engineers - Illinois Section  
*Sustainability in Civil Engineering Achievement Award for the Buffalo Creek Reservoir Expansion Project*

Friends of the Chicago River  
*Chicago River Blue Award for work on the Natalie Creek Flood Control Project*

Illinois Water Environment Association  
*Kari K. Steele, President, recipient of the Public Official of the Year Award presented to an elected or appointed public official that has made a documented significant contribution in the areas of clean water legislation, public policy, government service, or another area of public prominence that resulted in improvements to the water environment*

National Association of Clean Water Agencies (NACWA),  
formerly known as Association of Metropolitan Sewerage Agencies  
*National Environmental Achievement Award for Public Information and Education Video for "Where Does IT Go?" animation*

# Metropolitan Water Reclamation District of Greater Chicago

## 2022 (continued)

Peoples Gas  
*Energy Efficiency Award  
for the heat exchanger installation and boiler removal project at the Calumet Water Reclamation Plant*

Water Research Foundation  
*Outstanding Subscriber Award for Applied Research*

## 2023

American Public Works Association  
*Chicago Metro Chapter Suburban Branch: Public Works Project of the Year Award  
for Mount Prospect's Levee 37 Interior Drainage Stormwater Improvement Project  
and Skokie's Green Alleys Program  
and for the Flossmoor's Berry Lane Stormwater Improvement Project*

United States Patent and Trademark Office  
*United States Patent on Systems and Methods for Reducing Total Dissolved Solids (TDS)  
in Wastewater by an Algal Biofilm Treatment  
Joint Patent issued to the Iowa State University Research Foundation Inc., Ames, Iowa  
and the Metropolitan Water Reclamation District of Greater Chicago*

Water Environment Federation  
*Utility of the Future Today Recognition*

## 2024

American Society of Civil Engineers - Illinois Section  
*Outstanding Engineering Achievement Award in the \$25 million to \$100 million category  
for the Addison Creek Reservoir in Bellwood, Illinois*

International Water Association  
*Climate Smart Utilities Recognition Award, Most Inspiring Achiever Category*

National Association of Government Web Professionals  
*Pinnacle and Members Choice Award  
for City/County Custom Website Group*

## 2025

American Council of Engineering Companies of Illinois  
*2025 Honor Award for the Addison Creek Reservoir Project*

American Society of Civil Engineers - Illinois Section  
*2025 Outstanding Achievement Award in the \$25 million to \$100 million category  
for the West and Southwest Winnetka Stormwater Management Program in the Village of Winnetka*

Australia Patent and Trademark Office  
*2025 Australian Patent on Systems and Methods for Reducing Total Dissolved Solids (TDS)  
in Wastewater by an Algal Biofilm Treatment  
Certificate of Grant of Standard Patent Number 2020210809  
Joint Patent issued to the Iowa State University Research Foundation, Inc.  
and the Metropolitan Water Reclamation District of Greater Chicago*

Streeterville Organization of Active Residents  
*2025 Beautification Award  
for the renovation of the Nicholas J. Melas Centennial Fountain*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Metropolitan Water Reclamation District  
of Greater Chicago, Illinois**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2024

*Christopher P. Morill*

Executive Director/CEO



*Protecting Our Water Environment*

**Metropolitan Water Reclamation District of Greater Chicago**

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

**BOARD OF COMMISSIONERS**

Kari K. Steele  
*President*  
Patricia Theresa Flynn  
*Vice President*  
Marcelino Garcia  
*Chairman of Finance*  
Precious Brady-Davis  
Yumeka Brown  
Cameron Davis  
Beth McElroy Kirkwood  
Eira L. Corral Sepúlveda  
Sharon Waller

**Jacqueline Torres**

Clerk/Director of Finance

312.751.6500 f: 312.894.1104  
jacqueline.torres@mwr.org

May 8, 2026

To the Citizens of the Metropolitan Water Reclamation District of Greater Chicago and to the Financial Community:

The Annual Comprehensive Financial Report, of which this transmittal letter is a component, has been prepared in accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.13, for the fiscal year ended December 31, 2025. This statute requires that the Clerk/Director of Finance prepare and publish the financial statements and any other data necessary to reflect the true financial condition and operations of the Metropolitan Water Reclamation District of Greater Chicago (the District) within six months of the close of each fiscal year.

The Annual Comprehensive Financial Report's basic financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB). In accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.12, the District's basic financial statements for the period ended December 31, 2025, have been subject to an audit by independent accountants. The unmodified opinion of CliftonLarsonAllen LLP has been included in the Financial Section of this report.

District management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in accordance with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute assurance, that the financial statements will be free from material misstatement. Management understands the risks of financial processing and has implemented procedures to evaluate the effectiveness of these controls. District management and Internal Audit staff continually evaluate the internal control structure.

Both the investment community and taxpayers rely on the Annual Comprehensive Financial Report for basic information about the District, its past performance, current financial condition, future plans, and services provided. Financial data and the facts contained herein create an indispensable profile for potential bond investors. Taxpayers can, with full confidence, assess the level, efficiency, and effectiveness of the services provided and the related costs.

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

## MISSION STATEMENT

The District will protect the health and safety of the public in its service area, protect the quality of the water supply source (Lake Michigan), improve the quality of water in watercourses in its service area, protect businesses and homes from flood damages and manage water as a vital resource for its service area. The District's service area is 882.1 square miles of Cook County, Illinois. The District is committed to achieving the highest standards of excellence in fulfilling its mission.

## BACKGROUND

The District was originally organized as the Sanitary District of Chicago in 1889 under an act of the Illinois General Assembly. The enabling act was in direct response to a typhoid and cholera epidemic. The District reversed the flow of the Chicago and Calumet River systems to divert contaminated water from Lake Michigan so it could be diluted as it flowed downstream into the Mississippi River. Subsequently, the District built collection treatment facilities to treat sewage in an environmentally effective manner.

The District operates primarily within the boundaries of Cook County. Although the District exercises no direct control over wastewater collection and transmission systems maintained by cities, towns, and villages in Cook



*The multi-award winning Metropolitan Water Reclamation District of Greater Chicago is headed by the Board of Commissioners who determine its policies. (Front row, L to R) Vice President Patricia Theresa Flynn, President Kari K. Steele, Chairman of Finance Marcelino Garcia (Back row, L to R) Commissioner Yumeka Brown, Commissioner Beth McElroy Kirkwood, Commissioner Sharon Waller, Commissioner Precious Brady-Davis, Commissioner Cameron Davis and Commissioner Eira L. Corral Sepúlveda.*

County, it does control municipal sewer construction by permits in suburban Cook County. Furthermore, the District provides the main sewer lines for the collection of wastewater from local sewer systems together with the treatment and disposal thereof. Combined sewage and stormwater runoff is stored, treated, and released using District facilities. The District owns and operates 7 water reclamation plants (WRP) and 23 pumping stations that treat an average of 1.1 billion gallons of wastewater each day. The District controls approximately 76 miles of navigable waterways that serve as headwaters of the Illinois Waterway system. Stringent federal and state standards require that the District's wastewater treatment processes keep the waterways free of pollution. The District monitors industries in Cook County to assure that hazardous substances not suitable for a sewer are disposed of in an environmentally responsible way that complies with applicable laws.

## **REPORTING ENTITY**

The District is governed by a nine-member Board of Commissioners, elected at large for six-year terms. The terms are staggered so that three commissioners are elected every two years. The Executive Director, who is appointed by the Board of Commissioners, manages and controls all District operations and serves as the Chief Executive Officer.

The District is a separate legal entity sharing an overlapping tax base with the City of Chicago, the Chicago Board of Education, the County of Cook, the Cook County Forest Preserve District, the Chicago Park District, the Chicago Public Building Commission, the City Colleges of Chicago, and various municipalities and school districts outside the City of Chicago but within the District's boundaries. However, these governments do not meet the established criteria for inclusion in the reporting entity and are therefore excluded.

## **MAJOR INITIATIVES**

### ***Improve Water Quality***

In 2025, the District cost-effectively collected and treated approximately 384.9 billion gallons of wastewater from businesses and homes and captured stormwater runoff from its service area. Our performance for treating this wastewater approaches 100 percent compliance with all applicable effluent standards at all water reclamation plants. The District has begun planning, design, and construction of additional facilities required to comply with new Phosphorus effluent permit limits at our seven Water Reclamation Plants. The permit compliance dates become effective at various times throughout an eight-year period.

### ***Provide Stormwater Management***

Flooding continues to be the number one issue facing the District. The Stormwater Management Program is aggressively working to minimize flood damage by partnering with municipalities or other governmental entities to construct local and regional flood control projects, green infrastructure (GI) projects, and acquire flood-prone properties.

The District has made significant investments in developing over 260 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 18,000 homes, businesses and critical infrastructure. Below are several examples of projects under construction or completed in 2025.

- Addison Creek Channel Improvements Projects
- Flood Control Project on Midlothian Creek in Robbins

In 2025, the District continued construction of the Addison Creek Channel Improvements Project in the communities of Northlake, Stone Park, Melrose Park, Bellwood, Westchester, and Broadview. The channel improvements include a mix of natural design, gabion baskets, soldier pile walls, concrete, riprap, articulated concrete blocks, vegetation clearing and removal of three bridges. When completed, the Addison Creek Reservoir and Channel Improvement projects will reduce flooding to approximately 2,200 structures along Addison Creek.



*Construction progresses at the Robbins Heritage Park and Midlothian Creek Restoration Project site in June. The project will help address overbank flooding through a new stormwater park and pond, along with improvements to Midlothian Creek and an overflow channel that connects to the Cal-Sag Channel.*

Construction of the first phase of the Robbins Heritage Park project, a Diversion Channel for Flood Control Project on Midlothian Creek in Robbins was completed in 2024. The Diversion Channel and the second phase, the Flood Control Project on Midlothian Creek will help address overbank flooding in Robbins through a new stormwater park and pond, along with improvements to Midlothian Creek and the overflow channel that connects to the Cal-Sag Channel. The second phase of the Robbins Heritage Park project reached substantial completion in 2025. As a result of these projects, 92 structures will be protected from frequent flooding.

Construction of the Suburban Green Schoolyard Pilot Project 1 in Burnham commenced in Fall 2025 and will be completed in 2026. This project will transform Burnham Elementary School's schoolyard into a vibrant and sustainable space by installing green infrastructure and other site amenities.

On October 3, 2013, the District's Board of Commissioners adopted the Watershed Management Ordinance (WMO), which replaced the Sewer Permit Ordinance and established uniform, minimum, county-wide stormwater management regulations for new development and redevelopment in Cook County. Components regulated under the WMO include stormwater runoff, volume control, detention, floodplain management, isolated wetland protection, riparian environment protection, qualified sewer, and soil erosion and sediment control. The WMO became effective on May 1, 2014. The stormwater management regulations of the WMO serve to prevent the flooding situation in Cook County from worsening through development or redevelopment. Over 3,600 WMO permits have been issued to date. Since the development of the WMO, the District has conducted numerous training events in addition to presenting at various seminars and conferences hosted by professional organizations.

### ***Provide flood protection with Tunnel and Reservoir Plan and Green Infrastructure***

The primary goals of TARP are as follows: protect Lake Michigan, the area's primary source of drinking water from polluted backflows; eliminate waterway pollution caused by combined sewer overflows (CSOs); and provide an outlet for flood waters to reduce basement sewage backups. Phase I of TARP consists of 110 miles of deep rock tunnels designed to capture 2.3 billion gallons of the first flush of sewage contaminated stormwater from combined sewers which had previously flowed into the area waterways.

The flood control segment of TARP, Phase 2, consists of three storage reservoirs to serve as outlets for the Phase 1 tunnels and contain the CSOs until they can be cleaned at the water reclamation plants. The three reservoirs - Gloria Alitto Majewski, Thornton, and McCook - will provide 17.5 billion combined gallons of storage for CSOs that otherwise would spill into local waterways, degrading the water quality and causing flooding. The Gloria Alitto Majewski Reservoir, the smallest of the three, was completed in 1998 and has prevented over 8.0 billion gallons of CSO from entering the waterways through the end of 2025, mitigating potential flood damages. The Thornton Composite Reservoir became operational in 2015 and, through the end of 2025, more than 64.6 billion gallons have been captured during 190 fill events mitigating potential flood damages. The first stage of the McCook Reservoir was completed in 2017 and the second stage will be completed in 2032. Through the end of 2025, more than 140 billion gallons have been captured by the first stage reservoir with over 323 fill events. Once completed, McCook Reservoir will provide additional flood reduction benefits to its residents. The combined engineering, construction and land rights cost for all three reservoirs is estimated at \$1.5 billion, with the United States Army Corps and the District providing approximately \$550 million and \$950 million, respectively.

The District and the U.S. Department of Justice entered into a consent decree in 2014. The consent decree provides an enforceable schedule for implementing the District's Tunnel and Reservoir Plan, which will result in a significant decrease in the volume of water discharged to the waterways from combined sewer overflows in Cook County, along with dramatically reducing the potential for flooding. Appendix E of the consent decree is designed to foster the use of green infrastructure controls to reduce the amount of stormwater that flows into the sewer systems during a storm and required the District to develop a Green Infrastructure Program Plan, which was approved by the Environmental Protection Agency in 2015. In 2014, the District partnered with Chicago Public Schools system (CPS) and the Chicago Department of Water Management (CDWM) to incorporate stormwater retention at four elementary schools while reconstructing substandard playgrounds under a program known as Space to Grow. The projects serve to educate the public on the importance of stormwater management and the value of green infrastructure to reduce basement backup flooding. The success of this project led the District, CPS, and CDWM to agree to partner on 30 more schools from 2015 through 2025 through subsequent agreements and are planning to construct three additional Space to Grow sites in 2026.

Since 2015, the District advanced 86 green infrastructure projects through 2024. These projects ranged from permeable pavement parking lots and rain gardens to green roofs and green alleys. To accomplish this, the District partnered with other governmental organizations, providing technical and funding resources towards green infrastructure improvements to assist communities in addressing urban flooding issues and promote the use of GI in the region. The District's Green Infrastructure Partnership Program affords governmental organizations (i.e. municipalities, townships, and various agencies) within its corporate boundaries the opportunity to apply for funding assistance for Green Infrastructure projects. In 2025, 13 additional green infrastructure projects were constructed, including five Space to Grow projects, providing over four million gallons of design retention capacity.

To date, the District has worked to construct more than 20,000,000 gallons of design retention capacity through green infrastructure projects throughout its service area.

### ***Maintenance of Facilities and Infrastructure***

The District owns and operates 7 water reclamation plants, 560 miles of intercepting sewers and force mains, 110.4 miles of TARP tunnels, 23 pumping stations, 34 flood control reservoirs, and 3 TARP reservoirs. Through preventative maintenance management, modernization, rehabilitation, and planned replacement, the District will ensure the long-term reliability and cost-effectiveness of operations. To aid planning and prioritize projects for both near term and long term, the District implemented procedures for project vetting and Long-Term Capital Plan evaluation.



# TUNNEL and RESERVOIR PLAN PROJECT STATUS

Figure 1



**TUNNELS & RELATED FACILITIES**

System	Construction Costs*	Miles (All Completed)
Mainstream	\$1,142	40.5
Calumet	657	36.7
Upper Des Plaines	64	6.6
Des Plaines	469	26.6
<b>TOTAL</b>	<b>\$2,332</b>	<b>110.4</b>

**RESERVOIRS**

Designation	Total Costs*	Storage Capacity (Billion Gallons)	
		Total	Completed
McCook	\$1,029	10.00	3.50
Thornton	450	4.80	4.80
Majewski	45	0.35	0.35
<b>TOTAL</b>	<b>\$1,524</b>	<b>15.15</b>	<b>8.65</b>

\*in millions

- LEGEND**
- Tunnel (Completed)
  - Water Reclamation Plant
  - Pumping Station (On-line)
  - Storage Reservoir Phase II/CUP (Completed)
  - Storage Reservoir Phase II/CUP (Under Construction)

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO  
ENGINEERING DEPARTMENT

Many of the District's plants and interceptor sewers were placed in service over 50 years ago. In order to maintain continuous operations, the District has initiated a Capital Improvements Plan to replace physically deteriorating facilities through rehabilitation, alteration, or expansion. As discussed in the MD&A, condition assessments required under the modified approach alert management to the need for maintenance and preservation projects for its infrastructure assets.

## RESOURCE RECOVERY

The District understands the obligation to implement sustainable practices and has maintained that focus by investing in research and development of resource recovery programs. The current sustainability effort is focused on recovering phosphorus, biosolids, water, and energy.

### *Phosphorus*

The District had voluntarily sought a phosphorus discharge limitation in our National Pollutant Discharge Elimination System (NPDES) permits and had decided we would pursue achieving this through our biological process. In keeping with one of the District's objectives, sustainability, the District pursued the recovery of phosphorus at the Stickney WRP. In partnership with Ostara Nutrient Recovery Technologies, startup of the world's largest nutrient recovery facility occurred in May 2016 and is currently in operation, utilizing District forces. Phosphorus and nitrogen are recovered from the plant's liquid waste stream and turned into a high-value fertilizer, which is marketed and distributed. All construction related to this facility was completed in 2019. Phosphorus and nitrogen recovery will provide significant environmental benefits. By taking this approach, the District is recovering a non-renewable resource and placing it back into the food cycle, rather than letting it be diluted and lost to the water environment.

In fulfillment of the special provisions of the O'Brien Water Reclamation Plant's (OWRP) NPDES permit, the District has created an Algae Research Facility at the OWRP. This facility carries out research on treatment technologies using algae to recover phosphorus from the wastewater. Algae treatment technology has several advantages over the traditional chemical precipitation approach including the ability to recover and reuse the phosphorus, the ability to generate revenue through sale of the harvested algae as a raw material for sustainable commodity products, sequestration of atmospheric carbon dioxide, and use of natural energy from sunlight. The District's research group completed a study of a technology called the revolving alga biofilm reactor (RAB), that cultivates algae to recover nutrients. The study showed promising results, so the District proceeded to install a larger RAB unit that would be considered a "full-scale module," with the goal of testing the nutrient uptake performance of the unit on plant effluent. The full-scale module was installed in 2018, then rebuilt with improved design features in late 2019. The District's research group is conducting studies to determine the performance of the unit on nutrient uptake, algae biomass production, performance with and without artificial augmentation, and the effects of seasonal variations on performance. In 2020, the research team in collaboration with the National Renewable Energy Laboratory (NREL) received a \$240,000 grant from the Department of Energy to conduct further research that aims to characterize algae, including cyanobacteria, from the District's ongoing pilot studies using RAB technology to remove and recover nutrients from wastewater at the OWRP, with a goal of demonstrating enhanced phosphorus removal with RAB, using native and laboratory-developed non-genetically modified (non-GMO) cyanobacteria. Currently, NREL is working to develop algal strains and few of the hyper-accumulative strains were tested at the OWRP in 2021. Recent research indicates that select algal strains exhibit enhanced phosphorus uptake under RAB operation. These findings are being used to refine projected performance, life-cycle cost considerations, and design criteria for potential future implementation at OWRP, consistent with the District's objectives related to nutrient management, resource recovery, and long-term planning. A design project was awarded to a consultant in late 2022 to design a new aeration battery (Battery E) with return activated sludge (RAS) fermentation at OWRP. RAS fermentation will enhance biological phosphorus removal. Design has been completed on a project to install a RAS fermenter in Battery D and construction is currently underway. Design was completed, and construction is underway, for a chemical phosphorus removal system for the existing and future aeration batteries which will reduce phosphorus in the plant's final effluent and allow time to rehabilitate Batteries A, B, and C, which have been in service since 1928. Rehabilitation plans, currently in the conceptual design stage, include RAS fermentation for each battery, which will ultimately reduce chemical use upon completion in the mid-2030s.

In 2022, two projects were awarded by the Engineering Department to provide chemical phosphorus removal. The Chemical Addition Backup System at Stickney WRP, awarded in March, will supplement the biological phosphorus removal currently in place, and allow the plant to meet the 0.5 mg/L NPDES limit under all conditions, even if influent loading spikes. This project has a projected completion date in May of 2026. A contract to install mixers in the Battery B Aeration Tanks to improve biological phosphorus removal was awarded in November 2024 with a projected completion in August 2027.

The Chemical Phosphorus Removal Facility at the Calumet WRP, awarded in August 2022 and placed in service in February 2025, utilizes ferric chloride to remove phosphorus to the NPDES limits. Additional experimental work to determine the most economically effective method of biologically removing phosphorus from the Calumet influent stream, conducted by the District's M&R Department, will continue.

The Chemical Phosphorous Removal Facility at the O'Brien WRP was awarded in April 2025. This installation will utilize alum to remove phosphorous to the NPDES limits by June 2027. A project currently under construction is installing a RAS fermenter tank in Battery D and making additional modifications in that battery to implement biological phosphorous removal. An entirely new secondary treatment Battery E, including biological phosphorous removal, is currently under design and will be awarded in 2026. Further work will make significant modifications to Batteries A, B, and C to implement biological phosphorous removal in those batteries.

The Chemical Phosphorous Removal Facility project at the Kirie WRP was awarded in July 2025. This installation will utilize ferric chloride to remove phosphorous to the NPDES limits by August 2026. A biological phosphorous removal system currently under design for this plant, intended for award in early 2026, will expand on the existing Bio-P installation.

### ***Biosolids***

Due to changes in Illinois law, the District can sell Exceptional Quality (EQ) biosolids, and an EQ biosolids blend that is composted with wood chips, to the general public. By taking this approach, the District is recovering a non-renewable resource and placing it back into the food cycle, rather than letting it be diluted and lost to the water environment. Biosolids can be used almost anywhere that chemical fertilizers are used. The District can also reduce its carbon footprint by reducing significant vehicle traffic as organics will no longer need to be hauled to landfills. The District offers EQ compost for no charge to residents, non-profit organizations, and governmental agencies within Cook County.

### ***Water***

Efforts have been focused on reuse applications for the high quality water produced at the plants and the capture and reuse of stormwater. The District has sold small quantities of water for industrial reuse from the Stickney WRP and are seeking larger customers in the Calumet and Stickney industrial corridors. The District is also researching technologies using algae as a means to recover nutrients from wastewater. The algae can be used in a sustainable manner such as compost, aquaculture food supplement, bio plastics, and commercial dyes.

In the fiscal year ending 2025, the District advanced its strategic focus on sustainable water management through Board-level action on water reuse. On July 17, 2025, the Board of Commissioners adopted a resolution affirming the importance of water reuse and outlining a phased plan to evaluate and pursue viable non-potable reuse opportunities. This action formalized the District's commitment to identifying reuse markets, advancing pilot projects, and securing external funding. Subsequently, on November 6, 2025, the Board authorized continuation of the District's institutional affiliation with the WateReuse Association, reinforcing its engagement with national water reuse policy and collaboration efforts. These actions build on the District's longstanding Resource Recovery Ordinance framework, which provides regulatory authority for beneficial reuse of wastewater resources.

### ***Energy***

The anaerobic digesters at the Stickney, Calumet, Egan, and Hanover Park Water Reclamation Plants (WRPs) produce biogas as a natural byproduct of the digestion process. Biogas contains methane gas, which is currently used as fuel for the WRPs boilers and the biosolids pelletizer at the Stickney WRP. The Stickney WRP currently utilizes nearly all of the biogas it produces. Once the new Westside primary settling tanks are fully online, the Stickney WRP is projected to have an increase in biogas production, and solutions to optimize utilization are being evaluated. A project at SWRP Digesters 1-12 to upgrade the electrical distribution system, increase biogas capture, reduce the

possibility of gas loss through leakage, and other work, was awarded in late 2023. A project to replace three existing boilers at SWRP with new units which can simultaneously fire on a combination of digester and natural gas has been awarded and is currently under construction. A design/build contract for a combined heat and power system that operates using biogas at the Egan WRP was awarded in 2024 and is anticipated to be operational by 2026. A new boiler system designed to optimize the use of biogas at the Hanover Park WRP was awarded in late 2021. Construction is currently ongoing and is anticipated to be completed in 2026. Energy efficient turbo blowers to reduce energy consumption have been installed at the Hanover Park and Lemont WRP. M&O is anticipated to install new energy efficient turbo blowers at the Egan and Kirie WRPs in 2027. Other initiatives that are currently being examined for further reduction of energy consumption include improving aeration efficiency and replacing end-of-life, obsolete de-watering centrifuge equipment with modern, energy efficient equipment. The District is looking to maximize internal use of biogas, market electrical capacity at Lockport to maximize return on investment, and optimize the aeration processes to further reduce energy consumption.

## BUDGET PROCESS

The Board of Commissioners is required to adopt an annual budget no later than the close of the previous fiscal year. This annual budget serves as the foundation for the Metropolitan Water Reclamation District's financial planning and control. Annual budgets are prepared for the General Corporate, Construction, Capital Improvements Bond, Stormwater Management, and Debt Service Funds.

The District utilizes an Enterprise Resource Planning (ERP) computer system to provide budget control at the line item level for the General Corporate, Construction, and Stormwater Management Funds, at the fund level for the Debt Service Fund, and at the line-item class level for the Capital Improvements Bond Fund. All budget-relevant transactions are tested for the sufficiency of available appropriation before any obligations resulting from purchase requisitions, purchase orders, or contracts are formally recognized, or payments resulting from payroll or other expenditures are released.



*The goat and sheep herd returns to work at the Calumet Water Reclamation Plant in July, helping to maintain the native prairie landscape by eating invasive species like buckthorn in hard-to-reach locations that are difficult to mow.*

## ECONOMIC BASE OUTLOOK

The District's service area is sizable, encompassing 98 percent of the assessed valuation of Cook County. The Equalized Assessed Valuation (EAV) of the District increased 5.0 percent from 2023 to 2024, showing sustained growth for the eleventh straight year. Expectation is for this growth trend to continue with the increasing push to cultivate the tech industry, prompting both residents and companies to migrate inwards towards the urban core. Property tax revenue can be reduced by certain tax abatements entered into by Cook County. In fiscal year 2025, the estimated impact of these incentives to the District is approximately \$17,411,000 in reduced property taxes. The District operates a fiscally sound organization, reaffirmed by our AAA bond rating with Fitch Ratings and a AA+ bond rating with Standard & Poor's Global Ratings. Our finances are managed in a prudent manner, as evidenced by our excellent bond ratings, healthy fund balance, and continuing efforts to manage costs. To ensure that the District's finances remain healthy, projects are prioritized to ensure the best use of current funding, project base budget targets are used to assure funding above the base is tied to strategic initiatives, and resources are managed to ensure financial stability targets are met.

## FINANCIAL POLICIES

On July 16, 2020, the Board adopted two new policies that will promote opportunities for small business enterprises owned and operated by both members of the Lesbian, Gay, Bisexual and Transgender Business Enterprises, LGBTBE, and the Business Enterprise by Persons with Disabilities, BEPD.

In order to protect the strong financial position of the District, ensure uninterrupted services, and stabilize annual tax levies, the Board of Commissioners adopted the following policies on December 21, 2006 to enhance and maintain budgetary fund balances. The General Corporate Fund policy was amended on December 10, 2009. The Bond Redemption & Interest Funds Investment Income policy was amended on November 3, 2011. The Stormwater Management Fund policy was adopted on December 10, 2009 and amended on November 3, 2011 and January 7, 2016.

To ensure the long-term financial health of the pension program and other post-employment benefits, the Pension Funding Policy and the amended OPEB Advance Funding Policy were adopted on October 2, 2014. On April 22, 2022, the Governor signed Public Act 102-0707 allowing the District to issue up to \$600 million of Pension Obligation Bonds. The authorization has no sunset date and the unlimited tax bonds will be excluded from the debt service extension base limitations.

### ***General Corporate Fund***

- Corporate Fund undesignated fund balance as of January 1 of each budget year is to be kept between 12 percent and 15 percent of appropriations. The fund balance may be maintained by not fully appropriating prior year fund balances. This level of fund balance will ensure the District's ability to maintain all operations even in the event of unanticipated revenue shortfalls and provide time to adjust budget and operations.
- Corporate Working Cash Fund must be sufficient to finance 95 percent of the full annual expenditure of the Corporate Fund. This will be financed through transfers of surpluses from the Construction Working Cash Fund, direct tax levies, tax levy financed debt (Working Cash Bonds) and transfers of accumulated interest from other funds. This level of fund balance will continue financing the Corporate Fund in the event of delays in second installment real estate tax collections.
- Reserve Claim Fund balance will be targeted toward the maximum level permitted by statute, 0.05 percent of the Equalized Assessed Valuation (EAV), whenever economically feasible. This will be financed through tax levies at the maximum 0.5 cents per \$100 of EAV when economically feasible and financially prudent. This level of funding will protect the District in the event that environmental remediation costs cannot be recovered from former industrial tenants of District properties, catastrophic failure of District operational infrastructure or other claims. As the District is partially self-insured, adequate reserves are critical.



*The MWRD's Small Streams Maintenance Program crew removes a large blockage in Watersmeet Woods in October on the Skokie River where the east and middle forks of the North Branch of the Chicago River meet near Winnetka.*

The District will appropriate funds from the unassigned fund balance for emergencies as well as for other requirements that the District believes to be in its best interest. In the event that any of these specific component objectives cannot be met, the Executive Director will report this fact and the underlying causes to the Board of Commissioners with a plan to bring the fund balances back into compliance with policy within a two-year period. In order to maintain relevance, this policy will be reviewed every three years following adoption or sooner at the discretion of the Executive Director.

#### ***Stormwater Management Fund***

The maximum property tax levy of five cents per \$100 of EAV for the Stormwater Management Fund shall be allocated at a maximum two cents per \$100 of EAV to fund operations and maintenance expenditures and the remainder of the levy shall fund direct cash outflows for capital and capital related expenditures and the interest and redemption of general obligation bond issues for capital projects.

#### ***Capital Improvements Bond Fund Investment Income***

Investment earnings from the Capital Improvements Bond Fund resulting from all future bond issues will fund an equity transfer to the Bond Redemption & Interest Funds and may be used to abate property tax levies or for other corporate needs. This practice will also limit the payment of arbitrage rebates.

#### ***Bond Redemption & Interest Funds Investment Income (Debt Service Fund)***

Fund balances in the Bond Redemption & Interest Funds that might accumulate due to investment income will be identified and used to abate Bond Redemption & Interest property tax levies or for other corporate purposes. These abatements appropriately reduce property tax levies by the amount earned on invested balances above what is necessary for paying principal and interest due over the following 12 months, while still maintaining appropriate fund balances and when not required for other corporate purposes. This policy and the subsequent tax abatements

will assist in compliance with the Board of Commissioners' overall tax levy policy, which is not to exceed a five percent increase over the prior year, excluding the Stormwater Management Fund tax levy.

***Abatement of Interest Rate Subsidies from Build America Bond Issuances***

Interest reimbursement payments related to taxes levied for Build America Bond issuances will be presented to the Board of Commissioners for approval to abate, to be used for any lawful corporate purpose, or a combination thereof as determined as part of the annual budget process. Such abatement or alternative lawful use of the funds will be presented to the Board of Commissioners for approval prior to any abatement or use of reimbursement funds.

***Capital Improvements Bond Fund Accumulated Income***

Revenues that have accumulated in the Capital Improvements Bond Fund from investment income, royalties, grants, or State Revolving Fund revenues will primarily be used for capital projects. Capital projects are generally in the Capital Improvements Bond Fund; however, capital projects in the Construction or Corporate Funds of critical importance may be financed by transfers from this revenue source. These funds may be transferred to the Bond Redemption & Interest Funds to be used to abate property taxes or may be used for other corporate needs as necessary.



*Mining work continues on McCook Reservoir in Bedford Park where the MWRD is excavating approximately 220 billion pounds of rock using 150-ton haul trucks that carry the rocks to a rock crusher machine before dropping it to a nearly one-mile-long conveyor that moves the rock from the reservoir site, beneath I-55 Stevenson Expressway and the Des Plaines River to an existing quarry. When complete, the reservoir will have the capacity to capture up to 10 billion gallons of water to protect area waterways from pollution and mitigate flooding for communities serviced by combined sewer systems across 258 square miles.*

### ***Accounting Policies of Fund Balance***

The General Corporate Fund is a combination of the Corporate, Working Cash, and Reserve Claim Funds. In the General Corporate Fund, the District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, followed by committed amounts, and then assigned amounts. Unassigned amounts are used only after the other categories of fund balance have been fully utilized. In governmental funds, other than the General Corporate Fund, the District considers restricted amounts to have been spent last. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District will first utilize assigned amounts, followed by committed amounts, and then restricted amounts.

### ***Committed Fund Balance***

The District's Board of Commissioners shall establish, modify, or rescind a fund balance commitment by formal action of the Board of Commissioners.

### ***Assigned Fund Balances***

The Executive Director may assign amounts of fund balances to a specific purpose.

### ***Retirement Fund***

The District's Board of Commissioners adopted a Funding Policy recommended by the Retirement Fund Board of Trustees to ensure the long-term financial health of the pension program while balancing the interests of the employees, retirees, taxpayers, and the District. Progress toward the funding goal is determined in part by an actuarial projection to be performed by the Fund's actuary every three years. This triennial projection will calculate a consistent multiple through the year 2050 that (1) satisfies the statutory requirements every year and (2) achieves a funded ratio of 100% by 2050. The projection multiple will serve as a guide for determining employer contributions until the next projection is performed and the funded ratio calculated each year by the Fund actuary will serve as a benchmark to determine the progress toward the funding goal.

### ***OPEB Trust***

The OPEB Trust establishes a reserve that will help ensure the financial ability to provide health care coverage for District retirees and their beneficiaries in the future. The Advance Funding Policy for the OPEB Trust Fund, amended in October 2014, reflects a 100 percent funding goal to be achieved by 2027 with no further advance contributions required after 2026. The policy to increase the OPEB liability funding percentage helps to solidify the District's solid financial foundation and makes the retiree healthcare plan sustainable for the long-term.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Water Reclamation District of Greater Chicago for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. The Metropolitan Water Reclamation District achieved a milestone by obtaining this prestigious award for 50 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District has been presented with the award for Distinguished Budget Presentation by the GFOA for the annual budget for the year beginning January 1, 2025. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, financial plan, communications medium, and operations guide. The award, which is valid for a one year period only, has been received for 41 consecutive years.

## ACKNOWLEDGMENTS

Preparation of this report reflects the combined efforts of the dedicated professional personnel of the operating and support departments. Their expertise, enthusiasm, and unwavering focus on excellence are gratefully acknowledged. The general citizenry, in our opinion, may fully rely on the 2025 Annual Comprehensive Financial Report as a fair and accurate presentation, in all material aspects, of the financial position and operational results of the Metropolitan Water Reclamation District of Greater Chicago.

Respectively submitted,



Jacqueline Torres  
Clerk/Director of Finance



Andrew Dziadkowiec  
Comptroller



Protecting Our Water Environment

**Metropolitan Water Reclamation District of Greater Chicago**

100 EAST ERIE STREET

CHICAGO, ILLINOIS 60611-3154

312.751.5600

**BOARD OF COMMISSIONERS**

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Sharon Waller

May 8, 2026

**STATEMENT OF RESPONSIBILITY**

To the Citizens of the Metropolitan Water Reclamation District of Greater Chicago and to the Financial Community:

The Board of Commissioners and management of the Metropolitan Water Reclamation District of Greater Chicago assume full responsibility in presenting financial statements that are free from any material misstatements, and are complete and fairly presented in accordance with accounting principles generally accepted in the United States of America. To this end, the undersigned hereby state and attest, having reviewed these financial statements, to the best of their knowledge:

- The statements fairly present the financial position and changes in financial position of the Metropolitan Water Reclamation District of Greater Chicago, and its component units, for the fiscal year ended December 31, 2025, in accordance with accounting principles generally accepted in the United States of America; and
- The statements contain no untrue statement of material facts; and
- There are no omissions of material fact(s).

Kari K. Steele  
President

John P. Murray  
Executive Director

Jacqueline Torres  
Clerk/Director of Finance

Andrew Dziadkowiec  
Comptroller

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## II. FINANCIAL SECTION



*The MWRD Board of Commissioners and staff leaders visit the Illinois State Capitol. Commissioners met with Illinois Governor JB Pritzker and other legislators and hosted a reception at the Abraham Lincoln Hotel as part of the MWRD's Legislative Day in April.*



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Metropolitan Water Reclamation District of Greater Chicago

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Water Reclamation District of Greater Chicago (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and Retirement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Metropolitan Water Reclamation District Retirement Fund, which represent 74 percent, 78 percent, and 71 percent, respectively, of the assets/deferred outflows of resources, fund balance/net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Metropolitan Water Reclamation District Retirement Fund are based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit for the year ended December 31, 2025 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2025 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 GAAS. In our opinion, the combining and individual statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2025.

Other auditors previously audited, in accordance with GAAS, the basic financial statements of the District as of and for the year ended December 31, 2024, (not presented herein), and issued their report thereon dated May 9, 2025 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The combining and individual statements and schedules for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In the other auditors' opinion, the combining and individual statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2024.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical and Demographic Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

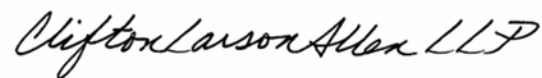
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Report on Summarized Comparative Information**

Other auditors previously audited the District's December 31, 2024, financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated May 9, 2025. In the other auditors' opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Chicago, Illinois  
May 8, 2026

## Management's Discussion and Analysis (MD&A) - Unaudited

Year ended December 31, 2025

Metropolitan Water Reclamation District of Greater Chicago

The Metropolitan Water Reclamation District of Greater Chicago (“District”) is providing Management’s Discussion and Analysis (MD&A) to assist the readers in understanding the financial information presented in this report. The MD&A includes a discussion of the basic financial statements and their relationship to each other. It also offers an analysis of the District’s financial activities at both the government-wide and fund levels, based on known facts, and compares the current year’s results to the prior year’s. A budgetary analysis of the District’s General Corporate Fund is provided, as well as an analysis of capital assets and debt activity. Finally, the MD&A concludes with a discussion of issues that are expected to be significant to the District’s finances.

The MD&A should be read in conjunction with the Clerk/Director of Finance’s transmittal letter and the basic financial statements.

### 2025 FINANCIAL HIGHLIGHTS

- The District’s government-wide net position is \$5,593,091,000. This is attributed to the District’s positive balance of \$5,282,321,000 in net investment in capital assets.
- The District’s government-wide net position increased by \$45,357,000. Government-wide net position is a long-term view of the finances of the District. This increase in net position is related to continued investment in the District’s infrastructure while continuing to pay the debt obligations used to finance that infrastructure.
- The District’s combined fund balances for its governmental funds at December 31, 2025 totaled \$1,046,466,000, a decrease of \$233,139,000 from the prior year. The decrease is primarily attributable to a decrease in tax revenues of \$149,132,000. Property tax receipts were significantly delayed from Cook County, causing a decrease in property tax revenue in the governmental funds. The remainder of the decrease in fund balances is attributed to increased construction costs, claims, and healthcare costs which are all explained in the Key Financial Comparisons section on page [40](#).
- The District’s government-wide assets increased \$4,519,000 from the prior year. Favorable investment results created an OPEB asset of \$14,703,000. Capital assets increased \$5,785,000. Short-term assets decreased \$15,969,000 from the prior year as there was less cash available to invest because of the delayed property tax revenue.
- The District’s government-wide liabilities decreased by \$168,008,000 in 2025. The predominant causes for this change are the decrease in bonds payable of \$72,155,000 for payments on general obligation debt. There were also decreases in both the OPEB and Pension Liabilities of \$11,698,000 and \$65,462,000, respectively, due to favorable market conditions.

### DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The District’s basic financial statements include both a short and long-term view of its financial activities. The focus is on both the District as a whole (government-wide) and on major individual funds. The District’s basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. In addition to the basic financial statements, the financial section of this report includes Required Supplementary Information (RSI) and Combining and Individual Fund Statements and Schedules.

**Government-wide financial statements.** The government-wide financial statements are provided to give readers a long-term overview of the District’s finances, similar to a private-sector business. Government-wide statements consist of the Statements of Net Position and Statements of Activities, and are prepared using the accrual basis of

accounting and the economic resources (long-term) measurement focus. They include all the District's governmental activities; there are no business-type activities. The fiduciary funds' resources are restricted for employee pensions and other post-employment benefits and are not available to support the operations of the District. The fiduciary funds are not reported in the government-wide financial statements. Due to the implementation of GASB 68 *Accounting and Financial Reporting For Pensions* and GASB 75 *Accounting and Financial Reporting For Postemployment Benefits other than pensions* (OPEB) the District recognizes the assets and liabilities for Pension and OPEB.

The Statements of Net Position report the financial position of the District as a whole, presenting all the assets and liabilities (including capital assets and long-term obligations), with the difference between the assets and deferred outflows of resources less liabilities and deferred inflows of resources representing net position. The increase or decrease in net position over time can serve as a useful indicator of whether the financial position of the District is improving or worsening.

The Statements of Activities report the operating results of the District as a whole, presenting all revenues and expenses of the District and the change in net position. The Statements of Activities include revenues earned in the current fiscal year that will be received in future years (revenue for uncollected taxes), and expenses incurred for the current year that will be paid in future years (expenses for accumulated, but unused, compensated absences). Revenues are segregated as general revenues and program revenues. General revenues include taxes, interest on investments, and all other revenues not classified as program revenues. Program revenues include charges for services (e.g. user charges, land rentals, lease revenue, fees, forfeitures, and penalties) and capital grants. Depreciation for depreciable capital assets is recorded as an expense in this statement.

**Fund financial statements.** The District uses fund accounting to demonstrate compliance with finance-related legal requirements. For this purpose, a fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives.

The fund financial statements include information segregated between the District's governmental funds and its fiduciary funds. The governmental funds are used to account for the day-to-day activities of the District, while the fiduciary funds account for employee pensions (Pension Trust Fund) and other post-employment benefits (OPEB Trust Fund). The Governmental Funds Balance Sheets and Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balances focus the reader's attention on the short-term financial position and results of operations, respectively, using the modified accrual basis of accounting. They also include budgetary statements for the General Corporate Fund and the Retirement Fund that compare the original and final budget amounts to actual results. This statement is provided to demonstrate compliance with the budget.

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position report the net position available for future pension and OPEB benefits and the change in net position, respectively. The fiduciary financial statements utilize the accrual basis of accounting, similar to that used for the government-wide financial statements.

**Reconciliation of governmental fund financial statements to government-wide financial statements.** Reconciliations are required to explain the differences between the fund and government-wide financial statements because the short-term focus of governmental fund financial statements is narrower than the long-term government-wide financial statement focus. As a special purpose government, the District has elected to present the reconciliation by combining the presentation of the governmental fund statements with the government-wide statements. The Governmental Funds Balance Sheets are reconciled to the Statements of Net Position in a combined financial statement presentation (Exhibit A-1). The Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances are reconciled to the Statements of Activities in a combined financial statement presentation (Exhibit A-2).

## Management's Discussion and Analysis (MD&A) - Unaudited

Year ended December 31, 2025

**Notes to the basic financial statements.** The basic financial statements include notes that provide additional disclosure to further explain the financial data provided in the basic financial statements.

### KEY FINANCIAL COMPARISONS

**Property taxes.** The primary source of revenue for the District is ad valorem property taxes. All District funds, with the exception of the District's Capital Improvements Bond Fund, derive their revenues primarily from property taxes. There was a \$21,355,000 increase in tax revenue as shown on page 43. This increase is reported using accrual basis of accounting and can be explained by the increase in the property tax levies. There was a decrease of property tax revenue in the governmental funds due to timing of collections.

**Personal property replacement tax.** (PPRT) provides income tax revenue from corporations, partnerships, and invested capital of public utilities. In 2025, PPRT decreased by \$9,841,000 compared to the prior year due to adjustments made by the Illinois Department of Revenue to more accurately estimate future allocations.

**Program revenue.** User Charge revenues increased \$2,950,000 as shown on page 43. User charge revenue is another economically sensitive revenue that correlates directly to industrial activity in the service area. Increased discharge volumes generated approximately \$1,600,000 of growth with Ingredion Inc. responsible for \$1,100,000 and Pullman Innovations adding another \$400,000. The introduction of a new User, Applied Protein Systems, contributed \$1,000,000, while rate adjustments accounted for \$400,000. Land rental revenues decreased \$1,592,000 due to capitalization of certain lease receipts. Although total collections increased by \$1,560,000, the reclassification of \$3,152,000 to capital lease revenue resulted in a net decline.

**Capital grants.** Grants and grant-related revenue decreased by \$15,966,000 as shown on page 43 primarily due to the conclusion of a reimbursement program administered by the U.S. Army Corps of Engineers for the Thornton Composite Reservoir project which accounted for \$19,500,000 of the decline. Federal grant receipts increased by \$3,500,000. Grant revenues remain subject to federal funding availability and legislative priorities, contributing to year-to-year variability.

**Construction costs.** The increase in construction costs of \$143,500,000, as shown on page 43, is caused by \$95,000,000 in increased infrastructure investment and \$45,577,000 associated with acceleration of major capital projects. These projects include 10-047-3S North Shore 1 Rehabilitation, 06-360-3SR Upper Des Plaines 14B Rehabilitation, 01-103-AS 39th Street Conduit Rehabilitation Phase II, and 20-161-3S Salt Creek Interceptor Sewer #3 Rehabilitation.

**Pension costs.** The pension cost decreased \$50,453,000, as seen on page 43 primarily due to favorable investment performance in 2025. Contributions to the Pension Trust Fund decreased by \$9,234,000 from the prior year. The remainder of the pension expense includes employee service cost, interest, differences between expected and actual investments, and administrative expenses. A detailed table of these additional items can be found in Note 7, Pension Plan.

**Claims and judgments.** The \$12,396,000 increase in claims and judgments expense, on page 43, is mostly due to the construction costs connected to the severe flooding event at the Main Office Building Annex. The increases in costs from the flood were approximately \$10,000,000. The remaining increase reflects changes in employee claims, construction claims, and environmental remediation estimates.

**Employee costs.** The District's employee-related expenditures on page 45 consist of employee base salaries and overtime pay, employee benefits, including social security, Medicare, health, dental and life insurance, tuition, training, mileage, and other travel expenses. The District's employee-related expenditures are the largest single cost of the General Corporate Fund, comprising 57.5% of the total outlays for 2025. The 8.6% increase in employee costs

of \$22,611,000 is the result of substantial increases in prescription drug costs, a significant increase in PPO and HMO claimants and hospitalization costs.

**Energy costs.** Energy costs in the General Corporate Fund decreased by \$12,690,000 or 19.7%, as shown on page [45](#). Energy costs consist of electricity and natural gas. Changes in operational factors at the water reclamation plants cause variations in the electricity and natural gas accounts. The decrease in electricity costs were primarily due to a lower electricity supply rate, declining from \$0.05422 per KWH in 2024 to \$0.04433 per KWH in 2025, as well as reduced overall consumption in 2025. Electricity costs decreased by \$13,080,000 while natural gas costs increased by \$390,000.

**Solids and waste disposal costs.** The increase of \$4,869,000 is primarily due to costs associated with two contracts: Beneficial Reuse of Biosolids from the Lawndale Avenue Solids Management Area and Utilization and Transportation of Air Dried Biosolids from the Calumet and Lawndale Avenue Solids Management Areas.

# Management's Discussion and Analysis (MD&A) - Unaudited

Year ended December 31, 2025

## ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2025 and 2024, is presented in the following schedule (in thousands of dollars):

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Assets:				
Current and other assets	\$ 2,310,137	\$ 2,326,106	\$ (15,969)	(0.7)%
Capital assets	7,896,378	7,890,593	5,785	0.1
Net OPEB Asset	14,703	—	14,703	100.0
Total assets	<u>10,221,218</u>	<u>10,216,699</u>	<u>4,519</u>	<u>0.04</u>
Deferred Outflows of Resources:				
Deferred amounts related to pension	304,476	426,597	(122,121)	(28.6)
Total deferred outflows of resources	<u>304,476</u>	<u>426,597</u>	<u>(122,121)</u>	<u>(28.6)</u>
Liabilities:				
Current liabilities	262,657	267,648	(4,991)	(1.9)
Long-term liabilities:				
Due within one year	171,690	168,854	2,836	1.7
Due in more than one year	4,078,964	4,244,817	(165,853)	(3.9)
Total Long-term liabilities	<u>4,250,654</u>	<u>4,413,671</u>	<u>(163,017)</u>	<u>(3.7)</u>
Total liabilities	<u>4,513,311</u>	<u>4,681,319</u>	<u>(168,008)</u>	<u>(3.6)</u>
Deferred Inflows of Resources:				
Deferred inflows related to leases	359,601	346,695	12,906	3.7
Deferred inflows for other pension and OPEB amounts	53,655	60,025	(6,370)	(10.6)
Gain on prior debt refunding	6,036	7,523	(1,487)	(19.8)
Total deferred inflows of resources	<u>419,292</u>	<u>414,243</u>	<u>5,049</u>	<u>1.2</u>
Net Position:				
Net investment in capital assets	5,282,321	5,257,048	25,273	0.5
Restricted	931,626	904,903	26,723	3.0
Unrestricted (Deficit)	(620,856)	(614,217)	(6,639)	1.1
Total net position	<u>\$ 5,593,091</u>	<u>\$ 5,547,734</u>	<u>\$ 45,357</u>	<u>0.8 %</u>

The above schedule reports that the District's net position totaled \$5,593,091,000 at December 31, 2025, which represents the amount by which the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion of the net position, \$5,282,321,000, represents the District's capital assets used to provide services to taxpayers, net of the related debt. These assets include land, buildings, equipment, and infrastructure, and they are not available for the District's future spending needs. Restricted net position totaled \$931,626,000 and represents resources that are subject to external or legal restrictions as to how they may be spent, including federal grants or state loans, capital bond proceeds, tax levies for working cash, and debt service. The remaining portion of the unrestricted net position is a deficit of \$620,856,000.

A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2025 and 2024 is presented in the following schedule (in thousands of dollars):

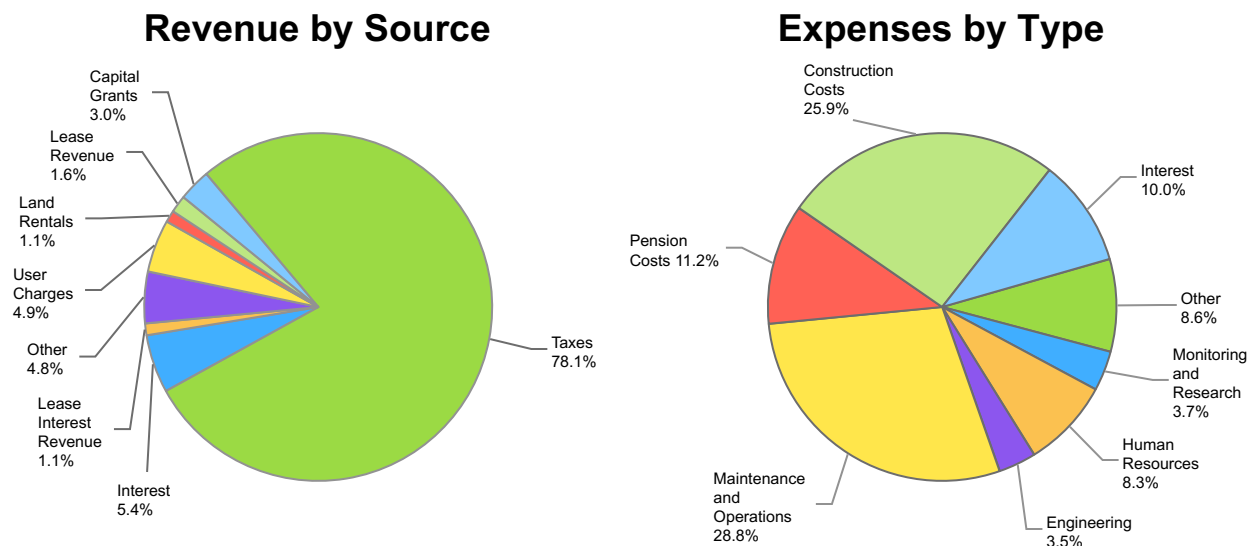
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
<b>Revenues</b>				
General Revenues:				
Taxes	\$ 758,056	\$ 736,701	\$ 21,355	2.9 %
Interest	52,081	49,211	2,870	5.8
Lease interest revenue	10,481	8,172	2,309	28.3
Other	42,051	30,318	11,733	38.7
Program Revenues:				
User charges	47,451	44,501	2,950	6.6
Land rentals	10,745	12,337	(1,592)	(12.9)
Lease revenue	15,599	14,638	961	6.6
Fees, forfeits, and penalties	4,231	4,492	(261)	(5.8)
Capital grants	29,151	45,117	(15,966)	(35.4)
Total revenues	<u>969,846</u>	<u>945,487</u>	<u>24,359</u>	2.6
<b>Expenses</b>				
Board of Commissioners	5,197	4,805	392	8.2
General Administration	22,906	20,542	2,364	11.5
Monitoring and Research	34,223	33,685	538	1.6
Procurement and Materials Management	6,102	6,066	36	0.6
Human Resources	76,997	62,443	14,554	23.3
Information Technology	24,364	21,150	3,214	15.2
Law	7,719	7,563	156	2.1
Finance	4,140	4,008	132	3.3
Engineering	32,708	28,953	3,755	13.0
Maintenance and Operations	266,068	269,350	(3,282)	(1.2)
Pension costs	103,352	153,805	(50,453)	(32.8)
OPEB Trust Fund costs	(23,526)	(18,045)	(5,481)	30.4
Claims and judgments	20,415	8,019	12,396	154.6
Construction costs	239,594	96,094	143,500	149.3
Loss on disposal of capital assets	251	377	(126)	(33.4)
Unallocated depreciation	11,463	11,428	35	0.3
Interest	92,516	73,628	18,888	25.7
Total expenses	<u>924,489</u>	<u>783,871</u>	<u>140,618</u>	17.9
Increase in net position	45,357	161,616	(116,259)	(71.9)
Total net position, beginning of year	5,547,734	5,386,118	161,616	3.0
Total net position, end of year	<u>\$ 5,593,091</u>	<u>\$ 5,547,734</u>	<u>\$ 45,357</u>	0.8 %

Total revenues increased by \$24,359,000 in 2025, or 2.6% from the prior year. Total expenses increased by \$140,618,000 in 2025, or 17.9%. The major reasons for the variances are detailed under Key Financial Comparisons on page [40](#).

# Management's Discussion and Analysis (MD&A) - Unaudited

Year ended December 31, 2025

The following charts show the major sources of revenue and expenses for the year ended December 31, 2025:



## ANALYSIS OF DISTRICT'S GOVERNMENTAL FUND FINANCIAL STATEMENTS

As previously discussed, the focus of the District's governmental funds is on short-term inflows and outflows, and currently available resources. The emphasis in the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the governmental fund financial statements. For 2025, the District reports four major funds and two non-major funds. The four major governmental funds are General Corporate Fund, Retirement Fund, Capital Improvements Bond Fund, and Debt Service Fund. The non-major governmental funds are the Construction Fund and the Stormwater Management Fund.

The District ended the current fiscal year with combined governmental fund balances of \$1,046,466,000, a decrease of \$233,139,000 or 18.2% from 2024. A total of \$47,940,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled \$852,184,000, assigned fund balances totaled \$187,371,000, and the remaining deficit of \$41,029,000 was unassigned.

**General Corporate Fund.** The General Corporate Fund is the principal operating fund of the District. It includes annual property taxes and other revenues, which are used for the payment of general operating expenditures not chargeable to other funds. The General Corporate Fund's fund balance at the end of the current fiscal year totaled \$343,586,000. The fund balance represented 69% of the General Corporate Fund expenditures, a positive indication of the fund's liquidity. The total fund balance for the General Corporate Fund had a decrease of \$105,553,000 from 2024. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note 1b on pages [68-71](#).

The General Corporate Fund ended the year with an unassigned fund balance deficit of \$31,006,000 due to the required reserve claims restriction, non-spendable inventories, and restricted working cash.

A detailed comparison of the General Corporate Fund revenues for the years ended December 31, 2025 and 2024 is shown in the following schedule (in thousands of dollars):

<b>General Corporate Fund Comparative Revenue Schedule</b>						
	<b>2025</b>		<b>2024</b>		<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>		
Revenues:						
Property taxes	\$ 250,581	59.7 %	\$ 314,364	67.9 %	\$ (63,783)	(20.3)%
Personal property replacement tax	21,763	5.2	27,662	6.0	(5,899)	(21.3)
Total tax revenue	272,344	64.9	342,026	73.9	(69,682)	(20.4)
Interest on investments	18,049	4.3	22,302	4.8	(4,253)	(19.1)
Lease interest revenue	10,481	2.5	8,172	1.8	2,309	28.3
Tax increment financing distributions	35,790	8.5	12,086	2.6	23,704	196.1
Claims and damage settlements	16	—	28	—	(12)	(42.9)
User charges	47,451	11.3	44,501	9.6	2,950	6.6
Land rentals	10,745	2.6	12,337	2.6	(1,592)	(12.9)
Lease revenue	15,599	3.7	14,638	3.1	961	6.6
Fees, forfeits, and penalties	3,465	0.8	3,587	0.8	(122)	(3.4)
Federal and state grants	1,900	0.5	286	0.1	1,614	564.3
Miscellaneous	3,941	0.9	3,221	0.7	720	22.4
Total revenues	<u>\$ 419,781</u>	<u>100.0 %</u>	<u>\$ 463,184</u>	<u>100.0 %</u>	<u>\$ (43,403)</u>	<u>(9.4)%</u>

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, lease interest, rental income, and tax increment financing distributions. In 2025, General Corporate Fund revenues totaled \$419,781,000, a decrease of \$43,403,000, or 9.4% from 2024. The major variances in revenues are explained under Key Financial Comparisons on page [40](#).

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2025 and 2024, is shown in the following schedule (in thousands of dollars):

<b>General Corporate Fund Comparative Expenditures Schedule</b>						
	<b>2025</b>		<b>2024</b>		<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>		
Expenditures:						
Employee Cost	\$ 285,049	57.5 %	\$ 262,438	56.9 %	\$ 22,611	8.6 %
Energy Cost	51,747	10.4	64,437	14.0	(12,690)	(19.7)
Chemicals	24,673	5.0	23,356	5.0	1,317	5.6
Solids & waste disposal	27,302	5.5	22,433	4.9	4,869	21.7
Repairs to structures/equipment	31,403	6.3	28,060	6.1	3,343	11.9
Materials, parts, & supplies	18,078	3.7	17,601	3.8	477	2.7
Insurance	5,361	1.1	4,755	1.0	606	12.7
Professional services	5,269	1.1	5,512	1.2	(243)	(4.4)
Claims and judgments	17,781	3.6	7,451	1.6	10,330	138.6
Other	28,671	5.8	25,359	5.5	3,312	13.1
Total expenditures	<u>\$ 495,334</u>	<u>100.0 %</u>	<u>\$ 461,402</u>	<u>100.0 %</u>	<u>\$ 33,932</u>	<u>7.4 %</u>

## Management's Discussion and Analysis (MD&A) - Unaudited

*Year ended December 31, 2025*

In 2025, General Corporate Fund expenditures totaled \$495,334,000, an increase of \$33,932,000, or 7.4%, from 2024. Employee costs, energy costs, repairs to structural equipment, and solids and waste disposal were the four largest expenditure components of the General Corporate Fund in 2025. The major variances in expenses are explained under Key Financial Comparisons on page [40](#).

**Other Major Funds.** The District's Debt Service Fund accounts for property tax revenues and interest earnings used for the payment of principal and interest on bonded debt. The Debt Service Fund's fund balance at the end of the current fiscal year totaled \$119,683,000. The fund balance represented 48.3% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund decreased by \$41,296,000 in the current year due to the delay in receiving the property tax collections causing a \$49,708,000 decrease in tax revenues from the prior year and was offset by a \$11,671,000 increase in bond payments.

The Capital Improvements Bond Fund is a capital projects fund used by the District for the construction and preservation of capital facilities. The Capital Improvements Bond Fund's resources are bond proceeds, interest investments, government grants, and state revolving fund loans. The fund balance in the Capital Improvements Bond Fund at the end of the current fiscal year totaled \$483,705,000. This amount will provide resources for the 2026 capital construction program. The fund balance represented 315% of the fund's expenditures. The fund balance decrease of \$44,342,000 is attributed to an increase of construction costs by \$44,474,000 related to the North Shore Rehabilitation project, Upper Des Plaines Intercepting Sewer Rehabilitation, 39th Street Conduit Rehabilitation, and Salt Creek Intercepting Sewer Rehabilitation.

The Retirement Fund is classified as a major fund because total liabilities in prior years have been greater than 10% of the total governmental funds and the fund is used for collection of the tax levy, which is remitted to the Pension Board. This presentation remains for comparative purposes. There is no fund balance for the Retirement Fund at the end of the current fiscal year, as all funds are due and transferred to the District's Pension Fund.

### GENERAL CORPORATE FUND BUDGET ANALYSIS

The General Corporate Fund budget includes the budgetary accounts of the Corporate Fund and Reserve Claim divisions. A comparison of the 2025 original budget to the final amended budget and actual results for the General Corporate Fund is presented in the basic financial statements (Exhibit A-3). A comparison of the General Corporate Fund's 2025 budget and actual results at the appropriation line item level is presented in Combining and Individual Fund Statements and Schedules (Exhibit C-1).

*Metropolitan Water Reclamation District of Greater Chicago*

A condensed summary of the 2025 General Corporate Fund budget and actual amounts is presented in the following schedule (in thousands of dollars):

	<b>Budget</b>		<b>Actual Amounts</b>	<b>Actual Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property and personal property replacement taxes	\$ 338,044	\$ 338,044	\$ 323,432	\$ (14,612)
Adjustment for working cash borrowing	(6,170)	(6,170)	(6,170)	—
Adjustment for estimated tax collections	—	—	(97,802)	(97,802)
Tax revenue available for current operations	331,874	331,874	219,460	(112,414)
User charges	37,000	37,000	47,451	10,451
Interest on investments	16,645	16,645	14,791	(1,854)
Tax increment financing distributions	22,000	22,000	35,790	13,790
Land rentals	31,500	31,500	10,745	(20,755)
Claims and damage settlements	—	—	16	16
Other	9,813	9,813	7,406	(2,407)
Total revenues	<u>448,832</u>	<u>448,832</u>	<u>335,659</u>	<u>(113,173)</u>
<b>Operating expenditures:</b>				
Board of Commissioners	6,038	6,038	5,151	887
General Administration	24,424	24,424	22,355	2,069
Monitoring and Research	35,350	35,350	33,028	2,322
Procurement and Materials Management	11,707	11,707	10,003	1,704
Human Resources	70,637	80,637	77,001	3,636
Information Technology	27,766	26,904	24,074	2,830
Law	8,865	8,865	7,654	1,211
Finance	4,526	4,526	4,123	403
Engineering	39,683	39,245	31,750	7,495
Maintenance and Operations	294,699	285,999	263,608	22,391
Claims and judgments	53,587	53,587	17,781	35,806
Total expenditures	<u>577,282</u>	<u>577,282</u>	<u>496,528</u>	<u>80,754</u>
Revenues over (under) expenditures	<u>(128,450)</u>	<u>(128,450)</u>	<u>(160,869)</u>	<u>(32,419)</u>
Fund balance at beginning of year	302,388	302,388	270,313	(32,075)
Fund balance available for future use	<u>(173,938)</u>	<u>(173,938)</u>	—	173,938
Fund balance at beginning of year	128,450	128,450	270,313	141,863
Fund balance at end of the year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 109,444</u>	<u>\$ 109,444</u>

Actual revenues on a budgetary basis for 2025 in the General Corporate Fund totaled \$335,659,000, or \$113,173,000 less than budgeted revenues, a 25.2% variance. Property taxes and personal property replacement taxes (PPRT) were \$112,414,000 less than budget, due to the timing of property taxes, which were significantly delayed in 2025, plus PPRT received was lower than budgeted. PPRT is an economically sensitive revenue that has been declining the past two years. User charge receipts were \$10,451,000 more than budgeted due mostly to the timing of collections and issuance of refunds. New User payments contributed to the difference, as well. Tax increment financing distributions (TIF) were \$13,790,000 larger than the budgeted amount due to City of Chicago's TIF Surplus declaration, together with the value in expired TIF districts, exceeded expectations and therefore the

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District received the proportional share, approximately 5.5%, of funds from those TIFs. Land rentals were \$20,755,000 less than budget, due to a larger than expected GASB 87 reclassification of lease revenue.

The 2025 General Corporate Fund final appropriation of \$577,282,000 is the same as the original amount. Actual budgetary expenditures totaled \$496,528,000, or 86.0%, of the total appropriation. The \$80,754,000 excess of appropriations over actual expenditures was primarily due to the District's policy to fully appropriate the Reserve Claim Fund and positive variances in expenditures from all departments, most noticeably a \$22,391,000 positive variance for Maintenance and Operations and a \$7,495,000 positive variance for Engineering. Operational expenditures are influenced by a variety of factors, including operating conditions, the receipt of materials and equipment, contract awards, and scheduling decisions. The Maintenance and Operation positive variance is due to fewer than anticipated expenditures in several cost categories, including chemicals, utilities, repairs to collection and process facilities, waste material disposal, biosolids utilization, and materials and supplies for the maintenance of electrical and mechanical systems. Favorable rates for chemicals (ferric chloride and sodium hypochlorite), electricity, and natural gas contributed to the surplus. Expenditures associated with the Stickney WRP's biosolids recycling facility were less than anticipated due to ongoing repairs to the facility's reactors, which reduced production of its fertilizer pellets. The majority of the variance in Engineering stems from one project, McCook Stage 1 Sediment Removal. There was a late project start highly impacted by the weather as the reservoir needs to be drained and dewatered before trucks can go back in to remove sediment. This left \$5,099,000 of budget unspent. The remainder of the Engineering variance is due to position vacancies, fewer retirements and less overtime that projected.

The District's Reserve Claim fund actual payments were significantly lower than budgeted, resulting in a large variance between budget and actual, as it is the policy of the District to appropriate the entire Reserve Claim fund balance. This is consistent with the Board of Commissioners' policy to accumulate sufficient reserves for payment of future claims without exposing the District to financial risk that could curtail normal operations.

### CAPITAL ASSETS AND MODIFIED APPROACH

**Capital Assets.** The District's reportable capital assets, net of accumulated depreciation, as of December 31, 2025, amounted to \$7,896,378,000. Reportable capital assets, net of accumulated depreciation, for 2025 as compared to 2024 are as follows (in thousands of dollars):

	2025	2024	Increase (Decrease)	Percent Increase (Decrease)
Land	\$ 143,945	\$ 143,945	\$ —	— %
Permanent easements	2,763	2,763	—	—
Buildings	5,402	5,689	(287)	(5.0)
Machinery and equipment	26,497	25,429	1,068	4.2
Computer software	495	312	183	58.7
Right to use asset	19,817	21,903	(2,086)	(9.5)
Depreciable infrastructure	1,541,135	1,550,447	(9,312)	(0.6)
Modified infrastructure	5,747,509	5,730,462	17,047	0.3
Construction in progress	408,815	409,643	(828)	(0.2)
Total	<u>\$ 7,896,378</u>	<u>\$ 7,890,593</u>	<u>\$ 5,785</u>	0.1 %

Significant capital asset changes during the current fiscal year included the following:

- Total capital assets increased by \$5,785,000 in 2025. The increase is attributable to the District's continued commitment to invest in Infrastructure.

- Construction in progress (CIP) decreased by \$828,000 in 2025. Several large construction projects continued throughout 2025 including the construction of Phase 2 of the McCook Reservoir, Addison Creek Channel Improvements, Flood control projects in Robbins, and Phosphorous removal at the O'Brien Water Reclamation Plant.
- Several projects reached substantial completion and were transferred to Modified Infrastructure with the largest contributions coming from McCook Reservoir Rock Wall Stabilization and Geotechnical Instrumentation, Chemical Phosphorus Removal Facility at the Calumet Water Reclamation Plant, Westchester Pump Station Relief Sewer, and Overburden Removal at Location of Battery E.

In addition to the above, commitments totaling \$384,266,000 remain outstanding for ongoing construction projects. Additional disclosure on construction commitments can be found in Note 9 to the basic financial statements.

**Modified approach.** The District's infrastructure assets include interceptor sewers, wastewater treatment basins, waterway assets (such as reservoirs and aeration stations) and deep tunnels, drop shafts and regulating elements that make up a pollution and flood control program called TARP. The District is using the modified approach to report its infrastructure assets, with the exception of the TARP deep tunnels and drop shafts, which are depreciated. The District elected the modified approach to: (a) clearly convey to the taxpayers the District's efforts to maintain infrastructure assets at or above an established condition level; (b) provide and codify a process to coordinate construction projects between the Engineering and Maintenance and Operations departments; (c) readily highlight infrastructure assets that need significant repair, rehabilitation, or replacement under a construction project; and (d) provide additional evaluative information to bond rating agencies to help ensure that the District's bond rating is maintained at the highest level.

The Kirie, Hanover, Egan, Central (Stickney), O'Brien, Calumet, Lemont, and Waterways network assets had their initial condition assessments completed between 2002 and 2006. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2023. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2024. Egan and O'Brien each had its most recent condition assessment completed in 2025. (See further discussion of the modified approach in the Required Supplementary Information Section).

As noted in the Required Supplementary Information section, the condition ratings for eligible infrastructure assets compare favorably with the District's target level of acceptable or better. In addition, there are no significant differences between the estimated maintenance and preservation costs and the actual costs. Additional disclosure on the District's capital assets and modified approach can be found in the Note 1(j) and Note 6 to the basic financial statements and in the Required Supplementary Information section.

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### DEBT ACTIVITY

**Long-term Debt.** The District's long-term liabilities as of December 31, 2025, totaled \$4,250,654,000. The breakdown of this debt and changes from 2024 to 2025 are as follows (in thousands of dollars):

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Net bonds payable	\$ 2,763,056	\$ 2,865,245	\$ (102,189)	(3.6)%
Bond anticipation notes	62,836	45,390	17,446	38.4
Claims payable	22,148	19,514	2,634	13.5
Compensated absences	21,758	21,877	(119)	(0.5)
Availability payment arrangement	13,878	17,507	(3,629)	(20.7)
Net pension liability	1,366,978	1,432,440	(65,462)	(4.6)
Net OPEB liability	—	11,698	(11,698)	(100.0)
Total	<u>\$ 4,250,654</u>	<u>\$ 4,413,671</u>	<u>\$ (163,017)</u>	(3.7)%

Significant changes in long-term liabilities during the current fiscal year included the following:

- Net bonds payable decreased by \$102,189,000 in 2025 as a result of payments on General Obligation Bonds.
- Bond anticipation notes increased by \$17,446,000 in 2025 because the short-term notes have not yet been converted to bonds.
- A number of items factor into the changes in the net pension liability and net OPEB liability/(asset); however, the \$65,462,000 decrease in the pension liability and the \$11,698,000 decrease in the OPEB liability were both due to above average market performance. Note 7 and Note 8 contain additional details on the items that make up the total net pension and OPEB liabilities.

The District's general obligation bonds have the following long-term credit ratings:

Standard & Poor's Financial Services. LLC	AA+
Fitch, Inc.	AAA
Moody's Investors Service	Aa1

Additional disclosure on debt can be found in Note 11 to the basic financial statements.

**Debt Limits and Borrowing Authority.** Various applicable sections of the Illinois Compiled Statutes establish the following limitations relative to the District's debt:

Effective October 1, 1997, the District may fund up to 100% of the aggregate total of the estimated amount of taxes levied or to be levied for corporate purposes, plus the General Corporate Fund portion of the personal property replacement tax, through borrowing from the Corporate Working Cash Fund and issuance of tax anticipation notes or warrants. The policy of the District currently is to fund up to 95%. The provisions also pertain to the Construction, Construction Working Cash, Stormwater Management, and Stormwater Working Cash Funds.

The amount of the District's debt may not exceed 5.75% of the last published equalized assessed valuation of taxable real estate within the District, which was \$205,447,558,000 for the 2024 property tax levy. At December 31, 2025, the District's statutory debt limit of \$11,813,235,000 exceeded the applicable net debt amount of \$2,702,105,000 by \$9,111,130,000; therefore, the District is in compliance.

The Illinois Compiled Statutes provide authorization for the funding of the District Capital Improvement Program by the issuance of non-referendum capital improvement bonds. In prior years, the annual maximum was \$150 million; the statutory limit was updated effective 2026. Beginning in 2026, bonds may be issued during any budget year in an amount not to exceed \$250 million plus the amount of any bonds authorized and unissued during the three preceding budget years. The District has issued various series of bonds since the authorization. This limitation is not applicable to refunding bonds, money received from the Water Pollution Control Revolving Fund, and obligations issued as part of the American Recovery and Reinvestment Act of 2009, issued prior to January 1, 2011, commonly known as “Build America Bonds”. Bonds authorized, unissued and carried forward were \$450,000,000 at December 31, 2025.

The District has authority to issue bonds without seeking voter approval via referendum through the year 2034. When the Property Tax Extension Limitation Law was made applicable to Cook County, the legislature recognized that the completion of the Tunnel and Reservoir Plan (TARP) was such a high priority that it exempted TARP bonds from tax cap limits. In 2010, the Local Government Debt Reform Act was amended. The District’s debt service extension base for the levy year 2025 is \$205,913,225 (the “Debt Service Extension Base”), which can be increased each year by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law). The Property Tax Extension Limitation Law has been amended so that the issuance of bonds by the District to construct TARP will not reduce the District’s ability to issue limited bonds for other major capital projects. The amount of outstanding non-referendum Capital Improvement Bonds may not exceed 3.35% of the last known equalized assessed valuation of taxable property within the District. At December 31, 2025, the District’s outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of \$1,764,000,000 was less than the limitation of \$6,882,000,000.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2025, are indicated in the following schedule (in millions of dollars):

**Capital Improvement and Refunding Bonds  
Outstanding and Remaining Authorization**

<u>Year of Issue</u>	<u>Total</u>	<u>Capital Improvement</u>	<u>Refunding</u>
2007	\$ 191	\$ —	\$ 191
2009	600	600	—
2016	275	46	229
2021	360	144	216
2024	338	272	66
Total bonds outstanding at December 31, 2025	1,764	<u>\$ 1,062</u>	<u>\$ 702</u>
Remaining bond authorization at December 31, 2025	<u>5,118</u>		
Total bond authorization at December 31, 2025	<u>\$ 6,882</u>		

The amount of non-referendum Corporate Working Cash Fund bonds, when added to (a) proceeds from the sale of Working Cash Fund bonds previously issued, (b) any amounts collected from the Corporate Working Cash Fund levy, and (c) amounts transferred from the Construction Working Cash Fund, may not exceed 90% of the amount produced by multiplying the maximum general corporate tax rate permitted by the last known equalized assessed valuation of all property in the District at the time the bonds are issued, plus 90% of the District’s last known entitlement of the Personal Property Replacement Tax.

Additional information on the District’s debt can be found in Note 11 to the Basic Financial Statements and Exhibits I-10 through I-12 of the Statistical Section.

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Year ended December 31, 2025

### ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

The United States economy moved into a more fragile phase in 2025 amid front-loaded import and tariff uncertainty. Labor indicators softened; job openings fell, hiring slowed, and consumer surveys showed rising pessimism regarding job prospects. Federal policy contributed to this with spending cuts, a workforce reduction plan and government shutdown in the later part of the year. Illinois employment weakened in the second half of 2025 as trade policy changes dealt a disproportionate blow to manufacturing-dependent parts of the state. Unemployment decreased, putting it near the national rate, though this is primarily attributed to a decrease in labor force rather than an increase in hirings. While inflation moderated from post-pandemic highs, they still remained above the Fed's target of 2% and the Federal Reserve held the rate steady for most of the year until decreasing interest rates by 0.75% between September and December.

The equalized assessed valuation of the District has experienced a 5.05% average growth rate over the last ten years, although the 2024 equalized assessed valuation of \$205,447,558,000 is 5% higher than the previous year and shows sustained growth for the sixth consecutive year. The Cook County Assessor is responsible for all taxable real property within Cook County except for railroad property and pollution control facilities, which are assessed directly by the State of Illinois.

The equalized assessed valuation of real estate property is determined in Cook County based on market values of real estate, reduced by a classification factor determined by property use, and then multiplied by the State of Illinois equalization factor. The statutory objective is to value property at 33.3% of estimated fair market value. The equalized assessed property valuation of the District is very important due to the primary reliance of the District on property taxes to fund current operations and future capital programs.

A strong fund balance, along with an emphasis on controlling expenditures, should allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. The boundaries of the District encompass 91% of the land area of Cook County. The District is located in one of the strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division increased to a seasonally adjusted average rate of 4.8% for 2025, down from 5.2% from 2024, driven primarily by a decrease in the labor force participation rate.

**Corporate Fund.** The Corporate Fund is the District's general operating fund and includes appropriation requests for all the day-to-day operational costs anticipated for 2026. The total appropriation for the Corporate Fund in 2026 is \$532.8 million, an increase of \$9.1 million, or 1.7% from the 2025 Adjusted Budget. The 2026 tax levy for the Corporate Fund is \$321.7 million, an increase of \$11.2 million, or 3.6%, compared to the 2025 Adjusted Budget.

Property taxes and user charges are the primary funding sources for the District's Corporate Fund. Illinois law limits the tax rate of this fund to 41 cents per \$100 of equalized assessed valuation. The estimated tax rate for the Corporate Fund in 2026 is 14.62 cents, an increase of 0.02 cents from 2025 as adjusted. User charges are collected from industrial, commercial, and non-profit organizations to recover operations, maintenance, and replacement costs proportional to their sewage discharges, in excess of property taxes collected. The major categories of payers: chemical manufacturers, food processors, and government services, are generally expected to maintain their recent level of discharge.

**Stormwater Management Fund.** The Stormwater Management Fund was established by Public Act 93-1049 on January 1, 2005. This fund accounts for tax levies and other revenue to be used for stormwater management activities throughout all of Cook County, including areas that currently lie outside the District's boundaries. The fund consolidates the stormwater management activities of the Engineering and Maintenance & Operations Departments.

The Stormwater Management Fund appropriation for 2026 totals \$96.7 million, a decrease of \$38.0 million or 28.2% from the 2025 Adjusted Budget. Property taxes are the primary funding source for the District's Stormwater Management Fund. Illinois law limits the tax rate of this fund to five cents per \$100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2026 is 3.07 cents, which is an increase of 0.13 cents from 2025 as adjusted.

Although the primary funding source for the Fund is the Stormwater Property Tax Levy, the District also issued Alternate Revenue Bonds funded from the Stormwater Levy in both the 2015 and 2016 bond offerings. The "green" projects financed by the bonds involve the development, design, planning and construction of regional and local stormwater facilities provided for in the county-wide stormwater management plan and the acquisition of real property.

By means of this program, the District has completed Detailed Watershed Plans (DWP) for all six watersheds in Cook County, initiated a Stormwater Management Capital Improvement program, initiated a Small Streams Maintenance Program (SSMP), and adopted and implemented the Watershed Management Ordinance.

Two categories have been established for DWP projects. The first category is streambank stabilization, which involves addressing critical active streambank erosion threatening public safety, structures, and/or infrastructure. The second category of projects addresses regional overbank flooding. The selected projects constitute the Stormwater Capital Improvement Program, and will be scheduled according to funding availability.

Through the management of the SSMP, the Maintenance & Operation Department works to reduce flooding in urbanized areas. The streams that flow through the neighborhoods of Cook County are more than just a scenic part of the landscape but also serve the vital function of draining stormwater and preventing flooding. In order to function, the streams must be maintained, which includes removing blockages and preventing future blockages by removing dead and unhealthy trees and invasive species.

The District's statutory authority for Stormwater Management in Cook County (70 ILCS 2605/7h) was amended in 2014 to allow for the acquisition of flood-prone properties. Subsequent to amending the Cook County Stormwater Management Plan to be consistent with Public Act 98-0652, the District's Board of Commissioners adopted a policy on selection and prioritization of projects for acquiring flood-prone property, which comprises three distinct components, as follows:

- Local Sponsorship Assistance Program: The District's top priority will be to facilitate the Illinois Emergency Management Agency's federally funded program by assisting local sponsor communities in providing their share of the cost for property acquisition.
- District Initiated Program: The cost of a property acquisition alternative will be estimated for any approved project and compared to the estimated cost of the structural project determined through a preliminary engineering analysis. Should the cost of the property acquisition alternative be less than the structural project, and the benefits at least equivalent, the acquisition alternative will be pursued in lieu of the structural project.
- Local Government Application Program: The District will consider applications directly from local governments requesting property acquisition of specific flood-prone structures.

**Capital Improvement Program: Construction Fund and Capital Improvements Bond Fund.** The District's overall Capital Program includes 2026 project awards, land acquisition, support, future projects, and projects under construction, with a total cost of approximately \$1.5 billion. Capital projects involve the acquisition, improvement, replacement, remodeling, completing, altering, constructing, and enlarging of District facilities. Included are all fixtures which are permanently attached to and made a part of such structures and non-structural improvements, and which cannot be removed without, in some way, impairing the facility or structure.

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Projects under construction have been presented and authorized in previous District Budgets and are recognized in the Annual Budget as both outstanding liabilities in the Capital Improvements Bond Fund, and as re-appropriations in the Construction Fund. Future projects, not yet appropriated, are included in the Annual Budget to present a comprehensive picture of the District's Capital program. These future projects will be requested for appropriation subject to their priority, design, and available funding.

The District utilizes two funds for its Capital program, the Construction Fund and the Capital Improvements Bond Fund. The Construction Fund is utilized as a "pay as you go" capital rehabilitation and modernization program. Capital projects are financed by a tax levy sufficient to pay for project costs as they are constructed. As the District replaces, rehabilitates, and modernizes aged and less effective infrastructure, capital projects are assigned to the Corporate, Construction, or Capital Improvements Bond Fund based on the nature of the project, dollar magnitude, and useful life of the improvement. The Construction Fund is used for operations-related projects, where the useful life of the improvement is less than 20 years.

The Capital Improvements Bond Fund, the District's other capital fund, includes major capital infrastructure projects whose useful lives extend beyond 20 years, and which will be financed by either long-term debt, Federal and State grants, and/or State Revolving Fund loans.

The 1995 Tax Extension Limitation Law (Tax Cap), and subsequent amendments to the bill, dramatically impacted the methods of financing the Capital Improvements Bond Fund. The original legislation required, in general, that all new debt be approved by referendum. However, an exemption for projects initiated before October 1, 1991 was granted to the District to enable completion of the TARP. The bill was later amended to establish a "debt extension base," which allowed local governments, with non-referendum authority, to continue to issue non-referendum debt in terms of "limited bonds" as long as their annual debt service levies did not exceed 1994 levels. This law was further amended in 1997 to exclude TARP project debt from this debt service extension base. The passage of legislation in 1997 allowing for expanded authority to issue "limited bonds" by excluding pre-existing TARP projects provides additional financing flexibility to proceed with our Capital program.

The United States Environmental Protection Agency (USEPA) implemented the State Revolving Fund (SRF) to ensure that each state's program is designed and operated to continue to provide capital funding assistance for water pollution control activities in perpetuity, but preserves a high degree of flexibility for operating revolving funds in accordance with each state's unique needs and circumstances. Funds in the SRF are not used to provide grants, but must be available to provide loans for the construction of publicly owned wastewater treatment works. Low interest SRF loans are an integral part of the District's capital improvements financing. SRF revenues are based on the award and construction schedule of specific projects. In 2025, the District received \$50,000,000 in cash receipts for SRF projects and is expected to receive approximately \$50,000,000 in 2026.

**Construction Fund.** The Construction Fund appropriation for 2026 totals \$74,711,400, a decrease of \$8,432,200 or 10.1% from the 2025 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2026 tax levy planned for the Construction Fund is \$7,000,000, representing no change from the 2025 Adjusted Levy.

**Capital Improvements Bond Fund.** The 2026 appropriation for the Capital Improvements Bond Fund is \$701,627,900, an increase of \$168,630,700 or 31.6% from the 2025 Adjusted Budget. Capital projects pursued by the District are: mission critical, improve environmental quality, preservation/rehabilitation of existing infrastructure or commitment to the community through process optimization. The appropriation is based on the scheduled award of \$645,500,000 in projects. The remaining appropriation includes funding for acquisition of easements, bond issuance costs, allowances for contract change orders, and legal and other support services relating to capital projects.

The increase in appropriation for the Capital Improvements Bond Fund of \$168,630,700 reflects the pattern in the award of major projects. An appropriation for the open value of existing contracts is also carried forward from the prior year.

The remaining appropriation for this fund will provide for studies, services, and supplies to support District design and administration of proposed and ongoing construction activity, including the TARP reservoirs. A comprehensive narrative, exhibits detailing our entire Capital program, a listing and description of proposed projects, and projects under construction scheduled for 2026, can be found in the Capital Budget (Section V) of the 2026 Budget document.

**Other Post-Employment Benefits (OPEB) Trust.** The District provides subsidized health care benefits for its retirees. The Governmental Accounting Standards Board (GASB) Pronouncement 75 was implemented in 2018 and replaces the requirements of GASB pronouncement 45, which initially required reporting of the future liability for maintaining these benefits in the Annual Comprehensive Financial Report. GASB 75 further addresses accounting and reporting for OPEB including establishing standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

In 2006, the District proposed state legislation to give authority to establish an OPEB trust. Public Act 95-394 became effective on August 23, 2007. Since inception, the District has budgeted and transferred a total of \$167,400,000 into the OPEB Trust Fund. The District has continued to contribute \$5,000,000 per year until the Trust is fully funded. The net OPEB asset was \$14,703,000 as of the measurement date December 31, 2024.

In 2007, the Board adopted an initial advance funding policy meant to (i) improve the District's financial position by reducing the amount of future contributions and (ii) serve to establish a reserve to help ensure the financial ability to provide healthcare coverage for District retirees and annuitants in the future. On October 2, 2014, the advance funding policy was amended by the Board with the following guidelines:

Target Funding Level: 100% maximum

Funding Period: 12 years

Funding Amount: \$5 million funding in each of the twelve years 2015 through 2026,  
with no further advance funding contribution required after 2026.

Beginning in 2027, cash to be withdrawn from the Trust to fund claims and insurance premiums will be determined by the Trust's actuary with the target funding level to be maintained at 100% for all future years. There is currently no legal requirement for the District to partially or fully fund the OPEB Trust Fund and any funding is on a voluntary basis.

The policy adopted by the District is cautious by design, and will provide ample opportunity for adjustment as experience is gained. Future direction may also be changed significantly by national health care policies and programs.

**Pension and OPEB Reporting Changes.** The District implemented GASB 68, Accounting and Financial Reporting for Pensions, beginning with the year ended December 31, 2015. The OPEB Trust Fund implemented GASB 74 (for post-retirement plan) in 2017 and the District implemented GASB 75 (for employer) in 2018.

**Organized Labor.** The District has seven collective bargaining agreements that cover sixteen unions and include approximately 787 of the District's employees for the purpose of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2024 and are set to expire in 2027.

**Retirement Fund.** On August 3, 2012, Former Governor Quinn signed House Bill 4513, now Public Act 97-0894, into law. The tax multiple, which is limited by state statute, was increased in 2013 from 2.19 to the amount sufficient

## Management's Discussion and Analysis (MD&A) - Unaudited

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*Year ended December 31, 2025*

to meet the Fund's actuarially determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. The employee contributions for Tier 1 employees (those hired before January 1, 2011) increased 1% each year for 3 years beginning January 1, 2013, increasing the contribution rate from 9% to 12%. The employee contributions will remain at 12% until the funded ratio reaches 90% then the contribution rate will be reduced to 9%.

**Lease Reporting Changes.** The District implemented GASB 87, Lease Accounting Standard, in 2022. The implementation caused several changes throughout the financial statements including a restatement of the prior year lease receivable, deferred inflows, land rentals, and lease revenue. Previously, all collections for leases of District property were classified as land rentals. With the implementation of GASB 87, the District has properly reclassified leases over the GASB 87 internal threshold of \$100,000 as lease revenue and begun tracking the principal and interest portions associated with these rental agreements. Leases over the threshold are also included as Lease receivables and Deferred inflows related to leases.

**GASB implementations.** The District implemented GASB 102, Certain Risk Disclosures, which will expand on disclosures related to vulnerabilities that could have a substantial impact related to concentrations and constraints.

### REQUESTS FOR ADDITIONAL INFORMATION

This financial report is intended to provide a general summary of the District's finances to interested parties, and to demonstrate the District's accountability over the resources it receives. Please contact the Clerk/Director of Finance or Comptroller at the Metropolitan Water Reclamation District of Greater Chicago, 100 E. Erie Street, Chicago, Illinois 60611-2803, (312) 751-6500, if additional information is needed.

## **BASIC FINANCIAL STATEMENTS**

# Exhibit A-1 Governmental Funds Balance Sheets/Statements of Net Position

December 31, 2025  
(with comparative amounts for prior year)

(in thousands of dollars)

	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2025	2024	2025	2024	2025	2024
<b>Assets and deferred outflows of resources</b>						
Assets:						
Cash	\$ 27,524	\$ 13,022	\$ 3,449	\$ 1,614	\$ 7,366	\$ 4,047
Certificates of deposit	9,501	16,891	—	—	31,837	8,036
Investments (note 4)	218,257	357,411	53,880	115,166	458,577	526,202
Prepaid expenses	8,910	8,595	—	—	—	—
Taxes receivable, net (note 5)	404,653	296,291	319,082	236,520	—	—
Lease receivable (note 14)	369,501	355,201	—	—	—	—
Other receivables, net (note 5)	12,321	10,414	—	—	17,420	15,331
Due from other funds (note 12)	589	531	—	—	—	—
Restricted deposits	342	331	—	6,108	18,354	20,120
Inventories	39,030	38,476	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Net OPEB Asset	—	—	—	—	—	—
Total assets	<u>1,090,628</u>	<u>1,097,163</u>	<u>376,411</u>	<u>359,408</u>	<u>533,554</u>	<u>573,736</u>
Deferred outflows of resources:						
Deferred outflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	<u>\$ 1,090,628</u>	<u>\$ 1,097,163</u>	<u>\$ 376,411</u>	<u>\$ 359,408</u>	<u>\$ 533,554</u>	<u>\$ 573,736</u>
<b>Liabilities, deferred inflows of resources, and fund balances/net position</b>						
Liabilities:						
Accounts payable and other liabilities (note 5)	\$ 61,439	\$ 49,497	\$ —	\$ —	\$ 30,543	\$ 24,616
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned revenue	3,193	3,259	—	—	18,353	20,120
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	<u>64,632</u>	<u>52,756</u>	<u>—</u>	<u>—</u>	<u>48,896</u>	<u>44,736</u>
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	322,809	248,573	256,728	198,429	—	—
Deferred inflows related to leases	359,601	346,695	—	—	—	—
Other unavailable revenue (note 5)	—	—	—	—	953	953
Gain on prior debt refunding	—	—	—	—	—	—
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	<u>682,410</u>	<u>595,268</u>	<u>256,728</u>	<u>198,429</u>	<u>953</u>	<u>953</u>
Fund balances:						
Nonspendable (note 1r.)	47,940	47,071	—	—	—	—
Restricted for (note 1r.)	326,652	333,112	119,683	160,979	296,334	348,553
Assigned	—	—	—	—	187,371	179,494
Unassigned (Deficit)	(31,006)	68,956	—	—	—	—
Total fund balances	<u>343,586</u>	<u>449,139</u>	<u>119,683</u>	<u>160,979</u>	<u>483,705</u>	<u>528,047</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,090,628</u>	<u>\$ 1,097,163</u>	<u>\$ 376,411</u>	<u>\$ 359,408</u>	<u>\$ 533,554</u>	<u>\$ 573,736</u>
Net position:						
Net investment in capital assets						
Restricted						
Unrestricted (Deficit)						
Total net position						

See accompanying notes to the basic financial statements.

Metropolitan Water Reclamation District of Greater Chicago

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2a)		Statements of Net Position	
2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
\$ —	\$ —	\$ 7,364	\$ 3,624	\$ 45,703	\$ 22,307	\$ —	\$ —	\$ 45,703	\$ 22,307
—	—	9,089	6,047	50,427	30,974	—	—	50,427	30,974
—	—	95,420	144,367	826,134	1,143,146	—	—	826,134	1,143,146
—	—	—	10	8,910	8,605	—	—	8,910	8,605
103,497	78,855	86,947	62,242	914,179	673,908	—	—	914,179	673,908
—	—	—	—	369,501	355,201	—	—	369,501	355,201
—	—	7,816	1,185	37,557	26,930	—	—	37,557	26,930
—	—	—	—	589	531	(589)	(531)	—	—
—	—	—	—	18,696	26,559	—	—	18,696	26,559
—	—	—	—	39,030	38,476	—	—	39,030	38,476
—	—	—	—	—	—	6,303,032	6,286,813	6,303,032	6,286,813
—	—	—	—	—	—	1,593,346	1,603,780	1,593,346	1,603,780
—	—	—	—	—	—	14,703	—	14,703	—
103,497	78,855	206,636	217,475	2,310,726	2,326,637	7,910,492	7,890,062	10,221,218	10,216,699
—	—	—	—	—	—	304,476	426,597	304,476	426,597
—	—	—	—	—	—	304,476	426,597	304,476	426,597
\$ 103,497	\$ 78,855	\$ 206,636	\$ 217,475	\$ 2,310,726	\$ 2,326,637	\$ 8,214,968	\$ 8,316,659	\$10,525,694	\$10,643,296
\$ —	\$ —	\$ 28,438	\$ 23,286	\$ 120,420	\$ 97,399	\$ —	\$ —	\$ 120,420	\$ 97,399
28,057	19,976	—	—	28,057	19,976	78,224	112,006	106,281	131,982
—	—	589	531	589	531	(589)	(531)	—	—
—	—	—	—	—	—	14,410	14,888	14,410	14,888
—	—	—	—	21,546	23,379	—	—	21,546	23,379
—	—	—	—	—	—	171,690	168,854	171,690	168,854
—	—	—	—	—	—	4,078,964	4,244,817	4,078,964	4,244,817
28,057	19,976	29,027	23,817	170,612	141,285	4,342,699	4,540,034	4,513,311	4,681,319
75,440	58,879	70,301	52,218	725,278	558,099	(725,278)	(558,099)	—	—
—	—	—	—	359,601	346,695	—	—	359,601	346,695
—	—	7,816	—	8,769	953	(8,769)	(953)	—	—
—	—	—	—	—	—	6,036	7,523	6,036	7,523
—	—	—	—	—	—	53,655	60,025	53,655	60,025
75,440	58,879	78,117	52,218	1,093,648	905,747	(674,356)	(491,504)	419,292	414,243
—	—	—	10	47,940	47,081	(47,940)	(47,081)	—	—
—	—	109,515	141,430	852,184	984,074	(852,184)	(984,074)	—	—
—	—	—	—	187,371	179,494	(187,371)	(179,494)	—	—
—	—	(10,023)	—	(41,029)	68,956	41,029	(68,956)	—	—
—	—	99,492	141,440	1,046,466	1,279,605	(1,046,466)	(1,279,605)	—	—
\$ 103,497	\$ 78,855	\$ 206,636	\$ 217,475	\$ 2,310,726	\$ 2,326,637				
Net position:									
Net investment in capital assets						5,282,321	5,257,048	5,282,321	5,257,048
Restricted						931,626	904,903	931,626	904,903
Unrestricted (Deficit)						(620,856)	(614,217)	(620,856)	(614,217)
Total net position						\$ 5,593,091	\$ 5,547,734	\$ 5,593,091	\$ 5,547,734

## Exhibit A-2

### Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statements of Activities

*Year ended December 31, 2025*  
*(with comparative amounts for prior year)*

<i>(in thousands of dollars)</i>	<b>General Corporate Fund</b>		<b>Debt Service Fund</b>		<b>Capital Improvement Bond Funds</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>						
General revenues:						
Property taxes	\$ 250,581	\$ 314,364	\$ 191,570	\$ 241,278	\$ —	\$ —
Personal property replacement tax	21,763	27,662	—	—	—	—
Interest on investments	18,049	22,302	5,614	7,899	22,387	11,331
Lease interest revenue	10,481	8,172	—	—	—	—
Tax increment financing distributions	35,790	12,086	—	—	—	—
Claims and damage settlements	16	28	—	—	—	—
Miscellaneous	3,941	3,221	12	415	2,582	2,181
Gain on sale of capital assets	—	—	—	—	—	—
Program revenues:						
Charges for services:						
User charges	47,451	44,501	—	—	—	—
Land rentals	10,745	12,337	—	—	—	—
Lease revenue	15,599	14,638	—	—	—	—
Fees, forfeits, and penalties	3,465	3,587	—	—	—	—
Capital grants and contributions:						
Federal and state grants	1,900	286	—	—	13,125	13,062
Total revenues	419,781	463,184	197,196	249,592	38,094	26,574
<b>Expenditures/Expenses</b>						
Board of Commissioners	5,151	4,781	—	—	—	—
General Administration	22,439	19,987	—	—	—	—
Monitoring and Research	33,817	33,363	—	—	—	—
Procurement and Materials Management	6,058	6,026	—	—	—	—
Human Resources	76,966	62,394	—	—	—	—
Information Technology	23,963	20,768	—	—	—	—
Law	7,654	7,531	—	—	—	—
Finance	4,123	3,988	—	—	—	—
Engineering	31,763	27,010	—	—	—	—
Maintenance and Operations	265,619	268,103	—	—	—	—
Pension costs	—	—	—	—	—	—
OPEB costs	—	—	—	—	—	—
Claims and judgments	17,781	7,451	—	—	—	—
Construction costs	—	—	—	—	149,286	104,812
Loss on disposal of capital assets	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—
Debt service:						
Principal payment of bonds	—	—	138,276	135,897	3,629	3,459
Interest and bond issuance costs	—	—	109,450	100,158	761	1,714
Total expenditures/expenses	495,334	461,402	247,726	236,055	153,676	109,985
Revenues over (under) expenditures	(75,553)	1,782	(50,530)	13,537	(115,582)	(83,411)
Other financing sources (uses)						
Payment to escrow agent for refunded bonds	—	—	—	(81,826)	—	—
Bond anticipation notes issued	—	—	—	—	69,263	50,776
Bond anticipation notes converted	—	—	—	—	52,304	48,602
Bond anticipation notes refunded	—	—	—	—	(52,304)	(48,602)
Refunding bonds issued	—	—	—	76,000	—	—
General obligation bonds issued	—	—	—	6,108	—	265,347
Premium on bonds issued	—	—	—	6,125	—	35,467
Transfers	(30,000)	(42,742)	9,234	9,530	1,977	—
Total other financing sources (uses)	(30,000)	(42,742)	9,234	15,937	71,240	351,590
Net change in fund balances	(105,553)	(40,960)	(41,296)	29,474	(44,342)	268,179
Change in net position	—	—	—	—	—	—
Fund balances/net position:						
Beginning of the year	449,139	490,099	160,979	131,505	528,047	259,868
End of the year	\$ 343,586	\$ 449,139	\$ 119,683	\$ 160,979	\$ 483,705	\$ 528,047

See accompanying notes to the basic financial statements.

Metropolitan Water Reclamation District of Greater Chicago

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2b)		Statements of Activities	
2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
\$ 57,109	\$ 72,302	\$ 50,647	\$ 61,254	\$ 549,907	\$ 689,198	\$ 150,618	\$ (19,869)	\$ 700,525	\$ 669,329
19,168	14,710	16,600	25,000	57,531	67,372	—	—	57,531	67,372
—	—	6,031	7,679	52,081	49,211	—	—	52,081	49,211
—	—	—	—	10,481	8,172	—	—	10,481	8,172
—	—	—	12,000	35,790	24,086	—	—	35,790	24,086
—	—	—	—	16	28	—	—	16	28
4	125	9	414	6,548	6,356	(305)	(1,612)	6,243	4,744
—	—	—	—	—	—	2	1,460	2	1,460
—	—	—	—	47,451	44,501	—	—	47,451	44,501
—	—	—	—	10,745	12,337	—	—	10,745	12,337
—	—	—	—	15,599	14,638	—	—	15,599	14,638
—	—	766	905	4,231	4,492	—	—	4,231	4,492
—	—	6,310	31,769	21,335	45,117	7,816	—	29,151	45,117
76,281	87,137	80,363	139,021	811,715	965,508	158,131	(20,021)	969,846	945,487
—	—	—	—	5,151	4,781	46	24	5,197	4,805
—	—	—	—	22,439	19,987	467	555	22,906	20,542
—	—	—	—	33,817	33,363	406	322	34,223	33,685
—	—	—	—	6,058	6,026	44	40	6,102	6,066
—	—	—	—	76,966	62,394	31	49	76,997	62,443
—	—	—	—	23,963	20,768	401	382	24,364	21,150
—	—	—	—	7,654	7,531	65	32	7,719	7,563
—	—	—	—	4,123	3,988	17	20	4,140	4,008
—	—	—	—	31,763	27,010	945	1,943	32,708	28,953
—	—	—	—	265,619	268,103	449	1,247	266,068	269,350
106,281	129,879	—	—	106,281	129,879	(2,929)	23,926	103,352	153,805
—	—	—	—	—	—	(23,526)	(18,045)	(23,526)	(18,045)
—	—	—	—	17,781	7,451	2,634	568	20,415	8,019
—	—	111,100	109,997	260,386	214,809	(20,792)	(118,715)	239,594	96,094
—	—	—	—	—	—	251	377	251	377
—	—	—	—	—	—	11,463	11,428	11,463	11,428
—	—	—	—	141,905	139,356	(141,905)	(139,356)	—	—
—	—	—	—	110,211	101,872	(17,695)	(28,244)	92,516	73,628
106,281	129,879	111,100	109,997	1,114,117	1,047,318	(189,628)	(263,447)	924,489	783,871
(30,000)	(42,742)	(30,737)	29,024	(302,402)	(81,810)	347,759	243,426	—	—
—	—	—	—	—	(81,826)	—	81,826	—	—
—	—	—	—	69,263	50,776	(69,263)	(50,776)	—	—
—	—	—	—	52,304	48,602	(52,304)	(48,602)	—	—
—	—	—	—	(52,304)	(48,602)	52,304	48,602	—	—
—	—	—	—	—	76,000	—	(347,455)	—	(271,455)
—	—	—	—	—	271,455	—	—	—	271,455
—	—	—	—	—	41,592	—	(41,592)	—	—
30,000	42,742	(11,211)	(9,530)	—	—	—	—	—	—
30,000	42,742	(11,211)	(9,530)	69,263	357,997	(69,263)	(357,997)	—	—
—	—	(41,948)	19,494	(233,139)	276,187	233,139	(276,187)	—	—
—	—	—	—	—	—	45,357	161,616	45,357	161,616
—	—	141,440	121,946	1,279,605	1,003,418	—	—	5,547,734	5,386,118
\$ —	\$ —	\$ 99,492	\$ 141,440	\$ 1,046,466	\$ 1,279,605	\$ —	\$ —	\$ 5,593,091	\$ 5,547,734

**Exhibit A-3  
General Corporate Fund  
Statements of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual on Budgetary Basis**

*Year ended December 31, 2025*

	<i>(in thousands of dollars)</i>		<b>Actual on Budgetary Basis</b>	<b>Actual Variance With Final Budget - Positive (Negative)</b>
	<b>Budget</b>			
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property taxes:				
Gross levy	\$ 310,544	\$ 310,544	\$ 310,544	\$ —
Allowance for uncollectible taxes	(10,869)	(10,869)	(10,869)	—
Net property tax levy	299,675	299,675	299,675	—
Property tax collections	7,374	7,374	(7,238)	(14,612)
Personal property replacement tax:				
Entitlement	30,995	30,995	30,995	—
Total tax revenue	338,044	338,044	323,432	(14,612)
Adjustment for working cash borrowing	(6,170)	(6,170)	(6,170)	—
Adjustment for estimated tax collections	—	—	(97,802)	(97,802)
Tax revenue available for current operation	331,874	331,874	219,460	(112,414)
Interest on investments	16,645	16,645	14,791	(1,854)
Tax increment financing distributions	22,000	22,000	35,790	13,790
Miscellaneous	4,631	4,631	3,941	(690)
User charges	37,000	37,000	47,451	10,451
Land rentals	31,500	31,500	10,745	(20,755)
Claims and damage settlements	—	—	16	16
Fees, forfeits, and penalties	5,182	5,182	3,465	(1,717)
Total revenues	448,832	448,832	335,659	(113,173)
<b>Expenditures:</b>				
Board of Commissioners	6,038	6,038	5,151	887
General Administration	24,424	24,424	22,355	2,069
Monitoring and Research	35,350	35,350	33,028	2,322
Procurement and Materials Management	11,707	11,707	10,003	1,704
Human Resources	70,637	80,637	77,001	3,636
Information Technology	27,766	26,904	24,074	2,830
Law	8,865	8,865	7,654	1,211
Finance	4,526	4,526	4,123	403
Engineering	39,683	39,245	31,750	7,495
Maintenance and Operations	294,699	285,999	263,608	22,391
Claims and judgments	53,587	53,587	17,781	35,806
Total expenditures	577,282	577,282	496,528	80,754
Revenues over (under) expenditures	(128,450)	(128,450)	(160,869)	(32,419)
Fund balances at beginning of year	302,388	302,388	270,313	(32,075)
Fund balances available for future use	(173,938)	(173,938)	—	173,938
Fund balances at beginning of the year	128,450	128,450	270,313	141,863
Fund balances at end of year	\$ —	\$ —	\$ 109,444	\$ 109,444

*See accompanying notes to the basic financial statements*

	<b>General Corporate Fund</b>
<b>Reconciliation of Budgetary Basis Accounting to GAAP Basis Accounting</b>	
Revenues and other sources (uses) over (under) expenditures on a budgetary basis	\$ (160,869)
Adjustment from Budget to GAAP for:	
Tax revenues	52,884
Cash basis other revenues	31,238
GAAP versus budgetary expenditures and other uses differences	(28,806)
Revenues and other sources (uses) over (under) expenditures on GAAP basis	<b>\$ (105,553)</b>

**Exhibit A-4**  
**Retirement Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual on Budgetary Basis**

*Year ended December 31, 2025*

*(in thousands of dollars)*

	<b>Original and Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Actual Variance with Final Budget - Positive (Negative)</b>
Revenues:			
Property taxes	\$ 70,181	\$ 49,642	\$ (20,539)
Personal property replacement tax	18,555	18,555	—
Miscellaneous	—	3	3
Equity transfer to Retirement Fund	30,000	30,000	—
Total revenue and equity transfer	<u>118,736</u>	<u>98,200</u>	<u>(20,536)</u>
Operating expenditures:			
Pension costs	118,736	98,200	20,536
Total expenditures	<u>118,736</u>	<u>98,200</u>	<u>20,536</u>
Revenues over (under) expenditures	—	—	—
Fund balances at beginning of the year	—	—	—
Fund balances at end of the year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

<b>Reconciliation of Budgetary Basis Accounting to GAAP Basis Accounting</b>	<b>Retirement Fund</b>
Revenues and other sources (uses) over (under) expenditures on a budgetary basis	\$ —
Adjustment from Budget to GAAP for:	
Tax revenues	8,081
Cash basis other revenues	—
GAAP versus budgetary expenditures and other uses differences	<u>(8,081)</u>
Revenues and other sources (uses) over (under) expenditures on GAAP basis	<u>\$ —</u>

**Exhibit A-5**  
**Pension and Other Post Employment Benefits Trust Funds**  
**Statements of Fiduciary Net Position**

December 31, 2025

(with comparative amounts for prior year)

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash	\$ 683	\$ 159
<u>Receivables</u>		
Employer contributions - taxes (net of allowance for uncollectible amounts)	111,314	88,734
Securities sold	333	2,806
Accrued interest and dividends	4,351	3,781
Accounts receivable	99	103
Total receivables	<u>116,097</u>	<u>95,424</u>
<u>Investments at fair value</u>		
Equities	448,422	452,830
U.S. Government and government agency obligations	115,979	125,410
Corporate and foreign government obligations	134,454	100,002
Fixed Income Mutual Funds	126,335	106,859
Mutual and exchange traded funds	311,970	271,441
Pooled funds - equities	522,877	457,956
Pooled funds - fixed income	160,584	163,536
Real estate funds	120,360	116,345
Limited partnership	74,856	61,804
Short-term investment funds	70,625	51,898
Total investments	<u>2,086,462</u>	<u>1,908,081</u>
Securities lending capital	9,244	15,939
Total assets	<u>2,212,486</u>	<u>2,019,603</u>
<u>Liabilities</u>		
Accounts payable	1,214	1,222
Due to broker	2,203	3,615
Securities lending collateral	9,244	15,939
Total liabilities	<u>12,661</u>	<u>20,776</u>
Net position restricted for pension	<u>\$ 1,788,522</u>	<u>\$ 1,644,010</u>
Net position restricted for OPEB	<u>\$ 411,303</u>	<u>\$ 354,817</u>

See accompanying notes to the basic financial statements

**Exhibit A-6**  
**Pension and Other Post Employment Benefits Trust Funds**  
**Statements of Changes in Fiduciary Net Position**

*Year ended December 31, 2025*  
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

	<u>2025</u>	<u>2024</u>
Additions:		
Contributions:		
Employer contributions	\$ 136,709	\$ 145,705
Employee contributions	23,196	22,485
Total contributions	<u>159,905</u>	<u>168,190</u>
Investment income (loss):		
Net appreciation in fair value of investments	228,165	156,197
Interest and dividend income	39,844	33,303
Total investment income	<u>268,009</u>	<u>189,500</u>
Less investment expenses	<u>(5,347)</u>	<u>(5,016)</u>
Investment income net of expenses	<u>262,662</u>	<u>184,484</u>
Security lending activities:		
Security lending income	788	705
Borrower rebates	(636)	(502)
Bank fees	(38)	(47)
Net income from securities lending activities	<u>114</u>	<u>156</u>
Other	<u>1</u>	<u>1</u>
Total additions	<u>422,682</u>	<u>352,831</u>
Deductions:		
Annuities and benefits		
Employee annuitants	169,913	165,223
Retiree health care benefits	10,933	8,723
Surviving spouse annuitants	33,829	33,348
Child annuitants	107	104
Ordinary disability benefits	918	1,112
Duty disability benefits	98	107
Total annuities and benefits	<u>215,798</u>	<u>208,617</u>
Refunds of employee contributions	2,620	1,806
Administrative expenses	3,265	2,702
Total deductions	<u>221,683</u>	<u>213,125</u>
Net increase	<u>200,999</u>	<u>139,706</u>
Net position restricted for pension and OPEB benefits		
Beginning of year	<u>1,998,827</u>	<u>1,859,121</u>
End of year	<u>\$ 2,199,825</u>	<u>\$ 1,998,827</u>

See accompanying notes to the basic financial statements

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

# Notes to the Basic Financial Statements

Metropolitan Water Reclamation District of Greater Chicago

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# Notes to the Basic Financial Statements

Year ended December 31, 2025

## 1. Summary of Significant Accounting Policies

The significant accounting policies of the Metropolitan Water Reclamation District of Greater Chicago (District) conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units and are described below.

- a. **Financial Reporting Entity** - The District is a municipal corporation governed by an elected nine-member Board of Commissioners. As required by GAAP, these financial statements present the District (the primary government) and its component units, the Metropolitan Water Reclamation District Retirement Fund (Pension Trust Fund - Note 7) and the Metropolitan Water Reclamation District Retiree Health Care Trust Fund (OPEB Trust Fund - Note 8). The Board of Trustees for the Pension Trust Fund is composed of seven members. Two of these Trustees are Commissioners appointed by the Board of Commissioners of the District, four are District employees elected by members of the fund and one is a retired employee of the District. Although the Pension Trust Fund and OPEB Trust Fund are legally separate entities, for which the primary government is not financially accountable, they are included in the District's basic financial statements as fiduciary component units in accordance with GASB 84. Complete financial statements of the Pension Trust Fund can be obtained from their administrative office at 111 East Erie Street, Chicago, Illinois, 60611-2898 or on their website: [mwrdrf.org](http://mwrdrf.org). Complete financial statements of the OPEB Trust Fund can be obtained from the Treasurer of the Metropolitan Water Reclamation District at 100 East Erie Street, Chicago, Illinois 60611-2829 or on the District's website: [mwrdrf.org](http://mwrdrf.org).
- b. **Government-wide and Fund Financial Statements** - The District's basic financial statements include government-wide financial statements and fund financial statements.

The government-wide financial statements include the Statements of Net Position and the Statements of Activities and contain information for all the District's governmental activities but exclude the Pension Trust Fund and the OPEB Trust Fund, fiduciary funds whose resources are not available to finance the District's operations. The effect of interfund transactions has been removed from the government-wide statements. The Statements of Net Position report on the financial condition of the District. This statement includes all existing resources and obligations, both current and non-current, with the difference between the two reported as net position. The Statements of Activities report the District's operating results for the year with the difference between expenses and revenues representing the changes in net position. Expenses are reported by department while revenues are segregated by program revenues and general revenues. Program revenues contain charges for services including user charges, land rentals, fees, forfeitures, penalties and capital grants. General revenues include taxes, interest on investments, and all other revenues not classified as program revenues.

In government, the basic accounting and reporting entity is a "fund." A fund is defined as an independent fiscal and accounting entity, with a self-balancing set of accounts which record financial resources, together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives, in accordance with special regulations, restrictions or limitations. Separate fund financial statements are included in the basic financial statements for the major governmental funds. The emphasis of the governmental fund financial statements is on major funds, with each major fund displayed as a separate column. The governmental fund financial statements include a budgetary statement for the General Corporate Fund and the Retirement Fund.

As a special purpose government with only one function, the District has elected to make a combined presentation of the governmental fund statements and the government-wide statements; therefore, the basic financial statements include combined Governmental Funds Balance Sheets/Statements of Net Position (Exhibit A-1) and combined Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities (Exhibit A-2). Individual line items of the governmental fund financials are reconciled to government-wide financials in a separate column on the combined presentations, with in-depth explanations offered in Note 2.

The District reports the following major governmental funds:

**General Corporate Fund**

The fund was established to account for an annual property tax levy, and certain other revenues, which are to be used for the payments of general expenditures of the District not specifically chargeable to other funds. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Corporate Fund. These accounts were established under Chapter 70, ILCS 2605/9b of the Illinois Compiled Statutes, which refers to these accounts as a “Working Cash Fund.” Amounts borrowed from the Working Cash Fund in one year are generally repaid by the Corporate Fund from tax collections received during the subsequent year. Also included in this fund are accounts of the “Reserve Claim Fund,” established under Chapter 70, ILCS 2605/12 of the Illinois Compiled Statutes, which is restricted for the payment of claims, awards, losses, judgments or liabilities which might be imposed against the District, and for the repair or replacement of certain property maintained by the District. The assets, liabilities, deferred inflows of resources and fund balances of the General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions at December 31, 2025 are as follows (in thousands of dollars):

	<u>Total General Corporate Fund</u>	<u>Corporate Division</u>	<u>Corporate Working Cash Division</u>	<u>Reserve Claim Division</u>
<b>Assets</b>				
Cash	\$ 27,524	\$ 25,961	\$ 112	\$ 1,451
Certificates of deposit	9,501	—	5,639	3,862
Investments	218,257	111,629	72,014	34,614
Prepaid insurance	8,910	8,910	—	—
Receivables:				
Property taxes receivable	418,936	409,050	—	9,886
Allowance for uncollectible taxes	(14,283)	(13,945)	—	(338)
Taxes receivable, net	404,653	395,105	—	9,548
Lease receivable	369,501	369,501	—	—
User charges	5,201	5,201	—	—
Miscellaneous	7,120	6,840	—	280
Due from Stormwater Management Fund	589	589	—	—
Restricted deposits	342	342	—	—
Inventories	39,030	39,030	—	—
Total assets	<u>\$ 1,090,628</u>	<u>\$ 963,108</u>	<u>\$ 77,765</u>	<u>\$ 49,755</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>				
Liabilities:				
Accounts payable and other liabilities	\$ 61,439	\$ 59,842	\$ —	\$ 1,597
Unearned revenue	3,193	3,193	—	—
Due to corporate fund from corporate working cash	—	208,000	(208,000)	—
Total liabilities	64,632	271,035	(208,000)	1,597
Deferred inflows of resources:				
Unavailable tax revenue	322,809	315,196	—	7,613
Deferred inflows related to leases	359,601	359,601	—	—
Total deferred inflows of resources	682,410	674,797	—	7,613
Fund balances:				
Nonspendable:				
Prepaid insurance	8,910	8,910	—	—
Inventories	39,030	39,030	—	—
Restricted for:				
Deposits	342	342	—	—
Working cash	285,765	—	285,765	—
Reserve claims	40,545	—	—	40,545
Unassigned (Deficit)	(31,006)	(31,006)	—	—
Total fund balances	343,586	17,276	285,765	40,545
Total liabilities, deferred inflows and fund balances	<u>\$ 1,090,628</u>	<u>\$ 963,108</u>	<u>\$ 77,765</u>	<u>\$ 49,755</u>

## Notes to the Basic Financial Statements

Year ended December 31, 2025

The revenues, expenditures, and changes in fund balances of the General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions for the year ended December 31, 2025, are as follows (in thousands of dollars):

	<b>Total General Corporate Fund</b>	<b>Corporate Division</b>	<b>Corporate Working Cash Division</b>	<b>Reserve Claim Division</b>
Revenues:				
Property taxes	\$ 250,581	\$ 244,691	\$ —	\$ 5,890
Personal property replacement tax	21,763	21,763	—	—
Total tax revenue	<u>272,344</u>	<u>266,454</u>	<u>—</u>	<u>5,890</u>
Interest on investments	18,049	12,594	3,258	2,197
Lease interest revenue	10,481	10,481	—	—
Tax increment financing distributions	35,790	35,790	—	—
Claims and damage settlements	16	16	—	—
Miscellaneous	3,941	3,941	—	—
User charges	47,451	47,451	—	—
Land rentals	10,745	10,745	—	—
Lease revenue	15,599	15,599	—	—
Fees, forfeits and penalties	3,465	3,465	—	—
Federal and state grants	1,900	1,900	—	—
Total revenues	<u>419,781</u>	<u>408,436</u>	<u>3,258</u>	<u>8,087</u>
Operations:				
Board of Commissioners	5,151	5,151	—	—
General Administration	22,439	22,439	—	—
Monitoring and Research	33,817	33,817	—	—
Procurement and Materials Management	6,058	6,058	—	—
Human Resources	76,966	76,966	—	—
Information Technology	23,963	23,963	—	—
Law	7,654	7,654	—	—
Finance	4,123	4,123	—	—
Engineering	31,763	31,763	—	—
Maintenance and Operations	265,619	265,619	—	—
Claims and judgments	17,781	—	—	17,781
Total expenditures	<u>495,334</u>	<u>477,553</u>	<u>—</u>	<u>17,781</u>
Revenues over (under) expenditures	<u>(75,553)</u>	<u>(69,117)</u>	<u>3,258</u>	<u>(9,694)</u>
Other financing sources/(uses):				
Transfer in/(out)	(30,000)	(29,965)	—	(35)
Net Change in Fund balance	<u>(105,553)</u>	<u>(99,082)</u>	<u>3,258</u>	<u>(9,729)</u>
Fund balance at the beginning of year	449,139	116,358	282,507	50,274
Fund balance at the end of year	<u>\$ 343,586</u>	<u>\$ 17,276</u>	<u>\$ 285,765</u>	<u>\$ 40,545</u>

### Debt Service Fund

A sinking fund established to account for annual property tax levies and certain other revenues, principally interest on investments, which are restricted to be used for the payment of interest and redemption of principal on bonded debt.

### Capital Improvements Bond Fund

A capital projects fund established to account for the proceeds of bonds authorized by the Illinois General Assembly, bond anticipation notes net of redemptions, government grants, and certain other revenues, which are all restricted to be used in connection with improvements, replacements, and additions to designated environmental improvement projects.

**Retirement Fund**

A special revenue fund established in accordance with statutory requirements to account for the annual property taxes and personal property replacement tax (PPRT), which are specifically levied to finance pension costs. These taxes are collected and paid to the Pension Trust Fund (see Note 7).

The District reports the following non-major governmental funds:

**Construction Fund**

A capital projects fund established to finance smaller construction projects on a pay-as-you-go basis. The Fund is primarily financed with an annual property tax levy and certain other revenues to be used to finance modernization and rehabilitation projects. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Construction Fund. These accounts were established under Chapter 70, ILCS 2605/9(c) of the Illinois Compiled Statutes, which refers to these accounts as a “Construction Working Cash Fund.” Amounts borrowed in one year are generally repaid by the Construction Fund from tax collections received during the subsequent year.

**Stormwater Management Fund**

A capital projects fund established to account for the annual property taxes which are specifically levied to finance all activities associated with stormwater management, including construction projects. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Stormwater Management Fund. These accounts were established under Chapter 70, ILCS 2605/9(e) of the Illinois Compiled Statutes, which refers to these accounts as a “Stormwater Working Cash Fund.” Amounts borrowed in one year are generally repaid by the Stormwater Management Fund from tax collections received during the subsequent year.

In addition, the District reports the following fiduciary funds:

**Pension Trust Fund**

A fiduciary fund established to account for employer/employee contributions, investment earnings, and expenses for employee pensions. The balance reflected as employer contributions receivable represents amounts due to the plan pursuant to legal requirements.

**OPEB Trust Fund**

A fund established (pursuant to 70 ILCS 2605/9.6(d)) to administer the defined benefit, post-employment health care plan. The intention of the District is that the Fund satisfies the requirements of Section 115 of the Internal Revenue Code of 1986, as amended. A private letter ruling regarding the exclusion of the Trust’s income from gross income under Section 115 has been received from the IRS.

**c. Basis of Accounting and Measurement Focus**

**Government-wide and Fiduciary Fund Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the period of related cash flows. Property taxes are recognized in the year of levy and personal property replacement taxes are recognized in the year earned. Grants and similar items are recognized as revenue in the fiscal year that all eligibility requirements have been met.

**Governmental Fund Financial Statements**

The District’s governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when

## Notes to the Basic Financial Statements

Year ended December 31, 2025

they become measurable and available to finance operations. Expenditures are recognized in the period in which the fund liability is incurred except for principal and interest on long-term debt, compensated absences, claims, judgments, and arbitrage, which are recognized when due and payable.

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. Since governmental funds are accounted for on the current financial resources measurement focus, only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Property taxes, user charge revenue, interest, land rentals, and personal property replacement tax revenue are accrued to the extent that they are measurable and available to satisfy liabilities of the reporting period. In general, the revenue recognition period is limited to amounts collected during the period or within sixty days following year-end. Receivables that are unavailable are reported as deferred inflows of resources.

Grants from Federal and State agencies are recorded as revenues in the fund financial statements when reimbursable expenditures are incurred, or other eligibility requirements imposed by the provider are met, and the grant resources are measurable and available.

Property taxes attach as an enforceable lien on property as of January 1 of the levy year. They are levied and recorded as a receivable as of January 1 and are due in two installments in the following year. The annual ordinance for the levy of taxes contains a reserve for loss in collection of taxes. The District reviews the reserve annually.

**d. Budgeting (Appropriations)** - The District’s fiscal year begins January 1 and ends on December 31. The District’s procedure for adopting the annual budget consists of the following stages:

- (1) After the first quarter of the fiscal year, the Budget Office holds a meeting with departmental budget representatives to discuss policy and procedures for budget preparation that begins in May. Instructions are distributed to departments, together with guidelines from the Executive Director, which indicate the direction the Budget should follow for the coming fiscal year. The basic forms are returned to the Budget Office and a general summary is prepared for the Executive Director, who conducts departmental hearings in August.
- (2) A revenue meeting is conducted by the Executive Director, Administrative Services Officer, and Budget Officer, along with those departments responsible for revenue items. Available resources used to finance the Budget are analyzed at this meeting.
- (3) When departmental estimates are approved and final decisions are made, a Budget Message is prepared and the proposals of the Executive Director become the initial budget document. After departmental requests are finalized, the Executive Director’s Budget Recommendations are published within 15 days. The Executive Director’s Budget Recommendations are published and presented to the Board in October. At all times, the budget figures are balanced between revenues and expenditures.
- (4) The Board’s Committee on Budget and Employment holds public meetings with the Executive Director and department heads regarding the Executive Director’s proposals.

- (5) At the conclusion of these hearings, the Committee on Budget and Employment recommends the preparation of a second document, a supplement to the Executive Director's Budget Recommendations called the "Tentative Budget," which incorporates changes approved at the hearings. Once printed, this is placed on public display, along with the Executive Director's Budget Recommendations, for a minimum of 10 days. An advertisement is published in a general circulation newspaper announcing the availability of the Tentative Budget for inspection at the main office of the District, and specifying the time and date of the public hearing.
  - (6) At least one public hearing is held between 10 and 20 days after the Budget has been made available for public inspection. All interested individuals and groups are invited to participate.
  - (7) After the public hearing, the Committee on Budget and Employment presents the Tentative Budget, which includes revisions and the approved Appropriation and Tax Levy Ordinances, to the Board for adoption. This action must take place before January 1.
  - (8) The Budget, as adopted by the Board, can be amended once at the next Regular Meeting of the Board. No amendment, however, can be requested before a minimum of 5 days after the Budget has been adopted. Amendments for contracts and/or services not received before December 31 must be re-appropriated in the new budget and are included through this amendment process.
  - (9) The final budget document "As Adopted and Amended" is produced, and an abbreviated version, known as the "short form" is published in a newspaper of general circulation before January 20 of the fiscal year.
  - (10) Budget implementation begins on January 1. The Finance Department and Budget Office provide control of appropriations and ensure that all expenditures are made in accordance with budget specifications. The manual entitled "Budget Code Book" is published in conformance with the Adopted Budget and is used to administer, control, and account for the Budget.
  - (11) Supplemental appropriations can be made for the appropriation of revenues from federal or state grants, loans, bond issues, and emergencies. The Executive Director is authorized to transfer appropriations between line items within an object class of expenditure within a department. After March 1 of each fiscal year, transfers of appropriations between objects of expenditures or between departments must be presented for approval to the Board in accordance with applicable statutes.
  - (12) The Board can authorize, by a two-thirds majority, the transfer of accumulated investment income between funds and the transfer of assets among the Working Cash Funds.
- e. Investments of the Governmental Funds** are reported at fair value plus accrued interest. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses and changes in fund balances. Certificates of Deposit are stated at cost plus accrued interest.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term that could materially affect the amounts reported in the statement of net position and in the statement of revenues, expenses and changes in fund balances.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

The investment with the State Treasurer's Illinois Funds is measured at the net asset value per share provided by the pool. The Illinois Funds are not registered with the SEC. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235). Oversight is provided by the State Treasurer. Investments of the Pension and OPEB Trust Funds, other than short-term investments, are also stated at fair value.

- f. **Inventory**, consisting mainly of materials, supplies, and repair parts which maintain and extend the life of the District's treatment facilities, is reported on the Balance Sheet of the General Corporate Fund and the government-wide Statements of Net Position. The District maintains a perpetual record-keeping system and uses a moving-average method, based on cost, for pricing its storeroom inventories. Materials, supplies, and repair parts are recorded as expenditures/expenses when consumed.
- g. **Prepaid Assets** represent services the District has paid for but has not received the full benefit. Prepaids are recorded as expenditures/expenses when consumed.

Inventory balances and prepaid insurance at year-end are reported as nonspendable fund balance in the governmental funds.

- h. **Restricted Deposits** represent cash and investments set aside pursuant to real estate escrow and intergovernmental agreements.
- i. **Interfund Transactions** represent governmental fund transactions for the following: a) loans between funds reported as due to/due from other funds; b) reimbursements between funds reported in the fund financials as expenditures in the reimbursing fund and a corresponding reduction in expenditures in the reimbursed fund; and c) transfers between funds. All interfund transactions are eliminated in the government-wide financial statements. See Note 12 for further disclosure of interfund transactions.
- j. **Capital Assets** including land (and land improvements), buildings, equipment, computer software, infrastructure, acquired easements, and construction in progress are recorded at historical cost or estimated historical cost in the government-wide financial statements. Interest costs are not capitalized. Infrastructure assets include the District's sewers, water reclamation plants (WRP), waterway assets, TARP deep tunnels, and drop shafts. The thresholds for reporting capital assets are as follows:

Land and buildings	\$100,000 and over
Infrastructure	\$500,000 and over
Equipment	\$20,000 and over
Computer software	\$100,000 and over
Easements	\$20,000 and over

Depreciation and amortization of capital assets is provided on the straight-line method (using a ten percent salvage value for equipment) over the following estimated useful lives:

Buildings and land improvements	80 years
Infrastructure (TARP deep tunnels and drop shafts only)	200 years
Right-to-use asset (biosolids processing facility)	25 years
Equipment	6-50 years
Computer software	5 years
Easements	5 years

The District is using the modified approach as an alternative to depreciation to report its eligible infrastructure assets, with the exception of the TARP deep tunnels and drop shafts, which are depreciated.

The modified infrastructure assets are categorized into networks, systems, and subsystems. Each of the District's seven WRPs represent a separate network, and the waterway assets are an eighth network. The systems within the networks are categorized by the process flow through the network (i.e., collection system, treatment processes system, solids processing system, flood & pollution control system, or drying solids/utilization system). The subsystems represent the major processes of each system (e.g., fine screens and grit chambers are subsystems of the treatment processes system). Condition assessments at each network are performed at the subsystem level and these assessments are compiled into a single assessment for each system. The rating scales used in the condition assessments are explained in the Required Supplementary Information immediately following the notes. Infrastructure assets reported under the modified approach are not depreciated, since the District manages these assets using an asset management system, and documents that the assets are being preserved at a level of acceptable or better, as evidenced by a condition assessment.

In compliance with Governmental Accounting Standards Board (GASB) Statement 34, existing infrastructure assets accounted for with the modified approach are not reported in the government-wide financial statements until an initial condition assessment is completed for the assets' network. Currently, all the District's WRPs infrastructure assets are reported as infrastructure under the modified approach in the government-wide financial statements. Condition assessments of eligible infrastructure assets must be completed at least every three years following the initial assessments. The Kirie, Central (Stickney), Hanover, O'Brien, Egan, Calumet, Lemont WRPs, and Waterways had their initial condition assessments completed between 2002 and 2006. The Egan and O'Brien networks each had its most recent condition assessment completed in 2025. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2024. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2023. (See further discussion of the modified approach in the Required Supplementary Information Section).

Modified infrastructure assets under construction are reported in the government-wide financial statements as construction in progress and are reclassified to infrastructure assets when construction is substantially complete.

- k. **Compensated Absences** is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The payment or settlement could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule and are accrued as they are earned in the government-wide financial statements. Expenditures and liabilities for compensated absences are recorded in the fund financial statements when due and payable.

Examples of compensated absences include vacation, overtime, severance, sick leave, paid time off, holidays, bereavement leave, and certain types of sabbatical leave. The guidance with GASB 101 requires governments to assess how much of this leave will be used, regardless of whether that leave is paid out at separation. For unused leave, three criteria must be met: (1) The leave is attributable to services already rendered, (2) the leave accumulates and carries forward to future reporting periods, and (3) it is more likely than not to be used for time off or paid or settled through noncash means.

- l. **Deferred Outflows/Inflows of Resources** - Deferred inflow of resources represent an acquisition of net assets that applies to future periods. Deferred outflow of resources represent a consumption of net assets that applies to future periods.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

- m. Unearned Revenue** - Unearned revenue arises when resources are received by the District before it has legal claim to them. In subsequent periods, when revenue recognition criteria are met or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.
- n. Leases** - A lease is defined as a contract that conveys control of the right to use another entity's non-financial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The District recognizes a lease receivable and deferred inflow of resources for these leases over the threshold of \$100,000. Any lease under the threshold is excluded from amortization.
- o. Long-Term Obligations** - Long-term debt and other long-term obligations are reported in the government-wide Statements of Net Position. Bond premiums are reported with bonds payable and amortized over the life of the bonds, using a method which approximates the effective interest method, in the government-wide financial statements. In addition, the refunding transaction cost, representing the excess of the amount required to refund debt over the book value of the old debt, is reported as a deferred outflow of resources and amortized over the shorter of the life of the old debt or new debt in the government-wide financial statements.

The face amounts of the debt and bond premiums are recognized as other financing sources during the issuance period in the fund financial statements, while bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are recognized as debt service expenditures in the fund financial statements.

- p. Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Pension Trust Fund and additions to/deductions from the Pension Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the Pension Trust Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- q. Postemployment Benefits Other Than Pensions (OPEB)** - For purposes of measuring the net OPEB Liability/(Asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's Retiree Health Care Plan (Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.
- r. Fund Balances** - The Board of Commissioners, on December 9, 2010, adopted a new fund balance classification policy in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The policy categorizes the balances of governmental funds into the following categories: nonspendable, restricted, committed, assigned and unassigned fund balances.
  - Nonspendable Fund Balance – This consists of amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.
  - Restricted Fund Balance – Reported when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance – This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a board motion. The District’s commissioners shall establish, modify, or rescind a fund balance commitment by vote of a motion presented to the Board.
- Assigned Fund Balances – This consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The District’s Board of Commissioners approved a motion authorizing the Executive Director to assign amounts of fund balances to a specific purpose. The District has an assigned fund balance of \$187,371,000 in the Capital Improvement Bond Fund, for future capital projects.
- Unassigned Fund Balances – This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The general fund is the only fund that can report a positive unassigned fund balance amount. However a fund other than the general fund may have a negative unassigned fund balance.

In the General Corporate Fund, the District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which restricted fund balance is available, followed by committed amounts, and then assigned amounts. Unassigned amounts are used only after the other categories of fund balance have been fully utilized. In governmental funds other than the General Corporate Fund, the District considers restricted amounts to have been spent last. When an expenditure is incurred for purposes for which restricted fund balance is available, the District will first utilize assigned amounts, followed by committed amounts, and then restricted amounts.

Fund balances for the year ended December 31, 2025, are as follows (in thousands of dollars):

	<b>General Corporate Fund</b>	<b>Debt Service Fund</b>	<b>Capital Improvements Bond Fund</b>	<b>Other Governmental / Nonmajor Funds</b>	<b>Total Governmental Funds</b>
Fund balances:					
Nonspendable					
Prepaid insurance	\$ 8,910	\$ —	\$ —	\$ —	\$ 8,910
Inventories	39,030	—	—	—	39,030
Restricted for					
Deposits	342	—	—	—	342
Working cash	285,765	—	—	61,453	347,218
Reserve claims	40,545	—	—	—	40,545
Debt service	—	119,683	—	—	119,683
Capital projects	—	—	296,334	48,062	344,396
Assigned	—	—	187,371	—	187,371
Unassigned (Deficit)	(31,006)	—	—	(10,023)	(41,029)
Total fund balances	<u>\$ 343,586</u>	<u>\$ 119,683</u>	<u>\$ 483,705</u>	<u>\$ 99,492</u>	<u>\$ 1,046,466</u>

s. **Net Position** – The government-wide Statements of Net Position display three components of net position, as follows:

- Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any debt attributable to capital assets (net of unspent bond proceeds).
- Restricted Net Position - This consists of net position that is legally restricted by outside parties, or by law through constitutional provisions or enabling legislation. Net position restricted for

## Notes to the Basic Financial Statements

Year ended December 31, 2025

working cash and reserve claims is based on legal restrictions, while net position restricted for debt service and capital projects is based on legal restrictions and/or outside parties. The government-wide statement of net position reports \$931,626,000 of restricted net position.

- Unrestricted Net Position - This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Net Position for the year ended December 31, 2025, is as follows (in thousands of dollars):

	<b>Adjustments (Note 2a)</b>	<b>Statements of Net Position</b>
	<b>2025</b>	<b>2025</b>
Net investment in capital assets	\$ 5,282,321	\$ 5,282,321
Restricted for:		
Corporate working cash	285,765	285,765
Reserve claim	26,010	26,010
Debt service	362,001	362,001
Capital projects	181,694	181,694
Construction working cash	23,663	23,663
Stormwater working cash	37,790	37,790
Net OPEB Asset	14,703	14,703
Total Restricted	<u>931,626</u>	<u>931,626</u>
Unrestricted (Deficit)	<u>(620,856)</u>	<u>(620,856)</u>
Total net position	<u>\$ 5,593,091</u>	<u>\$ 5,593,091</u>

The 2024 net position classifications have been reclassified for presentation purposes to reflect an updated calculation of net investment in capital assets. As a result of this change, net investment in capital assets decreased from \$5,466,487,000 to \$5,257,048,000, restricted net position increased from \$874,508,000 to \$904,903,000, and unrestricted net position increased from \$(793,711,000) to \$(614,217,000).

- t. **Comparative Data** – The basic financial statements present comparative data for the prior year to provide an understanding of the changes in financial position and results of operations, but not at the level of detail required for presentation in accordance with accounting principles generally accepted in the United States of America.
- u. **Use of Estimates** – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.
- v. **Availability Payment Arrangements** – The District entered into an agreement to design, build, own, finance, operate and maintain a 150 dry tons/day biosolids processing facility at the Stickney water reclamation place for a period of twenty years. Each component of the arrangement has been reflected in the financial statements as a right to use asset and an availability purchase arrangement.
- w. **New Accounting Pronouncements** – The District implemented GASB Statement No. 102, Certain Risk Disclosures. The purpose of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. Concentration is defined as lack of diversity related to an aspect of a significant inflow of resources or outflow of resources.

The Governmental Accounting Standards Board (GASB) has approved the following statements which will apply to and be implemented by the District:

- Statement No. 103, Financial Reporting Model Improvements
- Statement No. 104, Disclosure of Certain Capital Assets
- Statement No. 105, Subsequent Events

## Notes to the Basic Financial Statements

Year ended December 31, 2025

### 2. Reconciliation of Fund and Government-wide Financial Statements

- a. **Reconciliation of Total Fund Balances to Total Net Position** - The following explanations are provided for the reconciling adjustments shown in the Governmental Funds Balance Sheets/Statements of Net Position at December 31, 2025 (in thousands of dollars):

Total fund balances of governmental funds	<u>\$ 1,046,466</u>
<i>Amounts reported for governmental activities in the Statements of Net Position are different because:</i>	
Capital assets are not current financial resources and therefore are not reported as assets in governmental funds. However, capital assets are reported in the Statements of Net Position. The cost of capital assets and accumulated depreciation is as follows:	
Capital assets	8,303,743
Accumulated depreciation/amortization	<u>(407,365)</u>
Capital assets, net	<u>7,896,378</u>
Long-term liabilities are not due and payable in the current period and accordingly are not reported as liabilities in governmental funds. However, long-term liabilities are reported in the Statements of Net Position. The long-term liabilities consist of:	
Compensated absences	(21,758)
Claims and judgments	(22,148)
Availability payment arrangement	(13,878)
Bond anticipation notes	(62,836)
General obligation debt	(2,607,379)
Net OPEB asset	14,703
Net Pension liability	(1,366,978)
Due to Pension Trust Fund	<u>(78,224)</u>
Total long-term liabilities	<u>(4,158,498)</u>
Bond refunding transactions are recorded as deferred outflows of resources in the governmental funds while bond premiums and discounts are recorded as other financing sources and uses, respectively. Bond premiums are amortized over the life of the bonds for the Statements of Net Position. They consist of:	
Bond premium	(155,677)
Bond refunding transactions	<u>(6,036)</u>
Total bond premium and refunding transactions	<u>(161,713)</u>
Interest on debt is not accrued in governmental funds, but rather is recognized as a liability and an expenditure when due. Interest is recorded as a liability as it is incurred in the Statements of Net Position. The 2025 amount is:	
Accrued interest	<u>(14,410)</u>
Some assets reported in governmental funds do not increase fund balance because the assets are not "available" to pay for current-period expenditures. These assets are offset by deferred inflow of resources in the governmental funds. However, these assets increase net position in the Statements of Net Position. They consist of:	
Unavailable property taxes and personal property replacement tax	725,278
Grants and rents	8,769
Deferred inflows for pension and OPEB related amounts	<u>(53,655)</u>
Adjustment to deferred inflows of resources	<u>680,392</u>
Deferred outflows of resources represent items related to pension and OPEB, which will be recognized as an expense in future reporting periods. Deferred outflows consist of employer contributions and "other" which includes differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings on plan investments. However, these items are reported in the Statement of Net Position. They consist of:	
Deferred outflows for employer contributions subsequent to measurement date	136,707
Deferred outflows for other pension and OPEB related amounts	<u>167,769</u>
Adjustment to deferred outflows of resources	<u>304,476</u>
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	589
Due to other funds	<u>(589)</u>
Total interfund	<u>—</u>
Total net position of governmental activities	<u><u>\$ 5,593,091</u></u>

- b. **Reconciliation of the Change in Fund Balances to the Change in Net Position** - The following explanations are provided for the adjustments shown in the Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities for the year ended December 31, 2025 (in thousands of dollars):

Net change in fund balances of governmental funds \$ (233,139)

*Amounts reported for governmental activities in the Statements of Activities are different because:*

Construction costs for capital outlays are reported as expenditures in governmental funds. However, in the Statements of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense except for those assets under the modified approach. In the current period, these amounts are:

Construction costs and other capital outlays	59,353
Infrastructure retirements	(38,561)
Depreciation expense-allocated to various departments	(2,990)
Depreciation/amortization expense-unallocated	<u>(11,463)</u>
Excess of construction and capital outlay costs over depreciation expense and loss on disposal of infrastructure assets	<u>6,339</u>

Debt proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the Statements of Net Position. In the current period, debt proceeds and related items were:

Bond anticipation notes proceeds	<u>(69,263)</u>
Debt proceeds total	<u>(69,263)</u>

Repayment of long-term debt is reported as an expenditure in the governmental funds, or as an other financing use in the case of refunding, but the repayment reduces the long-term liabilities in the Statements of Net Position. In the current year, the repayments consist of:

Debt service principal retirement	<u>141,905</u>
Debt service principal retirement total	<u>141,905</u>

Some expenses reported in the Statements of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in compensated absences-allocated to various departments	119
Change in claims and judgments	(2,634)
Change in bond interest	478
Change in bond anticipation notes interest	(487)
Amortization of bond issuance/refunding costs	1,487
Amortization of bond premium	16,217
Change in net pension liability and related deferred amounts	(47,414)
Change in net OPEB liability (asset) and related deferred amounts	23,526
Change in due to Pension Trust Fund	<u>33,782</u>
Total additional expenses	<u>25,074</u>

The proceeds from the sale of land and equipment are reported as an other financing source in the governmental funds. However, the cost of the land and equipment is removed from the capital assets account in the Statements of Net Position and offset against sale proceeds resulting in gain or (loss) in the Statements of Activities. The net effect of miscellaneous transactions involving capital asset sales:

Total land and equipment sales	<u>(554)</u>
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Unavailable tax revenues and certain other revenues that are earned but "unavailable" for the current period are not recognized in governmental funds. These revenues consist of:

Property tax - net	167,179
Grant and rent adjustment	<u>7,816</u>
Total unavailable revenue	<u>174,995</u>

Change in net position of governmental activities	<u><u>\$ 45,357</u></u>
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## Notes to the Basic Financial Statements

Year ended December 31, 2025

### 3. Reconciliation of Budgetary Basis Accounting to GAAP Basis Accounting

The District prepares its budget in conformity with practices prescribed or permitted by the applicable statutes of the State of Illinois, which differ from GAAP. To reconcile the General Corporate Fund budgetary cash basis financials to the GAAP fund basis financials, the following schedule was prepared (in thousands of dollars):

	<b>General Corporate Fund</b>
Revenues and other sources (uses) over (under) expenditures on a budgetary basis	\$ (160,869)
Adjustment from Budget to GAAP for:	
Tax revenues	52,884
Cash basis other revenues	31,238
GAAP versus budgetary expenditures and other uses differences	(28,806)
Revenues and other sources (uses) over (under) expenditures on GAAP basis	<u>\$ (105,553)</u>

### 4. Deposits and Investments

#### Deposits

As of December 31, 2025, the District, the Pension Trust Fund and OPEB Trust Fund deposits were fully insured and collateralized.

The District also has deposits held with the District's workman's compensation third party provider in the amount of \$280,000; all others (if any) represent cash with the escrow agent for the subsequent payment of interest on debt.

#### Investments (excluding Trust Funds)

The investments which the District may purchase are limited by Illinois law to the following: (1) securities which are fully guaranteed by the U.S. Government as to principal and interest; (2) certain U.S. Government Agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (4) short-term discount obligations defined by any agency created by act of U.S. Congress; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois funds; (8) the Illinois Trust Local Government Investment Pool (LGIP) program; (9) money market mutual funds and certain other instruments; and (10) municipal bonds of the State of Illinois, or of any other state, or of any political subdivisions thereof, whether interest is taxable or tax-exempt under federal law, rated within the four highest classifications by a major rating service. District policies require that repurchase agreements be collateralized only with direct U.S. Treasury securities that are maintained at a value of at least 102% of the investment amount (at market).

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District’s investments at December 31, 2025 (in thousands of dollars):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less Than 1 Year</u>	<u>1- 5 Years</u>
U.S. Agencies	\$ 234,849	\$ 140,015	\$ 94,834
Municipal Bonds	39,481	18,758	20,723
Commercial Paper	84,862	84,862	—
Illinois Trust Investment Pool	433,321	433,321	—
State Treasurer’s Illinois Funds	161	161	—
U.S. Treasury Bills	30,403	—	30,403
Total Investments	<u>\$ 823,077</u>	<u>\$ 677,117</u>	<u>\$ 145,960</u>

The Illinois Funds invests a minimum of 75% of its assets in authorized investments of less than one year and no investment shall exceed two years maturity. The Illinois Trust Local Government Investment Pool program includes authorized investments maintaining a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. The above fair value amount excludes accrued interest receivable of \$3,057,000.

**Interest Rate Risk**

The District’s investment policy protects against fair value losses resulting from rising interest rates by structuring its investments so that sufficient securities mature to meet cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity, except when such a sale is required by state statute. In addition, the District’s policy limits direct investments to securities maturing in five (5) years or less. Written notification is required to be made to the Board of Commissioners of the intent to invest in securities maturing more than five (5) years from the date of purchase.

**Credit Risk**

The District’s investment policy applies the “prudent person” standard in managing its investment portfolio. As such, investments are made with such judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The District’s investment policy limits investments in commercial paper to the highest rating classifications, as established by at least two of the four major rating services, and which mature not later than 270 days from the purchase date. Such purchases may not exceed 10% of the issuer corporation’s outstanding obligations.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

Credit ratings for the District's investments in debt securities as described by Standard & Poor's, Moody's and Fitch at December 31, 2025 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

Investment Type	Credit Ratings at 12/31/2025 S&P/Moody's/Fitch	% of Total Investments in Debt Securities
U.S. Agencies		
Federal Home Loan Banks (FHLB)	AA+/Aaa/NR	13.2 %
Federal Home Loan Mortgage Corporation (FMCC)	AA+/Aaa/AA+	5.4
Federal Farm Credit Banks Funding Corporation (FFCB)	AA+/Aaa/AA+	6.8
Federal National Mortgage Association (FNMA)	AA+/Aaa/AA+	3.0
U.S. Treasury Bills	AA+/Aaa/AAA	3.7
Illinois Trust Investment Pool	AAAm/NR/NR	52.8
Commercial Paper	A-1/P-1/F1	10.3
Municipal Bonds	AAA to A-/Aaa to A3/AAA to A-	4.8
		100.0 %

NR - Not Rated

### Concentration of Credit Risk

The District's goal is to limit the amount that can be invested in commercial paper to one-third of the District's total investments, and no more than 20% of the amount invested in commercial paper can be invested in any one entity. As of December 31, 2025 the fair value of commercial paper represented 10.3% of the District's total investments, including certificates of deposit.

As of December 31, 2025, the following investments were greater than 5% of total investments (in thousands of dollars):

Investment	Fair Value
Illinois Trust Investment Pool	\$ 433,321
Federal Home Loan Bank (FHLB)	108,970
Federal Farm Credit Bank (FFCB)	56,278
Federal Home Loan Mortgage Corp (FMCC)	44,606
	\$ 643,175

There are no investments that represent 5% or more of the Pension Trust Fund's net position restricted for pension benefits identified.

There are no individual investments held by the OPEB Trust that represent 5% or more of the Trust's fiduciary net position or the investment portfolio at year-end.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of December 31, 2025 and 2024, the Pension Trust Fund had minimal exposure to custodial credit risk since all investments were insured, registered, and/or held in the Fund's name.

The OPEB Trust's Investment Policy requires that all investments and investment collateral be held in safekeeping by a third party custodial institution, as designated by the Treasurer, in the Trust's name. All cash

balances maintained at banks are required to be collateralized with permitted U.S. Government Securities in an amount equal to 105% (at market) of the monies on deposit. Cash awaiting reinvestment in the Trust's investment account is protected up to \$250,000 under coverage by the Securities Investor Protection Corporation (SIPC). As of December 31, 2025, the Trust had no exposure to custodial credit risk since all investments were registered or held in the Trust's name.

### **Trust Fund Investments**

The Illinois Statutes prescribe the "prudent person rule" as the Retirement Fund's investment authority, effective August 31, 2007. This rule requires the Fund to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for the Fund's investment managers which are included within their respective Investment Management Agreements. The Fund's adopted asset allocation policy is 38% domestic equities, 17% international equities, 5% global equities, 25% fixed income, 10% core open-end real estate and 5% private equity.

The OPEB Trust Fund is authorized under State Statute 70 ILCS 2605/9.6(d). In accordance with the Statute, the Trust Fund shall be managed by the District Treasurer in any manner deemed appropriate subject only to the prudent person standard. The Trust adopted its investment policy on November 19, 2009, which was most recently revised on November 15, 2018. Investments shall be limited to publicly traded securities and mutual funds, adequately diversified among various market segments and sectors as well as other developed countries and emerging markets.

At December 31, 2025, the OPEB Trust's assets were invested in mutual funds traded on national securities exchanges. Investments are stated at fair value. The fair value of mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Trust. Purchases and sales of mutual fund units are accounted for on the trade dates.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. One strategy to manage exposure to interest rate risk is to purchase a combination of short-term and long-term investments, while considering cash flow needs of the Pension Trust Fund. The Fund does not maintain an investment policy relative to interest rate risk. However, the Board of Trustees recognizes that its investments are subject to short-term volatility and their goal is to maximize total return within prudent risk parameters.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

The following table presents a summarization of the Pension Trust Fund's debt investments as of December 31, 2025 (in thousands of dollars), using the segmented time distribution method:

Type of Investment	Maturity	Fair Value	Percentage
	1-5 years	10,758	9.3
	5-10 years	21,617	18.6
	Over 10 years	83,605	72.1
		<u>\$ 115,980</u>	<u>100.0 %</u>
Corporate and foreign government obligations	<1 year	1,284	1.0
	1-5 years	24,245	18.0
	5-10 years	36,693	27.3
	Over 10 years	72,232	53.7
		<u>\$ 134,454</u>	<u>100.0 %</u>
Pooled funds - fixed income	5-10 years	<u>\$ 160,584</u>	<u>100.0 %</u>
Short-term investment fund	<1 year	<u>\$ 46,327</u>	<u>100.0 %</u>

The OPEB Trust's benefit liabilities extend many years into the future, and the Trust's policy is to maintain a long-term focus on its investment decision-making process. Fixed income investments susceptible to interest rate risk are monitored to prevent such investments from exceeding established allocation targets.

The following illustrates the terms of investments that are highly sensitive to interest rate fluctuations and reports the fair values and maturities for the OPEB Trust Fund's investments at December 31, 2025 (in thousands of dollars):

Investment Type	Fair Value	Percentage	Average Maturities (years)
Fixed Income Funds:			
Dodge & Cox Income Fund	\$ 86,724	68.6%	8.9
Payden Core Bond Fund	39,611	31.4%	8.5
Total Fixed Income Funds	<u>126,335</u>	<u>100.0%</u>	
Domestic Equity Funds:			
Ariel Fund Class I	17,197		
Fidelity 500 Index Fund	76,383		
Fidelity Contrafund	32,379		
Fidelity Mid Cap Index Fund	29,157		
Vanguard Small Cap Index Institutional	28,736		
Total Domestic Equity Funds	<u>183,852</u>		
International Equity Funds:			
Fidelity International Index Fund	58,262		
Vanguard Global Minimum Volatility	18,573		
Total International Equity Funds	<u>76,835</u>		
Money Market Funds	24,298		
Total Fair Value	<u>\$ 411,320</u>		

**Credit Risk**

Credit risk is defined as the risk that the issuer of a debt security will not pay its par value upon maturity. The Illinois Statutes prescribe the “prudent person rule” as the Pension Trust Fund’s investment authority and within the “prudent person” framework, the Board of Trustees adopts investment guidelines that consider credit risk for the Fund’s investment managers which are included within their respective investment Management Agreements.

The following table presents a summarization of the credit quality ratings of the holdings within the Pension Trust investments at December 31, 2025 (in thousands of dollars):

**Disclosure Ratings for Debt Securities  
(As a percentage of total fair value for debt securities)**

<u>Credit Rating</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
AA	U.S. Government and Government Agency	\$ 115,979	100.0 %
		<u>\$ 115,979</u>	<u>100.0 %</u>
AAA	Corporate and Foreign Government	4,777	3.6
AA	Corporate and Foreign Government	22,115	16.4
A	Corporate and Foreign Government	27,092	20.1
BBB	Corporate and Foreign Government	37,376	27.8
BB	Corporate and Foreign Government	10,077	7.5
B	Corporate and Foreign Government	5,477	4.1
Not Rated	Corporate and Foreign Government	27,541	20.5
		<u>134,455</u>	<u>100.0</u>
AAA	Pooled Funds - Fixed Income	160,584	100.0
		<u>160,584</u>	<u>100.0</u>
Not Rated	Short-Term Investment Fund	46,327	100.0
		<u>46,327</u>	<u>100.0</u>
		<u>\$ 457,345</u>	<u>100.0 %</u>

Quality ratings are as provided by Standard & Poor’s. For the pooled funds - fixed income investments an average credit quality rating is provided by Bank of America Merrill Lynch and Bloomberg Barclays.

The OPEB Trust’s Investment Policy requires a minimum of 75% of the fixed income holdings of an actively managed fixed income mutual fund be of investment grade quality or higher at purchase; rated no lower than “Baa” by Moody’s and no lower than “BBB” by Standard and Poor’s. The Trustee, at its discretion, may impose a higher standard on an individual investment’s circumstances or as investment objectives dictate. Fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by state, local and foreign governments, or any agency or instrumentality thereof, mortgage-backed and asset-backed securities, corporate bonds, foreign securities (including but not limited to, corporate issues, sovereign issues, non U.S. dollar denominated securities, Eurobonds, and emerging market debt securities) and municipal issues.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

The following are the percentages of fixed income investment portfolio securities within each credit-quality rating as of December 31, 2025:

**Disclosure Ratings for Debt Securities**  
(As a percentage of total fair value for debt securities)

<u>Credit Rating</u>	<u>Dodge &amp; Cox Income Fund</u>	<u>Payden Core Bond Fund</u>
AAA	64.3 %	26.0 %
AA	5.0	36.0
A	9.3	14.0
BBB	19.8	21.0
BB	1.6	2.0
Not Rated	—	1.0
Total	<u>100.0 %</u>	<u>100.0 %</u>

Morningstar Inc. provided the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poor's or Moody's credit rating agencies.

The Trust's investment in a money market fund was not individually rated by a nationally recognized statistical rating organization.

**Foreign Currency Risk**

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency denominated investments held by the Pension Trust Fund are in equities, fixed income and foreign cash. The Fund's exposure to foreign currency risk at December 31, 2025 was as follows (in thousands of dollars):

<u>Equities</u>	<u>Fair Value</u>	<u>%</u>
Australian dollar	\$ 1,967	0.4 %
Brazilian real	3,076	0.7
British pound sterling	21,486	4.8
Canadian dollar	9,714	2.2
Danish krone	11	0.0
European euro	37,287	8.3
Hong Kong dollar	5,747	1.3
Indonesian rupiah	478	0.1
Israeli shekel	708	0.2
Japanese yen	21,903	4.9
Malaysian ringgit	670	0.1
Mexican peso	3,357	0.7
New Taiwan dollar	6,482	1.4
New Zealand dollar	22	0.0
Norwegian krone	3,216	0.7
Philippine peso	1,203	0.3
Polish zloty	1,081	0.2
Singapore dollar	6,904	1.5
South Korean won	4,748	1.1
Swedish krona	1,584	0.4
Swiss franc	9,212	2.1
Thailand baht	260	0.1
U.S. dollar	307,306	68.5
Total	<u>\$ 448,422</u>	<u>100.0 %</u>

<u>Short-Term Investment Funds</u>	<u>Fair Value</u>	<u>%</u>
Australian dollar	\$ 129	0.3 %
Brazilian real	19	0.0
British pound sterling	132	0.3
Canadian dollar	257	0.6
Danish krone	64	0.1
European euro	270	0.6
Hong Kong dollar	87	0.2
Israeli shekel	50	0.1
Japanese yen	920	2.0
New Zealand dollar	155	0.3
Norwegian krone	275	0.6
Philippine peso	4	0.0
Singapore dollar	95	0.2
Swedish krona	276	0.6
Swiss franc	14	0.0
U.S. dollar	43,580	94.1
Total	<u>\$ 46,327</u>	<u>100.0 %</u>

## Notes to the Basic Financial Statements

Year ended December 31, 2025

The OPEB Trust Fund's policy is to disclose any investment denomination in a foreign currency. Exposure to foreign currency risk is limited to the international investment allocation target maximum of 25% of the fair value of the investment portfolio.

As of December 31, 2025, the OPEB Trust's investments in international equity mutual funds stated at fair market value are as follows (in thousands of dollars):

<u>Fund Name</u>	<u>Fair Value</u>
Fidelity International Index Fund	\$ 58,262
Vanguard Global Minimum Volatility	18,573
	<u>\$ 76,835</u>

### When-Issued Transactions

The Fund may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Fund enters into a commitment to purchase the security, the transaction is recorded at the purchase price which equals fair value. The value at delivery may be more or less than the purchase price. No interest accrues to the Pension Trust Fund until delivery and payment takes place. As of December 31, 2025, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately .

### Securities Lending

State Statutes and the investment policy permit the Pension Trust Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Bank of New York Mellon, the Fund's custodian, requires collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit or other securities worth at least 102% of the lent securities' market value, and for international securities, collateral worth at least 105%. The contract with the Fund's custodian requires it to indemnify the Fund if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Fund for income distributions by the securities issuers while the securities are out on loan.

The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 117 days for 2025; however, all securities loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end, has a weighted average maturity of 1 day.

Although the Pension Trust Fund's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires it to indemnify the Fund if borrowers fail to return the securities or fail to pay the Fund for income distributions by the issuers of securities while the securities are on loan.

During 2025, there were no losses due to default of a borrower of the lending agent.

A summary of securities loaned at fair value as of December 31, 2025 is as follows (in thousands of dollars):

<b>Securities loaned - backed by cash collateral</b>	
Equities	\$ 6,929
Corporate obligations	2,063
Total securities loaned - backed by cash collateral	8,992
 <b>Securities loaned - backed by non-cash collateral</b>	
Equities	18,643
Corporate obligations	2,097
Total securities loaned - backed by non-cash collateral	20,740
Total	\$ 29,732

As of December 31, 2025, the fair value (carrying amount) of loaned securities was \$29,732,000. As of December 31, 2025, the fair value (carrying amount) of cash collateral received by the Fund was \$9,244,476. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2025, the fair value (carrying amount) of noncash collateral received by the Fund was \$21,361,934.

The fund also participates in the securities lending programs offered by State Street Global Advisors (SSGA) with regards to their pooled funds. Securities lending income earned by SSGA serves as a credit to quarterly management fees, and any remainder is used for purchasing additional units in the SSGA fixed income pooled fund.

**Fair Market Value Measurements**

GASB Statement No. 72, Fair Value Measurement and Application, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Investment valuations are as of December 31, 2025. The values of the District's investments may have changed significantly after year end as the result of investment markets.

The District and its fiduciary funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

**Level 1** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets. Includes common stock, mutual and commingled equity funds, and U.S. Government and government agency obligations and Non-U.S. Government obligations that are traded in active markets and are valued at closing prices on the measurement date.

**Level 2** Quoted prices for similar assets or liabilities in active markets, inactive markets, or using other significant inputs which are observable either directly or indirectly. Includes U.S. Government and government agency obligations, foreign Government obligations, mortgage-backed securities, asset backed securities, and corporate bonds and notes that are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rates and yield curves at

## Notes to the Basic Financial Statements

Year ended December 31, 2025

commonly quoted intervals, implied volatilities and credit spreads, or market corroborated inputs.

- Level 3** Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. Includes corporate bonds and notes that are valued using a discounted cash flow technique or consensus pricing.

The carrying amount of investments and fair value hierarchy at December 31, 2025 is shown in the following schedule (in thousands of dollars):

The District	December 31, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value</b>				
<b>Debt Securities</b>				
U.S. Agencies	\$ 234,849	\$ —	\$ 234,849	\$ —
Municipal Bonds	39,481	—	39,481	—
Commercial Paper	84,862	—	84,862	—
U.S. Treasury Bills	30,403	—	30,403	—
Total Investments at Fair Value	<u>\$ 389,595</u>	<u>\$ —</u>	<u>\$ 389,595</u>	<u>\$ —</u>
<b>Investments Not Measured at Fair Value</b>				
Illinois Trust Investment Pool	433,321			
State Treasurer's Illinois Funds	161			
<b>Total Investments</b>	<u>\$ 823,077</u>			

The District does not have Level 1 or Level 3 investments. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Pension Trust Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Pension Trust Fund's investment assets at fair value as of December 31, 2025. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

The Pension Trust fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table sets forth, by level, within the fair value hierarchy, the investments at fair value as of December 31, 2025 (in thousands of dollars):

Pension Trust Fund	Fair Value Measurements Using			
	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Equities	\$ 448,422	\$ 448,422	\$ —	\$ —
U.S. Govt and Govt Agency Obligations	115,979	52,264	63,715	—
Corporate and Foreign Govt Obligations	134,454	—	134,454	—
Mutual and Exchange Traded Funds	51,283	51,283	—	—
Total investments by Fair Value Level	<u>\$ 750,138</u>	<u>\$ 551,969</u>	<u>\$ 198,169</u>	<u>\$ —</u>
<b>Investments Measured at NAV</b>	<u>925,003</u>			
Total Investments at Fair Value	<u>\$ 1,675,141</u>			

The valuation methods for investments measured at net asset value (NAV) are presented on the following table:

Pension Trust Fund	Fair Value	Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
<b>Investments Measured at NAV</b>				
<b>Pooled funds - equity (1)</b>				
Earnest Partners China Fund	\$ 4,430	—	Daily	N/A
SSGA S&P 500 Flagship Fund	246,713	—	Daily	N/A
SSGA S&P 400 Midcap Index Fund	64,637	—	Daily	N/A
SSGA MSCI ACWI Fund	72,363	—	Daily	N/A
SSGA Russell 1000 Growth Index Fund	84,216	—	Daily	N/A
Driehaus International Small Cap Growth	50,518	—	—	—
<b>Pooled funds - fixed income (2)</b>				
SSGA U.S. Aggregate Bond Index	160,584	—	Daily	N/A
<b>Real estate funds (3)</b>				
Trumbull Property Fund	39,544	—	Quarterly	60 days
RREEF America REIT II	80,816	—	Quarterly	45 days
<b>Limited Partnership (4)</b>				
Brightwood Capital Fund V, LP	36,199	700	Closed-end	N/A
Partners Group Private Credit Strategy B	38,657	—	Discretionary	N/A
<b>Short-term investment fund (5)</b>				
BNY Melon EB Temporary Investment Fund	46,327	—	Daily	N/A
<b>Total investments measured at NAV</b>	<u>\$ 925,004</u>			

(1) Pooled funds - equity - The investment objective of these investments is to track the performance of the S&P 500, S&P 400 MidCap, MSCI ACWI ex and Russell 1000 Growth USA indexes over the long term. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

- (2) Pooled funds - fixed income - The investment objective of the U.S. Aggregate Bond Index is to track the performance of the Barclays U.S. Aggregate Bond Index over the long term. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (3) Real estate funds - The Trumbull Property Fund's investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The RREEF America REIT II's investment objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return. The fair value of the investments in these funds has been determined by periodic investment manager appraisals which determine the NAV of the investment.
- (4) Limited partnership - The investment objective of the Brightwood Capital Fund V, LP is to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in loans, notes and other debt instruments, total return swaps and other derivative instruments, participation interests, warrants, equity securities including common stock, preferred stock, direct equity investments, and structured equity products. The limited partnership investment is closed-end where the partnership interest is generally illiquid and cannot be redeemed. It is expected that the liquidation of the limited partnership interest will generally coincide with the terms of the partnership agreement. The termination date is April 30, 2028, but may be extended for an additional one-year period as set forth in the terms of the partnership agreement. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (5) Short-term investment - This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

### Derivatives

The Fund's investment managers may use forward foreign currency exchange contracts to manage portfolio risk and to facilitate international portfolio trading.

A derivative security is a financial contract whose value is based on, or "derived" from, a traditional security, an asset, or a market index. Derivative instruments include forward contracts as part of the Fund's portfolio. Derivative instruments are valued using pricing models based on the prevailing forward exchange rate of the underlying currencies taking into account the counterparties' creditworthiness.

Derivative transactions involve, to varying degrees, credit, risk, interest rate risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become costlier to settle. Due to the purpose and short-term nature of the forward currency contracts, these risks are considered to be minimal.

Forward contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. Forward currency contracts are reported at fair value as due to broker and due from broker on the statement of fiduciary net position. The gain or loss on forward currency contracts is recognized and recorded on the statement of changes in fiduciary net position as part of investment income. The forward currency contracts are short term in nature, typically ranging from one month to three months.

The deferred outflows of resources and deferred inflows of resources of the hedging derivatives are immaterial and not included in these financial statements.

At December 31, 2025, the Fund's assets and liabilities included the following forward foreign currency exchange contract balances which are included in due from broker and due to broker:

Forward Foreign Currency Exchange Contract receivables	\$ 14,976
Forward Foreign Currency Exchange Contract payables	\$ 14,993

The carrying amount of investments and fair value hierarchy of the OPEB Trust is shown in the following schedule as of December 31, 2025 (in thousands of dollars):

OPEB Trust	Fair Value Measurements Using			
Fair Value of Investments	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equity Funds	\$ 183,852	\$ 183,852	\$ —	\$ —
International Equity Funds	76,835	76,835	—	—
Domestic Fixed Income Funds	126,335	126,335	—	—
Money Market Funds	24,298	24,298	—	—
<b>Total Fair Value of Investments</b>	<b>\$ 411,320</b>	<b>\$ 411,320</b>	<b>\$ —</b>	<b>\$ —</b>

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The OPEB Trust does not have Level 2 or Level 3 investments.

## 5. Receivables, Deferred Inflows of Resources and Payables

Certain receivables and payables reported in the financial statements represent aggregations of different components, such as balances due from/to taxpayers, users, other governments, vendors, and employees. The following information is provided to detail significant balances which make up the components.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

### Receivables

Receivables as of December 31, 2025 in the District's governmental funds and government-wide financial statements, net of uncollectible accounts, are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve- ments Bond	Retirement	Other Govern- mental	Total Govern- mental	Statement of Net Position
Receivables at December 31, 2025:							
Property taxes:	\$ 418,936	\$ 329,410	\$ —	\$ 97,538	\$ 90,021	\$ 935,905	\$ 935,905
Allowance for uncollectible taxes	(14,283)	(10,328)	—	(3,327)	(3,074)	(31,012)	(31,012)
Net property taxes	404,653	319,082	—	94,211	86,947	904,893	904,893
Personal property replacement tax	—	—	—	9,286	—	9,286	9,286
Total taxes receivable, net	404,653	319,082	—	103,497	86,947	914,179	914,179
Lease receivable (note 14)	369,501	—	—	—	—	369,501	369,501
Other receivables:							
User charges	5,201	—	—	—	—	5,201	5,201
State revolving fund loans	—	—	16,384	—	—	24,200	24,200
Miscellaneous	7,120	—	1,036	—	—	8,156	8,156
Total other receivables, net	12,321	—	17,420	—	7,816	37,557	37,557
Total net receivables at December 31, 2025	<u>\$ 786,475</u>	<u>\$ 319,082</u>	<u>\$ 17,420</u>	<u>\$ 103,497</u>	<u>\$ 94,763</u>	<u>\$1,321,237</u>	<u>\$1,321,237</u>

The property tax receivable includes a nominal amount that is not expected to be collected within one year of the financial statement date. Lease receivable is the net present value of all payments based on leased District property subject to GASB 87 reporting.

### Deferred Inflows of Resources

Unavailable tax revenue is reported in the Governmental Funds Balance Sheets in connection with receivables for property taxes that are not considered to be available to liquidate liabilities of the current period. Deferred inflows of resources related to leases are reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position in compliance with Statement 87 of the Governmental Accounting Standards Board. Other unavailable revenue is reported in the Governmental Funds Balance Sheets for the federal subsidy accrual relating to the direct reimbursement for the District's Build America Bonds. A summary of deferred inflows of resources as of December 31, 2025, is as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve- ments Bond	Retirement	Other Govern- mental	Total Govern- mental	Adjust- ments	Statement of Net Position
Deferred inflows of resources at December 31, 2025:								
Property tax revenue	\$ 322,809	\$ 256,728	\$ —	\$ 75,440	\$ 70,301	\$ 725,278	\$ (725,278)	\$ —
Deferred inflows related to leases	359,601	—	—	—	—	359,601	—	359,601
Other amounts:								
Grant revenue	—	—	953	—	7,816	8,769	(8,769)	—
Total deferred inflows of resources at December 31, 2025	<u>\$ 682,410</u>	<u>\$ 256,728</u>	<u>\$ 953</u>	<u>\$ 75,440</u>	<u>\$ 78,117</u>	<u>\$1,093,648</u>	<u>\$ (734,047)</u>	<u>\$ 359,601</u>

**Payables**

Payables reported as "Accounts payable and other liabilities" at December 31, 2025 in the governmental funds and government-wide financial statements are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve ments Bond	Retirement	Other Governm ental	Total Governm ental	Statement of Net Position
Accounts payable and other liabilities at December 31, 2025:							
Vouchers payable and other liabilities	\$ 49,313	\$ —	\$ 30,543	\$ —	\$ 28,438	\$ 108,294	\$ 108,294
Accrued payroll and withholdings	11,838	—	—	—	—	11,838	11,838
Bid deposits	288	—	—	—	—	288	288
Total accounts payable and other liabilities as of December 31, 2025	<u>\$ 61,439</u>	<u>\$ —</u>	<u>\$ 30,543</u>	<u>\$ —</u>	<u>\$ 28,438</u>	<u>\$ 120,420</u>	<u>\$ 120,420</u>

**6. Capital Assets**

A summary of the changes in capital assets for the year ended December 31, 2025, are as follows (in thousands of dollars):

	Balances January 1, 2025	Additions	Retirements	Balances December 31, 2025
Governmental activities:				
Capital assets not depreciated/amortized:				
Land	\$ 143,945	\$ —	\$ —	\$ 143,945
Permanent easements	2,763	—	—	2,763
Construction in progress	409,643	81,402	82,230	408,815
Infrastructure under modified approach	5,730,462	55,608	38,561	5,747,509
Total capital assets not depreciated/amortized	<u>6,286,813</u>	<u>137,010</u>	<u>120,791</u>	<u>6,303,032</u>
Capital assets depreciated/amortized:				
Buildings	13,226	—	—	13,226
Right to Use Asset	52,151	—	—	52,151
Equipment	78,653	4,325	2,802	80,176
Computer software	7,952	248	—	8,200
Infrastructure and easements	1,846,958	—	—	1,846,958
Total capital assets being depreciated/amortized	<u>1,998,940</u>	<u>4,573</u>	<u>2,802</u>	<u>2,000,711</u>
Less accumulated depreciation/amortization:				
Buildings	7,537	287	—	7,824
Right to Use Asset	30,248	2,086	—	32,334
Equipment	53,224	2,703	2,248	53,679
Computer software	7,640	65	—	7,705
Infrastructure and easements	296,511	9,312	—	305,823
Total accumulated depreciation/amortization	<u>395,160</u>	<u>14,453</u>	<u>2,248</u>	<u>407,365</u>
Total capital assets depreciated/amortized, net	<u>1,603,780</u>	<u>(9,880)</u>	<u>554</u>	<u>1,593,346</u>
Governmental activities capital assets, net	<u>\$ 7,890,593</u>	<u>\$ 127,130</u>	<u>\$ 121,345</u>	<u>\$ 7,896,378</u>

## Notes to the Basic Financial Statements

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Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 2025, was charged to the District's governmental functions as follows (in thousands of dollars):

<u>Department</u>	<u>Amount</u>
Board of Commissioners	\$ 26
General Administration	420
Monitoring and Research	237
Procurement and Materials Management	24
Human Resources	33
Information Technology	353
Law	18
Finance	15
Engineering	931
Maintenance and Operations	933
Total allocated depreciation	<u>2,990</u>
Unallocated infrastructure depreciation	<u>11,463</u>
Total depreciation	<u>\$ 14,453</u>

### 7. Pension Plan

#### Plan Description

The Metropolitan Water Reclamation District Retirement Fund (Pension Trust or Fund) is the administrator of a single employer defined benefit pension plan (Plan) in accordance with 40 ILCS 5 of the Illinois Compiled Statutes. Article 13 of the Illinois Pension code grants the authority to establish the defined benefits of the Plan as well as the employer and employee contribution levels of the Plan, and may be amended only by the Illinois Legislature. The District contribution is currently calculated in accordance with state statute as to the amount sufficient to meet the Fund's actuarially determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. For the year ended December 31, 2024, the District's contribution was 61.45% of covered payroll. The District's actual contribution to the Retirement Fund was 131,982,000.

The Pension Trust Fund issues a financial report that includes financial statements and required supplementary information establishing the financial position of the Plan. That report may be obtained by writing to the Metropolitan Water Reclamation District Retirement Fund, 111 E. Erie, Chicago, IL, 60611-2898 or electronically on their website: [www.mwdrdf.org](http://www.mwdrdf.org).

The Pension Trust Fund provides retirement, death, and disability benefits to plan members and beneficiaries. Pension legislation (Public Act 96-0889) was approved in 2010 and established two tiers of members with different eligibility conditions and benefit provisions:

- Tier 1** Employees hired before January 1, 2011 are required to contribute 12% of their salary to the Fund.
- Tier 2** Employees hired on or after January 1, 2011 are required to contribute 9% of their salary to the Fund.

The District is required to contribute the remaining amounts necessary to finance the requirements of the Plan on an actuarially funded basis.

#### Retirement Eligibility and Benefits

All full time employees of the District are eligible to participate in the retirement plan.

Tier 1 employees must have at least five years of service at age 60 and include service of 120 days or more per year to receive an undiscounted retirement benefit. Employees in this tier who reach age 55 (or 50 if hired on or before June 13, 1997) with at least ten years of service are entitled to receive a minimum retirement benefit; however, if the employee is less than age 60 or service less than 30 years, the normal retirement benefit is reduced by .5% for each full month the member is less than age 60 or service is less than 30 years, whichever is less. Upon withdrawal from service a Tier 1 employee at age 55 or under (50 if hired on or before June 13, 1997) and less than age 60 with less than 20 years of service, or age 60 or over with less than 5 years of service, is eligible for a refund of accumulated employee contributions, without interest, upon request. The retirement benefit is calculated as 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary. Tier 1 employees receive a 3% cost of living adjustment annually.

Tier 2 employees must have at least 10 years of service at age 67 to be eligible to receive an undiscounted retirement benefit. Employees in this tier who reach age 62 with at least ten years of service are entitled to receive a minimum retirement benefit; however, if the employee is less than age 67, the normal retirement benefit is reduced by .5% for each full month the member is less than age 67. A Tier 2 employee is eligible for a refund of accumulated employee contributions without interest if under age 62 regardless of service, or if less than 10 years of service regardless of age on withdrawal. The retirement benefit is calculated as 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary. Pensionable salary is limited to \$127,283 in 2025 for Tier 2 employees. Tier 2 employees receive a cost of living adjustment as the lesser of 3% or half of the CPI-U for the 12 months ending the September 30th prior to the increase date.

If a covered employee leaves employment before the age of 55, accumulated employee contributions are refundable without interest. Upon receipt of a refund, the employee forfeits rights to benefits from the fund.

There are two other types of annuities available to family members of the plan: Surviving Spouse Annuity and Children's Annuity. The spouses of employees hired before June 13, 1997, are immediately eligible to receive a surviving spouse annuity; spouses of employees hired on or after June 13, 1997, are eligible after three years of member's service. For all Tier 1 employees hired before January 1, 2011, the surviving spouse annuity is equal to 60% of the employee's retirement benefit at the time of death plus 1% for each year of total service to a maximum of 85%. For Tier 2 employees, an eligible surviving spouse will be entitled to an annuity equal to 66 2/3% of the employee's retirement benefit at time of death. Each unmarried child, until the age of 18 (23 if full time student) of an employee that dies in service or of a former member that dies with at least ten years of service, is eligible for a monthly annuity of \$500 per month (if one parent is living) and \$1,000 per month (if neither parent is living) to a maximum total benefit of \$5,000 per month.

**Employees covered**

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees	
Employees or beneficiaries currently receiving benefits	2,454
Entitled but not yet receiving benefits	152
Active Employees	1,799
Total Members	<u>4,405</u>

**Basis of Accounting**

The Pension Plan's financial statements are prepared using the accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are

## Notes to the Basic Financial Statements

Year ended December 31, 2025

reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Fund financial report. Page 98 has the information for obtaining those statements.

### Net Pension Liability and the Changes in the Net Pension Liability

The District's measurement date for GASB 68 is December 31, 2024. The Pension Plan has a measurement date of December 31, 2025. A copy of the Pension Plan Annual Comprehensive Financial Report for 2025 may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at [www.mwrdrf.org](http://www.mwrdrf.org). The net pension liability at December 31, 2025 is \$1,366,978,000, which is a decrease from the December 31, 2024 balance of \$1,432,440,000.

<i>(in thousands of dollars)</i>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2024</b>	<u>\$ (2,979,019)</u>	<u>\$ 1,546,579</u>	<u>\$ (1,432,440)</u>
Service Cost	(34,667)	—	(34,667)
Interest	(203,898)	—	(203,898)
Difference between expected and actual experiences	4,897	—	4,897
Benefit payments	201,700	(201,700)	—
Contributions-employer	—	131,982	131,982
Contributions-employee	—	22,485	22,485
Net investment income	—	147,318	147,318
Administrative expenses	—	(2,656)	(2,656)
Other	—	1	1
<b>Balances at December 31, 2025</b>	<u><u>\$ (3,010,987)</u></u>	<u><u>\$ 1,644,009</u></u>	<u><u>\$ (1,366,978)</u></u>

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions made subsequent to the measurement date in the amount of \$120,776,000, will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than the current fiscal period. Differences between expected and actual experience, changes in assumptions and net differences between projected and actual experience amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 32,657	\$ 4,081
Changes in assumptions	78,439	—
Employer contribution subsequent to measurement date	120,776	—
Net difference between projected and actual earnings on pension plan investments	46,989	—
<b>Total</b>	<u><u>\$ 278,861</u></u>	<u><u>\$ 4,081</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

<u>Year ended December 31:</u>	
2026	\$ 56,347
2027	77,382
2028	5,535
2029	15,556
2030	<u>(816)</u>
	<u>\$ 154,004</u>

**Actuarial Methods and Assumptions**

The District’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2024 actuarial valuation was determined using the Entry Age Normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service
Investment rate of return	7.00%
Cost of living adjustment	
Tier 1:	3.00%
Tier 2:	1.25%

For all members, mortality rates are based on the PubG-2010 Public Retirement Plans Mortality Tables as projected for various classes.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study performed on December 18, 2023 based on data for the period December 31, 2017 through December 31, 2022. The valuation reflects the following assumption changes to better reflect anticipated experience. These changes were based on the experience study performed on December 18, 2023:

1. Lowered the assumed investment return from 7.25% to 7.00%.
2. Updated retirement rates, withdrawal rates and mortality rates.
3. Updated salary increase rates.
4. Lowered the payroll growth assumption from 3.00% to 2.75%.

**Annual Money-Weighted Rate of Return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.19% and 12.60% for the years ended December 31, 2024 and 2023 respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Investment Allocation and Rate of Return**

The long-term expected rate of return on Fund investments (i.e. the actuarial assumed investment rate of return of 7.00%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Fund investment expenses and inflation) are developed for each major asset class.

## Notes to the Basic Financial Statements

Year ended December 31, 2025

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, as reported by the Fund's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US equity	38 %	5.0 %
Non-US equity	17	5.1
Global equity	5	4.8
Fixed income	25	2.6
Real Estate Funds	10	3.9
Private credit	5	7.1
Total	<u>100 %</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return of 7.00% was applied to all periods of projected benefit payments to determine the pension liability.

A sensitivity analysis is also completed to show the effect on the net pension liability if the discount rate was plus or minus one percentage point from the current rate (in thousands of dollars):

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate of 7.00%</u>	<u>1% Increase 8.00%</u>
Net Pension Liability	\$1,697,016	\$1,366,978	\$1,087,756

### Payable to the Pension Plan and Pension Expense

At December 31, 2025, the District reported a payable of \$106,281,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2025. The actuarially calculated pension expense for the year ended December 31, 2025 was \$168,190,000.

## 8. OPEB - Other Post-Employment Benefits

### Plan Description

The Metropolitan Water Reclamation District of Greater Chicago Retiree Health Care Benefit Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the District's retirement plan to continue health coverage as a participant in the District's plan.

### Employees Covered by Benefit Terms

At December 31, 2023, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees	
Inactive plan members currently receiving benefits	1,512
Beneficiaries of deceased plan members currently receiving benefits	401
Inactive plan members entitled to but not yet receiving benefits	40
Active Plan Members	<u>1,759</u>
Total Members	<u><u>3,712</u></u>

### Benefits Provided

Retiree health care benefits are defined as post-retirement medical and prescription drug coverage only; no dental, life, or disability benefits are provided by the Plan. Such benefits are provided by the District through either a self-insured or fully-insured healthcare plan for non-Medicare eligible retirees, while Medicare eligible retirees are provided a fully-insured Medicare Advantage Plan. The benefit levels are the same as those provided to active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage in accordance with the Plan. All full-time employees of the District with at least ten actual years of service are eligible to receive postemployment health care benefits and coverage for retirees is provided for life. The Trust was established to advance fund benefits provided under the Plan. The benefit terms may only be amended by the authority of the District's Board of Commissioners. All classes of employees receive the same Plan benefits.

### Eligibility for Insurance Coverage

Retirees who meet the age and service requirements are eligible for medical and prescription drug benefits in accordance with the Plan. Employees must have at least ten actual years of service with the District, and coverage does not commence until the member begins receiving payments from the District's Retirement Fund. District Commissioners must have at least six years of service as a Commissioner of the District. Eligibility age is based on the employee's hire date as follows: age 50 for those hired before June 13, 1997, and age 55 for those hired between June 13, 1997 and January 1, 2011, and age 63 for those hired after January 1, 2011.

### Contributions

Under the terms of the Plan, the retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

The retiree premiums are set based on prior year claims incurred and become effective January 1st of each year. The retiree contribution rate is based on the contribution rate policy established by the Board of Commissioners. This policy required a 2.5% increase in the contribution rate on January 1st of each year until the contribution rate reached approximately 50.0%. In future years, contributions are assumed to increase at the same rate as actual claims expenditures.

## Notes to the Basic Financial Statements

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### Investment Policy

The Long-Term Expected Rate of Return on OPEB Plan investments is determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Broad Fixed Income	35.0 %	4.9 %
Large Cap Core Equity	17.5	6.8
Large Cap Growth Equity	7.5	6.8
Mid Cap Core Equity	7.5	7.3
Small Cap Value Equity	5.0	7.7
Small Cap Core Equity	7.5	7.9
Global Low Volatility	5.0	6.8
Non US Large Cap Core Equity	15.0	7.5
Total	<u>100.0 %</u>	

The Long-Term Expected Rate of Return calculated using the method described above exceeds 6.5% (assuming 2.8% inflation).

### Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Fund's Fiduciary Net Position.

### Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

### Net OPEB Liability/(Asset)

- The measurement date is December 31, 2024.
- The measurement period for the OPEB expense is January 1, 2024 to December 31, 2024.
- The reporting period is January 1, 2025 through December 31, 2025.
- The District's Net OPEB Liability/(Asset) was measured as of December 31, 2024.

### Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2024 using the following actuarial assumptions:

Inflation Rate	2.8%
Salary Increase Rates	Varies by service
Discount Rate	6.5%
Initial Trend Rate	8.5%
Ultimate Trend Rate	4.0%
Investment Rate of Return	6.5%
Years to Ultimate	51

For all members, mortality rates were based on the Pub-2010 Public Retirement Plans health mortality tables as projected for various classes.

The information included in the report is based on the actuarial valuation performed as of December 31, 2023. Actuarial valuations of the total OPEB liability are required to be completed every two years for the Trust. The next valuation date is December 31, 2025.

**Discount Rate**

The projection of cash flows used to determine the Discount Rate assumed that current District contributions will be made at the current contribution rate (i.e. funding policy). The expected rate of return on trust investments is 6.5%. The District has adopted a funding policy as of October 2, 2014 with the intention of fully funding the plan by 2026 and maintaining 100% funding thereafter. Due to favorable market conditions the District has already met the funding goals. The District has shown that they are following the funding policy completely and will continue to do so. Therefore, the expected return on investments was used to discount projected benefit payments for all future benefit payments and the single equivalent rate was 6.5%.

**Change in OPEB Liability/(Asset)**

*(in thousands of dollars)*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a)-(b)
Reporting Period Ending December 31, 2024	\$ 324,239	\$ 312,541	\$ 11,698
Changes for the Year:			
Service Cost	3,569	—	3,569
Interest	21,029	—	21,029
Employer trust contributions	—	5,000	(5,000)
Pay-as-you-go contributions	—	8,723	(8,723)
Net Investment Income	—	37,322	(37,322)
Benefit payments	(8,723)	(8,723)	—
Administrative expense	—	(46)	46
Net Changes	15,875	42,276	(26,401)
Reporting Period Ending December 31, 2025	<u>\$ 340,114</u>	<u>\$ 354,817</u>	<u>\$ (14,703)</u>

**Sensitivity of the Net OPEB Liability/(Asset) to changes in the Discount Rate**

The following presents the Net OPEB Liability/(Asset) of the District calculated using the discount rate of 6.5% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate (in thousands of dollars):

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability/(Asset)	\$ 28,656	\$ (14,703)	\$ (50,711)

**Sensitivity of the Net OPEB Liability/(Asset) to changes in the Healthcare Cost Trend Rates**

The following presents the Net OPEB Liability/(Asset) of the District calculated using the healthcare cost trend rate of 4.0% to 8.5% as well as what the District's Net OPEB Liability/(Asset) would be if it were calculated

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using a healthcare cost trend rate that is one percentage point lower (3.0% to 7.5%) or one percentage point higher (5.0% to 9.5%) than the current rate (in thousands of dollars):

	<b>1% Decrease (3.0% - 7.5%)</b>	<b>Healthcare Cost Trend Rates (4.0% - 8.5%)</b>	<b>1% Increase (5.0% - 9.5%)</b>
Net OPEB Liability/(Asset)	\$ (56,513)	\$ (14,703)	\$ 35,512

### OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's Fiduciary Net Position is available in a separately issued Plan financial report. A copy of the OPEB Trust Fund Annual Comprehensive Financial Report may be obtained by accessing the District's website at [www.mwrld.org](http://www.mwrld.org).

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

For the year ended December 31, 2025, the District recognized OPEB Expense/(Revenue) of \$(7,595). On December 31, 2025, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (in thousands of dollars):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resource</b>
Differences between expected and actual experience	\$ 974	\$ 40,395
Changes of assumptions	8,710	5,327
Net difference between projected and actual earnings on OPEB Plan Investments	—	3,853
Employer contributions made subsequent to the measurement date	15,931	—
Total	<u>\$ 25,615</u>	<u>\$ 49,575</u>

Employer contributions made after the measurement date are actual employer contributions that will be recognized as a reduction of the OPEB liability in the subsequent year rather than in the reporting period ending December 31, 2025.

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows (in thousands of dollars):

<b>Year Ended December 31:</b>	
2026	\$ (8,271)
2027	(263)
2028	(14,734)
2029	(9,997)
2030	(6,626)

## 9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of \$5,698,000 at December 31, 2025. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were \$384,266,000 at December 31, 2025. State Revolving Fund Loan commitments of \$139,569,000 at December 31, 2025, are collectible as the contract expenditures are incurred.

The Internal Revenue Code requires that an issuer of tax-exempt bonds rebate to the United States any excess investment earnings made with the gross proceeds of an issue over the amount which would have been earned

had such proceeds been invested at a rate equal to the yield on the issue. The Internal Revenue Code offers certain “safe harbors” permitting qualified governments to keep extra earnings that result from arbitrage. The District has made a determination of their probable liability for amounts potentially due to the United States government. As of December 31, 2025, the District has a \$2,930,000 arbitrage rebate liability.

### **National Pollutant Discharge Elimination System**

**NPDES Permits.** The District operates its water reclamation plants (the “WRPs”) in accordance with National Pollutant Discharge Elimination System (“NPDES”) permits issued by the IEPA. Pursuant to negotiated conditions in the District’s NPDES permits for six plants—the Stickney, Calumet, and O’Brien WRPs (the three largest District plants) and the Egan, Hanover Park, and Kirie WRPs—the District is required to fund a study on phosphorus in the area waterways within local watersheds. If the study identifies problems caused by phosphorus levels in the water, the District must implement a plan to address those problems. The studies and plans were timely completed and submitted to IEPA at the end of 2023. The agency is evaluating how to incorporate the studies’ respective findings into the District and other dischargers’ NPDES permits.

While the study for the three largest WRPs did not independently recommend that the plants be required to meet more stringent phosphorus effluent limits, IEPA could require the District to do so in the future.

Moreover, the studies for the other three District WRPs recommend that these plants be required to meet a somewhat more stringent phosphorus limit over an extended period that the District believes is achievable. If IEPA rejects this plan and requires the District to meet a significantly more stringent phosphorus effluent limit at any of these WRPs, the costs of doing so could be substantial.

**Tax Rate Objection Litigation.** Tax rate objection litigation refers to lawsuits brought by taxpayers seeking refunds for all or a portion of their property tax. Generally, taxpayers file these suits because they believe that they have paid an excessive, unnecessary, or illegal property tax.

These suits are filed against the District and other taxing bodies on a yearly basis. Presently, the District is defending rate objection lawsuits for the 2015 through 2024 tax years. The rate objection cases currently pending against the District include a variety of objections to the tax levies for the District’s corporate, construction, stormwater, reserve claim, and bond and interest funds.

If the taxpayers were to prevail on each of these claims, the District’s liability would be substantial. However, if the District is found liable or agrees to settle for any of the tax years at issue, it does not pay the plaintiffs directly. Rather, the Cook County Treasurer issues the refund to those plaintiffs from current collections. Yet, these refunds are significantly delayed because the Treasurer cannot issue them until every rate objection against each of the 600 to 700 Cook County taxing districts has been resolved for the tax year in question. This process takes years and the lag time between settlements and refunds is currently over a decade.

## **10. Risk Management and Claims**

The District is primarily self-insured for the “working layer” of losses, and purchases excess insurance to assist in the response to catastrophic claims. Under the Reserve Claim Fund, the District may levy an annual property tax not to exceed .005% of the equalized assessed valuation of taxable property within the District’s territorial limits. The Reserve Claim Fund can be used for the payment of claims, awards, losses, judgments, liabilities, settlements, or demands, and associated attorney’s fees and costs that might be imposed on or incurred by such sanitary district in matters including, but not limited to, the Workers’ Compensation Act or the Workers’ Occupational Diseases Act; any claim in tort; any claim of deprivation of any constitutional or statutory right or protection; for all expenses, fees, and costs, both direct and in support of any property owned by such sanitary district which is damaged by fire, flood, explosion, vandalism or any other peril, natural or man-made. The aggregate amount that may accumulate in the Reserve Claim Fund cannot exceed .05% of the equalized

## Notes to the Basic Financial Statements

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assessed valuation. The Reserve Claim Fund accounts are included in the General Corporate Fund as described in Note 1.b to the financial statements.

From time to time, the District may be involved in various litigation relating to claims arising from general liability, property damage, automobile liability, personal injury, employment practices, marine liability, and public officials liability. The majority of these claims and judgments would be covered by insurance or paid from the Reserve Claim Fund accounts.

The District may be involved in various litigation relating to claims arising from construction contracts. Construction-related liability claims can typically be tendered to the Contractor for defense and indemnification. Most other claims and judgments involving disputed construction contracts would be paid by the Capital Improvements Bond or Construction Funds.

Under current environmental protection laws, the District may be ultimately responsible for the environmental remediation of some of its currently or formerly leased-out properties. The District has developed preliminary estimates of environmental remediation costs for sites needing environmental remediation. The range of such estimated costs is between \$33,500,000 and \$47,900,000. The Law Department is of the opinion that the tenants, (except for those who are bankrupt, out of business, or otherwise financially unable to perform) would ultimately be liable for the bulk of, if not all of, these site clean-up costs. Negotiations are under way between the District's lawyers and the tenants to resolve remedial activity and cost liability issues. However, a provision of \$3,300,000 in long-term debt is being recognized as of December 31, 2025, as an estimate of the potential contingent liability of the District. The amount of \$6,300,000 in contingent liability was recognized as of December 31, 2024. This represents a decrease of \$3,000,000 in the recognized contingent liability between December 31, 2024 and December 31, 2025. Of this \$3,300,000, \$0 is estimated to be the short-term (2026) liability and \$3,300,000 is the estimated long-term (after 2026) liability.

The District provides health insurance benefits to employees through a fully insured health maintenance organization and a self-insured comprehensive indemnity/PPO plan. The District provides dental insurance benefits through a fully insured dental maintenance organization and a self-insured dental indemnity plan. The District does not purchase stop-loss insurance for its self-insured comprehensive indemnity/PPO plan. The District provides life insurance benefits for active employees through an insured life insurance program.

Additional insurance policies in effect at December 31, 2025, are listed below. There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

<i>Marine Liability</i>	
Aggregate .....	\$ 10,000,000
Deductible .....	\$ 10,000
<i>Excess Liability</i>	
Aggregate .....	\$ 25,000,000
Deductible .....	\$ 7,500,000
<i>Government Crime</i>	
<i>Forgery or Alteration, Robbery, Safe Burglary, Money Orders, Counterfeit Currency</i>	
Per Occurrence .....	\$ 750,000
Deductible .....	\$ 50,000
<i>Employee Theft</i>	
Per Occurrence .....	\$ 6,000,000
Deductible .....	\$ 75,000
<i>Faithful Performance of Duty</i>	

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Per Occurrence .....	\$ 3,000,000
Deductible .....	\$ 75,000
<i>Computer Fraud</i>	
Per Occurrence .....	\$ 6,000,000
Deductible .....	\$ 75,000
<i>Funds Transfer Fraud</i>	
Per Occurrence .....	\$ 6,000,000
Deductible .....	\$ 75,000
<i>Property Insurance</i>	
Per Occurrence .....	\$ 750,000,000
Deductible .....	\$ 15,000,000
<i>Earth Movement</i>	
Aggregate .....	\$ 100,000,000
Deductible .....	\$ 15,000,000
<i>Flood and Water Damage</i>	
Per Occurrence .....	\$ 100,000,000
Deductible .....	\$ 15,000,000
<i>Group Business Travel Accidental</i>	
Aggregate Limit .....	\$ 10,000,000
<i>Accidental Death</i>	
Employee .....	\$ 500,000
Guest .....	\$ 100,000
Spouse/Domestic Partner .....	\$ 25,000
Dependent Children .....	\$ 10,000
<i>Fiduciary Liability</i>	
Aggregate .....	\$ 5,000,000
Self-Insured Retention .....	\$ 7,500
<i>Group Term Life (basic)</i>	
Per Employee .....	\$ 25,000
<i>Cyber Liability</i>	
Aggregate .....	\$ 5,000,000
Deductible .....	\$ 500,000

The following changes in claims liabilities for the past two years have been calculated and include claims reported but not settled, as well as those incurred but not reported, in the government-wide financial statements (in thousands of dollars):

	<b>2025</b>	<b>2024</b>
Claims Payable at January 1	\$ 19,514	\$ 18,946
Claims incurred	\$ 17,780	\$ 7,406
Changes in prior years' claims estimate	\$ 2,634	\$ 568
Claim payments	\$ (17,780)	\$ (7,406)
Claims Payable at December 31	\$ 22,148	\$ 19,514

## Notes to the Basic Financial Statements

Year ended December 31, 2025

### 11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2025 (in thousands of dollars):

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Due Within One Year
<b>Governmental long-term liabilities:</b>					
Bonds and notes payable:					
General obligation debt	\$ 1,908,935	\$ —	\$ (60,030)	\$ 1,848,905	\$ 62,960
Converted bond anticipation notes	784,416	52,304	(78,246)	758,474	78,428
Bond anticipation notes	45,390	69,750	(52,304)	62,836	—
Total bonds & notes payable	<u>2,738,741</u>	<u>122,054</u>	<u>(190,580)</u>	<u>2,670,215</u>	<u>141,388</u>
Other Bond Cost:					
Premium	171,894	—	(16,217)	155,677	16,217
Net bonds and notes payable	<u>2,910,635</u>	<u>122,054</u>	<u>(206,797)</u>	<u>2,825,892</u>	<u>157,605</u>
Other liabilities:					
Claims and judgments	19,514	6,595	(3,961)	22,148	10,278
Compensated absences	21,877	—	(119)	21,758	—
Availability payment arrangement	17,507	—	(3,629)	13,878	3,807
Net OPEB liability/(asset)	11,698	24,644	(51,045)	(14,703)	—
Net pension liability (note 7)	1,432,440	241,221	(306,683)	1,366,978	—
Total governmental long-term liabilities	<u>\$ 4,413,671</u>	<u>\$ 394,514</u>	<u>\$ (572,234)</u>	<u>\$ 4,235,951</u>	<u>\$ 171,690</u>

Liabilities for the Bonds and Bond Anticipation Notes are paid from the Debt Service Fund. Liabilities for Compensated Absences are primarily paid from the General Corporate and Stormwater Management Funds. Most claims resulting from construction projects are paid from either the Capital Improvements Bond or the Construction Funds, while all other claims are paid from the Reserve Claim Fund accounts in the General Corporate Fund. The availability payment arrangement liability is paid from the Capital Improvement Bond Fund. The Corporate Fund has provided \$5,000,000 annual contributions to fund the Retiree Health Care Trust. Pension liabilities are funded by the Retirement Fund with an additional contribution from the Corporate Fund in 2025 of \$30,000,000. The Metropolitan Water Reclamation District Retirement Fund was established to provide retirement, death, and disability benefits for covered employees of the District.

As of December 31, 2025, the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

**Bonds Payable Maturity Table**

<b>Maturing</b>	<b>Capital Improvement &amp; Alternate Revenue Bond Series (2.00-5.72%) (Issued 08/2009 to 12/2024)</b>	<b>Refunding (2.00-5.00%) (Issued 03/2007 to 12/2024)</b>	<b>State Revolving Funds Series (0.00-2.91%) (Issued 07/2001 to 07/2024)</b>	<b>Total Principal</b>	<b>Total Interest</b>
2026	\$ 62,746	\$ 94,021	\$ 91,246	\$ 141,388	\$ 106,626
2027	68,377	102,486	89,245	157,842	102,267
2028	70,923	102,008	85,260	161,096	97,095
2029	82,063	91,562	83,233	165,148	91,710
2030	75,166	99,865	79,763	168,712	86,079
2031-2035	578,490	426,175	235,701	910,423	329,942
2036-2040	616,700	16,240	142,803	642,427	133,317
2041-2045	229,561	2,267	33,002	231,859	32,972
2046-2050	27,169	—	—	23,260	3,909
2051-2055	5,434	—	—	5,225	209
	<u>\$ 1,816,629</u>	<u>\$ 934,624</u>	<u>\$ 840,253</u>	<u>\$ 2,607,380</u>	<u>\$ 984,126</u>

**Alternate Revenue Bonds**

The District has received bond proceeds for the following alternate revenue bond series to fund a portion of the Stormwater Management Program projects, as shown below (in thousands of dollars).

<b>Issue</b>	<b>Bond Proceeds Received</b>
2024 Refunding Series E	\$ 6,930,000
2021 Refunding Taxable Series F	45,800,000
2016 Tax Series E	50,000,000
State Revolving Funds - IEPA Series 14O	3,100,000
State Revolving Funds - IEPA Series 14R	39,700,000

The pledge of the Stormwater Management Fund tax levy will remain until their final scheduled maturities in December 2045. The District has covenanted in the Series 2024E, 2021F, 2016E, 14O and 14R Bond Ordinances to provide for, collect, and apply such Stormwater Management tax receipts to the payment of the bonds, and the provision of not less than an additional 0.25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2025, is \$165,216,000 as shown below (in thousands of dollars).

<b>Issue</b>	<b>Pledged Revenue Collected</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>	<b>Total Remaining</b>
2024 Refunding Series E	\$ 329	\$ 6,930	\$ 1,550	\$ 8,480
2021 Refunding Taxable Series F	8,750	33,110	9,557	42,667
2016 Tax Series E	24,496	45,155	27,311	72,466
State Revolving Funds - IEPA Series 14O	1,149	2,244	275	2,519
State Revolving Funds - IEPA Series 14R	9,417	33,723	5,361	39,084
Total	<u>\$ 44,141</u>	<u>\$ 121,162</u>	<u>\$ 44,054</u>	<u>\$ 165,216</u>

## Notes to the Basic Financial Statements

*Year ended December 31, 2025*

### **2024 Bond Issues**

In December 2024, the District issued \$253,305,000 of General Obligation Capital Improvement Bonds, Limited Tax Series A (Green Bonds), with maturity dates from 2027 to 2044. The bonds were issued at a premium of \$33,149,870. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In December 2024, the District issued \$18,150,000 of General Obligation Capital Improvement Bonds, Unlimited Tax Series B (Green Bonds), with maturity dates from 2039 to 2043. The bonds were issued at a premium of \$2,317,543. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In December 2024, the District issued \$45,765,000 of General Obligation Refunding Bonds, Limited Tax Series C, with maturity dates from 2025 to 2032. The bonds were issued at a premium of \$2,970,503. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to currently refund \$48,470,000 of outstanding principal amount, plus accrued interest, of 2014 Limited Tax Series C.

In December 2024, the District issued \$23,305,000 of General Obligation Refunding Bonds, Unlimited Tax Series D, with maturity dates from 2027 to 2033. The bonds were issued at a premium of \$2,423,126. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$27,635,000 of outstanding principal amount, plus accrued interest, of 2021 Unlimited Tax Series E. In November 2024, the District invited holders of the 2021 Unlimited Tax Series E bonds to voluntarily tender their bonds. The District accepted all bonds that were tendered and used the proceeds of the 2024 Series D bonds to purchase and cancel the tendered bonds.

In December 2024, the District issued \$6,930,000 of General Obligation Refunding Bonds (Alternate Revenue Source), Unlimited Tax Series E, with maturity dates from 2027 to 2033. The bonds were issued at a premium of \$731,459. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$8,260,000 of outstanding principal amount, plus accrued interest, of 2021 Unlimited Tax Series F. In November 2024, the District invited holders of the 2021 Unlimited Tax Series F (Alternate Revenue source) bonds to voluntarily tender their bonds. The District accepted all bonds that were tendered and used the proceeds of the 2024 Series E bonds to purchase and cancel the tendered bonds.

### **2021 Bond Issues**

In December 2021, the District issued \$113,935,000 of General Obligation Capital Improvement Bonds, Limited Tax Series A (Green Bonds), with maturity dates from 2027 to 2051. The bonds were issued at a premium of \$29,011,224. Interest accrues on the bonds at rates ranging from 4.0% to 5.0%, payable on December 1 and June 1.

In December 2021, the District issued \$30,000,000 of General Obligation Capital Improvement Bonds, Unlimited Tax Series B (Green Bonds), with maturity dates from 2033 to 2036. The bonds were issued at a premium of \$9,836,177. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In December 2021, the District issued \$166,180,000 of General Obligation Refunding Bonds, Limited Tax Series C, with maturity dates from 2022 to 2032. The bonds were issued at a premium of \$38,623,550. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$204,005,000 of outstanding principal amount, plus accrued interest, of 2011 Limited Tax Series B.

In December 2021, the District issued \$31,555,000 of General Obligation Refunding Bonds, Unlimited Tax Series D, with maturity dates from 2029 to 2031. The bonds were issued at a premium of \$10,108,983. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$41,500,000 of outstanding principal amount, plus accrued interest, of 2011 Unlimited Tax Series C.

In December 2021, the District issued \$112,485,000 of Taxable General Obligation Refunding Bonds, Unlimited Tax Series E, with maturity dates from 2026 to 2033. Interest accrues on the bonds at rates ranging from 1.615% to 2.684%, payable on December 1 and June 1. The bonds were issued to refund \$100,000,000 of outstanding principal amount, plus accrued interest, of 2014 Unlimited Tax Series A.

In December 2021, the District issued \$45,845,000 of Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Unlimited Tax Series F, with maturity dates from 2022 to 2041. Interest accrues on the bonds at rates ranging from 0.570% to 3.060%, payable on December 1 and June 1. The bonds were issued to refund \$40,755,000 of outstanding principal amount, plus accrued interest, of 2014 Unlimited Tax Series B.

### **2016 Bond Issues**

In June 2016, the District issued \$280,930,000 of General Obligation Refunding Bonds, Unlimited Tax Series A, with maturity dates from 2023 to 2031. The bonds were issued at a premium of \$68,206,452. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$346,600,000 of outstanding principal amount, plus accrued interest, of May 2006 Unlimited Tax Series.

In June 2016, the District issued \$41,330,000 of General Obligation Refunding Bonds, Limited Tax Series B, with maturity dates from 2023 to 2031. The bonds were issued at a premium of \$9,835,301. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. The bonds were issued to refund \$50,790,000 of outstanding principal amount, plus accrued interest, of May 2006 Limited Tax Series.

In June 2016, the District issued \$30,000,000 of General Obligation Capital Improvement Bonds, Unlimited Tax Series C (Green Bonds), with maturity dates from 2044 to 2045. The bonds were issued at a premium of \$5,739,300. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In June 2016, the District issued \$20,000,000 of General Obligation Capital Improvement Bonds, Limited Tax Series D (Green Bonds), with maturity dates from 2022 to 2030. The bonds were issued at a premium of \$4,718,891. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In June 2016, the District issued \$50,000,000 of General Obligation Bonds (Alternate Revenue Source), Unlimited Tax Series E (Green Bonds), with maturity dates from 2022 to 2045. The bonds were issued at a premium of \$10,545,322. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

In June 2016, the District issued \$4,000,000 of Taxable General Obligation Capital Improvement Bonds, Limited Tax Series F (Qualified Energy Conservation Green Bonds), with a maturity date of December 1, 2036. Interest accrues on the bonds at a rate of 4.0%, payable on December 1 and June 1.

### **2009 Bond Issues**

In August 2009, the District issued \$600,000,000 of Taxable General Obligation Capital Improvement Bonds, Limited Tax Series of August 2009 (Build America Bonds – Direct Payment). The bonds have an interest rate of 5.72%, payable on December 1 and June 1, and mature on December 1, 2038. The bonds are subject to mandatory sinking fund redemption on December 1 in years 2033 through 2038. The Build America Bonds (BAB) program was authorized as part of the American Recovery and Reinvestment Act of 2009 and includes a subsidy of 35% of interest cost to be paid to the District by the U.S. Treasury for the life of the bonds. The federal subsidy reduces the effective interest rate on the bonds to 3.72%. Sequestration may reduce the subsidy received from the U.S. Treasury in future years.

### **2007 Bond Issues**

In March 2007, the District issued \$91,845,000 of General Obligation Refunding Bonds, Unlimited Tax Series B, at a premium of \$17,462,417. The bonds have an interest rate of 5.25%, payable on December 1 and June 1,

## Notes to the Basic Financial Statements

Year ended December 31, 2025

and maturity dates from 2034 to 2035. The bonds were issued to refund \$100,000,000 of outstanding principal, plus accrued interest, of 2006 Unlimited Tax Series.

In March 2007, the District issued \$101,860,000 of General Obligation Refunding Bonds, Limited Tax Series C, at a premium of \$18,859,718. The bonds have an interest rate of 5.25%, payable on December 1 and June 1, and maturity dates from 2025 to 2033. The bonds were issued to refund \$110,435,000 of outstanding principal, plus accrued interest, of 2006 Unlimited Tax Series.

### Capital Improvement Bonds, IEPA Series

The District has adopted bond ordinances authorizing issuance of its general obligation bonds to the Illinois Environmental Protection Agency (IEPA). The most recent such authorization was pursuant to a bond ordinance adopted in calendar year 2021 in the amount of \$420,000,000 for Capital Improvement Bonds, 2021 IEPA Series. The IEPA approves various capital improvements related to sewage treatment works and flood control facilities for funding from the State Water Pollution Control Revolving Loan Fund (SRF). Once a project has been approved, the State offers the District a loan from the State's Revolving Loan Fund, which the District incorporates into the form of the bond which is issued to the IEPA (the Loan/Bond). When work on the project begins, the District pays the contractor. The District receives a corresponding amount of advance on the Loan/Bond from the IEPA. This form of loan is commonly referred to as a drawdown loan. The advances continue on the Loan/Bond until the project is completed or the amount of the loan fully advances, whichever occurs first. In general, within two years of the first advance on a Loan/Bond, the IEPA promulgates a repayment schedule on such Loan/Bond. The repayment schedules call for level payments of principal and interest, collectively, over a 20-30 year period beginning within six months of the date the repayment schedule is promulgated. Under this authority, the IEPA has approved the following loan amounts:

2025 .....	\$ 13,600,000
2024 .....	\$ 112,900,000
2023 .....	\$ 61,100,000
2022 .....	\$ 60,900,000
2021 .....	\$ 13,800,000

In 2016, the District authorized the issuance of \$500,000,000 of Capital Improvement Bonds, 2016 IEPA Series, for capital improvements related to sewage treatment works and flood control facilities. The terms and conditions are similar to the 2021 IEPA Series. Under this authority, the IEPA has subsequently approved the following loan amounts:

2021 .....	\$ 44,100,000
2020 .....	\$ 9,300,000
2019 .....	\$ 70,100,000
2018 .....	\$ 34,600,000
2017 .....	\$ 7,900,000
2016 .....	\$ 155,900,000

State Revolving Fund (SRF) Loan proceeds of \$69,263,000 are recognized as "other financing sources" in the Capital Improvements Bond Fund. The amount recognized is based upon reimbursable expenditures incurred during the fiscal year. The amount recognized as SRF proceeds is also recognized as a long-term liability in the government-wide Statements of Net Position.

The District refinances bond anticipation notes through the issuance of its Capital Improvement Bonds in the amount of the bond anticipation notes, plus accrued interest. As a result, there is no debt service required until these notes are converted into bonds. The District has accrued principal of \$69,263,000 and interest of \$487,000

through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of \$69,750,000.

The converted bond anticipation notes of \$52,304,000 in 2025 represented the sum of converted bond anticipation note principal of \$51,842,000 and interest in the amount of \$462,000.

2025 Bond Issues and adjustments on July 1, 2025 to existing issues under the IEPA 2016 and 2021 authority included:

- July 2025 – The District issued \$49,000 of Capital Improvement Bonds – IEPA Series 16B, through the conversion of the sum of the bond anticipation note principal of \$48,000 and interest of \$1,000 with maturity dates ranging from January 1, 2026 to July 1, 2040. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.
- July 2025 – The District issued \$213,000 of Capital Improvement Bonds – IEPA Series 16G, through the conversion of the sum of the bond anticipation note principal of \$211,000 and interest of \$2,000 with maturity dates ranging from January 1, 2026 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2025 – The District issued \$1,078,000 of Capital Improvement Bonds – IEPA Series 16N, through the conversion of the sum of the bond anticipation note principal of \$1,071,000 and interest of \$7,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.35%, payable January 1 and July 1.
- July 2025 – The District issued \$541,000 of Capital Improvement Bonds – IEPA Series 16O, through the conversion of the sum of the bond anticipation note principal of \$536,000 and interest of \$5,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.35%, payable January 1 and July 1.
- July 2025 – The District issued \$23,096,000 of Capital Improvement Bonds – IEPA Series 21B, through the conversion of the sum of the bond anticipation note principal of \$22,857,000 and interest of \$239,000 with maturity dates ranging from January 1, 2026 to July 1, 2045. Interest on the bonds accrues at a rate of 1.24%, payable January 1 and July 1.
- July 2025 – The District issued \$3,707,000 of Capital Improvement Bonds – IEPA Series 21C, through the conversion of the sum of the bond anticipation note principal of \$3,681,000 and interest of \$26,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.11%, payable January 1 and July 1.
- July 2025 – The District issued \$5,816,000 of Capital Improvement Bonds – IEPA Series 21D, through the conversion of the sum of the bond anticipation note principal of \$5,782,000 and interest of \$34,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.11%, payable January 1 and July 1.
- July 2025 – The District issued \$1,183,000 of Capital Improvement Bonds – IEPA Series 21E, through the conversion of the sum of the bond anticipation note principal of \$1,176,000 and interest of \$7,000 with maturity dates ranging from January 1, 2026 to July 1, 2043. Interest on the bonds accrues at a rate of 1.11%, payable January 1 and July 1.
- July 2025 – The District issued \$2,268,000 of Capital Improvement Bonds – IEPA Series 21F, through the conversion of the sum of the bond anticipation note principal of \$2,226,000 and interest of \$42,000 with maturity dates ranging from January 1, 2026 to July 1, 2045. Interest on the bonds accrues at a rate of 1.81%, payable January 1 and July 1.

## Notes to the Basic Financial Statements

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- July 2025 – The District issued \$3,176,000 of Capital Improvement Bonds – IEPA Series 21G, through the conversion of the sum of the bond anticipation note principal of \$3,163,000 and interest of \$13,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.11%, payable January 1 and July 1.
- July 2025 – The District issued \$5,429,000 of Capital Improvement Bonds – IEPA Series 21H, through the conversion of the sum of the bond anticipation note principal of \$5,393,000 and interest of \$36,000 with maturity dates ranging from January 1, 2026 to January 1, 2045. Interest on the bonds accrues at a rate of 1.81%, payable January 1 and July 1.
- July 2025 – The District issued \$5,748,000 of Capital Improvement Bonds – IEPA Series 21N, through the conversion of the sum of the bond anticipation note principal of \$5,698,000 and interest of \$50,000 with maturity dates ranging from January 1, 2026 to July 1, 2044. Interest on the bonds accrues at a rate of 1.61%, payable January 1 and July 1.

Beginning in 1991, the District’s Board of Commissioners adopted ordinances providing for the issuance of bond anticipation notes. The bond anticipation notes are issued exclusively to cover interim project loan advances from the Illinois Environmental Protection Agency. Principal and interest liabilities related to the bond anticipation notes were \$62,836,000 at December 31, 2025. Of the bond anticipation notes outstanding at December 31, 2025, \$595,000 will be financed through IEPA Series 2016 bonds and \$62,241,000 will be financed through IEPA series 2021 bonds. None of these outstanding bond anticipation notes are expected to be repaid within the next year; therefore, the notes are reported as part of long-term debt.

### Availability Payment Arrangement

In December 2000, the Board of Commissioners authorized the District to enter into a long-term contract with an engineering firm to design, build, finance, own, operate, and maintain a 150 dry ton per day biosolids processing facility at the District’s Central (Stickney) Water Reclamation Plant, and beneficially use the final product for a period of twenty years.

The cost of the biosolids processing facility is considered an availability payment arrangement (APA) since it will become the property of the District at the end of the contract. The District also has an option to purchase the facility at the end of the fifth, tenth, and fifteenth year of operation for the remaining principal portion of the debt. Total payments for the APA are estimated at \$83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. During 2025, the District incurred expenses of approximately \$3,629,000 for principal and \$761,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2025, the future principal and interest payments for the biosolids facility are shown below (in thousands of dollars):

Availability Payment Arrangement Maturity Table

Maturing	Total Principal	Total Interest	Total Payments
2026	\$ 3,807	\$ 583	\$ 4,390
2027	3,993	396	4,389
2028	4,189	200	4,389
2029	1,889	24	1,913
Total Payments	<u>\$ 13,878</u>	<u>\$ 1,203</u>	<u>\$ 15,081</u>

## 12. Interfund Transactions

The interfund receivable and payable balances at the end of the year are reported as “due from/to other funds” in the Governmental Funds Balance Sheets and are eliminated in the government-wide Statements of Net Position. The balances represent payroll transactions paid from the General Corporate Fund that are later reimbursed by other funds. Also, any temporary cash overdrafts are reclassified as interfund receivable/payable balances at the end of the year in the fund balance sheet. Interfund balances are generally repaid within twelve months of the fiscal year end.

Individual interfund receivable and payable balances at December 31, 2025, are as follows (in thousands of dollars):

	<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>
General Corporate Fund	\$ 589	\$ —
Capital Projects Funds:		
Stormwater Management Fund (Nonmajor Fund)	—	589
	<u>\$ 589</u>	<u>\$ 589</u>

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of \$28,057,000 at December 31, 2025, that represented earned but uncollected property taxes in the Retirement Fund and the government-wide Statements of Net Position.

Transfers between funds as authorized in the budget are recorded as “other financing sources (uses)” in the fund operating statements. Individual transfers throughout 2025 are as follows (in thousands of dollars):

<b>Transfer Reason</b>	<b>Transfer to/(from)</b>				
	<b>General Corporate Fund</b>	<b>Debt Service Fund</b>	<b>Capital Improvement Bond Fund</b>	<b>Retirement Fund</b>	<b>Stormwater Management Fund</b>
Alternate Revenue bond funding	\$ —	\$ 9,234	\$ —	\$ —	\$ (9,234)
Pension funding	(30,000)	—	—	30,000	—
Other transfers	—	—	1,977	—	(1,977)
Total transfers	<u>\$ (30,000)</u>	<u>\$ 9,234</u>	<u>\$ 1,977</u>	<u>\$ 30,000</u>	<u>\$ (11,211)</u>

An equity transfer from the Stormwater Management Fund is required in 2025 to pay for principal and interest on various alternate revenue bonds which will allow for corresponding tax levy abatements. The purpose of the Corporate Fund transfer is to increase the funding ratio of the Pension Fund. Occasionally, the District is required to reimburse funds for goods or services that benefit multiple funds which is represented as Other transfers.

## 13. Property Tax Extension Limitation Law

Effective March 1, 1995, the Property Tax Extension Limitation Law limits the amount of property taxes the District can extend for years subsequent to 1993. The law limits the District's increase in aggregate tax levy extension to 5% of the previous year or to the percentage increase in the consumer price index, whichever is less. The aggregate limitation does not apply to the District's Debt Service and Stormwater Management Fund levies.

## Notes to the Basic Financial Statements

*Year ended December 31, 2025*

As part of the District's Property Tax Levy subject to the Illinois Property Tax Extension Limitation Law, the Construction Fund Property Tax Levy is adjusted downward if the estimated increase in the aggregate is more than the allowable extension under the law.

In Section 18-195 of the Law, the County Clerk is instructed to proportionally reduce all the levies subject to the limitation unless the taxing district requests otherwise. Through the Levy ordinances, the District requests the County Clerk to reduce the entire reduction to the aggregate levy by reducing the Construction Fund as required by Section 18-195 of the law.

In addition, the individual tax levies of the Corporate, Construction, Reserve Claim, Stormwater Management, Corporate Working Cash, and Construction Working Cash Funds have statutory limitations. The Corporate levy cannot exceed .41% of the equalized assessed valuation, while the Construction levy cannot exceed .10% of the equalized assessed valuation and the Corporate Working Cash and Construction Working Cash levies individually cannot exceed .005% of the equalized assessed valuation. The Reserve Claim levy cannot exceed .005% of the equalized assessed valuation and the aggregate amount which may accumulate in the Reserve Claim Fund shall not exceed .05% of the equalized assessed valuation. The Stormwater Management Fund levy cannot exceed .05% of the equalized assessed valuation as a result of statutory changes. The Debt Service Fund is limited through debt service extension limitations under the Property Tax Extension Limitation Law.

### 14. Leases

#### Lease Rentals

The District leases land to governmental and commercial tenants under lease agreements for periods of up to 99 years. The District is a lessor for 182 noncancellable leases of District land to a large number of outside parties. There were no contingent lease rentals for the period. The District does not lease any depreciable assets. The cost of the land associated with the commercial leases is \$5,831,090.

#### Lease Rentals - GASB 87

Lease agreements greater than 12 months and annual rents of \$100,000 or more are subject to GASB Statement 87 reporting. Following the adoption of Statement No. 87 of the Governmental Accounting Standards Board (GASB 87), the District began capitalizing future revenue streams from agreements with annual rents of \$100,000 and above and non-cancellable duration of over 12 months. As of December 31, 2023, the District was the lessor in 65 such rental agreements with a net present value of \$369,501,000. Variable lease payments / based on usage and CPI-based increases have been excluded.

The table below shows projected principal and interest revenue for all GASB 87 leases (in thousands of dollars):

	<b>Principal</b>	<b>Interest</b>
2026	\$ 12,174	\$ 11,084
2027	12,090	10,586
2028	12,156	10,254
2029	12,496	9,913
2030	12,848	9,562
2031-2035	69,791	42,156
2036-2040	70,306	31,930
2041-2045	59,966	22,038
2046-2050	41,379	14,326
2051-2055	23,785	8,139
2056-2060	10,843	5,481
2061-2065	5,318	3,979
2066-2070	2,390	3,470
2071-2075	2,734	3,125
2076+	21,225	14,278
Total Projected Revenue	\$ 369,501	\$ 200,321

For the reporting period there were no lease agreements subject to GASB 87 reporting where the District was a lessee.

Rental agreements not subject to GASB 87 reporting have a maximum possible term of 12 months at commencement and revenue is recognized upon receipt of lease payments. The following table is a summary of the minimum future rentals for all leases with annual rents of under \$100,000 or duration of 12 months or less at December 31, 2025 (in thousands of dollars):

	<b>Rental</b>
2026	\$ 1,696
2027	1,643
2028	1,613
2029	1,611
2030	1,562
Later Years	29,648
Total Minimum Future Rental Income	\$ 37,773

## 15. Tax Abatements

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. In compliance with Governmental Accounting Standards Board (GASB) Statement 77, the District is required to disclose tax abatements resulting not only from agreements entered into by the District, but also agreements entered into by other governments that reduce the District's tax revenue.

## Notes to the Basic Financial Statements

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*Year ended December 31, 2025*

Cook County grants special assessments for the development or redevelopment of commercial and industrial properties. The special assessments are categorized into four classes, as follows:

Class 6b is designed to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings.

Class 7 is designed to encourage commercial projects in areas determined to be in need of commercial development. These projects would not be economically feasible without the incentive.

Class 8 is designed to encourage industrial and commercial development in areas of the county which are experiencing severe economic stagnation.

Class 9 is designed to encourage new development, rehabilitation and long-term preservation of affordable multi-family rental housing throughout Cook County.

Properties categorized in one of these classes receive a real estate tax incentive as a reduction in the assessment rate. The total estimated impact of these incentives to the District is approximately \$17,411,000 in reduced property taxes.

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
OTHER THAN MD&A - Unaudited**

## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

### Modified Approach for Eligible Infrastructure Assets

The District has elected to use the modified approach to report eligible infrastructure and ancillary assets at its seven water reclamation plants (WRP) and its waterway assets. Each of the seven plants represents a separate network, while the waterway assets represent an eighth network. The eight networks are as follows:

1. Central (Stickney) WRP Basin All systems, subsystems, and components associated with the Central (Stickney) WRP service area (excluding Waterways Network assets).
2. O'Brien WRP Basin All systems, subsystems, and components associated with the O'Brien WRP service area (excluding Waterways Network assets).
3. Calumet WRP Basin All systems, subsystems, and components associated with the Calumet WRP service area (excluding Waterways Network assets and Lemont Network).
4. Egan WRP Basin All systems, subsystems, and components associated with the Egan WRP service area (excluding Waterways Network assets).
5. Kirie WRP Basin All systems, subsystems, and components associated with the Kirie WRP service area (excluding Waterways Network assets).
6. Hanover Park WRP Basin All systems, subsystems, and components associated with the Hanover Park WRP service area (excluding Waterways Network assets).
7. Lemont WRP Basin All systems, subsystems, and components associated with the Lemont WRP service area (excluding Waterways Network assets).
8. Waterways All waterways under the jurisdiction of the District including the Waterways Control System, Lockport Powerhouse and Controlling Works, Chicago River Controlling Works, Wilmette Pumping Station, all District flood control reservoirs and pump stations, side stream elevated pool aeration stations, instream aeration stations, Melas Park, and Centennial Fountain.

Each of the above networks is further segregated into systems, subsystems, and components. The network systems are classified by the process flow through the network (i.e., collection processes, treatment processes, solids processing, flood and pollution control, and solids drying/utilization). The subsystems of each system represent the major processes (e.g., the treatment processes system includes fine screens, grit tanks, and aeration tanks as subsystems). Components of subsystems comprise the working unit or assembly (e.g., the fine screens subsystem includes conveyors, rakes, and gates as components). Ratings are determined by District civil, mechanical, and electrical engineers, who review the subsystem/component maintenance records and physically inspect the assets.

Ratings are assessed at the subsystem level and are compiled for reporting purposes into one rating for each system of a network. The assessment scale used to rate the networks' systems is as follows:

<u>Asset Condition</u>	<u>Assessment Description</u>
(1) Excellent	Relatively new asset or recently rehabilitated or otherwise restored to a like-new asset condition.
(2) Very Good	Performance successful, operation reliable, no significant maintenance required beyond routine preventative maintenance or minor repair in foreseeable future.
(3) Good	Performance successful, operation reliable, significant maintenance required in foreseeable future.
(4) Acceptable	Performance successful, operation reliable, significant rehabilitation/replacement planned in near future.
(5) Fair	Performance marginal, operation not reliable without immediate repair/replacement.
(6) Poor	Inoperable or operation significantly impaired.

It is the District's policy to maintain eligible infrastructure assets reported under the modified approach at a level of acceptable or better.

Initial condition assessments of the Kirie, Hanover, Egan, O'Brien, Central (Stickney), Calumet, Lemont and Waterways WRP networks were completed between 2002 and 2006.

Condition assessments of each network will continue at least every three years following the initial assessment. The Egan and O'Brien networks were re-assessed in 2025, the Hanover, Calumet and Lemont networks were re-assessed in 2024, and the Kirie, Central (Stickney) and Waterways networks were re-assessed in 2023.

## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

The condition assessment ratings and the estimated and actual maintenance and preservation costs for the Kirie, Hanover, Egan, O'Brien, Central (Stickney), Calumet, Lemont, and Waterways WRP networks are as follows:

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/Utilization System
<b>Condition Assessment Ratings</b>					
<b>Kirie WRP Network</b>					
Subsequent assessment - 2017	3	3	3	NA	NA
Subsequent assessment - 2020	3	3	3	NA	NA
Subsequent assessment - 2023	3	3	3	NA	NA
<b>Hanover WRP Network</b>					
Subsequent assessment - 2018	3	3	3	NA	3
Subsequent assessment - 2021	3	3	3	NA	3
Subsequent assessment - 2024	3	3	3	NA	3
<b>Egan WRP Network</b>					
Subsequent assessment - 2019	2	2	3	NA	NA
Subsequent assessment - 2022	3	3	2	NA	NA
Subsequent assessment - 2025	3	3	3	NA	NA
<b>O'Brien WRP Network</b>					
Subsequent assessment - 2019	3	3	3	NA	NA
Subsequent assessment - 2022	3	3	3	NA	NA
Subsequent assessment - 2025	3	3	3	NA	NA
<b>Central (Stickney) WRP Network</b>					
Subsequent assessment - 2017	3	3	3	NA	3
Subsequent assessment - 2020	3	3	3	3	3
Subsequent assessment - 2023	3	3	3	3	3
<b>Waterways WRP Network</b>					
Subsequent assessment - 2017	NA	NA	NA	3	NA
Subsequent assessment - 2020	NA	NA	NA	3	NA
Subsequent assessment - 2023	NA	NA	NA	3	NA
<b>Calumet WRP Network</b>					
Subsequent assessment - 2018	3	3	3	NA	2
Subsequent assessment - 2021	3	3	4	NA	3
Subsequent assessment - 2024	3	3	3	NA	3
<b>Lemont WRP Network</b>					
Subsequent assessment - 2018	3	3	3	2	NA
Subsequent assessment - 2021	3	3	3	1	NA
Subsequent assessment - 2024	2	2	3	1	NA
<b>Maintenance/Preservation Costs</b>					
<b>Kirie WRP Network</b>					
Estimated 2025	\$ 1,752,000	\$ 1,352,400	\$ —	\$ —	\$ —
Actual 2025	1,447,083	1,381,723	—	—	436
Estimated 2024	1,645,700	1,704,900	—	—	—
Actual 2024	1,004,492	1,376,385	—	—	—
Estimated 2023	1,347,700	1,844,400	—	—	—
Actual 2023	418,519	2,115,941	—	—	98
Estimated 2022	498,400	1,158,200	—	—	—
Actual 2022	487,080	1,055,782	—	—	—
Estimated 2021	486,600	1,262,100	—	—	—
Actual 2021	460,452	1,312,502	—	—	—

Metropolitan Water Reclamation District of Greater Chicago

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
<b>Hanover WRP Network</b>					
Estimated 2025	\$ 152,100	\$ 900,200	\$ 268,600	\$ —	\$ 39,800
Actual 2025	144,513	1,094,814	217,976	—	43,337
Estimated 2024	146,100	1,236,900	262,500	—	38,600
Actual 2024	156,299	1,267,853	245,294	—	41,252
Estimated 2023	142,800	870,500	257,700	—	38,000
Actual 2023	144,183	785,988	220,172	—	38,892
Estimated 2022	136,600	960,000	230,900	—	35,100
Actual 2022	148,859	792,300	224,253	—	36,546
Estimated 2021	134,400	653,300	225,900	—	54,100
Actual 2021	134,744	819,512	207,816	—	52,735
<b>Egan WRP Network</b>					
Estimated 2025	\$ 615,700	\$ 2,792,000	\$ 566,300	\$ 27,500	\$ —
Actual 2025	640,753	2,308,198	487,147	27,036	27
Estimated 2024	597,000	2,508,700	550,400	26,700	—
Actual 2024	653,837	2,192,451	450,758	21,509	81
Estimated 2023	585,300	2,316,900	533,500	22,500	—
Actual 2023	597,260	1,837,864	429,865	10,612	129
Estimated 2022	563,400	2,025,400	461,000	21,600	—
Actual 2022	569,106	1,770,773	404,637	16,308	—
Estimated 2021	552,500	1,939,200	481,600	20,100	—
Actual 2021	561,771	1,727,658	395,571	19,541	—
<b>O'Brien WRP Network</b>					
Estimated 2025	\$ 3,298,900	\$ 9,620,200	\$ 655,300	\$ 114,300	\$ 138,100
Actual 2025	3,524,633	9,109,386	586,779	123,434	160,293
Estimated 2024	3,139,100	9,440,500	540,800	105,300	154,100
Actual 2024	3,318,277	8,505,060	582,043	122,784	163,835
Estimated 2023	3,279,200	9,309,500	518,400	103,600	152,200
Actual 2023	3,298,671	8,061,259	508,529	107,385	207,411
Estimated 2022	3,337,100	8,478,000	471,300	98,200	147,100
Actual 2022	3,257,392	7,029,892	433,350	100,154	172,635
Estimated 2021	2,987,600	8,087,800	467,300	87,000	122,200
Actual 2021	2,922,375	6,816,575	465,593	89,232	124,247
<b>Central (Stickney) WRP Network</b>					
Estimated 2025	\$ 10,835,300	\$ 15,356,400	\$ 9,673,700	\$ 911,700	\$ 1,964,600
Actual 2025	10,469,928	13,402,910	8,821,858	935,127	2,022,921
Estimated 2024	11,066,300	17,377,000	9,254,500	1,117,000	1,735,700
Actual 2024	9,601,071	14,860,631	9,087,854	1,053,623	1,496,722
Estimated 2023	9,491,000	16,053,100	8,303,900	1,008,000	2,097,400
Actual 2023	9,020,663	14,175,506	8,085,685	1,016,372	1,672,332
Estimated 2022	8,345,200	17,018,100	8,231,200	907,000	2,177,400
Actual 2022	8,616,402	13,087,287	8,376,716	960,629	2,338,668
Estimated 2021	8,390,700	12,172,900	8,850,500	937,500	1,906,500
Actual 2021	8,685,117	10,199,961	8,638,393	738,899	2,114,523

## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
<b>Waterways WRP Network</b>					
Estimated 2025	\$ —	\$ 29,000	\$ —	\$ 688,900	\$ —
Actual 2025	1,388	28,984	—	602,266	—
Estimated 2024	—	29,000	—	634,400	—
Actual 2024	958	29,789	—	527,340	—
Estimated 2023	—	29,000	—	989,900	—
Actual 2023	2,545	27,180	—	323,995	—
Estimated 2022	—	51,000	—	483,100	—
Actual 2022	64,288	25,950	—	423,723	—
Estimated 2021	—	—	—	647,600	—
Actual 2021	18,914	14,296	68	498,591	—
<b>Calumet WRP Network</b>					
Estimated 2025	\$ 5,152,400	\$ 12,189,500	\$ 3,014,500	\$ 243,800	\$ 1,398,800
Actual 2025	4,971,957	9,402,152	3,481,703	263,641	1,131,764
Estimated 2024	4,953,400	11,000,600	3,360,900	352,500	831,900
Actual 2024	4,830,547	9,433,082	2,316,941	250,813	1,023,649
Estimated 2023	4,633,200	10,203,200	2,911,900	457,200	562,000
Actual 2023	4,078,689	8,721,926	2,152,019	360,618	664,281
Estimated 2022	3,998,100	9,596,900	1,951,800	398,100	534,100
Actual 2022	4,173,375	9,019,757	2,053,689	347,111	600,678
Estimated 2021	3,901,800	8,688,300	1,907,700	310,200	525,500
Actual 2021	3,688,963	8,212,250	1,936,793	254,234	578,115
<b>Lemont WRP Network</b>					
Estimated 2025	\$ —	\$ 166,300	\$ —	\$ —	\$ —
Actual 2025	—	36,592	1,320	645	—
Estimated 2024	35,000	130,300	—	—	—
Actual 2024	1,770	217,973	—	—	—
Estimated 2023	—	90,300	—	—	—
Actual 2023	—	13,967	—	—	—
Estimated 2022	—	10,300	—	—	—
Actual 2022	3,345	40,141	—	10,663	—
Estimated 2021	—	197,300	—	—	—
Actual 2021	226	182,413	—	4,356	—

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## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

### Schedule of Changes in the District's Net Pension Liability and Related Ratios

#### Last Ten Fiscal Years (1)

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total pension liability:</b>				
Service cost	\$ 34,667	\$ 31,559	\$ 30,851	\$ 31,574
Interest	203,898	198,091	194,258	191,470
Differences between expected and actual experience	(4,897)	29,540	21,414	4,492
Changes of assumptions	—	117,659	—	—
Benefit payments, including refunds of employee contributions	(201,700)	(197,129)	(191,583)	(185,139)
Net change in total pension liability	<u>31,968</u>	<u>179,720</u>	<u>54,940</u>	<u>42,397</u>
<b>Total pension liability - beginning</b>	<u>2,979,019</u>	<u>2,799,299</u>	<u>2,744,359</u>	<u>2,701,962</u>
<b>Total pension liability - ending</b>	<u><u>3,010,987</u></u>	<u><u>2,979,019</u></u>	<u><u>2,799,299</u></u>	<u><u>2,744,359</u></u>
<b>Plan fiduciary net position:</b>				
Contributions - employer	131,982	117,373	118,459	88,804
Contributions - employee	22,485	21,665	21,178	20,630
Net investment income	147,318	169,967	(232,449)	220,777
Benefit payments, including refunds of employee contributions	(201,700)	(197,129)	(191,583)	(185,139)
Administrative expense	(2,656)	(2,954)	(2,135)	(1,788)
Other	1	1	7	5
Net change in plan fiduciary net position	<u>97,430</u>	<u>108,923</u>	<u>(286,523)</u>	<u>143,289</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,546,579</u>	<u>1,437,656</u>	<u>1,724,179</u>	<u>1,580,890</u>
<b>Plan fiduciary net position - ending</b>	<u><u>1,644,009</u></u>	<u><u>1,546,579</u></u>	<u><u>1,437,656</u></u>	<u><u>1,724,179</u></u>
<b>Net pension liability - ending</b>	<u><u>\$ 1,366,978</u></u>	<u><u>\$ 1,432,440</u></u>	<u><u>\$ 1,361,643</u></u>	<u><u>\$ 1,020,180</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	54.60 %	51.92 %	51.36 %	62.83 %
Covered payroll	\$ 214,796	\$ 204,388	\$ 195,714	\$ 187,213
Net pension liability as a percentage of covered payroll	636.41 %	700.84 %	695.73 %	544.93 %

(1) The District implemented the provisions of GASB 68 in Fiscal Year 2015. The District has presented as many years as are available and will show information for ten years as the additional years' information become available.

*Metropolitan Water Reclamation District of Greater Chicago*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	32,592	\$ 33,039	\$ 32,213	\$ 32,370	\$ 32,058	\$ 32,228
	188,334	183,916	182,881	179,038	173,861	168,530
	4,554	17,733	12,158	(1,991)	13,814	14,422
	—	—	35,593	—	—	—
	<u>(177,287)</u>	<u>(169,308)</u>	<u>(161,324)</u>	<u>(154,713)</u>	<u>(147,336)</u>	<u>(140,509)</u>
	48,193	65,380	101,521	54,704	72,397	74,671
	<u>2,653,769</u>	<u>2,588,389</u>	<u>2,486,867</u>	<u>2,432,163</u>	<u>2,359,766</u>	<u>2,285,095</u>
	<u>2,701,962</u>	<u>2,653,769</u>	<u>2,588,388</u>	<u>2,486,867</u>	<u>2,432,163</u>	<u>2,359,766</u>
	107,852	87,446	87,167	89,858	80,259	71,041
	20,982	21,182	21,033	20,840	20,831	21,385
	124,099	225,159	(103,006)	194,822	113,586	(1,428)
	<u>(177,287)</u>	<u>(169,308)</u>	<u>(161,324)</u>	<u>(154,713)</u>	<u>(147,336)</u>	<u>(140,509)</u>
	(1,593)	(1,642)	(1,685)	(1,614)	(1,503)	(1,660)
	3	3	15	3	107	29
	<u>74,056</u>	<u>162,840</u>	<u>(157,800)</u>	<u>149,196</u>	<u>65,944</u>	<u>(51,142)</u>
	<u>1,506,834</u>	<u>1,343,994</u>	<u>1,501,793</u>	<u>1,352,597</u>	<u>1,286,653</u>	<u>1,337,795</u>
	<u>1,580,890</u>	<u>1,506,834</u>	<u>1,343,993</u>	<u>1,501,793</u>	<u>1,352,597</u>	<u>1,286,653</u>
\$	<u>1,121,072</u>	<u>\$ 1,146,935</u>	<u>\$ 1,244,395</u>	<u>\$ 985,074</u>	<u>\$ 1,079,566</u>	<u>\$ 1,073,113</u>
	58.51 %	56.78 %	51.92 %	60.39 %	55.61 %	54.52 %
\$	188,073	\$ 189,961	\$ 187,850	\$ 184,385	\$ 182,640	\$ 177,792
	596.08 %	603.77 %	662.44 %	534.25 %	591.09 %	603.58 %

## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

### Schedule of District Contributions - Pension

#### Last Ten Years

(in thousands of dollars)

Year	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered-employee Payroll
2025	\$ 90,776	\$ 120,776	\$ (30,000)	\$ 227,589	53.07%
2024	88,734	131,982	(43,248)	214,796	61.45%
2023	81,128	117,373	(36,245)	204,388	57.43%
2022	76,680	118,459	(41,779)	195,714	60.53%
2021	76,841	88,804	(11,963)	187,213	47.43%
2020	77,392	107,852	(30,460)	188,073	57.35%
2019	74,280	87,446	(13,166)	189,961	46.03%
2018	64,989	87,167	(22,178)	187,850	46.40%
2017	65,728	89,858	(24,130)	184,385	48.73%
2016	64,596	80,259	(15,663)	182,640	43.94%

### Notes to the Schedule of District Contributions

*Valuation Date:* The District's actuarially determined contribution (ADC) is calculated as of December 31, 2023.

*Methods and Assumptions used to determine the ADC:*

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay. Prior to 2013, 30 year open amortization. From the 2013 ADC calculation, closed to 2050.
Remaining amortization period	25
Asset valuation method	5 years smoothed value
Investment rate of return	7.00%
Inflation	2.5%
Salary increases	Varies by service
Payroll growth	2.75%
Termination rates	Termination rates vary by age and gender.
Mortality rates	For all members, mortality rates are based on the PubG-2010 Public Retirement Plans Mortality Tables as projected for various classes.
Retirement rates	Retirement rates are based on a 2018 experience study and vary by age
Disability rates	Disability rates vary by age.

A copy of the Pension Plan Annual Comprehensive Financial Report may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at [www.mwrdrf.org](http://www.mwrdrf.org).

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## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

### Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

#### Last Eight Fiscal Years (1)

(in thousands of dollars)

Reporting period ending	12/31/2025	12/31/2024	12/31/2023
Measurement date	12/31/2024	12/31/2023	12/31/2022
<b>Total OPEB liability:</b>			
Service cost	\$ 3,569	\$ 3,842	\$ 3,659
Interest	21,029	22,885	21,842
Differences between expected and actual experience	—	(47,129)	—
Changes of assumptions	—	737	—
Benefit payments	(8,723)	(8,524)	(10,720)
Net change in total OPEB liability	15,875	(28,189)	14,781
<b>Total OPEB liability - beginning</b>	<b>324,239</b>	<b>352,428</b>	<b>337,647</b>
<b>Total OPEB liability - ending</b>	<b>340,114</b>	<b>324,239</b>	<b>352,428</b>
<b>Plan fiduciary net position:</b>			
Employer trust contributions	5,000	5,000	5,000
Pay-as-you-go contributions	8,723	8,524	10,720
Net investment income	37,322	43,438	(51,970)
Benefit payments	(8,723)	(8,524)	(10,720)
Administrative expense	(46)	(45)	(45)
Net change in plan fiduciary net position	42,276	48,393	(47,015)
<b>Plan fiduciary net position - beginning</b>	<b>312,541</b>	<b>264,148</b>	<b>311,163</b>
<b>Plan fiduciary net position - ending</b>	<b>354,817</b>	<b>312,541</b>	<b>264,148</b>
<b>Net OPEB liability/(asset) - ending</b>	<b>\$ (14,703)</b>	<b>\$ 11,698</b>	<b>\$ 88,280</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>104.32%</b>	<b>96.39%</b>	<b>74.95%</b>
Covered payroll	\$ 203,853	\$ 194,145	\$ 189,209
District's net OPEB liability/(asset) as a percentage of covered payroll	(7.21)%	6.03%	46.66%

(1) The District implemented the provisions of GASB 75 in Fiscal Year 2018. The District has presented as many years as are available and will show information for ten years as the additional years' information become available.

Actuarial valuations are required to be completed every two years. The most recent actuarial valuation was completed as of December 31, 2024.

A copy of the OPEB Trust Fund Annual Comprehensive Financial Report may be obtained by accessing the District's website at [www.mwrd.org](http://www.mwrd.org)

*Metropolitan Water Reclamation District of Greater Chicago*

12/31/2022 12/31/2021	12/31/2021 12/31/2020	12/31/2020 12/31/2019	12/31/2019 12/31/2018	12/31/2018 12/31/2017
\$ 5,105	\$ 4,861	\$ 5,540	\$ 5,315	\$ 5,098
20,700	19,764	20,851	20,012	19,260
(15,706)	—	6,819	—	—
19,094	—	(37,290)	—	—
<u>(9,664)</u>	<u>(11,230)</u>	<u>(12,700)</u>	<u>(12,571)</u>	<u>(13,431)</u>
19,529	13,395	(16,780)	12,756	10,927
<u>318,118</u>	<u>304,723</u>	<u>321,503</u>	<u>308,747</u>	<u>297,820</u>
<u>337,647</u>	<u>318,118</u>	<u>304,723</u>	<u>321,503</u>	<u>308,747</u>
5,000	5,000	5,000	5,000	5,000
9,664	11,230	12,700	12,571	13,431
35,999	32,732	39,251	(11,841)	25,392
(9,664)	(11,230)	(12,700)	(12,571)	(13,431)
<u>(41)</u>	<u>(42)</u>	<u>(53)</u>	<u>(42)</u>	<u>(37)</u>
40,958	37,690	44,198	(6,883)	30,355
<u>270,205</u>	<u>232,515</u>	<u>188,317</u>	<u>195,200</u>	<u>164,845</u>
<u>311,163</u>	<u>270,205</u>	<u>232,515</u>	<u>188,317</u>	<u>195,200</u>
\$ 26,484	\$ 47,913	\$ 72,208	\$ 133,186	\$ 113,547
92.16%	84.94%	76.30%	58.57%	63.22%
\$ 180,199	\$ 191,262	\$ 182,154	\$ 192,662	\$ 184,807
14.70%	25.05%	39.64%	69.13%	61.44%

## Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2025

### Schedule of District Contributions - OPEB

#### Last Ten Years

(in thousands of dollars)

Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2025	\$ 3,391	\$ 15,931	\$ (12,540)	\$ 230,506	6.91%
2024	4,344	13,723	(9,379)	203,853	6.73%
2023	5,113	13,524	(8,411)	194,145	6.97%
2022	9,825	15,719	(5,894)	189,209	8.31%
2021	6,299	14,664	(8,365)	180,199	8.14%
2020	8,641	16,230	(7,589)	191,262	8.49%
2019	9,586	17,700	(8,114)	182,154	9.72%
2018	11,507	17,571	(6,064)	192,662	9.12%
2017	11,507	18,431	(6,924)	184,807	9.97%
2016	12,472	19,917	(7,445)	183,120	10.88%

### Notes to the Schedule of District Contributions

*Valuation Date:* The District's actuarially determined contribution (ADC) is calculated as of December 31, 2025.

*Methods and Assumptions used to determine the ADC:*

Inflation Rate	2.80%
Salary Increase Rates	Varies by service
Discount Rate	6.50%
Initial Trend Rate	7.90%
Ultimate Trend Rate	4.00%
Years to Ultimate	49
Investment Rate of Return	6.50%
Mortality rates	For all members, mortality rates are based on the PubG-2010 Public Retirement Plans Mortality Tables as projected for various classes.

**OTHER SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

**NON-MAJOR GOVERNMENTAL FUNDS**

**CONSTRUCTION FUND**

Fund established to account for proceeds of annual property tax levies and certain other revenues used for the acquisition of long-term assets used in principal functions of the District.

**STORMWATER MANAGEMENT FUND**

Fund established to account for the annual property taxes which are specifically levied to finance all activities associated with stormwater management, including construction projects.

## Exhibit B-1 Combining Balance Sheets - Nonmajor Governmental Funds

December 31, 2025

(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Cash	\$ 1,060	\$ 2,485	\$ 6,304	\$ 1,139	\$ 7,364	\$ 3,624
Certificates of deposit	7,081	4,028	2,008	2,019	9,089	6,047
Investments	70,234	69,045	25,186	75,322	95,420	144,367
Prepaid insurance	—	—	—	10	—	10
Taxes receivable, net	8,912	6,755	78,035	55,487	86,947	62,242
Other receivable	—	746	7,816	439	7,816	1,185
Total assets	<u>\$ 87,287</u>	<u>\$ 83,059</u>	<u>\$ 119,349</u>	<u>\$ 134,416</u>	<u>\$ 206,636</u>	<u>\$ 217,475</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable and other liabilities	\$ 8,456	\$ 2,110	\$ 19,982	\$ 21,176	\$ 28,438	\$ 23,286
Due to other funds	—	—	589	531	589	531
Total liabilities	<u>8,456</u>	<u>2,110</u>	<u>20,571</u>	<u>21,707</u>	<u>29,027</u>	<u>23,817</u>
Deferred inflows of resources:						
Unavailable tax revenue	7,106	5,667	63,195	46,551	70,301	52,218
Other unavailable revenue	—	—	7,816	—	7,816	—
Total deferred inflows of resources	<u>7,106</u>	<u>5,667</u>	<u>71,011</u>	<u>46,551</u>	<u>78,117</u>	<u>52,218</u>
Fund balances:						
Nonspendable:						
Prepaid insurance	—	—	—	10	—	10
Restricted for:						
Working Cash	23,663	22,869	37,790	37,505	61,453	60,374
Capital projects	48,062	52,413	—	28,643	48,062	81,056
Unassigned	—	—	(10,023)	—	(10,023)	—
Total fund balances	<u>71,725</u>	<u>75,282</u>	<u>27,767</u>	<u>66,158</u>	<u>99,492</u>	<u>141,440</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 87,287</u>	<u>\$ 83,059</u>	<u>\$ 119,349</u>	<u>\$ 134,416</u>	<u>\$ 206,636</u>	<u>\$ 217,475</u>

**Exhibit B-2**  
**Combining Statements of Revenue, Expenditures and Changes in Fund**  
**Balances - Nonmajor Governmental Funds**

*Year ended December 31, 2025*  
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

	<u>Construction Fund</u>		<u>Stormwater Management Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Revenues</b>						
Revenues:						
Property taxes	\$ 5,497	\$ 7,115	\$ 45,150	\$ 54,139	\$ 50,647	\$ 61,254
Personal property replacement tax	16,600	25,000	—	—	16,600	25,000
Interest on investments	3,495	3,524	2,536	4,155	6,031	7,679
Tax increment financing distributions	—	12,000	—	—	—	12,000
Grant revenue	—	—	6,310	31,769	6,310	31,769
Fees, forfeits and penalties	—	—	766	905	766	905
Miscellaneous	6	12	3	402	9	414
Total revenues	<u>25,598</u>	<u>47,651</u>	<u>54,765</u>	<u>91,370</u>	<u>80,363</u>	<u>139,021</u>
<b>Expenditures</b>						
Current Operations:						
Construction costs	<u>29,155</u>	<u>23,110</u>	<u>81,945</u>	<u>86,887</u>	<u>111,100</u>	<u>109,997</u>
Total expenditures	<u>29,155</u>	<u>23,110</u>	<u>81,945</u>	<u>86,887</u>	<u>111,100</u>	<u>109,997</u>
Revenues over (under) expenditures	(3,557)	24,541	(27,180)	4,483	(30,737)	29,024
Other financing sources (uses):						
Transfer out	<u>—</u>	<u>—</u>	<u>(11,211)</u>	<u>(9,530)</u>	<u>(11,211)</u>	<u>(9,530)</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(11,211)</u>	<u>(9,530)</u>	<u>(11,211)</u>	<u>(9,530)</u>
Net change in fund balance	<u>(3,557)</u>	<u>24,541</u>	<u>(38,391)</u>	<u>(5,047)</u>	<u>(41,948)</u>	<u>19,494</u>
Fund balances						
Beginning of the year	75,282	50,741	66,158	71,205	141,440	121,946
End of the year	<u>\$ 71,725</u>	<u>\$ 75,282</u>	<u>\$ 27,767</u>	<u>\$ 66,158</u>	<u>\$ 99,492</u>	<u>\$ 141,440</u>

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## **GENERAL CORPORATE FUND**

A fund used to account for an annual property tax levy and certain other revenues, which are to be used for the operations and payments of general expenditures of the District not specifically chargeable to other funds.

**Exhibit C-1**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Appropriations and Expenditures on a Budgetary Basis**

Year ended December 31, 2025

Corporate Division	(in thousands of dollars)				Actual Variance with Final Budget - Positive (Negative)
	Budget Amounts			Actual Amounts	
	Original	Net Transfer	Final		
Board of Commissioners:					
Personal services					
Salaries of regular employees	\$ 4,168	\$ —	\$ 4,168	\$ 4,081	\$ 87
Compensation plan adjustments	—	11	11	7	4
Compensation for paid overtime	51	(11)	40	2	38
Social Security and Medicare contributions	116	—	116	96	20
Tuition and training payments	27	—	27	18	9
Personal services not otherwise classified	736	—	736	503	233
Total personal services	5,098	—	5,098	4,707	391
Contractual services					
Travel	12	—	12	5	7
Meals and lodging	17	—	17	15	2
Comp for personally owned autos	1	—	1	—	1
Motor vehicle operating services	1	—	1	—	1
Subscriptions and membership dues	32	—	32	31	1
Payment for professional services	861	—	861	387	474
Contractual services not otherwise classified	1	—	1	1	—
Total contractual services	925	—	925	439	486
Materials and supplies					
Office, printing, and photographic supplies	15	—	15	5	10
Total materials and supplies	15	—	15	5	10
Board of Commissioners total	6,038	—	6,038	5,151	887
General Administration:					
Personal services					
Salaries of regular employees	14,028	(470)	13,558	13,299	259
Compensation plan adjustments	—	288	288	225	63
Compensation for paid overtime	1,368	149	1,517	1,512	5
Social Security and Medicare contributions	221	—	221	210	11
Salaries of non-budgeted employees	—	33	33	30	3
Tuition and training payments	82	—	82	54	28
Total personal services	15,699	—	15,699	15,330	369
Contractual services					
Travel	19	—	19	8	11
Meals and lodging	27	—	27	21	6
Postage, freight, and delivery charges	86	—	86	86	—
Comp for personally owned autos	3	2	5	3	2
Motor vehicle operating services	56	5	61	59	2
Reprographic services	277	(19)	258	27	231
Electrical energy	345	5	350	350	—
Natural gas	35	—	35	32	3
Water and water services	5	2	7	6	1
Communication services	4	(2)	2	—	2

Metropolitan Water Reclamation District of Greater Chicago

(in thousands of dollars)

Corporate Division	Budget Amounts			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
General Administration (continued):					
Subscriptions and membership dues	\$ 955	\$ —	\$ 955	\$ 846	\$ 109
Rental charges	1,730	(360)	1,370	1,342	28
Advertising	13	—	13	4	9
Administration building operation	1,583	—	1,583	1,362	221
Administration building operation annex	870	67	937	802	135
Intergovernmental agreements	80	—	80	80	—
Payment for professional services	1,044	(50)	994	578	416
Contractual services not otherwise classified	280	—	280	191	89
Repairs to buildings	62	(17)	45	4	41
Repairs to office furniture and equipment	72	—	72	22	50
Computer software maintenance	281	14	295	288	7
Communication equipment maintenance	25	—	25	25	—
Repairs to vehicle equipment	259	353	612	524	88
Total contractual services	8,111	—	8,111	6,660	1,451
Materials and supplies					
Electrical parts and supplies	12	—	12	3	9
Plumbing accessories and supplies	10	—	10	8	2
Hardware	18	—	18	16	2
Office, printing, and photographic supplies	148	12	160	97	63
Cleaning supplies	3	—	3	—	3
Wearing apparel	48	—	48	44	4
Books, maps, and charts	1	2	3	2	1
Computer supplies	25	(12)	13	8	5
Materials and supplies not otherwise classified	124	84	208	173	35
Total materials and supplies	389	86	475	351	124
Machinery and equipment					
Computer equipment	200	(90)	110	—	110
Vehicle equipment	25	(10)	15	—	15
Machinery and equipment not otherwise classified	—	14	14	14	—
Total machinery and equipment	225	(86)	139	14	125
General Administration total	24,424	—	24,424	22,355	2,069
Monitoring and Research:					
Personal services					
Salaries of regular employees	31,524	—	31,524	30,181	1,343
Compensation plan adjustments	—	420	420	45	375
Compensation for paid overtime	971	(420)	551	245	306
Social Security and Medicare contributions	462	—	462	424	38
Tuition and training payments	68	—	68	58	10
Total personal services	33,025	—	33,025	30,953	2,072
Contractual services					
Travel	22	—	22	14	8

**Exhibit C-1 (continued)**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Appropriations and Expenditures on a Budgetary Basis**

Year ended December 31, 2025

Corporate Division	(in thousands of dollars)			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Monitoring and Research (continued):					
Meals and lodging	\$ 60	\$ —	60000	\$ 47	\$ 13
Postage, freight, and delivery charges	11	—	11	7	4
Comp for personally owned autos	29	(1)	28	24	4
Motor vehicle operating services	1	1	2	1	1
Rental charges	2	—	2	1	1
Governmental services charges	19	—	19	19	—
Payment for professional services	126	—	126	113	13
Contractual services not otherwise classified	569	(47)	522	437	85
Repairs to marine equipment	43	—	43	28	15
Computer software maintenance	24	8	32	31	1
Repairs to testing and laboratory equipment	449	(8)	441	413	28
Total contractual services	1,355	(47)	1,308	1,135	173
Materials and supplies					
Office, printing, and photographic supplies	40	—	40	32	8
Farming supplies	15	—	15	9	6
Laboratory testing supplies and small equipment	444	—	444	411	33
Wearing apparel	19	—	19	18	1
Books, maps, and charts	2	—	2	1	1
Fuel	21	—	21	12	9
Materials and supplies not otherwise classified	65	—	65	54	11
Total materials and supplies	606	—	606	537	69
Machinery and equipment					
Marine equipment	100	(33)	67	66	1
Testing and laboratory equipment	264	80	344	337	7
Total machinery and equipment	364	47	411	403	8
Monitoring and Research total	35,350	—	35,350	33,028	2,322
Procurement and Materials Management:					
Personal services					
Salaries of regular employees	6,294	—	6,294	5,477	817
Compensation plan adjustments	—	79	79	16	63
Compensation for paid overtime	124	(79)	45	2	43
Social Security and Medicare contributions	92	—	92	77	15
Tuition and training payments	8	—	8	7	1
Total personal services	6,518	—	6,518	5,579	939
Contractual services					
Travel	1	—	1	—	1
Meals and lodging	1	—	1	—	1
Comp for personally owned autos	1	—	1	—	1
Advertising	129	(4)	125	87	38
Payment for professional services	150	—	150	1	149
Repairs to buildings	18	(5)	13	6	7

Metropolitan Water Reclamation District of Greater Chicago

(in thousands of dollars)

Corporate Division	Budget Amounts			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Procurement and Materials Management (continued):					
Repairs to office furniture and equipment	\$ 2	\$ —	2000	\$ —	\$ 2
Computer software maintenance	181	—	181	63	118
Repairs to vehicle equipment	15	9	24	13	11
Total contractual services	498	—	498	170	328
Materials and supplies					
Metals	231	(33)	198	182	16
Electrical parts and supplies	551	(55)	496	445	51
Plumbing accessories and supplies	650	—	650	601	49
Hardware	102	33	135	117	18
Buildings, grounds, paving materials, and supplies	234	—	234	219	15
Fiber, paper and insulation materials	74	—	74	69	5
Paints, solvents, and related materials	37	—	37	33	4
Vehicle parts and supplies	31	10	41	37	4
Mechanical and repair parts	275	(12)	263	214	49
Office, printing, and photographic supplies	9	—	9	4	5
Laboratory testing supplies and small equipment	828	—	828	732	96
Cleaning supplies	335	35	370	350	20
Tools and supplies	111	35	146	139	7
Wearing apparel	211	—	211	203	8
Safety and medical supplies	85	—	85	81	4
Computer supplies	16	2	18	18	—
Fuel	350	(29)	321	266	55
Gas (in containers)	120	16	136	126	10
Communications supplies	21	—	21	21	—
Lubricants	388	—	388	379	9
Materials and supplies not otherwise classified	32	(2)	30	18	12
Total materials and supplies	4,691	—	4,691	4,254	437
Procurement and Materials Management total	11,707	—	11,707	10,003	1,704
Human Resources:					
Personal services					
Salaries of regular employees	8,187	(776)	7,411	7,410	1
Compensation plan adjustments	—	128	128	77	51
Compensation for paid overtime	308	(128)	180	134	46
Social Security and Medicare contributions	158	—	158	131	27
Employee claims	100	5	105	105	—
Tuition and training payments	826	(129)	697	371	326
401(a) Retirement	—	1,200	1,200	1,081	119
Health and life insurance premiums	51,582	9,775	61,357	59,974	1,383
Personal services not otherwise classified	460	(125)	335	296	39
Total personal services	61,621	9,950	71,571	69,579	1,992

**Exhibit C-1 (continued)**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Appropriations and Expenditures on a Budgetary Basis**

Year ended December 31, 2025

Corporate Division	(in thousands of dollars)			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Human Resources (continued):					
Contractual services					
Travel	\$ 7	\$ —	7000	\$ 2	\$ 5
Meals and lodging	16	—	16	8	8
Comp for personally owned autos	1	—	1	—	1
Court reporting services	16	—	16	10	6
Medical services	607	—	607	496	111
Insurance premiums	6,660	(61)	6,599	5,406	1,193
Rental charges	17	7	24	19	5
Advertising	10	—	10	7	3
Payment for professional services	1,100	104	1,204	1,068	136
Contractual services not otherwise classified	62	—	62	30	32
Safety repairs services	164	—	164	138	26
Total contractual services	8,660	50	8,710	7,184	1,526
Materials and supplies					
Office, printing, and photographic supplies	62	—	62	8	54
Books, maps, and charts	1	—	1	—	1
Safety medical supplies	281	—	281	225	56
Materials and supplies not otherwise classified	12	—	12	5	7
Total materials and supplies	356	—	356	238	118
Human Resources total	70,637	10,000	80,637	77,001	3,636
Information Technology:					
Personal services					
Salaries of regular employees	9,820	—	9,820	9,421	399
Compensation plan adjustments	—	90	90	15	75
Compensation for paid overtime	261	(90)	171	69	102
Social Security and Medicare contributions	144	—	144	131	13
Tuition and training payments	37	—	37	28	9
Total personal services	10,262	—	10,262	9,664	598
Contractual services					
Travel	3	(1)	2	2	—
Meals and lodging	3	1	4	2	2
Postage, freight, and delivery charges	2	—	2	—	2
Compensation for personally owned autos	1	1	2	1	1
Communication services	7,014	(1,132)	5,882	4,527	1,355
Rental charges	165	3	168	168	—
Payment for professional services	1,279	(3)	1,276	768	508
Contractual services not otherwise classified	10	(1)	9	—	9
Computer equipment maintenance	503	—	503	459	44
Computer software maintenance	6,171	270	6,441	6,243	198
Communication equipment maintenance	1,001	—	1,001	994	7
Total contractual services	16,152	(862)	15,290	13,164	2,126

Metropolitan Water Reclamation District of Greater Chicago

Corporate Division	(in thousands of dollars)			Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final	
Information Technology (continued):				
Materials and supplies				
Office, printing, and photographic supplies	\$ 10	\$ (7)	3000	\$ 1 \$ 2
Computer software	126	151	277	276 1
Computer supplies	636	(144)	492	444 48
Total materials and supplies	772	—	772	721 51
Machinery and equipment				
Computer equipment	245	(89)	156	156 —
Computer software	—	89	89	51 38
Communication equipment	335	—	335	318 17
Total machinery and equipment	580	—	580	525 55
Information Technology total	27,766	(862)	26,904	24,074 2,830
Law:				
Personal services				
Salaries of regular employees	6,455	—	6,455	6,385 70
Compensation plan adjustments	—	50	50	— 50
Compensation for paid overtime	105	(50)	55	1 54
Social Security and Medicare contributions	95	—	95	89 6
Tuition and training payments	17	—	17	17 —
Total personal services	6,672	—	6,672	6,492 180
Contractual services				
Travel	6	—	6	1 5
Meals and lodging	13	—	13	10 3
Postage, freight, and delivery charges	1	—	1	— 1
Compensation for personally owned autos	5	—	5	3 2
Reprographic services	7	—	7	— 7
Court reporting services	37	—	37	6 31
Payment for professional services	1,152	—	1,152	305 847
Contractual services not otherwise classified	92	—	92	79 13
Waste material disposal charges	78	—	78	51 27
Total contractual services	1,391	—	1,391	455 936
Materials and supplies				
Office, printing, and photographic supplies	7	—	7	4 3
Books, maps, and charts	13	—	13	12 1
Total materials and supplies	20	—	20	16 4
Fixed and other charges				
Taxes on real estate	782	—	782	691 91
Total fixed and other charges	782	—	782	691 91
Law total	8,865	—	8,865	7,654 1,211

**Exhibit C-1 (continued)**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Appropriations and Expenditures on a Budgetary Basis**

Year ended December 31, 2025

Corporate Division	(in thousands of dollars)			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Finance:					
Personal services					
Salaries of regular employees	\$ 3,752	\$ —	3752000	\$ 3,625	\$ 127
Compensation plan adjustments	—	2	2	1	1
Compensation for paid overtime	33	(18)	15	1	14
Social Security and Medicare contributions	55	—	55	51	4
Tuition and training payments	30	16	46	44	2
Total personal services	3,870	—	3,870	3,722	148
Contractual services					
Travel	6	—	6	3	3
Meals and lodging	16	—	16	6	10
Reprographic services	3	—	3	3	—
Court reporting services	53	—	53	29	24
Discount lost	3	2	5	3	2
Payments for professional services	559	(2)	557	351	206
Contractual services not otherwise classified	2	—	2	1	1
Repairs to office furniture and equipment	1	—	1	—	1
Total contractual services	643	—	643	396	247
Materials and supplies					
Office, printing, and photographic supplies	11	—	11	5	6
Books, maps, and charts	1	—	1	—	1
Materials and supplies not otherwise classified	1	—	1	—	1
Total materials and supplies	13	—	13	5	8
Finance total	4,526	—	4,526	4,123	403
Engineering:					
Personal services					
Salaries of regular employees	25,709	(1,300)	24,409	23,687	722
Compensation plan adjustments	—	426	426	256	170
Compensation for paid overtime	729	(426)	303	52	251
Social Security and Medicare contributions	383	—	383	334	49
Tuition and training payments	181	—	181	119	62
Total personal services	27,002	(1,300)	25,702	24,448	1,254
Contractual services					
Travel	19	—	19	8	11
Meals and lodging	31	—	31	24	7
Postage, freight, and delivery charges	1	—	1	—	1
Comp for personally owned autos	3	2	5	3	2
Reprographic services	8	—	8	5	3
Water and water services	6	—	6	6	—
Testing and inspection services	4,246	862	5,108	4,318	790
Payments for professional services	345	(64)	281	196	85
Contractual services not otherwise classified	5	—	5	4	1

Metropolitan Water Reclamation District of Greater Chicago

(in thousands of dollars)

Corporate Division	Budget Amounts			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Engineering (continued):					
Repairs to collection facilities	\$ 671	\$ (669)	2000	\$ —	\$ 2
Repairs to waterway facilities	7,000	460	7,460	2,361	5,099
Repairs to buildings	113	50	163	42	121
Repairs to office furniture and equipment	9	1	10	10	—
Repairs to testing and laboratory equipment	9	—	9	6	3
Repairs not otherwise classified	5	—	5	—	5
Total contractual services	12,471	642	13,113	6,983	6,130
Materials and supplies					
Office, printing, and photographic supplies	56	—	56	43	13
Tools and supplies	24	—	24	19	5
Books, maps, and charts	7	—	7	4	3
Computer software	103	(12)	91	61	30
Materials and supplies not otherwise classified	20	—	20	16	4
Total materials and supplies	210	(12)	198	143	55
Machinery and equipment					
Materials and equipment not otherwise classified	—	232	232	176	56
Total machinery and equipment	—	232	232	176	56
Engineering total	39,683	(438)	39,245	31,750	7,495
Maintenance and Operations:					
Personal services					
Salaries of regular employees	106,958	(69)	106,889	106,633	256
Compensation plan adjustments	—	2,130	2,130	1,668	462
Compensation for paid overtime	6,229	(2,130)	4,099	4,009	90
Social Security and Medicare contributions	1,607	—	1,607	1,578	29
Salaries of non-budgeted employees	5	77	82	64	18
Tuition and training payments	253	(7)	246	99	147
Total personal services	115,052	1	115,053	114,051	1,002
Contractual services					
Travel	24	—	24	7	17
Meals and lodging	84	—	84	66	18
Comp for personally owned autos	106	—	106	86	20
Motor vehicle operating services	2	—	2	1	1
Electrical energy	54,509	(4,100)	50,409	49,399	1,010
Natural gas	2,981	—	2,981	1,967	1,014
Water and water services	1,961	—	1,961	1,614	347
Testing and inspection services	365	—	365	224	141
Rental charges	183	150	333	267	66
Governmental service charges	5,043	—	5,043	4,846	197
Maintenance of grounds and pavements	2,165	(192)	1,973	1,501	472
Payments for professional services	229	(47)	182	85	97
Contractual services not otherwise classified	931	—	931	675	256

**Exhibit C-1 (continued)**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Appropriations and Expenditures on a Budgetary Basis**

*Year ended December 31, 2025*

Corporate Division	<i>(in thousands of dollars)</i>			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfer	Final		
Maintenance and Operations (continued):					
Waste material disposal charges	\$ 25,822	\$ (1,325)	2449700	\$ 23,327	\$ 1,170
Farming services	120	—	120	68	52
Sludge disposal	5,900	—	5,900	3,924	1,976
Repairs to collection facilities	7,058	301	7,359	6,413	946
Repairs to waterway facilities	613	—	613	163	450
Repairs to process facilities	13,161	(325)	12,836	10,406	2,430
Repairs to railroads	691	—	691	546	145
Repairs to buildings	2,660	(89)	2,571	1,377	1,194
Repairs to material handling and farm equipment	355	35	390	387	3
Safety repairs and services	497	191	688	578	110
Computer software maintenance	10	—	10	10	—
Repairs to vehicle equipment	151	—	151	120	31
Repairs not otherwise classified	30	—	30	3	27
Total contractual services	<u>125,651</u>	<u>(5,401)</u>	<u>120,250</u>	<u>108,060</u>	<u>12,190</u>
Materials and supplies					
Metals	48	20	68	46	22
Electrical parts and supplies	5,738	(171)	5,567	4,181	1,386
Plumbing accessories and supplies	1,475	(150)	1,325	1,003	322
Hardware	9	—	9	6	3
Buildings, grounds, paving materials, and supplies	285	70	355	254	101
Fiber, paper and insulation materials	7	—	7	5	2
Paints, solvents, and related materials	12	—	12	9	3
Vehicle parts and supplies	255	23	278	210	68
Mechanical repair parts	6,417	650	7,067	5,797	1,270
Manhole materials	50	—	50	39	11
Office, printing, and photographic supplies	133	—	133	96	37
Farming supplies	4	—	4	4	—
Processing chemicals	33,714	(4,062)	29,652	24,700	4,952
Laboratory testing supplies and small equipment	77	—	77	52	25
Cleaning supplies	7	1	8	6	2
Tools and supplies	354	—	354	319	35
Wearing apparel	4	—	4	2	2
Safety and medical supplies	50	—	50	37	13
Computer software	41	—	41	2	39
Computer supplies	42	—	42	29	13
Fuel	492	—	492	265	227
Gas (in containers)	7	1	8	—	8
Communication supplies	20	—	20	20	—
Lubricants	42	—	42	36	6
Materials and supplies not otherwise classified	158	—	158	79	79
Total materials and supplies	<u>49,441</u>	<u>(3,618)</u>	<u>45,823</u>	<u>37,197</u>	<u>8,626</u>

Metropolitan Water Reclamation District of Greater Chicago

	<i>(in thousands of dollars)</i>			Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Budget Amounts				
Corporate Division	Original	Net Transfer	Final		
Maintenance and Operations (continued):					
Machinery and equipment					
Equipment for collection facilities	\$ 45	\$ —	45,000	\$ 34	\$ 11
Equipment for process facilities	2,295	269	2,564	2,042	522
Farming equipment	1,638	(251)	1,387	1,382	5
Vehicle equipment	320	196	516	490	26
Maintenance and Operations (continued):					
Materials and equipment not otherwise classified	257	104	361	352	9
Total machinery and equipment	4,555	318	4,873	4,300	573
Maintenance and Operations total	294,699	(8,700)	285,999	263,608	22,391
<b>Corporate Division Total</b>					
Total all departments:					
Personal services	284,819	8,651	293,470	284,525	8,945
Contractual services	175,857	(5,618)	170,239	144,646	25,593
Materials and supplies	56,513	(3,544)	52,969	43,467	9,502
Machinery and equipment	5,724	511	6,235	5,418	817
Fixed and other charges	782	—	782	691	91
Total Corporate Division	523,695	—	523,695	478,747	44,948
<b>Reserve Claim Division</b>					
Employee claims	10,000	—	10,000	4,041	5,959
General claims and emergency repair and replacement cost over \$10,000	43,587	—	43,587	13,740	29,847
Total Reserve Claim Division	53,587	—	53,587	17,781	35,806
<b>Total General Corporate Fund</b>	<b>\$ 577,282</b>	<b>\$ —</b>	<b>\$ 577,282</b>	<b>\$ 496,528</b>	<b>\$ 80,754</b>

**Exhibit C-2**  
**General Corporate Fund - Corporate and Reserve Claim Divisions**  
**Schedule of Expenditures by Type - GAAP Basis**

*Year ended December 31, 2024*  
*(with comparative amounts for prior year)*

	<i>(in thousands of dollars)</i>				
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>Percent of Total 2025</u>
<b>Personal services:</b>					
Salaries and wages	\$ 219,089	\$ 210,061	\$ 9,028	4%	44%
Employee health and life insurance premiums	59,973	47,814	12,159	25	12
Social Security and Medicare contributions	3,121	2,954	167	6	1
Tuition and training payments	815	671	144	21	—
Other	105	10	95	950	—
Contribution for 401(a) retirement plan	1,081	—	1,081	—	—
Total personal services	<u>284,184</u>	<u>261,510</u>	<u>22,674</u>	9	<u>57</u>
<b>Contractual services:</b>					
Electrical energy	49,749	62,828	(13,079)	(21)	10
Natural gas	1,998	1,609	389	24	—
Postage, freight, and delivery charges	96	58	38	66	—
Waste material disposal charges	23,378	19,830	3,548	18	5
Administration building operation	2,164	2,020	144	7	—
Communication services	4,528	4,102	426	10	1
Farming services	68	58	10	17	—
Court reporting services	45	57	(12)	(21)	—
Water and water services	1,626	1,198	428	36	—
Motor vehicle operating services	60	58	2	3	—
Employee travel and transportation	369	470	(101)	(21)	—
Medical services	496	458	38	8	—
Rental charges	1,798	804	994	124	—
Maintenance of grounds and pavements	1,501	1,054	447	42	—
Governmental service charges	4,865	5,238	(373)	(7)	1
Repairs to process facilities	10,406	13,199	(2,793)	(21)	2
Other repairs	20,997	14,861	6,136	41	4
Other contractual services	20,189	16,775	3,414	20	4
Total contractual services	<u>144,333</u>	<u>144,677</u>	<u>(344)</u>	—	<u>27</u>
<b>Materials and supplies:</b>					
Processing chemicals	24,673	23,356	1,317	6	5
Laboratory testing supplies	1,189	1,291	(102)	(8)	—
Mechanical repair parts	5,064	5,072	(8)	—	1
Fuels and lubricants	1,077	1,102	(25)	(2)	—
Electrical parts and supplies	4,637	4,289	348	8	1
Plumbing accessories and supplies	1,479	1,624	(145)	(9)	—
Office, printing, and photographic supplies	292	290	2	1	—
Buildings, grounds, paving materials, and supplies	450	444	6	1	—
Cleaning supplies	388	420	(32)	(8)	—
Metals	213	219	(6)	(3)	—
Computer supplies	759	753	6	1	—
Other materials and supplies	2,530	2,097	433	21	1
Total materials and supplies	<u>42,751</u>	<u>40,957</u>	<u>1,794</u>	4	<u>8</u>

*Metropolitan Water Reclamation District of Greater Chicago*

	<i>(in thousands of dollars)</i>				
	<b>2025</b>	<b>2024</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>	<b>Percent of Total 2025</b>
Machinery and equipment:					
Vehicle equipment	\$ 490	\$ 1,211	\$ (721)	(60%)	—%
Testing and laboratory equipment	337	727	(390)	(54)	—
Equipment for collection facilities	221	45	176	391	—
Office furniture and equipment	—	49	(49)	(100)	—
Computer software	51	—	51	—	—
Communication equipment	318	133	185	139	—
Other machinery and equipment	4,177	3,931	246	6	1
Total machinery and equipment	<u>5,594</u>	<u>6,096</u>	<u>(502)</u>	<u>(8)</u>	<u>1</u>
Fixed other charges:					
Taxes on real estate	691	711	(20)	(3)	—
Total fixed other charges	<u>691</u>	<u>711</u>	<u>(20)</u>	<u>(3)</u>	<u>—</u>
Claims and judgments	17,781	7,451	10,330	139	4
Total expenditures	<u>\$ 495,334</u>	<u>\$ 461,402</u>	<u>\$ 33,932</u>		<u>97%</u>

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## **DEBT SERVICE FUND**

Fund established to account for annual property tax levies and certain other revenues, principally interest on investments, which are used for payments of interest and redemption of general obligation bond issues.

**Exhibit D-1**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Including Comparison of Budget and Actual on Budgetary Basis**

*Year ended December 31, 2025*

*(in thousands of dollars)*

	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Actual Variance with Final Budget - Positive (Negative)</b>
Revenues:			
Property taxes	\$ 252,079	\$ 167,306	\$ (84,773)
Total tax revenue	<u>252,079</u>	<u>167,306</u>	<u>(84,773)</u>
Interest on investments	2,960	6,237	3,277
Miscellaneous	—	13	13
Total revenues	<u>255,039</u>	<u>173,556</u>	<u>(81,483)</u>
Expenditures:			
Debt service	<u>247,726</u>	<u>247,726</u>	<u>—</u>
Revenues over (under) expenditures	7,313	(74,170)	(81,483)
Other financing sources (uses):			
Transfers from Stormwater Fund	<u>9,234</u>	<u>9,234</u>	<u>—</u>
Total other financing sources (uses)	<u>9,234</u>	<u>9,234</u>	<u>—</u>
Net change in fund balances	16,547	(64,936)	(81,483)
Fund balances at beginning of year	<u>234,621</u>	<u>170,214</u>	<u>(64,407)</u>
Fund balances at end of the year	<u>\$ 251,168</u>	<u>\$ 105,278</u>	<u>\$ (145,890)</u>

## **CAPITAL PROJECTS FUNDS**

### **Construction Fund**

Fund established to account for proceeds of annual property tax levies and certain other revenues used for the acquisition of long-term assets used in principal functions of the District.

### **Stormwater Management Fund**

Fund established to account for the annual property taxes which are specifically levied to finance all activities associated with stormwater management, including construction projects.

### **Capital Improvements Bond Fund**

Fund established to account for proceeds of debt, government grants, and certain other revenues used in connection with improvements, replacements, and additions to designated environmental projects.

**Exhibit E-1  
Capital Project Funds  
Schedule of Appropriations and Expenditures on Budgetary Basis**

*Year ended December 31, 2025*

	<i>(in thousands of dollars)</i>				<b>Actual Variance with Final Budget - Positive (Negative)</b>
	<b>Budget Amounts</b>			<b>Actual Amounts</b>	
	<b>Original</b>	<b>Net Transfers</b>	<b>Final</b>		
<b>Construction Fund:</b>					
Contractual services					
Testing and Inspection Services	\$ 433	\$ —	\$ 433	\$ 346	\$ 87
Intergovernmental Agreements	1,502	(104)	1,398	565	833
Payments for professional services	1,450	—	1,450	655	795
Preliminary engineering reports and studies	118	—	118	—	118
Professional engineering services for construction projects	1,687	104	1,791	801	990
Total contractual services	<u>5,190</u>	<u>—</u>	<u>5,190</u>	<u>2,367</u>	<u>2,823</u>
Capital Projects					
Waterway facilities structures	235	—	235	—	235
Process facility structures	9,215	1,242	10,457	2,943	7,514
Buildings	2,345	183	2,528	839	1,689
Preservation of collection facility structures	11,160	(1,425)	9,735	2,330	7,405
Preservation of waterway facility structures	1,160	—	1,160	324	836
Preservation of process facility structures	29,608	—	29,608	13,630	15,978
Preservation of buildings	22,681	—	22,681	5,976	16,705
Preservation capital projects not otherwise classified	1,550	—	1,550	—	1,550
Total capital projects	<u>77,954</u>	<u>—</u>	<u>77,954</u>	<u>26,042</u>	<u>51,912</u>
<b>Construction Fund Summary:</b>					
Contractual services	5,190	—	5,190	2,367	2,823
Capital projects	77,954	—	77,954	26,042	51,912
Construction Fund total	<u>83,144</u>	<u>—</u>	<u>83,144</u>	<u>28,409</u>	<u>54,735</u>
<b>Stormwater Management Fund:</b>					
Personal services					
Salaries of regular employees	12,114	(250)	11,864	11,420	444
Compensation plan adjustments	—	206	206	64	142
Compensation for paid overtime	430	(206)	224	143	81
Social Security and Medicare contributions	176	—	176	164	12
Salaries of nonbudgeted employees	10	—	10	—	10
Tuition and training payments	82	—	82	40	42
Health and life insurance premiums	1,194	250	1,444	1,339	105
Total personal services	<u>14,006</u>	<u>—</u>	<u>14,006</u>	<u>13,170</u>	<u>836</u>
Contractual services					
Travel	9	—	9	5	4
Meals and lodging	21	—	21	7	14
Postage, freight and delivery charges	3	—	3	1	2
Compensation for personally owned autos	6	—	6	—	6

*(continued)*

Metropolitan Water Reclamation District of Greater Chicago

	<i>(in thousands of dollars)</i>				<b>Actual Variance with Final Budget - Positive (Negative)</b>
	<b>Budget Amounts</b>			<b>Actual Amounts</b>	
	<b>Original</b>	<b>Net Transfers</b>	<b>Final</b>		
<b>Stormwater Management Fund (continued):</b>					
Motor vehicle operating services	\$ 1	\$ —	\$ 1	\$ —	\$ 1
Court reporting services	14	—	14	9	5
Subscriptions and membership dues	20	4	24	23	1
Rental charges	13	—	13	12	1
Intragovernmental agreements	36,543	—	36,543	17,166	19,377
Maintenance of grounds and pavements	150	—	150	—	150
Payments for professional services	788	(4)	784	518	266
Preliminary engineering reports and studies	1,815	—	1,815	525	1,290
Professional engineering services for construction projects	9,627	—	9,627	2,759	6,868
Contractual services not otherwise classified	286	(37)	249	159	90
Waste material disposal charges	160	37	197	175	22
Repairs to waterways facilities	2,464	(50)	2,414	1,949	465
Repairs marine equipment	82	—	82	54	28
Repair office furniture equipment	6	—	6	4	2
Repairs not otherwise classified	2	—	2	—	2
Total contractual services	<u>52,010</u>	<u>(50)</u>	<u>51,960</u>	<u>23,366</u>	<u>28,594</u>
<b>Materials and supplies</b>					
Building and grounds materials and supplies	7	—	7	5	2
Office, printing, and photo supplies	17	—	17	7	10
Processing chemicals	8	—	8	2	6
Tools and supplies	14	—	14	7	7
Wearing apparel	10	—	10	7	3
Fuel	9	—	9	5	4
Materials and supplies not otherwise classified	160	50	210	202	8
Total materials and supplies	<u>225</u>	<u>50</u>	<u>275</u>	<u>235</u>	<u>40</u>
<b>Machinery and equipment</b>					
Vehicle equipment	251	—	251	251	—
Machinery and equipment not otherwise classified	40	—	40	—	40
Marine equipment	50	—	50	30	20
Total machinery and equipment	<u>341</u>	<u>—</u>	<u>341</u>	<u>281</u>	<u>60</u>
<b>Capital Projects</b>					
Waterways facilities structure	60,566	—	60,566	43,585	16,981
Army Corps of Engineers services	—	100	100	—	100
Capital projects not otherwise classified	100	(60)	40	—	40
Preservation of waterway facility structures	175	(40)	135	6	129
Total capital projects	<u>60,841</u>	<u>—</u>	<u>60,841</u>	<u>43,591</u>	<u>17,250</u>

(continued)

**Exhibit E-1 (continued)**  
**Capital Project Funds**  
**Schedule of Appropriations and Expenditures on Budgetary Basis**

*Year ended December 31, 2025*

	<i>(in thousands of dollars)</i>				<b>Actual Variance with Final Budget - Positive (Negative)</b>
	<b>Budget Amounts</b>			<b>Actual Amounts</b>	
	<b>Original</b>	<b>Net Transfers</b>	<b>Final</b>		
<b>Stormwater Management Fund (continued):</b>					
Fixed and other charges					
Right-of-way properties	\$ 6,900	\$ —	\$ 6,900	\$ 1,293	\$ 5,607
Payments for easements	400	—	400	—	400
Total fixed and other charges	<u>7,300</u>	<u>—</u>	<u>7,300</u>	<u>1,293</u>	<u>6,007</u>
<b>Stormwater Management Fund Summary:</b>					
Personal services	14,006	—	14,006	13,170	836
Contractual services	52,010	(50)	51,960	23,366	28,594
Materials and supplies	225	50	275	235	40
Machinery and equipment	341	—	341	281	60
Capital projects	60,841	—	60,841	43,591	17,250
Fixed and other charges	7,300	—	7,300	1,293	6,007
Stormwater Management Fund total	<u>134,723</u>	<u>—</u>	<u>134,723</u>	<u>81,936</u>	<u>52,787</u>
<b>Capital Improvements Bond Fund Summary:</b>					
Contractual services	18,465	(5,709)	12,756	2,346	10,410
Capital projects	525,724	67,498	593,222	146,940	446,282
Land	300	—	300	—	300
Fixed and other charges	1,614	4,390	6,004	4,390	1,614
Capital Improvements Bond Fund total *	<u>546,103</u>	<u>66,179</u>	<u>612,282</u>	<u>153,676</u>	<u>458,606</u>
Capital Projects Funds total	<u>\$ 763,970</u>	<u>\$ 66,179</u>	<u>\$ 830,149</u>	<u>\$ 264,021</u>	<u>\$ 566,128</u>

\* The Capital Improvements Bond Fund is budgeted on an “obligation” basis which records expenditures in the period in which the contracts or grants are awarded.

## **TRUST FUNDS**

### **PENSION TRUST FUND**

A fiduciary fund established to account for employer / employee contributions, investment earnings, and expenses for employee pensions.

### **OPEB TRUST FUND**

Fund established to administer the defined benefit post-employment health care plan.

## Exhibit F-1 Pension and Other Post Employment Trust Funds Combing Statements of Fiduciary Net Position

December 31, 2025

(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Cash	\$ 683	\$ 159	\$ —	\$ —	\$ 683	\$ 159
Receivables						
Employer contributions - taxes (net of allowance for uncollectible amounts)	111,314	88,734	—	—	111,314	88,734
Securities sold	333	2,806	—	—	333	2,806
Accrued interest and dividends	4,351	3,781	—	—	4,351	3,781
Accounts receivable	99	103	—	—	99	103
Total receivables	116,097	95,424	—	—	116,097	95,424
Investments at fair value						
Equities	448,422	452,830	—	—	448,422	452,830
U.S. Government and government agency obligations	115,979	125,410	—	—	115,979	125,410
Corporate and foreign government obligations	134,454	100,002	—	—	134,454	100,002
Fixed Income Mutual Funds	—	—	126,335	106,859	126,335	106,859
Mutual and exchange traded funds	51,283	45,671	260,687	225,770	311,970	271,441
Pooled funds - equities	522,877	457,956	—	—	522,877	457,956
Pooled funds - fixed income	160,584	163,536	—	—	160,584	163,536
Real estate funds	120,360	116,345	—	—	120,360	116,345
Limited partnership	74,856	61,804	—	—	74,856	61,804
Short-term investment funds	46,327	29,693	24,298	22,205	70,625	51,898
Total investments	1,675,142	1,553,247	411,320	354,834	2,086,462	1,908,081
Securities lending capital	9,244	15,939	—	—	9,244	15,939
Total assets	1,801,166	1,664,769	411,320	354,834	2,212,486	2,019,603
<b>Liabilities</b>						
Accounts payable	1,197	1,205	17	17	1,214	1,222
Due to broker	2,203	3,615	—	—	2,203	3,615
Securities lending collateral	9,244	15,939	—	—	9,244	15,939
Total liabilities	12,644	20,759	17	17	12,661	20,776
Net position restricted for pension	\$ 1,788,522	\$ 1,644,010	—	—	\$ 1,788,522	\$ 1,644,010
Net position restricted for OPEB	—	—	\$ 411,303	\$ 354,817	\$ 411,303	\$ 354,817

## Exhibit F-2 Pension and Other Post Employment Trust Funds Combining Statements of Changes in Fiduciary Net Position

Year ended December 31, 2025  
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2025	2024	2025	2024	2025	2024
Additions:						
Contributions:						
Employer contributions	\$ 120,776	\$ 131,982	\$ 15,933	\$ 13,723	\$ 136,709	\$ 145,705
Employee contributions	23,196	22,485	—	—	23,196	22,485
Total contributions	143,972	154,467	15,933	13,723	159,905	168,190
Investment income (loss):						
Net appreciation in fair value of investments	186,697	127,823	41,468	28,374	228,165	156,197
Interest and dividend income	29,710	24,287	10,134	9,016	39,844	33,303
Total investment income	216,407	152,110	51,602	37,390	268,009	189,500
Less investment expenses	(5,279)	(4,948)	(68)	(68)	(5,347)	(5,016)
Investment income net of expenses	211,128	147,162	51,534	37,322	262,662	184,484
Security lending activities:						
Security lending income	788	705	—	—	788	705
Borrower rebates	(636)	(502)	—	—	(636)	(502)
Bank fees	(38)	(47)	—	—	(38)	(47)
Net income from securities lending activities	114	156	—	—	114	156
Other	1	1	—	—	1	1
Total additions	355,215	301,786	67,467	51,045	422,682	352,831
Deductions:						
Annuities and benefits						
Employee annuitants	169,913	165,223	—	—	169,913	165,223
Retiree health care benefits	—	—	10,933	8,723	10,933	8,723
Surviving spouse annuitants	33,829	33,348	—	—	33,829	33,348
Child annuitants	107	104	—	—	107	104
Ordinary disability benefits	918	1,112	—	—	918	1,112
Duty disability benefits	98	107	—	—	98	107
Total annuities and benefits	204,865	199,894	10,933	8,723	215,798	208,617
Refunds of employee contributions	2,620	1,806	—	—	2,620	1,806
Administrative expenses	3,217	2,656	48	46	3,265	2,702
Total deductions	210,702	204,356	10,981	8,769	221,683	213,125
Net increase	144,513	97,430	56,486	42,276	200,999	139,706
Net position restricted for pension						
Beginning of year	1,644,010	1,546,580	—	—	1,644,010	1,546,580
End of year	\$ 1,788,522	\$ 1,644,010	\$ —	\$ —	\$ 1,788,522	\$ 1,644,010
Net position restricted for OPEB						
Beginning of year	—	—	354,817	312,541	354,817	312,541
End of year	\$ —	\$ —	\$ 411,303	\$ 354,817	\$ 411,303	\$ 354,817

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# III. STATISTICAL AND DEMOGRAPHICS SECTION



*From L to R: MWRD Commissioners Beth McElroy Kirkwood, Eira L. Corral Sepúlveda, Yumeka Brown, President Kari K. Steele, Glenwood Mayor Toleda Hart, MWRD Vice President Patricia Theresa Flynn, MWRD Commissioner Precious Brady-Davis and Cook County Commissioner Donna Miller (6th Dist.) unveil a new levee and sewer infrastructure improvements designed to protect Glenwood neighbors from overbank flooding along Thorn Creek in August.*

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# Statistical and Demographics Section (Unaudited)

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information and the District’s overall financial health.

## Contents

## Exhibits

### **Financial Trends**

**I-1 through I-4**

These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.

### **Revenue Capacity**

**I-5 through I-9**

These schedules contain information to help the reader assess the District’s most significant local revenue sources, property taxes and user charges.

### **Debt Capacity**

**I-10 through I-12**

These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and its ability to issue additional debt in the future.

### **Demographic and Economic Information**

**I-13 and I-14**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.

### **Operating Information**

**I-15 through I-17**

These schedules contain service and infrastructure data to help the reader understand how the information in this financial report relates to the services the District provides and the activities it performs.

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

## Exhibit I-1 Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	<u>2025</u>	<u>2024 (4)</u>	<u>2023 (3)</u>	<u>2022</u>
Net investment in capital assets (2)	\$ 5,282,321	\$ 5,257,048	\$ 5,290,863	\$ 5,275,501
Restricted				
Restricted for corporate working cash	285,765	282,507	280,138	276,836
Restricted for reserve claim	26,010	36,832	35,045	26,597
Restricted for debt service	362,001	344,520	323,375	312,190
Restricted for capital projects	181,694	180,670	126,099	103,098
Restricted for construction working cash	23,663	22,869	22,277	21,742
Restricted for stormwater working cash	37,790	37,505	37,222	36,863
Restricted for Net OPEB Asset	14,703	—	—	—
Unrestricted (Deficit)	(620,856)	(614,217)	(724,324)	(674,370)
Restatement for GASB implementation	—	—	(4,577)	—
Unrestricted (Deficit), as restated	<u>(620,856)</u>	<u>(614,217)</u>	<u>(728,901)</u>	<u>(674,370)</u>
 Total net position	 <u>\$ 5,593,091</u>	 <u>\$ 5,547,734</u>	 <u>\$ 5,386,118</u>	 <u>\$ 5,378,457</u>

(1) 2021 has been restated to reflect the implementation of GASB 87.

(2) Infrastructure under the modified approach is reported in the period the initial condition assessment was completed.

(3) 2023 has been restated to reflect the implementation of GASB 101.

(4) 2024 includes a reclass to properly recognize net position classifications.

*Metropolitan Water Reclamation District of Greater Chicago*

<u>2021 (1)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 5,137,179	\$ 5,035,623	\$ 4,950,141	\$ 4,822,531	\$ 4,710,123	\$ 4,591,899
279,816	279,364	284,425	282,055	280,437	279,390
25,122	15,227	9,194	11,728	9,976	2,128
311,839	305,643	304,084	299,106	318,646	318,575
76,612	66,728	57,835	53,443	32,067	75,762
21,943	21,960	22,713	22,395	22,204	22,070
37,147	37,136	37,967	37,698	37,509	37,384
—	—	—	—	—	—
(846,714)	(936,329)	(929,799)	(908,577)	(897,766)	(787,263)
—	—	—	—	—	—
<u>(846,714)</u>	<u>(936,329)</u>	<u>(929,799)</u>	<u>(908,577)</u>	<u>(897,766)</u>	<u>(787,263)</u>
<u>\$ 5,042,944</u>	<u>\$ 4,825,352</u>	<u>\$ 4,736,560</u>	<u>\$ 4,620,379</u>	<u>\$ 4,513,196</u>	<u>\$ 4,539,945</u>

## Exhibit I-2 Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	2025	2024	2023	2022
<b>Revenues</b>				
General Revenues:				
Property taxes	\$ 700,525	\$ 669,329	\$ 676,921	\$ 653,400
Personal property replacement tax	57,531	67,372	114,173	149,136
Interest on investments	52,081	49,211	43,162	(8,278)
Lease interest revenue	10,481	8,172	8,557	8,005
Tax increment financing distributions	35,790	24,086	21,773	15,455
Claims and damage settlements	16	28	535	169
Miscellaneous	6,243	4,744	4,398	5,555
Gain on sale of capital assets	2	1,460	—	—
Total general revenues	<u>862,669</u>	<u>824,402</u>	<u>869,519</u>	<u>823,442</u>
Program Revenues:				
Charges for services				
User charges	47,451	44,501	41,890	35,937
Land rentals	10,745	12,337	9,479	17,402
Lease revenue	15,599	14,638	13,919	13,311
Fees, forfeits and penalties	4,231	4,492	4,054	4,627
Capital grants and contributions				
Federal grants	29,151	45,117	28,115	29,375
Total program revenues	<u>107,177</u>	<u>121,085</u>	<u>97,457</u>	<u>100,652</u>
Total revenues	<u>969,846</u>	<u>945,487</u>	<u>966,976</u>	<u>924,094</u>
<b>Expenses</b>				
Board of Commissioners	5,197	4,805	4,700	4,384
General Administration	22,906	20,542	20,060	17,664
Monitoring and Research	34,223	33,685	31,965	30,607
Procurement and Materials Management	6,102	6,066	6,228	6,109
Human Resources	76,997	62,443	57,606	57,191
Information Technology	24,364	21,150	19,843	18,097
Law	7,719	7,563	7,074	6,999
Finance	4,140	4,008	3,867	3,652
Engineering	32,708	28,953	24,329	25,591
Maintenance and Operations	266,068	269,350	234,959	210,462
Pension costs	103,352	153,805	217,307	69,796
OPEB Trust Fund costs	(23,526)	(18,045)	(5,341)	(21,948)
Claims and judgments	20,415	8,019	1,003	6,362
Construction costs	239,594	96,094	230,341	51,497
Loss on sale of capital assets	251	377	132	84
Depreciation (unallocated)	11,463	11,428	11,440	11,559
Redemption of bonds	—	—	1	—
Interest on bonds	92,516	73,628	89,224	90,475
Total expenses	<u>924,489</u>	<u>783,871</u>	<u>954,738</u>	<u>588,581</u>
Change in Net Position	<u>\$ 45,357</u>	<u>\$ 161,616</u>	<u>\$ 12,238</u>	<u>\$ 335,513</u>

Metropolitan Water Reclamation District of Greater Chicago

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	634,776	\$ 618,130	\$ 609,614	\$ 599,224	\$ 563,764	\$ 556,648
	78,699	41,130	47,826	37,018	43,194	38,961
	775	7,972	18,293	15,531	8,784	6,181
	8,003	—	—	—	—	—
	18,125	18,520	10,345	6,153	9,100	9,228
	140	1,163	490	1,482	783	209
	5,401	5,976	7,335	7,628	5,819	5,527
	206	—	3,052	—	50	1,210
	<u>746,125</u>	<u>692,891</u>	<u>696,955</u>	<u>667,036</u>	<u>631,494</u>	<u>617,964</u>
	39,189	47,216	48,526	44,000	51,098	48,621
	9,188	25,044	24,827	22,678	17,352	20,166
	12,927	—	—	—	—	—
	4,207	3,499	4,044	5,116	5,401	4,164
	<u>11,808</u>	<u>13,623</u>	<u>18,271</u>	<u>17,086</u>	<u>14,558</u>	<u>12,825</u>
	<u>77,319</u>	<u>89,382</u>	<u>95,668</u>	<u>88,880</u>	<u>88,409</u>	<u>85,776</u>
	<u>823,444</u>	<u>782,273</u>	<u>792,623</u>	<u>755,916</u>	<u>719,903</u>	<u>703,740</u>
	4,044	4,591	4,400	4,167	4,094	4,166
	16,960	18,115	17,104	16,063	15,791	15,690
	30,026	30,705	30,385	30,262	29,591	28,753
	5,930	6,130	5,714	7,102	5,947	6,602
	53,914	51,224	53,585	53,182	54,267	54,447
	15,652	15,349	15,534	15,173	12,734	14,702
	6,453	6,186	5,951	6,023	5,830	6,709
	3,260	3,539	3,618	3,460	3,520	3,570
	23,655	25,390	25,192	27,800	27,830	28,002
	195,781	191,573	190,841	187,660	178,994	177,829
	84,265	151,651	134,899	102,993	106,814	108,606
	(16,452)	(9,874)	(3,146)	(6,955)	1,486	(7,008)
	(2,595)	1,495	10,489	(4,059)	(2,662)	(8,548)
	72,068	84,642	64,992	85,813	85,535	136,203
	—	3	—	92	202	13
	11,654	11,597	11,719	11,849	12,063	12,083
	(3)	—	—	—	—	—
	<u>101,240</u>	<u>101,165</u>	<u>105,165</u>	<u>108,107</u>	<u>109,550</u>	<u>111,182</u>
	<u>605,852</u>	<u>693,481</u>	<u>676,442</u>	<u>648,732</u>	<u>651,586</u>	<u>693,001</u>
\$	<u>217,592</u>	<u>\$ 88,792</u>	<u>\$ 116,181</u>	<u>\$ 107,184</u>	<u>\$ 68,317</u>	<u>\$ 10,739</u>

**Exhibit I-3  
Fund Balances: Governmental Funds**

*Last Ten Fiscal Years*

*(modified accrual basis of accounting)*

*(in thousands of dollars)*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Corporate Fund				
Nonspendable:				
Prepaid insurance	\$ 8,910	\$ 8,595	\$ 7,635	\$ 7,177
Inventories	39,030	38,476	37,240	36,274
Restricted	326,652	333,112	327,938	317,567
Unassigned (Deficit)	<u>(31,006)</u>	<u>68,956</u>	<u>117,286</u>	<u>57,183</u>
Total General Corporate Fund	<u>343,586</u>	<u>449,139</u>	<u>490,099</u>	<u>418,201</u>
All Other Governmental Funds				
Nonspendable:				
Prepaid insurance	—	10	1,085	4
Restricted	525,532	650,962	345,500	318,999
Assigned	187,371	179,494	166,734	156,319
Unassigned	<u>(10,023)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Governmental Funds	<u>\$ 1,046,466</u>	<u>\$ 1,279,605</u>	<u>\$ 1,003,418</u>	<u>\$ 893,523</u>

*Metropolitan Water Reclamation District of Greater Chicago*

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 6,766	\$ 6,089	\$ 5,825	\$ 5,201	\$ 4,101	\$ 2,117
34,141	36,143	35,056	33,436	34,787	35,502
318,272	314,398	314,626	310,677	306,854	306,800
6,234	(58,137)	(77,648)	(64,772)	(53,799)	(44,428)
365,413	298,493	277,859	284,542	291,943	299,991
4	—	74	76	79	—
408,410	252,739	273,340	335,306	381,079	451,657
182,460	159,082	167,233	158,319	147,473	145,341
—	—	(75)	(76)	(79)	(13,525)
\$ 956,287	\$ 710,314	\$ 718,431	\$ 778,167	\$ 820,495	\$ 883,464

# Exhibit I-4 Changes in Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2025	2024	2023	2022
<b>Revenues</b>				
General Revenues:				
Property taxes	\$ 549,907	\$ 689,198	\$ 732,944	\$ 554,610
Personal property replacement tax	57,531	67,372	114,173	149,136
Interest on investments	52,081	49,211	43,162	(8,278)
Lease interest revenue	10,481	8,172	8,557	8,005
Land sales	—	—	—	—
Tax increment financing distributions	35,790	24,086	21,773	15,455
Claims and damage settlements	16	28	535	169
Miscellaneous	6,548	6,356	4,448	6,076
Program Revenues:				
Charges for services				
User charges	47,451	44,501	41,890	35,937
Land rentals	10,745	12,337	9,479	17,402
Lease revenue	15,599	14,638	13,919	13,311
Fees, forfeits and penalties	4,231	4,492	4,054	4,627
Capital grants and contributions				
Government grants	21,335	45,117	28,115	29,375
<b>Total revenues</b>	<b>811,715</b>	<b>965,508</b>	<b>1,023,049</b>	<b>825,825</b>
<b>Expenditures</b>				
Operations:				
Board of Commissioners	5,151	4,781	4,673	4,392
General Administration	22,439	19,987	19,651	17,460
Monitoring and Research	33,817	33,363	31,955	30,792
Procurement and Materials Management	6,058	6,026	6,246	6,088
Human Resources	76,966	62,394	57,539	57,199
Information Technology	23,963	20,768	19,677	18,056
Law	7,654	7,531	7,081	7,003
Finance	4,123	3,988	3,846	3,655
Engineering	31,763	27,010	23,545	23,284
Maintenance and Operations	265,619	268,103	234,606	210,536
Pension costs	106,281	129,879	119,814	113,838
Claims and judgments	17,781	7,451	3,111	4,335
Construction costs	260,386	214,809	176,877	128,590
Debt service:				
Redemption of bonds	141,905	139,356	137,499	177,077
Interest on bonds	110,211	101,872	104,955	108,459
<b>Total expenditures</b>	<b>1,114,117</b>	<b>1,047,318</b>	<b>951,075</b>	<b>910,764</b>
Revenues over (under) expenditures	(302,402)	(81,810)	71,974	(84,939)
Other Financing Sources (Uses)				
Payment to escrow agent	—	(81,826)	—	—
State revolving fund loan proceeds	69,263	50,776	37,921	22,175
Sale of refunding bonds	—	76,000	—	—
Proceeds from sale of bonds	—	271,455	—	—
Premium on sale of bonds	—	41,592	—	—
<b>Total other financing sources (uses)</b>	<b>69,263</b>	<b>357,997</b>	<b>37,921</b>	<b>22,175</b>
<b>Net change in fund balance</b>	<b>\$ (233,139)</b>	<b>\$ 276,187</b>	<b>\$ 109,895</b>	<b>\$ (62,764)</b>
Debt service as a percentage of non-capital expenditures	23.1 %	26.0 %	24.1 %	34.3 %

*Metropolitan Water Reclamation District of Greater Chicago*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	657,068	\$ 608,559	\$ 535,355	\$ 603,244	\$ 526,932	\$ 583,875
	78,699	41,130	47,826	37,018	43,194	38,961
	775	7,972	18,293	15,531	8,784	6,181
	8,003	—	—	—	—	—
	4	52	3,073	—	50	1,233
	18,125	18,520	10,345	6,153	9,100	9,228
	140	1,163	490	1,482	783	209
	5,812	5,992	7,419	7,666	5,878	5,540
	39,189	47,216	48,526	44,000	51,098	48,621
	9,188	25,044	24,827	22,678	17,352	20,166
	12,927	—	—	—	—	—
	4,207	3,499	4,044	5,116	5,401	4,164
	11,808	13,621	18,268	17,082	14,555	12,817
	<u>845,945</u>	<u>772,768</u>	<u>718,466</u>	<u>759,970</u>	<u>683,127</u>	<u>730,995</u>
	4,099	4,491	4,396	4,148	4,075	4,158
	17,055	17,417	16,923	15,816	15,766	15,490
	30,416	30,090	30,325	30,204	29,696	28,490
	6,037	5,996	5,705	7,236	5,954	6,611
	54,116	51,079	53,668	53,227	54,225	54,606
	15,761	15,117	15,585	15,125	12,728	14,213
	6,441	6,121	6,134	6,139	5,922	6,707
	3,331	3,537	3,592	3,450	3,530	3,597
	22,681	22,876	23,528	26,031	26,068	26,051
	197,518	188,562	190,950	187,563	179,181	177,695
	98,966	106,842	82,248	92,668	75,579	77,712
	4,276	2,652	4,547	5,497	6,905	4,786
	129,893	151,094	128,176	158,670	268,497	296,768
	125,739	122,935	126,029	144,296	113,695	102,670
	111,820	114,475	116,685	116,398	119,520	117,474
	<u>828,149</u>	<u>843,284</u>	<u>808,491</u>	<u>866,468</u>	<u>921,341</u>	<u>937,028</u>
	<u>17,796</u>	<u>(70,516)</u>	<u>(90,025)</u>	<u>(106,498)</u>	<u>(238,214)</u>	<u>(206,033)</u>
	(404,037)	—	—	—	—	(399,432)
	44,634	62,399	30,289	64,170	175,245	179,224
	356,065	—	—	—	—	322,260
	143,935	—	—	—	—	104,000
	87,580	—	—	—	—	99,045
	<u>228,177</u>	<u>62,399</u>	<u>30,289</u>	<u>64,170</u>	<u>175,245</u>	<u>305,097</u>
\$	<u>245,973</u>	<u>(8,117)</u>	<u>(59,736)</u>	<u>(42,328)</u>	<u>(62,969)</u>	<u>99,064</u>
	30.8 %	30.6 %	32.6 %	32.8 %	31.6 %	28.4 %

## Exhibit I-5 Equalized Assessed Value, Direct Tax Rate and Estimated Actual Value of Taxable Property

*Last Ten Fiscal Years*

*(in thousands of dollars, except tax rates)*

<b>Fiscal Year Ended December 31,</b>	<b>Chicago Equalized Assessed Value</b>	<b>Suburbs Equalized Assessed Value</b>	<b>Total Equalized Assessed Value</b>	<b>Total Direct Tax Rate (1)</b>	<b>Estimated Full Taxable Value (3)</b>	<b>Equalized Assessed Value as a Percentage of Full Value</b>
2024	\$109,814,786	\$ 95,632,772	\$ 205,447,558	0.340	\$ 756,708,329 (2)	27.2 %
2023	99,645,245	96,043,059	195,688,304	0.345	756,708,329 (2)	25.9
2022	96,891,179	84,752,285	181,643,464	0.374	756,708,329	24.0
2021	96,913,881	75,821,309	172,735,190	0.382	694,866,428	24.9
2020	89,514,969	81,377,754	170,892,723	0.378	631,224,103	27.1
2019	87,816,177	76,238,527	164,054,704	0.389	634,876,257	25.8
2018	86,326,179	69,461,868	155,788,047	0.396	609,672,156	25.6
2017	76,765,303	71,180,521	147,945,824	0.402	585,291,776	25.3
2016	74,016,506	66,735,695	140,752,201	0.406	559,685,160	25.1
2015	70,963,289	59,341,515	130,304,804	0.426	528,843,259	24.6

**Source: Cook County Clerk for Equalized Assessed Values and Tax Rates and the Civic Federation for Estimated Full Value of Real Property**

(1) Tax rates per \$100 equalized assessed valuation.

(2) Current data not available from Civic Federation.

(3) Does not include values for Railroad, Pollution Control or the part of O'Hare Airport located in DuPage County.

## Exhibit I-6 District Direct Property Tax Rates, Overlapping Property Tax Rates of Major Local Governments, and District Tax Levies by Fund

Last Ten Fiscal Years

(rates per \$100 of assessed value)

	2025 (1)	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>District direct rates</b>										
Corporate	\$ 0.146	\$ 0.151	\$ 0.154	\$ 0.163	\$ 0.161	\$ 0.156	\$ 0.155	\$ 0.154	\$ 0.151	\$ 0.161
Reserve Claim	0.004	0.004	0.004	0.004	0.005	0.005	0.005	0.004	0.004	0.004
Retirement	0.035	0.035	0.036	0.040	0.042	0.042	0.044	0.046	0.050	0.047
Debt Service	0.123	0.119	0.120	0.132	0.139	0.140	0.148	0.153	0.157	0.160
Construction	0.003	0.003	0.004	0.004	0.004	0.004	0.005	0.008	0.012	0.010
Stormwater Management	0.029	0.028	0.027	0.031	0.031	0.031	0.032	0.031	0.028	0.024
Total direct rate	<u>\$ 0.340</u>	<u>\$ 0.340</u>	<u>\$ 0.345</u>	<u>\$ 0.374</u>	<u>\$ 0.382</u>	<u>\$ 0.378</u>	<u>\$ 0.389</u>	<u>\$ 0.396</u>	<u>\$ 0.402</u>	<u>\$ 0.406</u>
<b>Major local governments' tax rates (2)</b>										
City of Chicago	\$ —	\$ 1.496	\$ 1.612	\$ 1.628	\$ 1.556	\$ 1.580	\$ 1.603	\$ 1.565	\$ 1.652	\$ 1.630
Chicago Board of Education	—	3.631	3.829	3.757	3.517	3.656	3.620	3.552	3.890	3.726
Chicago Park District	—	0.294	0.318	0.323	0.311	0.329	0.326	0.330	0.352	0.362
Cook County	—	0.390	0.386	0.431	0.446	0.453	0.454	0.489	0.496	0.533
Cook County Forest Preserve Dist.	—	0.069	0.075	0.081	0.058	0.058	0.059	0.060	0.062	0.063
Community College #508 (City Coll)	—	0.149	0.158	0.155	0.145	0.151	0.149	0.147	0.164	0.169
City of Chicago Library Fund	—	0.119	0.129	0.133	0.129	0.140	0.121	0.111	0.118	0.122
City of Chicago School Bldg/Imprvmt	—	0.130	0.143	0.153	0.153	0.166	0.169	0.136	0.124	0.128
<b>District's tax levies by fund (in thousands)</b>										
Corporate	\$310,544	\$309,609	\$301,119	\$295,823	\$270,881	\$266,455	\$254,574	\$240,466	\$224,825	\$226,743
Stormwater Management	62,500	57,500	52,500	57,926	52,926	52,926	52,926	47,826	40,856	34,250
Reserve Claim	7,500	7,500	7,500	7,500	7,500	7,500	7,500	6,000	5,900	5,800
Retirement	74,399	72,727	70,845	72,054	72,741	72,228	71,565	71,534	73,438	65,161
Debt Service	261,483	245,098	236,178	239,056	251,562	247,314	249,209	244,859	232,751	225,715
Construction	7,000	7,000	7,000	7,000	7,000	7,000	7,600	11,700	17,000	13,785
Total tax levies	<u>\$723,426</u>	<u>\$699,434</u>	<u>\$675,142</u>	<u>\$679,359</u>	<u>\$662,610</u>	<u>\$653,423</u>	<u>\$643,374</u>	<u>\$622,385</u>	<u>\$594,770</u>	<u>\$571,454</u>

### Source: Cook County Clerk

(1) District's tax rates are estimated based on 2024 equalized assessed valuation of \$205 billion.

(2) Major local governments' rates for 2025 are not yet available.

## Exhibit I-7 Principal Property Taxpayers

2024 and Nine Years Ago

(in thousands of dollars)

Taxpayer	Type of Business	2024 (1)			2015		
		Equalized Assessed Value	Rank	Percentage of Total Equalized Assessed Value (2)	Equalized Assessed Value	Rank	Percentage of Total Equalized Assessed Value
Willis Tower	Retail & Office	\$ 758,224	1	0.37%	\$ 386,933	1	0.30%
CME Center	Office	458,880	2	0.22	260,158	2	0.20
Merchandise Mart	Business & Office	428,268	3	0.21	258,178	3	0.20
110 North Wacker	Office	407,113	4	0.20	—	—	—
Aon Center	Insurance	354,586	5	0.17	239,092	7	0.18
150 Riverside	Office	341,048	6	0.17	—	—	—
Blue Cross Blue Shield Tower	Office	332,765	7	0.16	238,631	8	0.18
River Point	Office	300,568	8	0.15	—	—	—
Franklin Center	Retail & Office	290,614	9	0.14	—	—	—
One Prudential Plaza	Office	274,624	10	0.13	—	—	—
One North Wacker Drive	Office	—	—	—	248,331	4	0.19
Citadel Center	Retail & Office	—	—	—	241,645	5	0.19
Hyatt Center	Office	—	—	—	239,134	6	0.18
Water Tower Place	Retail & Office	—	—	—	215,481	9	0.17
900 N Michigan Ave	Retail & Office	—	—	—	207,139	10	0.16
Total		<u>\$ 3,946,690</u>		<u>1.92%</u>	<u>\$ 2,534,722</u>		<u>1.95%</u>

Source: Cook County Treasurer's Office and Cook County Clerk's Office

(1) 2025 information is unavailable.

(2) The total Equalized Assessed Valuation for 2024 is \$205,447,558,000

**Exhibit I-8  
Property Tax Levies and Collections**

*Last Ten Fiscal Years*

*(in thousands of dollars)*

<b>Fiscal Year Ended December 31</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the First Year</b>		
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Final Due Date</b>
2025	\$ 713,368	\$ —	— %	*
2024	681,805	476,913	69.9	12/15/25
2023	668,457	656,586	98.2	08/01/24
2022	679,359	655,620	96.5	12/01/23
2021	659,867	495,067	75.0	12/30/22
2020	645,998	623,876	97.0	10/01/21
2019	638,198	619,659	97.1	08/01/20
2018	616,946	604,126	97.9	08/01/19
2017	594,770	581,007	97.7	08/01/18
2016	571,454	559,938	98.0	08/01/17

\* Final Due Date for 2025 tax levies is not yet available.

## Exhibit I-9 User Charge Rates

*Last Ten Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Large Commercial-Industrial User and Tax Exempt User Rates (1)(2)</b>				
Flow per million gallons	\$ 292.73	\$ 287.56	\$ 282.47	\$ 277.48
5-day BOD per 1,000 lbs. (4)	191.03	187.65	184.33	181.07
SS per 1,000 lbs. (5)	126.40	125.28	124.16	123.05
<b>OM&amp;R Rate (3)</b>	0.4740	0.3060	0.4010	0.3410

(1) Large Commercial-Industrial Users are non-governmental, non-residential Users engaged in significant commercial or industrial activities.

(2) Tax-Exempt Users are exempt from payment of property taxes.

(3) This rate represents the OM&R costs as a percentage of the District's total tax levy and it is applied to Commercial-Industrial Users' real estate tax credits for determining their final User Charge.

(4) BOD = Biochemical Oxygen Demand

(5) SS = Suspended Solids

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*Metropolitan Water Reclamation District of Greater Chicago*

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 278.81	\$ 273.88	\$ 269.04	\$ 264.28	\$ 259.61	\$ 255.02
202.93	209.94	216.64	223.03	229.13	234.95
117.81	124.16	130.38	136.48	142.47	148.33
0.3540	0.3190	0.3280	0.3010	0.3390	0.3440

## Exhibit I-10 Ratios of Total General Bonded Debt and Net Bonded Debt Outstanding (1)

*Last Ten Fiscal Years*

*(dollars and population in thousands, except debt per capita)*

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes and Interest	Total Debt	Resources Available for Repayment of Debt (2)	Net Debt	Total Debt as a % Personal Income (3)	Total Debt per Capita (3)	Net Debt as a % of Est Full Taxable Value (3)	Net Debt Per Capita (3)
2025	\$ 2,763,056	\$ 62,836	\$ 2,825,892	\$ 119,683	\$ 2,706,209	1.00%	\$ 544.84	0.36%	\$ 521.77
2024	2,865,245	45,390	2,910,635	160,979	2,749,656	1.18	578.41	0.36	546.42
2023	2,681,872	42,786	2,724,658	131,505	2,593,153	1.12	536.46	0.34	510.57
2022	2,816,854	18,942	2,835,796	96,919	2,738,877	1.19	549.02	0.36	530.25
2021	2,956,682	47,964	3,004,646	130,308	2,874,338	1.28	581.14	0.41	555.94
2020	2,836,904	76,035	2,912,939	113,261	2,799,678	1.42	568.82	0.44	546.70
2019	2,956,178	27,275	2,983,453	111,435	2,872,018	1.44	578.60	0.45	556.99
2018	2,978,999	109,866	3,088,865	134,450	2,954,415	1.54	594.32	0.48	568.45
2017	2,879,915	296,529	3,176,444	147,000	3,029,444	1.62	612.21	0.52	583.88
2016	2,965,282	157,390	3,122,672	163,508	2,959,164	1.74	596.01	0.53	564.81

(1) Represents long-term debt for general bonded debt, and bond anticipation notes, including interest, which are eventually converted to general bonded debt. Details of the District's long-term debt can be found in the notes to the basic financial statements.

(2) Represents the restricted fund balance in the Debt Service Fund.

(3) See Exhibit I-13 for personal income and population information, and Exhibit I-5 for estimated full taxable value information.

## Exhibit I-11 Estimate of Direct and Overlapping Debt

As of December 31, 2025

(in thousands of dollars)

Direct debt			
Bonds and notes payable			\$ 2,607,379
Bond anticipation notes			62,836
Premium			155,677
Availability payment arrangement			<u>13,878</u>
Total direct debt			2,839,770
Overlapping bonded debt of major local governments (1)	<u>Net Debt (2)</u>	<u>% Applicable (3)</u>	<u>Applicable Amount</u>
City of Chicago (4)	\$ 5,363,994	100.00 %	\$ 5,363,994
Chicago Board of Education (4)	9,258,584	100.00	9,258,584
Chicago Park District (4)	879,265	100.00	879,265
City Colleges (District 508) (4)	204,933	100.00	204,933
Cook County	2,728,562	98.36	2,683,905
Cook County Forest Preserve District	70,975	98.36	<u>69,813</u>
Total overlapping debt (5)			<u>18,460,494</u>
Total direct and overlapping debt			<u><u>\$ 21,300,264</u></u>

(1) Excludes outstanding tax anticipation notes and warrants. Except as stated, does not include debt issued by other taxing authorities in Cook County.

(2) Source: Each of the respective taxing districts, current as of December 31, 2025.

(3) Based on 2024 Equalized Assessed Valuations, which are the most recent available.

(4) Includes long-term general obligation debt, of which a portion has only a GO pledge, and a portion are alternative revenue bonds.

(5) Does not include debt issued by other taxing authorities located in Cook County.

## Exhibit I-12 Computation of Statutory Debt Margin

Last Ten Fiscal Years

*(in thousands of dollars)*

	<u>2025 ( 1 )</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Equalized assessed valuation</b>	\$ 205,447,558	\$ 205,447,558	\$ 195,688,304	\$ 181,643,464
<b>Statutory debt limit (5.75% of equalized assessed valuation)</b>	<u>11,813,235</u>	<u>11,813,235</u>	<u>11,252,077</u>	<u>10,444,499</u>
<b>Total debt applicable to debt limit:</b>				
General obligation bonds outstanding	2,607,379	2,693,351	2,517,556	2,637,381
Less: alternate bonds (2)	<u>(121,162)</u>	<u>(126,126)</u>	<u>(132,707)</u>	<u>(137,812)</u>
Adjusted general obligation bonds outstanding	<u>2,486,217</u>	<u>2,567,225</u>	<u>2,384,849</u>	<u>2,499,569</u>
Bond anticipation notes outstanding	62,836	45,390	42,786	18,942
Availability payment arrangement	13,878	17,507	20,966	24,262
Liabilities of tax financed funds:				
Corporate	59,842	47,527	43,957	39,385
Stormwater	19,982	21,176	13,468	12,170
Reserve claim	1,597	1,970	299	308
Construction	<u>8,456</u>	<u>2,110</u>	<u>3,435</u>	<u>1,252</u>
Total applicable debt	<u>2,652,808</u>	<u>2,702,905</u>	<u>2,509,760</u>	<u>2,595,888</u>
Less applicable assets:				
Debt service funds unrestricted cash and investments	57,329	116,780	105,094	43,345
Interest payable in the next twelve months	<u>(106,626)</u>	<u>(109,450)</u>	<u>(99,859)</u>	<u>(103,862)</u>
Total applicable assets	<u>(49,297)</u>	<u>7,330</u>	<u>5,235</u>	<u>(60,517)</u>
<b>Total net debt applicable to debt limit</b>	<u>2,702,105</u>	<u>2,695,575</u>	<u>2,504,525</u>	<u>2,656,405</u>
<b>Statutory debt margin</b>	<u>\$ 9,111,130</u>	<u>\$ 9,117,660</u>	<u>\$ 8,747,552</u>	<u>\$ 7,788,094</u>
<b>Total applicable net debt as a percentage of statutory debt limit</b>	22.9 %	22.8 %	22.3 %	25.4 %

(1) Debt limit calculation based on 2024 equalized assessed valuation since 2025 value is not yet available.

(2) Alternate bonds do not count against the debt limit.

*Metropolitan Water Reclamation District of Greater Chicago*

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 172,735,190	\$ 170,892,724	\$ 164,054,704	\$ 155,788,047	\$ 147,945,823	\$ 140,752,201
9,932,273	9,826,332	9,433,145	8,957,813	8,506,885	8,093,252
2,759,628	2,694,934	2,800,782	2,810,177	2,697,667	2,769,608
(136,823)	(98,101)	(99,253)	(97,190)	(98,145)	(99,080)
2,622,805	2,596,833	2,701,529	2,712,987	2,599,522	2,670,528
47,964	76,035	27,275	109,866	296,529	157,390
27,405	30,401	33,257	35,979	38,574	41,047
34,633	27,813	26,409	24,983	21,650	27,952
9,593	7,957	6,352	7,090	1,715	2,062
148	13	638	643	274	174
936	1,170	1,819	5,017	3,171	3,368
2,743,484	2,740,222	2,797,279	2,896,565	2,961,435	2,902,521
96,193	91,295	87,040	85,880	109,965	115,673
(107,212)	(109,380)	(112,942)	(115,017)	(114,603)	(117,604)
(11,019)	(18,085)	(25,902)	(29,137)	(4,638)	(1,931)
2,754,503	2,758,307	2,823,181	2,925,702	2,966,073	2,904,452
<u>\$ 7,177,770</u>	<u>\$ 7,068,025</u>	<u>\$ 6,609,964</u>	<u>\$ 6,032,111</u>	<u>\$ 5,540,812</u>	<u>\$ 5,188,800</u>
27.7 %	28.1 %	29.9 %	32.7 %	34.9 %	35.9 %

## Exhibit I-13 Demographic and Economic Statistics

*Last Ten Fiscal Years*

<b>Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Household Income</b>	<b>Unemployment Rate</b>
2025	5,186,628	\$ 270,903,657	\$ 52,231	\$ 89,976	4.8%
2024	5,032,153	232,609,656	46,225	79,033	5.2
2023	5,078,985	231,591,211	45,598	77,657	4.3
2022	5,165,243	230,458,568	44,617	76,354	4.6
2021	5,170,239	224,228,052	43,369	76,764	6.2
2020	5,121,057	197,568,600	38,580	69,884	9.3
2019	5,156,329	198,958,400	38,588	67,783	3.8
2018	5,197,297	191,289,682	36,806	65,818	4.1
2017	5,188,486	186,434,150	35,936	63,794	4.8
2016	5,239,253	170,081,127	32,464	58,708	5.8

Source: Population, Personal Income and Median Household Income is for Cook County, Illinois. Population, Median Household Income and Personal Income information is provided by The Nielsen Claritas Data Services. Unemployment Rate is provided by the U.S. Department of Labor, Bureau of Labor Statistics for the Chicago-Naperville-Elgin Metropolitan Area. The District service area represents 98% of the assessed valuation of Cook County.

## Exhibit I-14 Principal Employers

2025 and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
U.S. Government (1)	55,138	1	1.06%	42,887	1	0.82%
Chicago Public Schools	46,244	2	0.89	37,406	2	0.71
City of Chicago	32,349	3	0.62	30,276	3	0.58
Amazon.com Inc. (2)	32,000	4	0.62	—	—	—
Advocate Health Care	31,761	5	0.61	18,308	5	0.35
Northwestern Memorial HealthCare	31,615	6	0.61	15,317	7	0.29
University of Chicago (3)	23,044	7	0.44	16,197	6	0.31
Endeavor Health	21,808	8	0.42	—	—	—
Cook County	21,199	9	0.41	21,795	4	0.42
United Airlines Holdings Inc.	18,000	10	0.35	14,000	10	0.27
State of Illinois	—	—	—	15,136	8	0.29
J.P. Morgan Chase & Co.	—	—	—	14,158	9	0.27
Total	<u>313,158</u>		<u>6.03%</u>	<u>225,480</u>		<u>4.31%</u>

(1) Bureau of Labor Statistics data as of June 30, 2025.

(2) Crain's estimate; Includes estimated distribution center employment figures from MWPVL International and Whole Foods employees.

(3) Includes employees of University of Chicago Medicine

Source: Reprinted with permission, Crain's Chicago Business [February 23, 2026] © Crain Communications, Inc.

## Exhibit I-15 Budgeted Positions by Fund/Department

*Last Ten Fiscal Years*

<b>Fund/Department</b>	<b>Budgeted Positions</b>									
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>General Corporate Fund</b>										
Board of Commissioners	37	37	37	37	36	36	38	38	38	38
General Administration	134	134	129	125	123	121	119	121	123	122
Monitoring and Research	289	289	289	289	291	294	300	312	309	308
Procurement and Materials Management	56	56	60	61	61	63	63	63	63	63
Human Resources	77	98	96	95	93	92	93	91	141	73
Information Technology	73	73	68	68	70	70	71	73	75	76
Law	38	38	38	38	38	38	39	37	38	38
Finance	27	27	27	27	27	27	27	28	28	28
Engineering (Corporate Fund)	197	197	197	198	199	205	212	242	246	244
Maintenance & Operations	922	918	916	934	906	916	920	904	922	927
Total General Corporate Fund	1,850	1,867	1,857	1,872	1,844	1,862	1,882	1,909	1,983	1,917
Engineering (Stormwater Management)	102	99	100	100	96	91	85	57	59	59
Grand Total	<u>1,952</u>	<u>1,966</u>	<u>1,957</u>	<u>1,972</u>	<u>1,940</u>	<u>1,953</u>	<u>1,967</u>	<u>1,966</u>	<u>2,042</u>	<u>1,976</u>

## Exhibit I-16 Operating Indicators

*Last Ten Fiscal Years*

	<b>Area Served (1)</b>	<b>Communities Served (2)</b>	<b>Number of People Served (3)</b>	<b>Commercial and Industrial Population Equivalent Served</b>	<b>Number of Local Sewer Connections to Intercepting Sewers</b>	<b>Gallons of Pumping Station Maximum Capacity (4)</b>	<b>Gallons of Sewage Processed per Day (4)</b>	<b>Daily Sewage Treatment Capacity (4)</b>
2025	882	129	5,186,628	5,290,000	10,000	4,000,000	1,081,300	2,000,000
2024	882	129	5,032,153	5,290,000	10,000	4,000,000	1,226,100	2,000,000
2023	882	129	5,078,985	5,290,000	10,000	4,000,000	1,190,000	2,000,000
2022	882	129	5,165,243	5,290,000	10,000	4,000,000	1,190,200	2,000,000
2021	882	129	5,170,239	5,290,000	10,000	4,000,000	1,128,200	2,000,000
2020	882	129	5,121,057	4,500,000	10,000	4,000,000	1,245,400	2,000,000
2019	882	129	5,156,329	4,500,000	10,000	4,000,000	1,479,800	2,000,000
2018	882	129	5,197,297	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2017	882	129	5,188,486	4,500,000	10,000	4,000,000	1,251,000	2,000,000
2016	883	129	5,239,253	4,500,000	10,000	4,000,000	1,300,000	2,000,000

(1) In square miles

(2) Including the City of Chicago

(3) Nielsen - Claritas Data Service

(4) In thousands of gallons

## Exhibit I-17 Capital Asset Statistics

*Last Ten Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Miles of intercepting sewers and force mains operated	560	560	560	560	560	560	560	560	560	560
Miles of waterway water levels controlled	76	76	76	76	76	76	76	76	76	76
Acres of strip-mined land utilized for solids processing	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+
Number of water reclamation plants	7	7	7	7	7	7	7	7	7	7
Number of pumping stations	23	23	23	23	23	23	23	23	23	23
Miles of TARP tunnels constructed for pollution and flood control	110.4	110.4	110.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Number of TARP reservoirs constructed	2	2	2	2	2	2	2	2	2	2
Number of TARP reservoirs under construction	1	1	1	1	1	1	1	1	1	1
Number of flood control reservoirs	34	34	34	33	33	33	33	33	33	33
Instream aeration stations	2	2	2	2	2	2	2	2	2	2
Side stream elevated pool aeration stations	5	5	5	5	5	5	5	5	5	5

**Source: District's Engineering Department**

# IV. SINGLE AUDIT SECTION



*MWRD Environmental Soil Scientist Essam El-Naggar prepares the root mass from a hemp plant for measurement in the Stickney greenhouse in September as part of a research project on the plant's potential environmental benefits. For this collaborative research project between the MWRD and University of Illinois at Urbana-Champaign, scientists are exploring how the use of biosolids as a sustainable alternative to chemical fertilizers can cultivate more industrial hemp. If it grows in MWRD biosolids, this could reduce farmers' reliance on fertilizers, herbicides and other chemicals, and the MWRD will have another sustainable way to reuse part of the 150,000 dry tons of biosolids produced annually.*



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

Board of Commissioners  
Metropolitan Water Reclamation District of Greater Chicago

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 8, 2026. The financial statements of the Metropolitan Water Reclamation Retiree Health Care Trust Fund and Metropolitan Water Reclamation District Pension Trust Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Metropolitan Water Reclamation Retiree Health Care Trust Fund and Metropolitan Water Reclamation District Pension Trust Fund. Our report includes a reference to other auditors who audited the financial statements of Metropolitan Water Reclamation District Pension Trust Fund as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

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

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

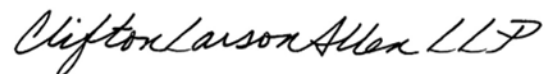
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

#### **Report on Compliance and Other Matters**

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

#### ***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Chicago, Illinois  
May 8, 2026

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Commissioners  
Metropolitan Water Reclamation District of Greater Chicago

### **Report on the Audit of the Schedule of Expenditures of Federal Awards**

#### *Opinion*

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") of the Metropolitan Water Reclamation District of Greater Chicago (the "District") for the year ended December 31, 2025 and the related notes to the Schedule.

In our opinion, the accompanying Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards of the District for the year ended December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Schedule of Expenditures of Federal Awards*

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

#### *Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards*

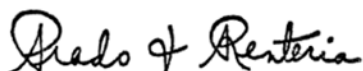
Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Chicago, Illinois  
May 8, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable President and  
Members of the Board of Commissioners  
Metropolitan Water Reclamation District of Greater Chicago

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Metropolitan Water Reclamation District of Greater Chicago's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois  
May 8, 2026

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# Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Environmental Protection Agency</b>					
Passed through Illinois Environmental Protection Agency					
Clean Water State Revolving Funds					
Project Descriptions					
Central Boiler Facility and Electrical Updates, Hanover Park WRP	66.458	L172742	Jan-22	\$ —	\$ 262,700
Furnish, Deliver and Install Coarse Screens, Stickney WRP	66.458	L173801	Jun-21	—	176,600
Boilers 3, 4, 5 and MCC Replacement, Stickney WRP	66.458	L173807	Aug-23	—	359,000
North Side Sludge Pipeline Replacement - Section 1, NSA	66.458	L174620	Jul-22	—	983,500
North Shore 1, Rehabilitation NSA	66.458	L174711	Mar-24	—	13,899,400
Phosphorus Removal Modifications at Battery D, O'Brien WRP	66.458	L175165	Aug-23	—	1,255,100
Rehabilitation of Steel Spandrel Beams of Pump and Blower House, O'Brien WRP	66.458	L175523	Jan-22	—	3,666,500
Furnish, Deliver, and Install Disc Filters at the Egan WRP	66.458	L175569	Apr-22	—	82,700
A/B and C/D Service Tunnel Rehabilitation Phase Three, Stickney WRP	66.458	L175574	Apr-23	—	494,900
Mainstream TARP Pumps Rehabilitation, Stickney WRP	66.458	L175578	Jun-21	—	183,300
Westchester Pumping Station Relief Sewer, SSA	66.458	L176359	Mar-24	—	165,800
Battery A Improvements and Battery B Installation of Mechanical Mixers, Stickney WRP	66.458	L172745	Jan-25	—	2,804,600
Funding of Clean Water State Revolving Funds					<u>24,334,100</u>
Congressionally Mandated Projects					
Project Description					
Assess and rehabilitate sanitary sewer systems Phases I & II	M 66.202	00E03598	Dec-23	—	1,682,453
Funding of Congressionally Mandated Projects					<u>1,682,453</u>
Total U.S. Environmental Protection Agency					<u>26,016,553</u>

*Metropolitan Water Reclamation District of Greater Chicago*

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Homeland Security</b>					
Passed through the Illinois Emergency Management Agency					
BRIC: Building Resilient Infrastructure and Communities					
Project Description					
Deer Creek Third Creek Stormwater Management and Channel Improvements	97.047	EMC-2022-BR-012 (EMC-2022-BR-0004)	Apr-24	—	270,927
Funding of BRIC: Building Resilient Infrastructure and Communities					<u>270,927</u>
Total U.S. Department of Homeland Security					<u>270,927</u>
<b>U.S. Department of Treasury</b>					
Passed through Illinois Cook County					
COVID-19, Coronavirus State and Local Fiscal Recovery Funds					
Project Descriptions					
COVID-19: Dixmoor Conceptual - Stormwater Projects	M 21.027	AD-NT875	Aug-23	—	59,768
COVID-19: Dolton Conceptual - Flood Mitigation	M 21.027	AD-NT875	Aug-23	—	115,845
COVID-19: Farmers Prairie Creek - Flood Control Projects	M 21.027	AD-NT875	Aug-23	—	173,606
COVID-19: 157th Street and Spring Creek - Flood Mitigation in Orland Township	M 21.027	AD-NT875	Aug-23	—	19,225
COVID-19: Northfield Township - Citation Lake	M 21.027	AD-NT875	Aug-23	—	350,000
COVID-19: City of Harvey - 147th Street and Wood Street Area Flooding	M 21.027	AD-NT875	Aug-23	—	1,366,044
COVID-19: Thorn Ditch	M 21.027	AD-NT875	Aug-23	—	376,990
COVID-19: Cal-Sag Trib C	M 21.027	AD-NT875	Aug-23	—	46,154
COVID-19: Southeast Cook County Stormwater Storage and Open-Space Recreational Improvement	M 21.027	AD-NT875	Aug-23	—	122,199
COVID-19: Lyons Township Buyouts	M 21.027	AD-NT875	Aug-23	—	999,724
COVID-19: 71st St Ditch Area Flood Mitigation	M 21.027	AD-NT875	Aug-23	—	432,125
COVID-19: Addison Creek - Channel Improvements	M 21.027	AD-NT875	Aug-23	—	5,600,000
Funding of COVID-19, Coronavirus State and Local Fiscal Recovery Funds Program					<u>9,661,680</u>
Total U.S. Department of Treasury					<u>9,661,680</u>

# Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of the Army</b>					
Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the McCook Reservoir Underflow Plan					
Project Description					
Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL	M	N/A	73-161-2H	Jan-19	— 1,883,660
					<u>1,883,660</u>
					<u>1,883,660</u>
					<u>1,883,660</u>
					<u>\$ 37,832,820</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards  
M - Program was audited as a major program

## Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

### Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Metropolitan Water Reclamation District of Greater Chicago (the “District”) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and the respective change in financial position of the District.

### Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### Note 3 – Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### Note 4 – Programs Description

#### Assistance Listing #66.458 – Clean Water State Revolving Funds

The Clean Water State Revolving Fund (CWSRF) program managed by the US Environmental Protection Agency (EPA) provides capitalization grants to states to establish State Revolving Funds (SRFs). The program provides a long-term source of state financing for construction of wastewater treatment facilities and implementation of other water quality management activities. The capitalization grant is deposited in the SRF, which is used to provide loans and other types of financial assistance, but no grants, to local communities and intermunicipal and interstate agencies. The states must agree to enter into binding commitments with recipients to provide financial assistance from the SRF in an amount equal to 16.67% of the total SRF loan, with the federal share being 83.33%.

#### Assistance Listing #66.202 – Congressionally Mandated Projects

The Congressionally Mandated Projects are authorized by the Annual Appropriations Act. This legislation provides the EPA with funding for projects specified in the annual appropriations and related congressional reports. These projects may address environmental requirements or the development and demonstration of pollution control technologies. They can also involve evaluating the economic and social impacts of different environmental strategies. Some projects may include other activities outlined in the relevant statute. The projects specifically focus on disproportionately impacted areas – low-to-moderate income neighborhoods that are highly susceptible to flooding, and aim to reduce home flooding and environmental contamination by eliminating infiltration and inflow from sanitary sewer systems.

#### Assistance Listing #97.047 – Building Resilient Infrastructure and Communities (BRIC)

The BRIC program is authorized under Section 203 of the Stafford Act, 42 U.S.C. 5133 and administered by the US Department of Homeland Security’s Federal Emergency Management Agency (FEMA). BRIC provides federal funding to states, U.S. territories, federally recognized tribal governments, and local communities for hazard mitigation activities. The goal is to proactively reduce risks from natural disasters (such as floods, wildfires, earthquakes, and storms) by strengthening infrastructure and building long-term community resilience, rather than

## Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

### Note 4 – Programs Description – Continued

just responding after disasters occur. This grant reimburses the District for costs to complete the Glenwood Lakes Project.

#### Assistance Listing #21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Funds

On March 13, 2020, the President of the United States issued a Proclamation, declaring a National Public Health Emergency, because of the Coronavirus pandemic. On March 11, 2021, the President signed into law the American Rescue Plan Act (ARPA or Act), Section 9901. The purpose of the Act is to provide funding to state, local, territorial, and tribal governments to address the economic and health impacts of the COVID-19 pandemic with specific programs like SLFRF offering broad flexibility for eligible uses. The Act authorizes the U.S. Department of Treasury to grant funds to eligible entities to address the negative health and economic impacts of pandemic on communities nationwide. The County of Cook of the State of Illinois, acting by and through its Bureau of Administration Department of Transportation and Highways (DOTH), qualifies as an eligible unit of local government under the Act. The County of Cook has allocated ARPA funds for the purpose of administering and implementing stormwater mitigation programs, whereas ARPA will further the mission of the County and serve the broader objective of protecting the health, safety, and welfare of the County by promoting completion of an increased number of stormwater management projects in underserved areas prone to flooding, ensuring a nexus to the negative health and economic impacts of COVID-19.

#### U.S. Department of the Army Funding for Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir

The McCook Reservoir Project was authorized by the Water Resources Development Act of 1988. The District and the U.S. Army Corps of Engineers, Chicago District signed the Project Cooperation Agreement on May 10, 1999. The District is the local sponsor and will own and operate the reservoir when construction is completed. The project helps with combined sewer (sanitary and storm) overflows that cause flooding and watercourse contamination in Chicagoland and benefits Chicago and 36 suburbs, including 1.5 million structures and 5 million people. The reservoir will be built in two stages. Stage 1 of the reservoir, with a flood storage of 3.5 billion gallons, was completed on December 31, 2017. Stage 2 of the reservoir, with a storage volume of 6.5 billion gallons, is scheduled to be completed in 2029. It will be built by the District as part of a pilot project under Section 1043(b) of the Water Resources Reform and Development Act of 2014. Section 1043(b) provides the federal share of the project cost directly to the local sponsor. The District will build the final components of the reservoir with the U.S. Army Corps of Engineers, Chicago District monitoring the District's activities to ensure the reservoir is completed to the federal standard. Funding in the amount of \$33,820,000 was provided to the District in February 2019 for the pilot project.

### Note 5 – Projects Description

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31, 2025:

#### State Revolving Fund Loans

**Loan #L172742** was awarded to the District on January 12, 2022, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Replacement of Boilers in the Pump and Blower Building of Hanover Park WRP, Project 19-542-3MR. The maximum SRF loan amount is \$13,499,843. The maximum passthrough federal funding is \$11,249,419. A total of \$262,700 federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$838,123 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Note 5 – Projects Description – Continued**

**Loan #L173801** was awarded to the District on June 2, 2021, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Furnishing, Delivering and Installation of Coarse Screens, at Stickney WRP, Project 20-903-31. The maximum SRF loan amount is \$4,505,220. The maximum passthrough federal funding is \$3,754,200. A total of \$176,600 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$177,083 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L173807** was awarded to the District on August 17, 2023, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Replacement of Boilers 3, 4, 5 and MCC, at Stickney WRP, Project 19-155-3MR. The maximum SRF loan amount is \$15,500,000. The maximum passthrough federal funding is \$12,916,150. A total of \$359,000 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$2,294,238 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L174620** was awarded to the District on July 12, 2022, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Replacement of Sludge Pipeline at North Side, Section 1, NSA, Project 07-027-3SR. The maximum SRF loan amount is \$27,933,600. The maximum passthrough federal funding is \$23,277,069. A total of \$983,500 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$3,326,176 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L174711** was awarded to the District on March 18, 2024, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Rehabilitation of North Shore 1, NSA, Project 10-047-3S. The maximum SRF loan amount is \$46,337,284. The maximum passthrough federal funding is \$38,612,859. A total of \$13,899,400 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$29,501,201 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175165** was awarded to the District on August 17, 2023, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Phosphorus Removal Modifications at Battery D, O'Brien WRP, Project 21-091-3P. The maximum SRF loan amount is \$14,000,000. The maximum passthrough federal funding is \$11,666,200. A total of \$1,255,100 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$4,473,375 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175523** was awarded to the District on January 25, 2022, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Rehabilitation of Steel Spandrel Beams of the Pump and Blower Building at O'Brien WRP, Project 15-069-3D. The maximum SRF loan amount is \$22,381,900. The maximum passthrough federal funding is \$18,650,837. A total of \$3,666,500 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$8,680,872 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175569** was awarded to the District on April 13, 2022, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Furnishing, Delivering and Installation of Disc Filters at Egan WRP, Project 18-702-31. The maximum SRF loan amount is \$9,161,850. The maximum passthrough federal funding is \$7,634,570. A total of \$82,700 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$331,763 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

## Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

### Note 5 – Projects Description – Continued

**Loan #L175574** was awarded to the District on April 4, 2023, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Repair of Roof Slabs, Floor Slabs, Walls and Beams in A/B and C/D Service Tunnels at Stickney WRP, Project 16-127-3DR. The maximum SRF loan amount is \$29,738,289. The maximum passthrough federal funding is \$24,780,916. A total of \$494,900 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$2,837,259 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175578** was awarded to the District on June 2, 2021, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Rehabilitation of TARP Mainstream Pumps 1, 3 and 5, Project 18-144-3M. The maximum SRF loan amount is \$24,051,417. The maximum passthrough federal funding is \$20,042,046. A total of \$183,300 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$394,713 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L176359** was awarded to the District on March 4, 2024, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Westchester Pumping Station Relief Sewer, SSA, Project 21-168-3S. The maximum SRF loan amount is \$6,979,039. The maximum passthrough federal funding is \$5,815,633. A total of \$165,800 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$722,999 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L172745** was awarded to the District on January 15, 2025, pursuant to the Clean Water Act (Public Law 95-217) and the Environmental Protection Act (415 ILCS 5/1 et seq.). The loan provides for Battery A Improvements and Battery B Installation of Mechanical Mixers at the Stickney WRP, Project 08-174-3D. The maximum SRF loan amount is \$55,358,345. The maximum passthrough federal funding is \$46,130,109. A total of \$2,804,600 in federal funds was disbursed by the IEPA during fiscal year 2025. As of December 31, 2025, \$8,746,384 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

### U.S. Environmental Protection Agency – Congressionally Mandated Projects

On December 27, 2023, the District has been awarded a grant, CG – 00E035598 – 0, from the U.S. Environmental Protection Agency in accordance with the 2023 Consolidated Appropriations Act (PL 117-328). This agreement provides funding to the District to implement its Forging Resilient Communities Project Phases I and II, to assess and rehabilitate sanitary sewer systems. The anticipated deliverables are rehabilitation of high-risk sanitary sewer systems, which are expected to lead to reduced risk of sanitary sewer overflow, basement backups and ponding that may be occurring in specific communities. The first phase of this project is to conduct a condition assessment of the high-risk areas that will identify and prioritize specific problem areas within the sewer system and make recommendations for repairs. Condition assessment includes closed-circuit televising (CCTV) and smoke testing sanitary sewers. The second phase of the project will commence once the assessment is completed; it will provide rehabilitation to the Cities of Country Club Hills, Harvey, and Markham and the Villages of Bellwood, Dolton, Ford Heights, Hazel Crest, Riverdale, and Stone Park as identified. Out of \$2,507,350 in program funds available, \$1,682,453 was expended in 2025.

### US Department of Homeland Security, FEMA – Building Resilient Infrastructure and Communities (BRIC)

On April 11, 2024, the District entered into Agreement No. EMC-2022-BR-012 (EMC-2022-BR-0004) with the Illinois Emergency Management Agency and Office of Homeland Security in accordance with the BRIC grant program. The District has determined that a stormwater management project is needed for control of stormwater

**Note 5 – Projects Description – Continued**

near the area of Cottage Grove Avenue between Glenwood Dyer Road and Joe Orr Road which is located within the Deer Creek Watershed in Cook County, Illinois. The stormwater management project along with channel improvements along Deer Creek South will direct flood waters into a new reservoir and “lakes” to function as an off-line flood storage area. The Glenwood Lakes project will utilize nature-based designs to provide both flood control benefits and habitat improvements using natural detention ponds (with native vegetation) and widened floodplains (riparian restoration). The District uses this grant award to aid in the development of concepts, designs, site elevation and alternatives to achieve flood control purposes. Out of \$487,760 in program funds available, \$270,927 was expended in 2025.

U.S. Department of Treasury – COVID-19, Coronavirus State and Local Fiscal Recovery Funds

On August 24, 2023, the District entered into agreement with County of Cook of the State of Illinois, acting by and through its Bureau of Administration Department of Transportation and Highways (DOTH), to establish an agreed upon protocol for the administration and management of the American Rescue Plan Act (ARPA) Stormwater Management Project Implementation Program. This program seeks to provide additional funding to the District to expand the scope of its existing stormwater management program to include overall responsibility for project implementation. Expanding the District’s initiative with the grant funds will build resiliency to climate events within more Cook County communities through a collaborative identification and implementation of flood mitigation projects. The District will also engage in agreements with municipalities to carry out these projects. The District will provide engineering, capital improvement, and financial assistance to local governments. Out of \$18,000,000 in program funds available, \$9,661,680 was expended in 2025.

U.S. Department of the Army Funding for Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir

On January 31, 2019, the District entered into a Project Partnership Agreement with the U.S. Department of the Army for completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, Project 73-161-2H. The U.S. Department of the Army funding is passed through the U.S. Army Corps of Engineers, Chicago District. Out of \$33,820,000 provided by the U.S. Department of the Army, the District expended \$16,414,123 from inception of which \$1,883,660 was expended in 2025.

# Schedule of Findings and Questioned Costs

Year ended December 31, 2025

## SECTION I – SUMMARY OF AUDITOR'S RESULTS

### Financial Statements

- 1) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
- 2) Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes       No
  - Significant deficiency(ies) identified?  Yes      \_\_\_\_\_ None Reported
- 3) Noncompliance material to financial statements noted? \_\_\_\_\_ Yes       No

### Federal Awards

- 1) Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes       No
  - Significant deficiency(ies) identified? \_\_\_\_\_ Yes       None Reported
- 2) Type of auditor's report issued on compliance for major federal programs: **Unmodified**
- 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes       No

Identification of major federal programs:

ALN Number	Name of Federal Program or Cluster
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
66.202	Congressionally Mandated Projects
N/A	Stage 2 of the McCook Reservoir Underflow Plan

Dollar threshold used to distinguish between type A and type B programs: \_\_\_\_\_ \$1,134,985

Auditee qualified as low-risk auditee?  Yes      \_\_\_\_\_ No

## **Schedule of Findings and Questioned Costs**

*Year ended December 31, 2025*

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

#### **2025-001: Audit Adjustment**

**Type of Finding:** Significant Deficiency in Internal Control Over Financial Reporting

**Condition:** As part of the audit, a \$227,032,000 adjustment was proposed to properly recognize net position classifications. The reclassification adjustment was made between categories and had no impact on the total net position reported by management.

**Criteria or specific requirement:** Management is responsible for the fair presentation of the financial statements including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Effect:** An adjustment was proposed and subsequently recorded by management to correct net position classifications.

**Cause:** Reevaluation of the relationship between unspent bond proceeds and the related outstanding debt was not performed annually.

**Repeat Finding:** No.

**Recommendation:** We recommend management ensures net position classifications are recognized in accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

**Views of Responsible Officials:** Management concurs with the auditor on the proposed reclassification adjustment to comply with GASB 63 and understand there is no impact to total net position due to this reclassification.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

### **SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.



**Brian A. Perkovich,**  
***Executive Director of the Metropolitan Water Reclamation District of Greater Chicago (MWRD)***

*Brian A. Perkovich led the MWRD through the pandemic and was instrumental in advancing the MWRD's mission to protect the region's water environment, launching an ambitious five-year Strategic Plan to expand its goals, vision and values. Under his leadership, the MWRD implemented numerous initiatives to enhance water quality, expand green infrastructure, reduce greenhouse gas emissions and modernize wastewater treatment facilities to meet evolving environmental challenges.*

*Brian joined the MWRD in 1993 as an Assistant Civil Engineer in the Engineering Dept, and he was later selected to lead the operations at the Egan Water Reclamation Plant (WRP) and at the Hanover Park WRP before being promoted to lead the operations at the Calumet WRP in 2005. Prior to being named executive director in December 2018, he served as Assistant Director in the MWRD's Maintenance and Operations Department.*

*During his tenure, Brian played a key role in projects such as the Tunnel and Reservoir Plan (TARP) and stormwater management programs and was committed to ensuring that the MWRD continued to be a leader in sustainability and resilience, embracing its Utility of the Future designation in the midst of a changing climate.*

*Beyond his responsibilities at the MWRD, Brian represented the MWRD with the Illinois Association of Wastewater Agencies where he served as its past president and was named the recipient of the 2021 Illinois Award, its highest honor. Brian is also a member of the Water Environment Federation and is a board member of Current, the National Association of Clean Water Agencies, and the Water Research Foundation.*

*He retired from the MWRD on March 31, 2025*

