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

**Chicago, Illinois**

**As of and for the year ended**
**December 31, 2021**

**Prepared by the Finance Department**
**JACQUELINE TORRES, Clerk/Director of Finance** **Incorporated May 29, 1889**

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# INTRODUCTORY SECTION

***The MWRD's Small Streams Maintenance Program (SSMP) was hard at work in the North Branch of the Chicago River in the Miami Woods area of the Cook County Forest Preserves in August. The blockage was reported to the MWRD via the SSMP web application by someone who was kayaking on the North Branch of the Chicago River. The blockage was removed over the course of a few days to reduce flooding in the forest preserve and decrease erosion of the river bank.***

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# Metropolitan Water Reclamation District of Greater Chicago

## Board of Commissioners and Principal Officers

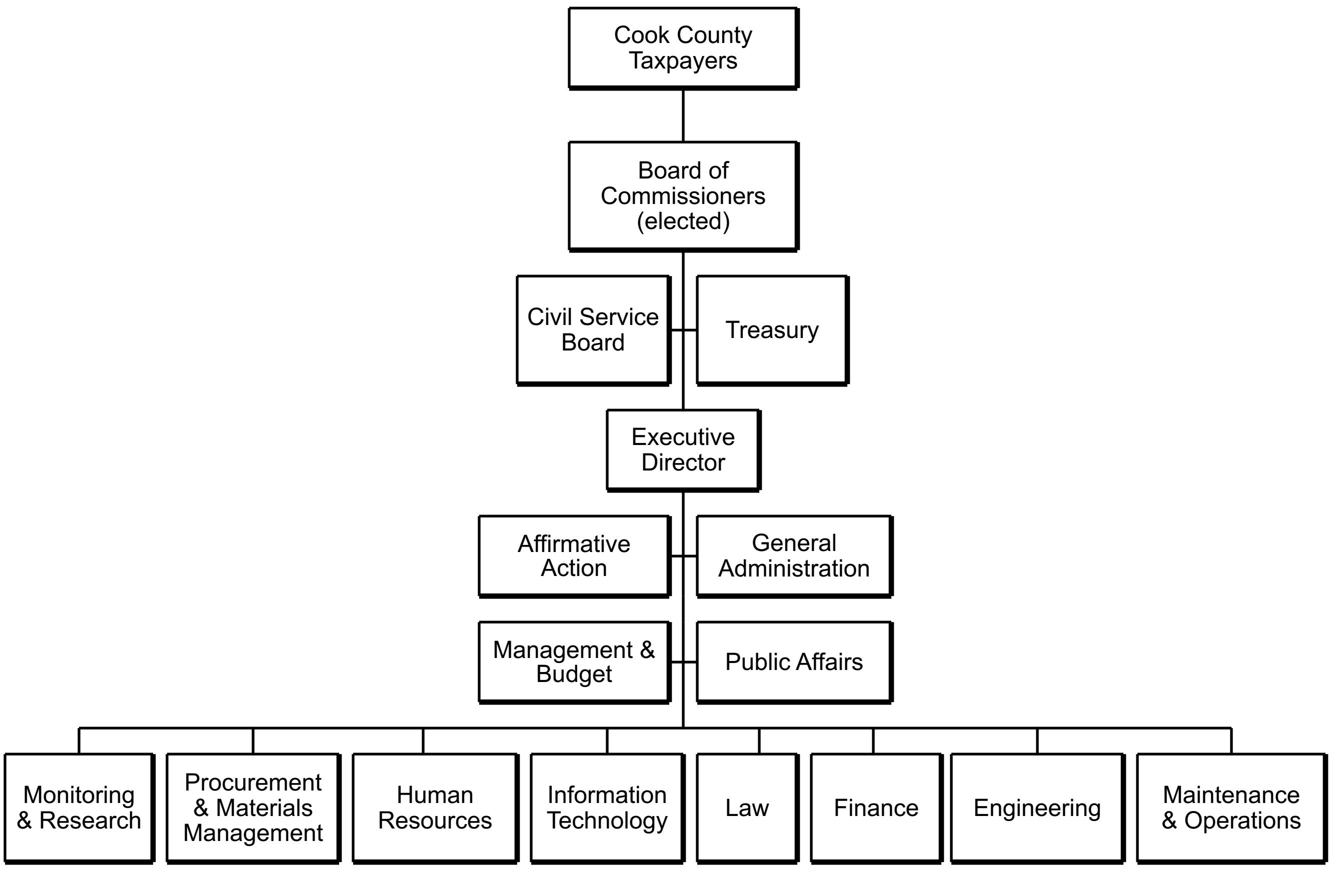
**Board of Commissioners:**
Honorable Kari K. Steele, President
Honorable Barbara J. McGowan, Vice President
Honorable Marcelino Garcia, Chairman, Committee on Finance
Honorable Cameron Davis
Honorable Kimberly Neely Du Buclet
Honorable Josina Morita
Honorable Chakena D. Perry
Honorable Eira L. Corral Sepúlveda
Honorable Mariyana T. Spyropoulos

**Principal Officers:**
Brian Perkovich, Executive Director
Mary Ann Boyle, Treasurer
Allison Fore, Public and Intergovernmental Affairs Officer
Darlene A. LoCascio, Director of Procurement and Materials Management
Susan T. Morakalis, General Counsel
John P. Murray, Director of Maintenance and Operations
Catherine A. O'Connor, Director of Engineering
Edward W. Podczerwinski, Director of Monitoring and Research
Shellie Riedle, Administrative Services Officer
Beverly K. Sanders, Director of Human Resources
John H. Sudduth, Director of Information Technology
Jacqueline Torres, Clerk/Director of Finance

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

## Metropolitan Water Reclamation District of Greater Chicago

## Organization Chart




1,940 Budgeted
Positions in 2021

Metropolitan Water Reclamation District of Greater Chicago

# President's Annual Message
## **2021:** A Year in Review

As the Metropolitan Water Reclamation District of Greater Chicago (MWRD) looks to a brighter new year, we have continued to exceed expectations during the second year of the coronavirus (COVID-19) pandemic. Not only did we deliver essential services – transforming wastewater into clean water, managing stormwater, improving our waterways and drinking water source, and recovering resources – but during the pandemic, we played an integral role in studying the coronavirus.

For a second year, we sent samples from our treatment collection to four different studies to gain a better understanding of the virus detection in wastewater. These sewage surveillance studies measure traces or fragments of the RNA genetic material of the SARS-CoV-2 virus to track the spread of COVID-19. This information is used by public health departments to make decisions for controlling the spread of the virus instead of depending on information from clinical cases, which is only available after the fact. All seven MWRD water reclamation plants (WRPs) were selected to provide samples to local and national research institutions, universities and public health departments and the U.S. Department of Health and Human Services.

As always, our staff continued to work 24/7 to maintain reliable service levels and deliver peace of mind to the residents of Cook County. As another year concludes and we reflect on our achievements, I am grateful for everyone's service, health and clean water.

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

## Strategic Plan

A robust collaborative strategic planning process that occurred over nine months in 2021 culminated with the Board's approval of a landmark document to guide the MWRD's efforts to protect the region's water environment and enhance the quality of life for area residents. The MWRD's Strategic Plan 2021-2025 was approved on June 3, 2021, following a process that utilized public participation, a steering committee and engagement with local government agencies and consultants. The plan articulates the vision and strategic goals for the MWRD, identifies strategic initiatives to achieve those goals, and provides a framework for measuring progress. All aspects of the strategic planning process are informed by an equity lens. The MWRD Steering Committee remained cognizant that the planning has a deep impact on all residents no matter where they live or work in the MWRD's 882-square-mile service area. As a result, we focused on diversity, equity and inclusion to guide engagement with all communities across Cook County. It was an honor to work with our executive leadership, staff, commissioners, volunteers and the public to create a living, breathing document that is now helping to guide our work.

## Financial Health Buoys Success

Despite the uncertain times of a global pandemic, we continued our streak of delivering reliable, informative, responsible and transparent budgets and annual reports that mark a healthy financial state of affairs. The Government Finance Officers Association (GFOA) of the United States and Canada honored the MWRD in April with the Distinguished Budget Presentation Award for the 2020 Budget and Certificates of Achievement for Excellence in Financial Reporting to the MWRD, the MWRD Retirement Fund and the MWRD Retiree Health Care Trust for 2019 Annual Reports. The MWRD has received the Certificate of Achievement for Excellence in Financial Reporting for a remarkable 45 consecutive years, placing the MWRD in the top two percent of governments receiving a consecutive award. The MWRD Retirement Fund and the MWRD Retiree Health Care Trust have received the Certificate of Achievement for Excellence in Financial Reporting for 27 and 13 consecutive years, respectively. The certificates provide assurance to the MWRD Board of Commissioners, management, investors, regulators, rating agencies, citizens and others that the MWRD's financial condition and operations are fairly presented. Equally as impressive, the MWRD has received the Distinguished Budget Presentation Award for 36 consecutive years.

In September, Fitch Ratings Agency again affirmed the MWRD's AAA credit rating for its stability. Fitch Ratings credited the MWRD for its reliable revenue streams, low operating costs, and an improving debt leverage ratio. Fitch Ratings further noted that the MWRD has managed to stay afloat during turbulent and unpredictable economic times. We are grateful for this AAA credit affirmation that gives our taxpayers the confidence that we remain strong financial stewards of their tax dollars, carrying forth low risks and strong reserves to give our water environment the frontline protection it deserves. In addition, we are working toward stabilizing our pension system by reserving and budgeting $30 million of the Corporate Fund Balance as an excess contribution to the Pension Fund in the proposed 2022 budget.

## Protecting Our Water Environment

Without that financial backbone, we could not fulfill our daily tasks of transforming more than a billion gallons of wastewater into clean water each day. A testament to our steady, reliable and essential services, our hardworking staff again earned national recognition from the National Association of Clean Water Agencies. We received Platinum Peak Performance Awards for at least five consecutive years of meeting 100 percent compliance of National Pollutant Discharge Elimination System permits at six MWRD water reclamation plants (WRPs), including the Calumet WRP, which earned platinum honors for meeting full compliance for 29 consecutive years. Despite the pandemic, our team continues to meet the challenge of protecting the water environment.

## Persevering in a Time of National Crisis

My fellow commissioners and I passed a resolution saluting Dr. Ngozi O. Ezike, MD, director of the Illinois Department of Public Health, in celebration of the contributions of African Americans during Black History Month. Spearheaded by Vice President Barbara McGowan, it was one of many highlights of a month-long celebration. The MWRD held a flag raising ceremony and created daily videos from commissioners and staff highlighting African Americans, in support of this year's theme titled: "Persevering in a Time of National Crisis." This theme was selected to acknowledge the resiliency of African American people and their ability to achieve greatness.

## Women's History Event

We also celebrated the contributions of women in our workplace this year through a virtual Women's History Month forum in March. U.S. Rep. Robin Kelly (IL-02) served as our guest speaker, and six honorees representing an array of professions at the MWRD shared their personal pathways to success: Principal Civil Engineer Junli Bai, Laborer Foreman Lucy Wilson Cunningham, Managing Engineer Kathy Lai, Senior Civil Engineer Lolita Thompson, Diversity Officer Malisa Torres, and Assistant Director of Monitoring and Research Jennifer Wasik.

## Juneteenth

In recognition of the importance of Juneteenth, a holiday commemorating the emancipation of African American slaves in the United States, District staff were given the option to use June 19 as a holiday selection for the first time. The day symbolizes freedom, achievement, and racial equality.

## Latinx Heritage Month

The MWRD celebrated Latinx Heritage Month in October with a Virtual Business Roundtable and a Stewardship event at Possum Hollow Woods coordinated by Chairman of Finance Marcelino Garcia and Commissioner Eira Corral Sepúlveda in coordination with the Office of Public Affairs. The roundtable welcomed 80 participants to learn how to do business with the MWRD. Panelists included representatives from the Illinois Hispanic Chamber of Commerce; INDEP Chicago Consulting; and the Hispanic American Construction Industry Association. Coordinated in partnership with the Forest Preserve District of Cook County and volunteers from Trinity Christian College, the stewardship event involved controlled burns to help clean up the area from invasive vegetation.

## Remembering Terry O'Brien

Former MWRD President Terrence J. O'Brien left a lasting imprint throughout many chapters of a life dedicated to his family, community, public service and improving the region's water environment. After a lengthy illness, President O'Brien died on Feb. 28. He was 64. His father and grandfather worked at the North Side WRP in Skokie, and by the time Terry left after 24 years of service as an MWRD commissioner and President of the Board, the facility bore his name. President O'Brien was elected to his first of three six-year terms as a commissioner in 1988. He was elected by his fellow commissioners as president in 1997 and re-elected president eight times.

## Commissioner Debra Shore joins U.S. EPA

President Joe Biden appointed Commissioner Debra Shore to serve as Regional Administrator of the U.S. Environmental Protection Agency Region 5. Besides Illinois, other states in this region include Indiana, Michigan, Minnesota, Ohio, and Wisconsin, 35 tribal nations and the Great Lakes. In honor of Debra's nearly 15 years on the MWRD Board, we presented her with a resolution honoring her steadfast service to protecting the water environment and strengthening the quality of life for 5.25 million residents in the MWRD service area.

## "Where Does IT Go?"

We answered the question of where everything that is flushed or poured down the sink goes in our children's storybook "Where Does IT Go?" and its accompanying animation. The book is available in four languages and the animation is available in three languages. The book explores how the MWRD protects the water environment and discusses the many career opportunities in the water sector.

## Restore the Canopy

After a year off due to the pandemic, we relaunched our Restore the Canopy program this spring to revitalize the area oak tree population and help absorb stormwater. Since 2016, the MWRD has distributed more than 97,000 free saplings. Not only do trees provide a beautiful green canopy for our communities, they also serve as a powerful and effective form of green infrastructure to help absorb stormwater. A video created by the MWRD featuring Commissioner Cam Davis highlights the value of trees.

## EQ Compost

In our quest to recover and reuse resources, we discovered new partners in sustainability. We distributed our Class A exceptional quality biosolids product for new applications, spreading on farms, golf courses, parks while studying how biosolids and EQ Compost can transform brownfields into lush, fertile green space throughout our region. We also continued the bring your own bucket program at our WRPs and used our compost to restore soil and promote urban farming. A new partnership with Southside Blooms initiated by Commissioner Kim Du Buclet demonstrated that EQ Compost can increase flower production, improve the regional ecosystem, promote changes in our economy and land use, and improve Cook County by revitalizing communities with jobs and beautiful sunflowers.

## Seeds of Solidarity

To celebrate Asian and Pacific Islander American Heritage Month this year, MWRD Commissioners Josina Morita and Mariyana Spyropoulos distributed specially designed seeded bookmarks to schools in Chicago's Asian American community. Once planted and blooming, the flowers will serve as a reminder that there is no room for hate and that we must all stand together to support our diverse community. The MWRD also honored elected Asian American women.

## Pride Flag Raising

We raised the Pride flag at all seven of our WRPs this year in addition to the main office building complex. The rainbow striped flag is associated with the movement for lesbian, gay, bisexual, and transgender (LGBT) rights and is a widely recognized emblem of equality and inclusion. We have championed the LGBTQIA+ community by adopting fair treatment policies for employees and their domestic partners and their retirement benefits and enacted a policy to promote LGBT small business enterprises.

## Save the Monarchs

In partnership with the Illinois Monarch Project, more than 3,000 people took a pledge to save the monarch butterfly population and we distributed 9,800 packets of milkweed seeds. We also established monarch waystations at our water reclamation plants. The butterfly population has rapidly declined due to habitat loss and climate change resulting from development, poor land management practices, and heavy reliance on pesticides and herbicides. Milkweed, the sole source of food for monarch caterpillars, provides benefits to the monarchs and supports the MWRD's role in managing stormwater. The deep roots of these native plants can absorb more water while lessening the amount of pesticides and herbicides to improve area water quality.

## Odor Control Improvements

We are committed to being a responsive neighbor, so addressing odors continues to be a top priority. This year we made substantial investments toward reducing odors from the wastewater treatment process, including the completion of $17 million in upgrades at Stickney WRP where we are constructing new infrastructure and have replaced aging infrastructure with better air filtration systems, and neutralized odors with new misting systems and biofilters. We also speak with residents living near the Calumet WRP to address their concerns as well. When the Thornton Composite Reservoir went live in 2016, staff quickly implemented additional measures to reduce odors from the facility at a cost of approximately $6.1 million. The investments reduced the number of complaints from South Holland and Thornton from 172 from the first full year of operation, to 63 complaints in 2017, 48 complaints in 2018, 26 in 2019, and zero complaints in 2020. We have continued to meet with residents and business owners from the area to hear their concerns regarding odors emanating from the reservoir, and multiple activities are underway to reduce the odors, such as reinstituting manned odor patrols, increasing the number of hydrogen sulfide sensors and performing predictive modeling to determine what additional measures can be taken. It is a top priority for us to reduce odors wherever possible, however, we welcome your help. If you smell something, let us know by reporting it through our Citizens Incident Reporting (CIR) system at mwrd.org. You can also call our CIR hotline at (800) 332-3867 or download our free CIR app for iOS by searching for "MWRD CIR" on iTunes and submit the report via your mobile phone.

## Stormwater Management

In our battle with climate change and increased rainfall concerns, we had a major year of progress building resilient communities and regional protection for Cook County. We added four flood-prone property acquisition projects and completed the Midlothian Creek Streambank Stabilization Project in Tinley Park. We also completed green alley projects in Broadview, Cicero, Maywood, and River Grove and installed permeable pavement at schools in Thornton and Harwood Heights. The reservoir, along with channel improvements to Addison Creek, cover two associated flood control projects working in tandem to provide benefits to Addison Creek communities such as Bellwood, Northlake, Stone Park, Melrose Park, Westchester and Broadview. The 600-acre-foot Addison Creek Reservoir will hold close to 200 million gallons of storage capacity and connect with the Addison Creek Channel by late 2022.

## Tunnel and Reservoir Plan

Despite a relatively dry year in 2021, our Tunnel and Reservoir Plan continued to protect our waterways from pollution and our basements and communities from flooding. We rehabbed three pumps in our Mainstream Pumping Station to give us sufficient infrastructure to manage increasing rain fall. We also inched closer to completing the last live link of tunnel, connecting the Des Plaines Inflow Tunnel between the Des Plaines Tunnel System and the McCook Reservoir. With the gates installed, this inflow tunnel will go online in the coming months.

## Space to Grow

In partnership with Openlands, Healthy Schools Campaign, Chicago Public Schools and the Chicago Department of Water Management, we completed five more Space to Grow schoolyard transformations bringing the total to 30 schools since the program began in 2014. The program converts asphalt lots into vibrant and permeable places to play. Each schoolyard can retain 5.6 million gallons of water per rain event. The grand total of storage volume is 5.6 million gallons per rain event, equal to 8.4 Olympic-size pools or 111,108 bathtubs per rain event.

## Conclusion

The MWRD has faced its share of unique and not-so-unique challenges since the start of the pandemic. We worked through this difficult time to ensure our services continued thanks to our dedicated staff, commissioners and others who have worked together to help monitor and protect the waterways and manage stormwater for the millions of Cook County residents who rely on our services 24/7/365. We are grateful that you put your trust in the MWRD to live up to its mission and operate by its values.

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**Multi-Year Awards**

**1975-2020**
Government Finance Officers Association of the United States and Canada
*Certificate of Achievement for Excellence in Financial Reporting/Annual Comprehensive Financial Report*

**1993-2020**
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*

**1985-2021**
Government Finance Officers Association of the United States and Canada
*Award for Distinguished Budget Presentation*

**2007-2020**
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, formerly known as Association of Metropolitan Sewerage Agencies
*NACWA Award for Compliance with National Pollutant Discharge Elimination System*
*Platinum Award for 29 consecutive years of full compliance for Calumet Water Reclamation Plant*
*Platinum Award for 24 consecutive years of full compliance for Lemont Water Reclamation Plant*
*Platinum Award for 16 consecutive years of full compliance for James C. Kirie Water Reclamation Plant*
*Platinum Award for 15 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant*
*Platinum Award for 13 consecutive years of full compliance for Hanover Park Water Reclamation Plant.*

**2003-2021**
National Institute of Governmental Purchasing
*Outstanding Agency Accreditation Achievement Award*

**Individual Year Awards (partial listing)**

**2018**
American Council of Engineering Companies of Illinois
*Engineering Excellence Merit Award for the Mayfair Reservoir Expansion*

American Public Works Association
*Chicago Metro Chapter Suburban Branch:Public Works Project of the Year Award*
*for the Niles Flood Relief Project*

American Society of Civil Engineers
*Outstanding Civil Engineering Award, Over $100 Million Category, for the McCook Reservoir*

American Society of Landscape Architects - Illinois Chapter
*Merit Award for Planning and Analysis for the Robbins Park Project*

Friends of the Chicago River
*Chicago River Blue Awards Green Ribbon Award*
*for the Wescott Park Stormwater Storage Facility Project in the Village of Northbrook*

Illinois Association for Floodplain and Stormwater Management
*Flood Reduction Project Award for Floodway Buyouts in the Village of Glenview*

Illinois Department of Natural Resources
*Illinois Mined Land Reclamation Award in the non-coal category for the McCook Composite Reservoir*

**2018 (continued)**

Metropolitan Planning Council
*Burnham Award for Excellence in Planning for the Space to Grow Partnership*

National Biosolids Partnership
*Ten-year Platinum Award for the Dedication to Environmentally Sound Biosolids Management Practices*

National Institute of Governmental Purchasing 2018-2003
*Outstanding Agency Accreditation Achievement Award*

Water Environment Federation
*Project Excellence Award for the McCook Reservoir*

**2019**

Environmental Systems Research Institute
*Special Achievement in Geographic Information System (SAG) Award*

Illinois Water Environment Association
*Best Presentation Award: A Reduction in Pharmaceutical and Personal Care Products in Class A Biosolids by Open Composting*

Friends of the Chicago River
*Silver Ribbon Award with Army Corps of Engineers and Chicago Park District for North Branch Dam Removal Project*

United States Minority Contractor Association
*Legacy Award for Excellence in Diversity and Inclusion*

**2020**

Algae Biomass Organization
*Innovation Collaboration of the Year Award*

Funders Network
*Partners for Places Award for Space To Grow: Greening Chicago Schoolyards*

United States Patent and Trademark Office
*Patent for Production of Carbon-Based Compounds from Cellulosic Feedstock Fermentation Application Number 62/965,592*

Water Environment Federation
*Utility of the Future Today Recognition*
*Public Communication & Outreach Program Award*
*Ralph Fuhrman Medal for Outstanding Water Quality Academic-Practice Collaboration*

**2021**

Chicago Metropolitan Agency for Planning
*CMAP Regional Excellence Award in the category of Regional Resilience*

Illinois Employer Support of the Guard and Reserve
*Nomination for the Secretary of Defense Freedom Award*

Lesbian, Gay, Bisexual, and/or Transgender Chamber of Commerce
*Supplier Diversity Advocate of the Year*

Water Environment Federation
*Public Official Award to Mariyana Spyropoulos*

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, 2020

Christopher P. Morrill

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



**Jacqueline Torres**
Clerk/Director of Finance

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May 17, 2022

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, 2021. 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, 2021, have been subject to an audit by independent accountants. The unmodified opinion of Baker Tilly US, 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 auditor's 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 Board of Commissioners, President Kari K. Steele, Vice President Barbara J. McGowan, Chairman of Finance Marcelino Garcia, Commissioner Cameron Davis, Commissioner Kimberly Neely Du Buclet, Commissioner Josina Morita, Commissioner Chakena D. Perry, Commissioner Eira L. Corral Sepúlveda, Commissioner Mariyana T. Spyropoulos*

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 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 76.1 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.

***Improve Water Quality***
In 2021, the District cost-effectively collected and treated approximately 411.8 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 200 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 16,000 homes, businesses and critical infrastructure. Below are several examples of projects under construction or completed in 2021.

- Addison Creek Reservoir Project
- Addison Creek Demolition Project
- Streambank Stabilization Project on Calumet Union Drainage Ditch

Construction of the Addison Creek Reservoir Project in Bellwood will be completed in the fall of 2022. The project will create a 196-million-gallon reservoir which includes a control structure, inlet structure, spillway and pumping station. Following completion of the reservoir, the Addison Creek Channel Improvements Project will be constructed through Northlake, Stone Park, Melrose Park, Bellwood, Westchester and Broadview. The channel improvement project is being constructed in two phases under two separate contracts. The first phase includes demolishing 16 residential structures and 13 mobile home trailers to prepare for channel improvement work. The first phase is to be completed early 2022. The second phase is the construction of the channel improvements which will include a mix of natural design, gabion baskets, soldier pile walls, concrete, riprap, articulated concrete blocks, vegetation clearing and removal of three bridges. The second phase of channel improvement project is scheduled to start construction in 2022. When completed, the Addison Creek Reservoir and Channel Improvement projects will reduce flooding to approximately 2,200 structures along Addison Creek.

The Streambank Stabilization Project on Calumet Union Drainage Ditch (CUDD) in Markham, Illinois is currently ongoing. The project will stabilize approximately 3,560 linear feet of CUDD between Sunset and Central Park Avenues in the city of Markham. Bioengineering techniques such as geolifts, live stake vegetation, and native seeding is being utilized on both banks. Undersized and deteriorated road culverts are also being replaced at Springfield, Hamlin, and Lawndale Avenues to improve hydraulic conveyance. Additionally, a sanitary sewer that was located directly under the stream, from Hamlin Avenue to Central Park Avenue, will be replaced with new sanitary sewers located on each side of the stream. The entire project reach runs primarily between residential homes and this work will help protect 42 residential structures and infrastructure from active erosion and flooding.

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 drainage and detention, volume control, floodplain management, isolated wetland protection, riparian environment protection, 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 2,100 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 109.4 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.

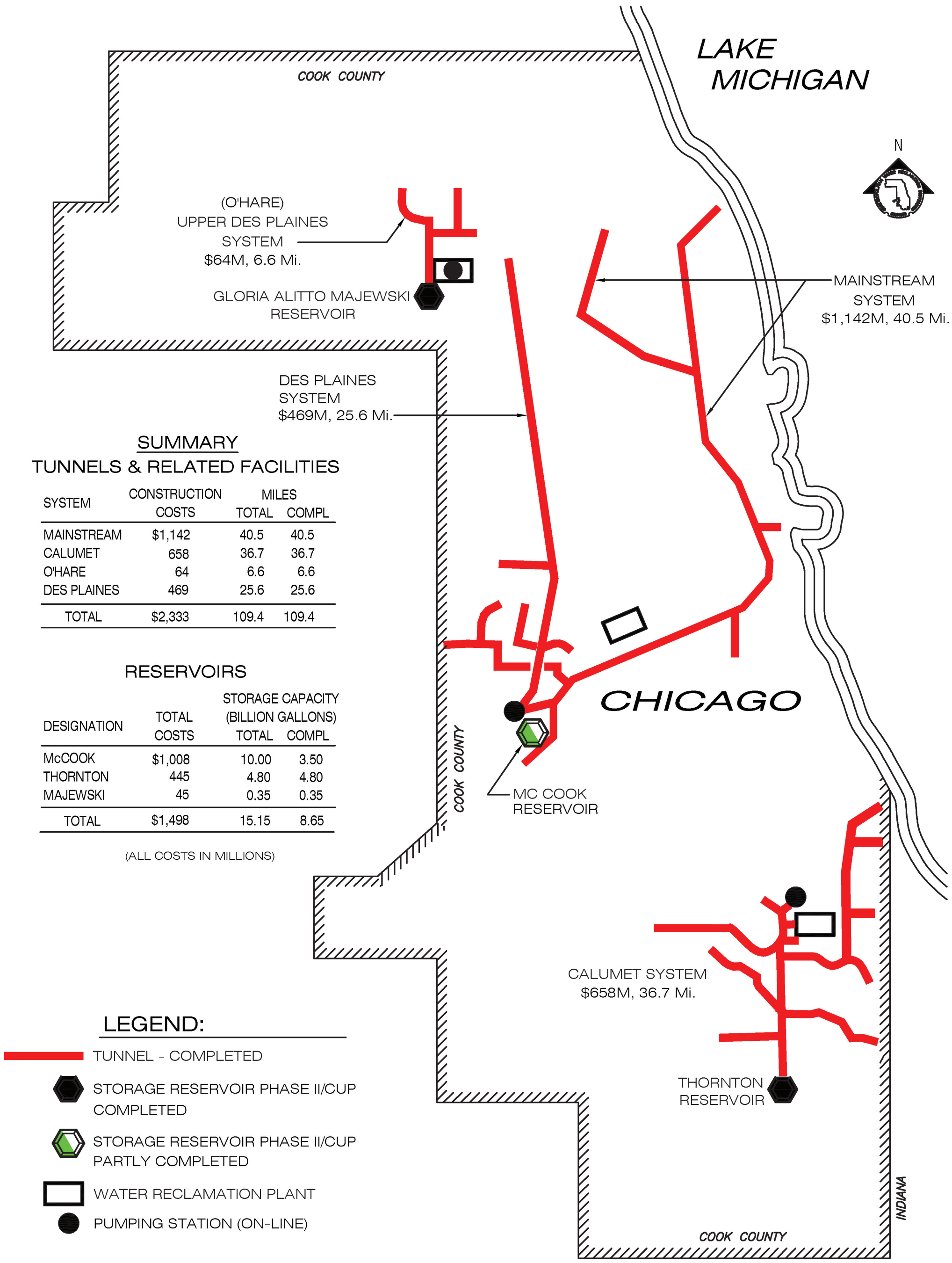
The flood control segment of TARP, Phase 2, consists of three storage reservoirs to serve as outlets for the Phase 1 tunnels and contain the CSOs until they can be cleaned at the water reclamation plants. The three reservoirs - Gloria Alitto Majewski, Thornton, and McCook - will provide 15.2 billion 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 7.7 billion gallons of CSO from entering the waterways and mitigated over $630 million in flood damages, through the end of 2021. The Thornton Composite Reservoir became operational in 2015 and, through the end of 2021, more than 47.7 billion gallons have been captured during 108 fill events. The first stage of the McCook Reservoir was completed in 2017 and the second stage will be completed in 2029. Through the end of 2021, more than 83 billion gallons have been captured by the first stage reservoir during 161 fill events. The McCook Reservoir is projected to bring $143 million per year in flood reduction benefits to its residents when fully completed. The combined engineering, construction and land rights cost for all three reservoirs is estimated at $1.5 billion, with the 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 2022. Since 2015, 26 CPS school playgrounds have been completed, and design is underway for the remaining four schools which will be completed in 2022.

In 2015, the District completed construction of a green infrastructure project in the City of Blue Island, where permeable pavement and rain gardens were installed to combat local flooding. The District also partnered with the City of Evanston to install permeable pavement, swales, and rain gardens at the City's Civic Center, and partnered with the Village of Wilmette to install four green alleys. The following year, the District partnered with the Village of Northbrook in its installation of a green stormwater detention system at Wescott Park, and also partnered with the Village of Kenilworth on rain garden installations. In 2017, the District completed the construction of a permeable parking lot at its John E. Egan Water Reclamation Plant and partnered with the City of Berwyn on a green alley project; and with the Village of Niles on a bioswale and permeable parking lot.

From 2017 to 2021, the District solicited information from Cook County communities and other governmental organizations for additional green infrastructure partnership opportunities. Based on the project submittals received, the District has agreed to partner on an additional 82 green infrastructure projects to be constructed within its service area so far. Several of these projects have already been completed. Projects in the Village of Arlington Heights, the City of Des Plaines and the Wheeling Park District were completed in 2018. Projects in the Villages of Forest Park, Harwood Heights, La Grange, Maywood, Riverside and Tinley Park were completed in 2019. Green infrastructure projects completed in 2020 include those in Broadview, Northlake, Summit, the Chicago Park District, Cicero (2), School District 154, Maywood, River Grove, School District 86, and at the campus of the University of Illinois at Chicago. Projects completed in 2021 include those located in Chicago's 10th Ward, Oak Park, Bartlett, Harwood Heights, and Lyons.


*MWRD President Kari K. Steele helped to celebrate the opening of another Space to Grow schoolyard at Whistler Elementary in Chicago in September with Whistler students and faculty as well as officials from Chicago Public Schools, Healthy Schools Campaign, Openlands and the City of Chicago Department of Water Management. The new schoolyard provides storage for more than 145,000 gallons of rain water as well as new and improved playground equipment, an outdoor classroom space and a track and field.*




## SUMMARY
### TUNNELS & RELATED FACILITIES

| SYSTEM | CONSTRUCTION COSTS | MILES TOTAL | MILES COMPL |
|---|---|---|---|
| MAINSTREAM | $1,142 | 40.5 | 40.5 |
| CALUMET | 658 | 36.7 | 36.7 |
| O'HARE | 64 | 6.6 | 6.6 |
| DES PLAINES | 469 | 25.6 | 25.6 |
| TOTAL | $2,333 | 109.4 | 109.4 |

### RESERVOIRS

| DESIGNATION | TOTAL COSTS | STORAGE CAPACITY (BILLION GALLONS) TOTAL | COMPL |
|---|---|---|---|
| McCOOK | $1,008 | 10.00 | 3.50 |
| THORNTON | 445 | 4.80 | 4.80 |
| MAJEWSKI | 45 | 0.35 | 0.35 |
| TOTAL | $1,498 | 15.15 | 8.65 |

(ALL COSTS IN MILLIONS)

### LEGEND:

- TUNNEL - COMPLETED
- STORAGE RESERVOIR PHASE II/CUP COMPLETED
- STORAGE RESERVOIR PHASE II/CUP PARTLY COMPLETED
- WATER RECLAMATION PLANT
- PUMPING STATION (ON-LINE)

***Maintenance of Facilities and Infrastructure***
The District owns and operates 7 water reclamation plants, 560 miles of intercepting sewers and force mains, 109.4 miles of TARP tunnels, 23 pumping stations, 35 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.

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 for the past few years by investing in research and development of resource recovery programs. The current sustainability effort is focused on recovering phosphorous, 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 to the Chicago Area Waterway System and downstream through the Mississippi to the Gulf of Mexico. 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. Results from these pilot studies will be used to inform the projected performance, life-cycle costs, and design criteria for what a full-scale installation at OWRP would entail.


*Get Growing Foundation President and Founder Tony Abruscato met with MWRD President Kari K. Steele for the delivery of 10 cubic yards of MWRD's EQ Compost, which were used to fill planter beds for display throughout the Chicago area the Get Growing! Expo. The MWRD is collaborating with the Get Growing Foundation to supply compost to be used during the Get Growing! Expo to take place at three locations throughout the Chicago area. The MWRD's EQ Compost is a sustainable and environmentally beneficial product derived from the water reclamation process that blends biosolids with woodchips to create a product rich in organic matter to improve the structure and porosity of soils.*

***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.

***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 request for proposal for a combined heat and power system that operates using biogas at the Egan WRP will readvertise in early 2022 and is anticipated to be installed by 2024. A new boiler system designed to optimize the use of biogas at the Hanover Park WRP has been awarded in late 2021 and is anticipated to be installed by 2024. Energy efficient turbo blowers to reduce energy consumption have been installed at the Hanover Park and Lemont WRP. 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.

## ECONOMIC BASE OUTLOOK

The District's 2021 economic base is influenced by the global pandemic and resultant economic volatility. A strong fund balance, along with an emphasis on controlling expenditures, will aid in overcoming the period of economic uncertainty and will allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. 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 4.2 percent from 2019 to 2020, showing sustained growth for the fifth straight year. The District operates a fiscally sound organization, maintaining a AAA bond rating with Fitch Ratings and AA with Standard and Poor's. 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 best use of current funding, project base budget targets 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 December 17, 2015.

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.

*Guests, staff and the MWRD Board of Commissioners kicked off African American History Month by raising the Pan-African Flag outside the MWRD's Main Office Building on February 1, 2021. Pictured from left to right are Commissioner Eira L. Corral Sepúlveda, Commissioner Kimberly Du Buclet, Executive Director Brian Perkovich, Vice President Barbara J. McGowan, President Kari K. Steele, Commissioner Cameron Davis and Commissioner Mariyana T. Spyropoulos.*

***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 EAV, whenever economically feasible. This will be financed through tax levies at the maximum 0.5 cents per $100 of Equalized Assessed Valuation 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 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 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 American 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, 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.

***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 90% 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, 2020. The Metropolitan Water Reclamation District has achieved this prestigious award for 46 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, 2021. 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 37 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 unswerving focus on excellence are gratefully acknowledged. The general citizenry, in our opinion, may fully rely on the 2021 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

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec

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



May 17, 2022

## 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, 2021, 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

Brian Perkovich
Executive Director

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

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# II. FINANCIAL SECTION


***A view of one of the rain gardens in the Arthington Mall Plaza on the University of Illinois Chicago (UIC) campus. The MWRD provided funding for the project through its Green Infrastructure Partnership Opportunity Program, and the new plaza offers UIC health sciences students a vibrant and attractive outdoor meeting place which also provides stormwater benefits via 37,000 square feet of rain absorbing permeable pavement and rain gardens that will provide a total design retention capacity of 228,311 gallons per rain event. The green infrastructure amenities run for nearly two entire city blocks with a permeable parking lot, new LED lighting, seating areas and rain gardens packed with native plants and monarchs and other pollinators thriving under 24 mature, healthy honey-locust trees.***

## Independent Auditors' Report

To the Honorable President and Members of the Board of Commissioners of
Metropolitan Water Reclamation District of Greater Chicago

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago (the District), as of and for the year ended December 31, 2021, 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, based on our audit and the report of other auditors, the 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, 2021 and the respective changes in financial position thereof and the respective budgetary comparisons 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 represents 79 percent, 81 percent and 75 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 (GAS). 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. The financial statements of the Metropolitan Water Reclamation District Retirement Fund and Retiree Health Care Trust Fund were not audited in accordance with *Government Auditing Standards.*

***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 rise 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 GAS 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 GAS, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information for the year ended December 31, 2021 as listed in the table of contents is presented for purposes of additional analysis and is 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, 2021, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated May 7, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The Other Supplementary Information for the year ended December 31, 2020 is presented for purposes of additional analysis and is 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 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical and Demographics 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**

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information in our report dated May 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 17, 2022 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 the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
May 17, 2022

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.

## 2021 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is $5,039,586,000. This is attributed to the District's positive balance of $5,155,815,000 in net investment in capital assets.
- The District's government-wide net position increased by $214,234,000. This is mainly attributable to the $120 million increase in net investment in capital assets from 2021 bond sale proceeds, and decreases in both the OPEB and Pension costs of approximately $74 million.
- The District's combined fund balances for its governmental funds at December 31, 2021 totaled $952,929,000, an increase of $242,615,000 from the prior year. The increase is primarily attributable to other financing sources for the issuance of general obligation debt of $144 million, a $49 million increase in property tax revenue, a $38 million increase in PPRT revenue, and a net $11 million reduction in construction and maintenance costs.
- The District's government-wide liabilities increased by $7,668,000 in 2021. The increase in bonds and notes payable is due to the restructuring of debt during 2021. The overall increase in liabilities is modest compared to the debt issued because there were also reductions in other liabilities from the prior year including OPEB and Pension liabilities, which decreased due to favorable investment returns.

## 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, and expenses incurred for the current year that will be paid in future years (e.g. revenue for uncollected taxes and 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, 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.** Because the short-term focus of governmental fund financial statements is narrower than the long-term government-wide financial statement focus, reconciliations are required to explain the differences between the fund and government-wide financial statements. 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).

**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. In 2021, total tax revenues increased by $54,215,000 in the District's Statement of Activities, as shown on page 41. The property tax levies for the Corporate Fund, Debt Service Fund, and Stormwater Management fund increased in total $16 million from the prior year. Personal Property Replacement Tax (PPRT) provides income tax revenue from corporations, partnerships, and invested capital of public utilities. PPRT is an economically sensitive revenue that began to recover from pandemic related disruptions in 2021 resulting in an increase of $38 million from the prior year. This PPRT trend is expected to continue into 2022.

**Program revenue.** User Charge revenues decreased $8,027,000 as shown on page 43. User charge revenue is another economically sensitive revenue that decreased approximately $1.7 million from the lagging effects of the pandemic on user activity. Decreases of approximately $3.3 million and $3 million are attributable to rate decreases and the timing nature of revenue collections respectively. Land rental revenues increased $1,716,000 due to new agreements at higher rental rates and higher Consumer Price Index.

**Interest on Investments**. The decrease in interest income of $7,197,000, as shown on page 41, was a direct result of the COVID-19 pandemic. The drop in rates started in late 2019 and worsened in early 2020, bringing interest rates close to zero. As higher-yielding assets matured in early 2020, they were reinvested in the lower-interest environment, resulting in lowered interest income.

**Construction costs.** The decrease in construction costs of $12,574,000, as shown on page 41, is mainly attributable to a few large construction projects reaching substantial completion. These projects include 17-842-3H Modifications to TARP Station Control Structures, 17-276-3D Roofing Replacement at the 95th Street Pumping Station, and 19-901-21 Energy Efficiency Improvements.

**Pension costs.** The 2021 pension cost decreased $67,386,000 from 2020, as seen on page 41. A portion of the annual pension expense is the contributions to the Pension Trust Fund based on the property tax levied. The remainder of the pension expense includes employee service cost, interest, differences between expected and actual investments, and administrative expenses. The current year decrease is attributed to significantly higher investment returns than the estimated rate. A detailed table of these additional items can be found in Note 7, Pension Plan.

**Claims and judgments.** The $4,090,000 decrease in claims and judgments expense, on page 41, is due to a decrease in environmental remediation costs. Remediation costs that were estimated in the prior year for the Addison Creek reservoir have since been resolved and paid by the District as a project cost.

**Employee costs.** The District's employee-related expenditures, on page 43 consist of employee base salaries and overtime pay, employee benefits, including social security, Medicare, health, dental and life insurance, as well as tuition, training, mileage, and other travel expenses. The District's employee-related expenditures are the largest single cost of the General Corporate Fund, comprising 64.4% of the total outlays for 2021. The 0.5% decrease in employee costs of $1,240,000, is the net result of a decrease of $4.5 million in salaries due to vacant positions throughout 2021 and an increase in of $2.4 million in healthcare costs. As the District dealt with COVID-19 social distancing mandates, the exam and hiring process halted in 2020 leaving a number of vacant positions. Exams and hiring slowly returned to pre-COVID-19 schedules during 2021, but the backlog of positions to fill was sizable. An increase in healthcare costs was also COVID-19 related, as employees returned to scheduling routine, non-emergency services and elective surgeries.

**Energy costs.** Energy costs in the General Corporate Fund showed a decrease of $1,704,000 or 4.5%, as seen on page 43. Energy costs are made up of electricity and natural gas. Changes in operational factors at the water reclamation plants cause variations in these accounts. The weather plays an especially large role in determining operational requirements and conditions. Overall favorable weather in 2021 contributed to a savings in energy costs. Additionally, the District participates in a reverse electricity auction to ensure the best available market price and manage electricity costs.

**Chemical costs and Materials, parts, and supplies costs**. Chemical costs in the General Corporate Fund increased $2,303,000 and materials, parts, and supplies costs increased $2,185,000, as shown on page 43. Both increases were due largely to inflation and supply chain disruptions. The Bureau of Labor Statistics released Consumer Price Index inflation data for December 2021 of 6.7%. This was the highest inflationary percentage increase in decades, and is evident in the rising costs of a number of supplies and commodities. Chemical costs will continue to increase as the District adheres to regulatory requirements for phosphorous and nitrogen. The new regulatory limits at Stickney were effective in August 2021, and the deadline for Calumet will be in the first quarter of 2022.

**Repairs to structures.** Costs for repairs to structures increased $7,410,000 in the General Corporate Fund, as shown on page 43, due to an increase of specific contracts, most notably, manhours. In 2020, this contract decreased over $3 million from the prior year while the District provided essential service only and reduced skilled trades to a minimum. As District employees returned to work, and some of the prior restrictions relaxed during the COVID-19 pandemic, skilled trades staffing hours increased in 2021. Almost all repair work increased from 2020 as the District caught up with work delayed by the COVID-19 pandemic. There was also a $1.8 million increase in repairs to process facilities for the upgrade of distributed control systems for multiple plants. Two other contracts contributed an additional $1 million dollars in repairs to railroads at Stickney and asphalt paving at all District facilities.

## ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2021 and 2020, is presented in the following schedule (in thousands of dollars):

| | 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Assets: | | | | |
| Current and other assets | $ 1,619,597 | $ 1,391,381 | $ 228,216 | 16.4 % |
| Capital assets | 7,794,086 | 7,751,438 | 42,648 | 0.6 |
| Total assets | 9,413,683 | 9,142,819 | 270,864 | 3.0 |
| Deferred Outflows of Resources: | | | | |
| Loss on prior debt refunding | 3 | 3,318 | (3,315) | (99.9) |
| Deferred amounts related to pension | 150,133 | 326,512 | (176,379) | (54.0) |
| Total deferred outflows of resources | 150,136 | 329,830 | (179,694) | (54.5) |
| Liabilities: | | | | |
| Current liabilities | 210,186 | 229,106 | (18,920) | (8.3) |
| Long-term liabilities: | | | | |
| Due within one year | 224,640 | 76,891 | 147,749 | 192.2 |
| Due in more than one year | 4,014,100 | 4,135,261 | (121,161) | (2.9) |
| Total Long-term liabilities | 4,238,740 | 4,212,152 | 26,588 | (2.9) |
| Total liabilities | 4,448,926 | 4,441,258 | 7,668 | 0.2 |
| Deferred Inflows of Resources: | | | | |
| Deferred inflows for other pension and OPEB amounts | 75,307 | 206,039 | (130,732) | (63.5) |
| Total deferred inflows of resources | 75,307 | 206,039 | (130,732) | |
| Net Position: | | | | |
| Net investment in capital assets | 5,155,815 | 5,035,623 | 120,192 | 2.4 |
| Restricted | 733,843 | 726,058 | 7,785 | 1.1 |
| Unrestricted (Deficit) | (850,072) | (936,329) | 86,257 | (9.2) |
| Total net position | $ 5,039,586 | $ 4,825,352 | $ 214,234 | 4.4 % |

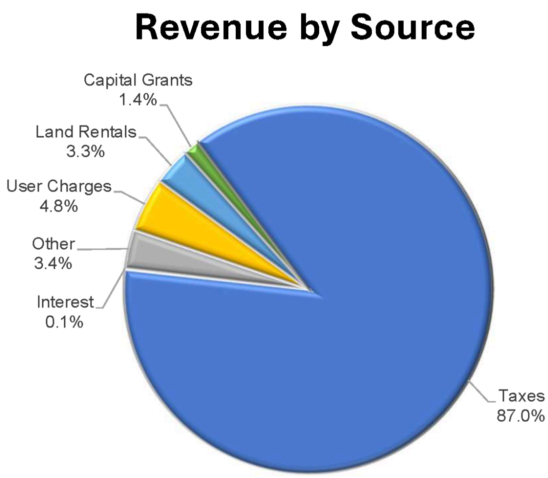
The above schedule reports that the District's net position totaled $5,039,586,000 at December 31, 2021, which represents the amount by which the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion of the net position, $5,155,815,000, represents 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 $733,843,000 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 $850,072,000.

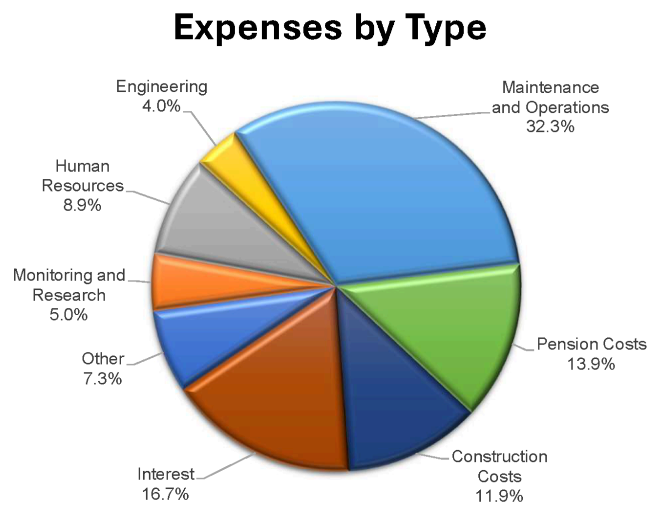
A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2021 and 2020 is presented in the following schedule (in thousands of dollars):

| | 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues: | | | | |
| Taxes | $ 713,475 | $ 659,260 | $ 54,215 | 8.2 % |
| Interest | 775 | 7,972 | (7,197) | (90.3) |
| Other | 23,872 | 25,659 | (1,787) | (7.0) |
| Program Revenues: | | | | |
| User charges | 39,189 | 47,216 | (8,027) | (17.0) |
| Land rentals | 26,760 | 25,044 | 1,716 | 6.9 |
| Fees, forfeits, and penalties | 4,207 | 3,499 | 708 | 20.2 |
| Capital grants | 11,808 | 13,623 | (1,815) | (13.3) |
| Total revenues | 820,086 | 782,273 | 37,813 | 4.8 |
| **Expenses** | | | | |
| Board of Commissioners | 4,044 | 4,591 | (547) | (11.9) |
| General Administration | 16,960 | 18,115 | (1,155) | (6.4) |
| Monitoring and Research | 30,026 | 30,705 | (679) | (2.2) |
| Procurement and Materials Management | 5,930 | 6,130 | (200) | (3.3) |
| Human Resources | 53,914 | 51,224 | 2,690 | 5.3 |
| Information Technology | 15,652 | 15,349 | 303 | 2.0 |
| Law | 6,453 | 6,186 | 267 | 4.3 |
| Finance | 3,260 | 3,539 | (279) | (7.9) |
| Engineering | 23,655 | 25,390 | (1,735) | (6.8) |
| Maintenance and Operations | 195,781 | 191,573 | 4,208 | 2.2 |
| Pension costs | 84,265 | 151,651 | (67,386) | (44.4) |
| OPEB Trust Fund costs | (16,452) | (9,874) | (6,578) | 66.6 |
| Claims and judgments | (2,595) | 1,495 | (4,090) | (273.6) |
| Construction costs | 72,068 | 84,642 | (12,574) | (14.9) |
| Loss on disposal of capital assets | — | 3 | (3) | (100.0) |
| Unallocated depreciation | 11,654 | 11,597 | 57 | 0.5 |
| Redemption of bonds | (3) | — | (3) | 100.0 |
| Interest | 101,240 | 101,165 | 75 | 0.1 |
| Total expenses | 605,852 | 693,481 | (87,629) | (12.6) |
| Increase in net position | 214,234 | 88,792 | 125,442 | 141.3 |
| Total net position, beginning of year | 4,825,352 | 4,736,560 | 88,792 | 1.9 |
| Total net position, end of year | $ 5,039,586 | $ 4,825,352 | $ 214,234 | 4.4 % |

Total revenues increased by $37,813,000 in 2021, or 4.8% from the prior year, and total expenses decreased by $87,629,000 in 2021, or 12.6%. The major reasons for the variances are detailed under Key Financial Comparisons on page 38.

The following charts show the major sources of revenue and expenses for the year ended December 31, 2021:




**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 2021, 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 $952,929,000, an increase of $242,615,000 or 34.2% from 2020. A total of $40,911,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $726,682,000, assigned fund balances totaled $182,460,000, and the remaining fund balance of $2,876,000 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 $362,055,000. The fund balance represented 100.1% of the General Corporate Fund expenditures, a positive indication of the fund's liquidity. The total fund balance for the General Corporate Fund had an increase of $63,562,000 from 2020. 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 66-72 .

The General Corporate Fund ended the year with an unassigned fund balance of $2,876,000 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, 2021 and 2020 is shown in the following schedule (in thousands of dollars):

**General Corporate Fund**
**Comparative Revenue Schedule**

| | 2021 | | 2020 | | | |
|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Increase (Decrease) | Percent Increase (Decrease) |
| Revenues: | | | | | | |
| Property taxes | $ 279,554 | 65.7 % | $ 251,808 | 67.2 % | $ 27,746 | 11.0 % |
| Personal property replacement tax | 53,173 | 12.5 | 22,528 | 6.0 | 30,645 | 136.0 |
| Total tax revenue | 332,727 | 78.2 | 274,336 | 73.2 | 58,391 | 21.3 |
| Interest on investments | 1,294 | 0.3 | 2,802 | 0.7 | (1,508) | (53.8) |
| Land sales | 4 | — | 52 | — | (48) | (92.3) |
| Tax increment financing distributions | 18,125 | 4.3 | 18,520 | 4.9 | (395) | (2.1) |
| Claims and damage settlements | 23 | — | 44 | — | (21) | (47.7) |
| User charges | 39,189 | 9.2 | 47,216 | 12.6 | (8,027) | (17.0) |
| Land rentals | 26,760 | 6.3 | 25,044 | 6.7 | 1,716 | 6.9 |
| Fees, forfeits, and penalties | 3,238 | 0.8 | 2,541 | 0.7 | 697 | 27.4 |
| Federal and state grants | 331 | 0.1 | 207 | 0.1 | 124 | 59.9 |
| Miscellaneous | 3,602 | 0.9 | 3,810 | 1.0 | (208) | (5.5) |
| Total revenues | $ 425,293 | 100.1 % | $ 374,572 | 100.0 % | $ 50,721 | 13.5 % |

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, rental income, and tax increment financing distributions. In 2021, General Corporate Fund revenues totaled $425,293,000, an increase of $50,721,000, or 13.5%, from 2020. The major variances in revenues are explained under Key Financial Comparisons on page 38.

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2021 and 2020, is shown in the following schedule (in thousands of dollars):

**General Corporate Fund**
**Comparative Expenditures Schedule**

| | 2021 | | 2020 | | | |
|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Increase (Decrease) | Percent Increase (Decrease) |
| Expenditures: | | | | | | |
| Employee Cost | $ 233,032 | 64.4 % | $ 234,272 | 67.3 % | $ (1,240) | (0.5)% |
| Energy Cost | 36,373 | 10.1 | 38,077 | 10.9 | (1,704) | (4.5) |
| Chemicals | 10,458 | 2.9 | 8,155 | 2.2 | 2,303 | 28.2 |
| Solids & waste disposal | 16,751 | 5.0 | 17,314 | 5.0 | (563) | (3.3) |
| Repairs to structures/equipment | 22,168 | 6.1 | 14,758 | 4.2 | 7,410 | 50.2 |
| Materials, parts, & supplies | 13,470 | 3.7 | 11,285 | 3.2 | 2,185 | 19.4 |
| Insurance | 3,583 | 1.0 | 3,571 | 1.0 | 12 | 0.3 |
| Professional services | 4,152 | 1.2 | 3,642 | 1.0 | 510 | 14.0 |
| Claims and judgments | 4,276 | 1.2 | 2,652 | 0.8 | 1,624 | 61.2 |
| Other | 17,468 | 4.9 | 14,212 | 4.1 | 3,256 | 22.9 |
| Total expenditures | $ 361,731 | 100.5 % | $ 347,938 | 99.7 % | $ 13,793 | 4.0 % |

In 2021, General Corporate Fund expenditures totaled $361,731,000, an increase of $13,793,000, or 4.0%, from 2020. Employee costs, energy costs, solids and waste disposal, and repairs to structural equipment were the four largest expenditure components of the General Corporate Fund in 2021. The major variances in expenses are explained under Key Financial Comparisons on page 38.

**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 $130,308,000. The fund balance represented 56.0% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund increased by $17,047,000 in the current year, due to both an increase in property tax revenue of $11,921,000 and the issuance of general obligation debt, including the refunding of prior debt at lower interest rates.

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, 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 $378,876,000. This amount will provide resources for the 2022 capital construction program. The fund balance represented 458.5% of the fund's expenditures. The fund balance increase of $157,870,000 in the current year was primarily due to the issuance of general obligation bonds of $143,935,000 in 2021.

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 2021 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 2021 budget and actual results at the appropriation line item level is presented in Combining and Individual Fund Statements and Schedules (Exhibit C-1).

A condensed summary of the 2021 General Corporate Fund budget and actual amounts is presented in the following schedule (in thousands of dollars):

| | Budget | | | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | |
| Revenues: | | | | |
| Property and personal property replacement taxes | $ 284,689 | $ 284,689 | $ 283,204 | $ (1,485) |
| Adjustment for working cash borrowing | (4,900) | (4,900) | (4,900) | — |
| Adjustment for estimated tax collections | — | — | 33,753 | 33,753 |
| Tax revenue available for current operations | 279,789 | 279,789 | 312,057 | 32,268 |
| User charges | 37,000 | 37,000 | 41,211 | 4,211 |
| Interest on investments | 1,047 | 1,047 | 950 | (97) |
| Tax increment financing distributions | 19,000 | 19,000 | 17,900 | (1,100) |
| Land rentals | 25,000 | 25,000 | 28,207 | 3,207 |
| Land sales | — | — | 4 | 4 |
| Claims and damage settlements | — | — | 44 | 44 |
| Other | 6,295 | 6,295 | 7,983 | 1,688 |
| Total revenues | 372,631 | 372,631 | 408,356 | 35,725 |
| Operating expenditures: | | | | |
| Board of Commissioners | 5,244 | 5,244 | 4,249 | 995 |
| General Administration | 20,426 | 20,426 | 17,072 | 3,354 |
| Monitoring and Research | 33,002 | 33,002 | 29,780 | 3,222 |
| Procurement and Materials Management | 10,595 | 10,595 | 8,684 | 1,911 |
| Human Resources | 61,210 | 61,210 | 54,116 | 7,094 |
| Information Technology | 19,698 | 19,698 | 15,855 | 3,843 |
| Law | 7,940 | 7,940 | 6,442 | 1,498 |
| Finance | 3,901 | 3,901 | 3,330 | 571 |
| Engineering | 26,254 | 26,254 | 22,672 | 3,582 |
| Maintenance and Operations | 211,057 | 211,057 | 193,906 | 17,151 |
| Claims and judgments | 39,625 | 39,625 | 4,659 | 34,966 |
| Total expenditures | 438,952 | 438,952 | 360,765 | 78,187 |
| Revenues over (under) expenditures | (66,321) | (66,321) | 47,591 | 113,912 |
| Fund balance at beginning of year | 163,522 | 163,522 | 179,238 | 15,716 |
| Fund balance available for future use | (97,201) | (97,201) | — | 97,201 |
| Fund balance at beginning of year | 66,321 | 66,321 | 179,238 | 112,917 |
| Fund balance at end of the year | $ — | $ — | $ 226,829 | $ 226,829 |

Actual revenues on a budgetary basis for 2021 in the General Corporate Fund totaled $408,356,000, or $35,725,000 more than budgeted revenues, a 9.6% variance. Property taxes and personal property replacement taxes (PPRT) were $32,268,000 more than the budget, due to collections of PPRT significantly higher than budgeted. PPRT is an economically sensitive revenue that overperformed in 2021. User charge receipts were $4,211,000 more than budgeted due to timing of collections and issuance of refunds. Interest on investments was $97,000 less than budget. The District anticipated the all-time lows in fixed income investment earnings and budgeted interest income accordingly. Land rentals were $3,207,000 more than the budget, due to a continued effort to maximize the District's real estate portfolio.

The 2021 General Corporate Fund final appropriation of $438,952,000 is the same as the original amount. Actual budgetary expenditures totaled $360,765,000, or 82.2%, of the total appropriation. The $78,187,000 excess of appropriations over actual expenditures was primarily due to claims and judgments costs being $34,966,000 less than appropriations, and positive variances in expenditures from all departments, most noticeably a $17,151,000 positive variance for Maintenance and Operations and a $7,094,000 positive variance for Human Resources. The District, as already noted in the decrease in employee costs, page 38, experienced an increase in vacant positions from delayed testing and exams due to the COVID-19 pandemic. These vacancies caused the most significant decrease in departmental expenditures for General Administration, Monitoring and Research, Human Resources, Engineering and Maintenance and Operations. General Administration encountered a decrease in vehicle purchases due to supply chain difficulties. The variance in Monitoring and Research is also due to the deferral of the LIMS project. Human Resource expenditures also decreased due to fewer retirements than expected in 2021, less tuition and training due to the COVID-19 pandemic, and fewer HMO and pharmacy claims for employees. Although year to year expenditures increased for repairs of process facilities, the repairs were less than budgeted due to the late award of several repair contracts.

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, 2021, amounted to $7,794,086,000. Reportable capital assets, net of accumulated depreciation, for 2021 as compared to 2020 are as follows (in thousands of dollars):

| | 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Land | $ 144,020 | $ 144,020 | $ — | — % |
| Permanent easements | 2,737 | 2,532 | 205 | 8.1 |
| Buildings | 6,244 | 6,429 | (185) | (2.9) |
| Machinery and equipment | 21,365 | 22,939 | (1,574) | (6.9) |
| Computer software | 161 | 396 | (235) | (59.3) |
| Depreciable infrastructure | 1,606,603 | 1,618,022 | (11,419) | (0.7) |
| Modified infrastructure | 5,496,552 | 5,473,203 | 23,349 | 0.4 |
| Construction in progress | 516,404 | 483,897 | 32,507 | 6.7 |
| Total | $ 7,794,086 | $ 7,751,438 | $ 42,648 | 0.6 % |

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

- Total capital asset additions exceeded retirements and depreciation by $42,648,000 in 2021. Decreases noted above are primarily due to current year depreciation plus the sale of heavy machinery including two drill rigs used in the construction of the McCook reservoir.
- Construction in progress increased by $32,507,000 in 2021. The increase was due to ongoing construction at various locations. Notable projects added to 2021 CIP include 17-134-3M, the odor control facilities at sludge concentration, southwest coarse screen, overhead weir, and post-centrifuge building at Stickney; 19-157-3P installation of mechanical mixers at Stickney; 73-161-EH McCook reservoir mining costs for stage 2 of the McCook reservoir; and 18-803-32 rehab of gravity concentration tanks at Calumet.

- The increase in the Modified Infrastructure is primarily due to the substantial completion of three large projects including stormwater flood control on Natalie Creek, conversion of two gravity concentration tanks to primary sludge fermenters, and modifications to TARP structures. The remainder of the increase is due to the residual costs of construction projects substantially completed in the prior year being added directly to infrastructure.

In addition to the above, commitments totaling $224,221,000 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 to insure 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 Egan and O'Brien networks each had its most recent condition assessment completed in 2019. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2020. Hanover, Calumet and Lemont each had its most recent condition assessment completed in 2021. (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 Notes 1.l. and Note 6 to the basic financial statements and in the Required Supplementary Information section.

## DEBT ACTIVITY

**Long-term Debt.** The District's long-term liabilities as of December 31, 2021, totaled $4,238,740,000. The breakdown of this debt and changes from 2020 to 2021 are as follows (in thousands of dollars):

| | 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Net bonds payable | $ 2,956,682 | $ 2,836,904 | $ 119,778 | 4.2 % |
| Bond anticipation notes | 47,964 | 76,035 | (28,071) | (36.9) |
| Claims payable | 19,027 | 25,898 | (6,871) | (26.5) |
| Compensated absences | 18,677 | 23,771 | (5,094) | (21.4) |
| Capital lease | 27,405 | 30,401 | (2,996) | (9.9) |
| Net pension liability | 1,121,072 | 1,146,935 | (25,863) | (2.3) |
| Net OPEB liability | 47,913 | 72,208 | (24,295) | (33.6) |
| Total | $ 4,238,740 | $ 4,212,152 | $ 26,588 | 0.6 % |

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

- Net bonds payable increased by $119,778,000 in 2021 as a result of the 2021 bond sale. The District issued new General Obligation Bonds as well as retiring some of the previously issued bonds to take advantage of the low interest rates.
- Bond anticipation notes decreased by $28,071,000 in 2021 due to the conversion of bond anticipation notes to bonds.
- Claims payable decreased by $6,871,000 primarily due to a decrease in environmental remediation claims. The District paid for environmental remediation issues associated with Addison Creek during 2021.
- Compensated absences decreased as the District ended the practice of allowing increased carryover vacation, which was initiated in the prior year during the COVID-19 pandemic.
- A number of items factor into the changes in the net pension liability. The $25,863,000 decrease in the liability is made up of several items, but most notable is positive market performance, which resulted in net investment income of approximately $124 million. As the District chose to use the prior year for the Measurement date, these earnings were from 2020. See Note 7 for additional details on the items that make up the total Net pension liability.

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 | Aa2 |

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 $170,892,723,611 for the 2020 property tax levy. At December 31, 2021, the District's statutory debt limit of $9,826,331,610 exceeded the applicable net debt amount of $2,754,503,000 by $7,071,828,610; 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. Starting in 2003, bonds may be issued during any budget year in an amount not to exceed $150 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, 2021.

Effective January 1, 2021, 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 2021 is $175,537,427 (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, 2021, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of $1,714,095,000 did not exceed the limitation of $5,724,906,241.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2021, are indicated in the following schedule (in millions of dollars):

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

| Year of Issue | Total | Capital Improvement | Refunding |
|---|---|---|---|
| 2007 | $ 218 | $ — | $ 218 |
| 2009 | 600 | 600 | — |
| 2014 | 66 | 50 | 16 |
| 2016 | 376 | 54 | 322 |
| 2021 | 454 | 144 | 310 |
| Total bonds outstanding at December 31, 2021 | 1,714 | $ 848 | $ 866 |
| Remaining bond authorization at December 31, 2021 | 4,011 | | |
| Total bond authorization at December 31, 2021 | $ 5,725 | | |

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.

## ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

The United States economy grew almost 6% during 2021; the fastest annual increase in almost 40 years, despite the ongoing pandemic. Businesses re-opened with the administration of vaccines and government spending fueled the economy. This increase was not without problems as inflation is also at an all time high and supply chain complications ensued as the demand for products resumed. The Federal reserve is expected to implement interest rate hikes to combat further inflation as the trend for increased GDP is predicted throughout 2022 as well.

The equalized assessed valuation of the District has experienced a 0.47% average growth rate over the last ten years although the 2020 equalized assessed valuation of $170,892,723,661 is 4% higher than the previous year and shows sustained growth for the fifth straight year. The growth in commercial, industrial, and especially residential sectors in both downtown Chicago and the suburbs during 2021 contributed to the strong base and the growth in the value of properties located within the District. 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 1/3 percent 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 the property tax 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 decreased to a seasonally adjusted rate of 7.9% for 2021, down from 9.3% from 2020. Employment was significantly impacted by the COVID-19 pandemic in 2020 but has substantially recovered in 2021.

**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 2022. The total appropriation for the Corporate Fund in 2022 is $438.5 million, an increase of $39.2 million, or 8.93% from the 2021 Adjusted Budget. The 2022 tax levy for the Corporate Fund is $284.5 million, an increase of $13.6 million, or 5.0% , compared to the 2021 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 2022 is 15.56 cents, a decrease of 0.3 cent from 2021 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 discharges.

**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 2022 totals $97.0 million, a decrease of $13.0 million or 11.8% from the 2021 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 5 cents per $100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2022 is 3.04 cents, which is a decrease of 0.06 cents from 2021 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 M&O 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 2022 project awards, land acquisition, support, future projects, and projects under construction, with a total cost of approximately $1.0 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.

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 long-term debt, Federal and State grants, and 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 Tunnel and Reservoir Plan (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 2021, the District received $65,108,800 in cash receipts for SRF projects and is expected to receive approximately $55,000,000 in 2022.

**Construction Fund.** The Construction Fund appropriation for 2022 totals $19,932,000, an increase of $4,460,800 or 28.8% from the 2021 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2022 tax levy planned for the Construction Fund is $7,000,000, representing no change from the 2021 Adjusted Levy.

**Capital Improvements Bond Fund.** The 2022 appropriation for the Capital Improvements Bond Fund is $293,943,500, a decrease of $16,439,100 or 5.3% from the 2021 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 $33,809,000 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 decrease in appropriation for the Capital Improvements Bond Fund of $16,439,100 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, and exhibits detailing our entire Capital program, are provided in the Capital Budget (Section V) of the 2022 budget document.

A listing and description of proposed projects, and projects under construction scheduled for 2022, can be found in the Capital Budget (Section V) of the 2022 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 $147,400,000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. The net OPEB liability was $47,913,000 million as of the measurement date December 31, 2020. The net OPEB liability was estimated at approximately $26,483,523 at December 31, 2021.

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 Labo**r. The District has seven collective bargaining agreements that cover sixteen unions and include approximately 785 of the District's employees for the purposes of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2021 and are set to expire in 2024.

**Retirement Fund.** On August 3, 2012, 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 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%.

## 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.

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# BASIC FINANCIAL STATEMENTS

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

*December 31, 2021*
*(with comparative amounts for prior year)*

| *(in thousands of dollars)* | General Corporate Fund 2021 | General Corporate Fund 2020 | Debt Service Fund 2021 | Debt Service Fund 2020 | Capital Improvement Bond Funds 2021 | Capital Improvement Bond Funds 2020 |
|---|---|---|---|---|---|---|
| **Assets and deferred outflows of resources** | | | | | | |
| Assets: | | | | | | |
| Cash | $ 147,976 | $ 28,707 | $ 1,337 | $ 1,636 | $ 57,880 | $ 42,472 |
| Certificates of deposit | 16,883 | 55,650 | 5,000 | — | 10,310 | 305 |
| Investments (note 4) | 159,460 | 178,467 | 89,856 | 89,659 | 325,587 | 181,430 |
| Prepaid expenses | 6,766 | 6,089 | — | — | — | — |
| Taxes receivable, net (note 5) | 268,638 | 264,366 | 231,933 | 230,821 | — | — |
| Other receivables, net (note 5) | 1,586 | 4,189 | 15 | — | 3,752 | 24,636 |
| Due from other funds (note 12) | 351 | 298 | — | — | — | — |
| Restricted deposits | 480 | 458 | — | — | 31,790 | 32,137 |
| Inventories | 34,141 | 36,143 | — | — | — | — |
| Capital assets not being depreciated/amortized (note 6) | — | — | — | — | — | — |
| Capital assets being depreciated/amortized, net (note 6) | — | — | — | — | — | — |
| Total assets | 636,281 | 574,367 | 328,141 | 322,116 | 429,319 | 280,980 |
| Deferred outflows of resources: | | | | | | |
| Loss on prior debt refunding | — | — | — | — | — | — |
| Deferred outflows for pension and OPEB related amounts | — | — | — | — | — | — |
| Total deferred outflows of resources | — | — | — | — | — | — |
| Total assets and deferred outflows of resources | $ 636,281 | $ 574,367 | $ 328,141 | $ 322,116 | $ 429,319 | $ 280,980 |
| **Liabilities, deferred inflows of resources, and fund balances/net position** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and other liabilities (note 5) | $ 34,781 | $ 27,826 | $ — | $ — | $ 17,700 | $ 26,884 |
| Due to Pension Trust Fund (note 12) | — | — | — | — | — | — |
| Due to other funds (note 12) | — | — | — | — | — | — |
| Accrued interest payable | — | — | — | — | — | — |
| Unearned Revenue (note 5) | 10,280 | 8,807 | — | — | 31,790 | 32,137 |
| Long-term liabilities: (note 11) | | | | | | |
| Due within one year | — | — | — | — | — | — |
| Due in more than one year | — | — | — | — | — | — |
| Total liabilities | 45,061 | 36,633 | — | — | 49,490 | 59,021 |
| Deferred inflows of resources: | | | | | | |
| Unavailable tax revenue (note 5) | 229,165 | 239,241 | 197,833 | 208,855 | — | — |
| Other unavailable revenue (note 5) | — | — | — | — | 953 | 953 |
| Deferred inflows for pension and OPEB related amounts | — | — | — | — | — | — |
| Total deferred inflows of resources | 229,165 | 239,241 | 197,833 | 208,855 | 953 | 953 |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid insurance | 6,766 | 6,089 | — | — | — | — |
| Inventories | 34,141 | 36,143 | — | — | — | — |
| Restricted for: | | | | | | |
| Deposits | 480 | 458 | — | — | — | — |
| Working cash | 279,816 | 279,364 | — | — | — | — |
| Reserve claims | 37,976 | 34,576 | — | — | — | — |
| Debt service | — | — | 130,308 | 113,261 | — | — |
| Capital projects | — | — | — | — | 196,416 | 61,924 |
| Assigned | — | — | — | — | 182,460 | 159,082 |
| Unassigned (Deficit) | 2,876 | (58,137) | — | — | — | — |
| Total fund balances | 362,055 | 298,493 | 130,308 | 113,261 | 378,876 | 221,006 |
| Total liabilities, deferred inflows, and fund balances | $ 636,281 | $ 574,367 | $ 328,141 | $ 322,116 | $ 429,319 | $ 280,980 |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | | |
| Restricted for corporate working cash | | | | | | |
| Restricted for reserve claim | | | | | | |
| Restricted for debt service | | | | | | |
| Restricted for capital projects | | | | | | |
| Restricted for construction working cash | | | | | | |
| Restricted for stormwater working cash | | | | | | |
| Unrestricted (Deficit) | | | | | | |
| Total net position | | | | | | |

See accompanying notes to the basic financial statements.

| | Retirement Fund | | Other Governmental / Nonmajor Funds | | Total Governmental Funds | | Adjustments (Note 2a) | | Statements of Net Position | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | $ — | $ — | $ 9,729 | $ 3,210 | $ 216,922 | $ 76,025 | $ — | $ — | $ 216,922 | $ 76,025 |
| | — | — | 10,310 | 11,026 | 42,503 | 66,981 | — | — | 42,503 | 66,981 |
| | — | — | 63,276 | 66,679 | 638,179 | 516,235 | — | — | 638,179 | 516,235 |
| | — | — | 4 | — | 6,770 | 6,089 | — | — | 6,770 | 6,089 |
| | 84,313 | 76,719 | 57,829 | 55,836 | 642,713 | 627,742 | — | — | 642,713 | 627,742 |
| | — | — | 746 | 746 | 6,099 | 29,571 | — | — | 6,099 | 29,571 |
| | — | — | — | — | 351 | 298 | (351) | (298) | — | — |
| | — | — | — | — | 32,270 | 32,595 | — | — | 32,270 | 32,595 |
| | — | — | — | — | 34,141 | 36,143 | — | — | 34,141 | 36,143 |
| | — | — | — | — | — | — | 6,159,713 | 6,103,652 | 6,159,713 | 6,103,652 |
| | — | — | — | — | — | — | 1,634,373 | 1,647,786 | 1,634,373 | 1,647,786 |
| | 84,313 | 76,719 | 141,894 | 137,497 | 1,619,948 | 1,391,679 | 7,793,735 | 7,751,140 | 9,413,683 | 9,142,819 |
| | — | — | — | — | — | — | 3 | 3,318 | 3 | 3,318 |
| | — | — | — | — | — | — | 150,133 | 326,512 | 150,133 | 326,512 |
| | — | — | — | — | — | — | 150,136 | 329,830 | 150,136 | 329,830 |
| | $ 84,313 | $ 76,719 | $ 141,894 | $ 137,497 | $ 1,619,948 | $ 1,391,679 | $ 7,943,871 | $ 8,080,970 | $ 9,563,819 | $ 9,472,649 |
| | $ — | $ — | $ 10,529 | $ 9,127 | $ 63,010 | $ 63,837 | $ — | $ — | $ 63,010 | $ 63,837 |
| | 24,436 | 13,648 | — | — | 24,436 | 13,648 | 64,368 | 94,204 | 88,804 | 107,852 |
| | — | — | 351 | 298 | 351 | 298 | (351) | (298) | — | — |
| | — | — | — | — | — | — | 16,302 | 16,473 | 16,302 | 16,473 |
| | — | — | — | — | 42,070 | 40,944 | — | — | 42,070 | 40,944 |
| | — | — | — | — | — | — | 224,640 | 76,891 | 224,640 | 76,891 |
| | — | — | — | — | — | — | 4,014,100 | 4,135,261 | 4,014,100 | 4,135,261 |
| | 24,436 | 13,648 | 10,880 | 9,425 | 129,867 | 118,727 | 4,319,059 | 4,322,531 | 4,448,926 | 4,441,258 |
| | 59,877 | 63,071 | 49,324 | 50,518 | 536,199 | 561,685 | (536,199) | (561,685) | — | — |
| | — | — | — | — | 953 | 953 | (953) | (953) | — | — |
| | — | — | — | — | — | — | 75,307 | 206,039 | 75,307 | 206,039 |
| | 59,877 | 63,071 | 49,324 | 50,518 | 537,152 | 562,638 | (461,845) | (356,599) | 75,307 | 206,039 |
| | — | — | 4 | — | 6,770 | 6,089 | (6,770) | (6,089) | | |
| | — | — | — | — | 34,141 | 36,143 | (34,141) | (36,143) | | |
| | — | — | — | — | 480 | 458 | (480) | (458) | | |
| | — | — | 59,090 | 59,096 | 338,906 | 338,460 | (338,906) | (338,460) | | |
| | — | — | — | — | 37,976 | 34,576 | (37,976) | (34,576) | | |
| | — | — | — | — | 130,308 | 113,261 | (130,308) | (113,261) | | |
| | — | — | 22,596 | 18,458 | 219,012 | 80,382 | (219,012) | (80,382) | | |
| | — | — | — | — | 182,460 | 159,082 | (182,460) | (159,082) | | |
| | — | — | — | — | 2,876 | (58,137) | (2,876) | 58,137 | | |
| | — | — | 81,690 | 77,554 | 952,929 | 710,314 | (952,929) | (710,314) | | |
| | $ 84,313 | $ 76,719 | $ 141,894 | $ 137,497 | $ 1,619,948 | $ 1,391,679 | | | | |
| Net position: | | | | | | | | | | |
| Net investment in capital assets | | | | | | | 5,155,815 | 5,035,623 | 5,155,815 | 5,035,623 |
| Restricted for corporate working cash | | | | | | | 279,816 | 279,364 | 279,816 | 279,364 |
| Restricted for reserve claim | | | | | | | 25,122 | 15,227 | 25,122 | 15,227 |
| Restricted for debt service | | | | | | | 311,839 | 305,643 | 311,839 | 305,643 |
| Restricted for capital projects | | | | | | | 57,976 | 66,728 | 57,976 | 66,728 |
| Restricted for construction working cash | | | | | | | 21,943 | 21,960 | 21,943 | 21,960 |
| Restricted for stormwater working cash | | | | | | | 37,147 | 37,136 | 37,147 | 37,136 |
| Unrestricted (Deficit) | | | | | | | (850,072) | (936,329) | (850,072) | (936,329) |
| Total net position | | | | | | | $ 5,039,586 | $ 4,825,352 | $ 5,039,586 | $ 4,825,352 |

## Exhibit A-2
## Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statements of Activities

*Year ended December 31, 2021*
*(with comparative amounts for prior year)*

| *(in thousands of dollars)* | General Corporate Fund | | Debt Service Fund | | Capital Improvement Bond Funds | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| **Revenues** | | | | | | |
| General revenues: | | | | | | |
| Property taxes | $ 279,554 | $ 251,808 | $ 243,142 | $ 231,221 | $ — | $ — |
| Personal property replacement tax | 53,173 | 22,528 | — | — | — | — |
| Interest on investments | 1,294 | 2,802 | 52 | 635 | (605) | 3,647 |
| Land sales | 4 | 52 | — | — | — | — |
| Tax increment financing distributions | 18,125 | 18,520 | — | — | — | — |
| Claims and damage settlements | 23 | 44 | — | — | 117 | 1,119 |
| Miscellaneous | 3,602 | 3,810 | 3 | 29 | 2,095 | 2,126 |
| Gain on sale of capital assets | — | — | — | — | — | — |
| Program revenues: | | | | | | |
| Charges for services: | | | | | | |
| User charges | 39,189 | 47,216 | — | — | — | — |
| Land rentals | 26,760 | 25,044 | — | — | — | — |
| Fees, forfeits, and penalties | 3,238 | 2,541 | — | — | — | — |
| Capital grants and contributions: | | | | | | |
| Federal and state grants | 331 | 207 | — | — | 11,477 | 13,414 |
| Total revenues | 425,293 | 374,572 | 243,197 | 231,885 | 13,084 | 20,306 |
| **Expenditures/Expenses** | | | | | | |
| Board of Commissioners | 4,099 | 4,491 | — | — | — | — |
| General Administration | 17,055 | 17,417 | — | — | — | — |
| Monitoring and Research | 30,416 | 30,090 | — | — | — | — |
| Procurement and Materials Management | 6,037 | 5,996 | — | — | — | — |
| Human Resources | 54,116 | 51,079 | — | — | — | — |
| Information Technology | 15,761 | 15,117 | — | — | — | — |
| Law | 6,441 | 6,121 | — | — | — | — |
| Finance | 3,331 | 3,537 | — | — | — | — |
| Engineering | 22,681 | 22,876 | — | — | — | — |
| Maintenance and Operations | 197,518 | 188,562 | — | — | — | — |
| Pension costs | — | — | — | — | — | — |
| OPEB costs | — | — | — | — | — | — |
| Claims and judgments | 4,276 | 2,652 | — | — | — | — |
| Construction costs | — | — | — | — | 77,943 | 90,515 |
| Loss on disposal of capital assets | — | — | — | — | — | — |
| Depreciation and amortization (unallocated) | — | — | — | — | — | — |
| Debt service: | | | | | | |
| Redemption of bonds and capital lease | — | — | 122,746 | 120,079 | 2,993 | 2,856 |
| Interest and bond issuance costs | — | — | 110,126 | 112,942 | 1,694 | 1,533 |
| Total expenditures/expenses | 361,731 | 347,938 | 232,872 | 233,021 | 82,630 | 94,904 |
| Revenues over (under) expenditures | 63,562 | 26,634 | 10,325 | (1,136) | (69,546) | (74,598) |
| Other financing sources (uses) | | | | | | |
| Payment to escrow agent for refunded bonds | — | — | (404,037) | — | — | — |
| Bond anticipation notes issued | — | — | — | — | 44,634 | 62,399 |
| Bond anticipation notes converted | — | — | — | — | 73,700 | 14,231 |
| Bond anticipation notes refunded | — | — | — | — | (73,700) | (14,231) |
| Refunding bonds issued | — | — | 356,065 | — | — | — |
| General obligation bonds issued | — | — | — | — | 143,935 | — |
| Premium on bonds issued | — | — | 48,733 | — | 38,847 | — |
| Transfers | — | (6,000) | 5,961 | 2,962 | — | (11,363) |
| Total other financing sources (uses) | — | (6,000) | 6,722 | 2,962 | 227,416 | 51,036 |
| Net change in fund balances | 63,562 | 20,634 | 17,047 | 1,826 | 157,870 | (23,562) |
| Change in net position | — | — | — | — | — | — |
| Fund balances/net position: | | | | | | |
| Beginning of the year | 298,493 | 277,859 | 113,261 | 111,435 | 221,006 | 244,568 |
| End of the year | $ 362,055 | $ 298,493 | $ 130,308 | $ 113,261 | $ 378,876 | $ 221,006 |

See accompanying notes to the basic financial statements.

| Retirement Fund | | Other Governmental / Nonmajor Funds | | Total Governmental Funds | | Adjustments (Note 2b) | | Statements of Activities | |
|---|---|---|---|---|---|---|---|---|---|
| 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| $ 73,440 | $ 68,232 | $ 60,932 | $ 57,298 | $ 657,068 | $ 608,559 | $ (22,292) | $ 9,571 | $ 634,776 | $ 618,130 |
| 25,526 | 18,602 | — | — | 78,699 | 41,130 | — | — | 78,699 | 41,130 |
| — | — | 34 | 888 | 775 | 7,972 | — | — | 775 | 7,972 |
| — | — | — | — | 4 | 52 | (4) | (52) | — | — |
| — | — | — | — | 18,125 | 18,520 | — | — | 18,125 | 18,520 |
| — | — | — | — | 140 | 1,163 | — | — | 140 | 1,163 |
| — | 8 | 112 | 19 | 5,812 | 5,992 | (411) | (16) | 5,401 | 5,976 |
| — | — | — | — | — | — | 206 | — | 206 | — |
| — | — | — | — | 39,189 | 47,216 | — | — | 39,189 | 47,216 |
| — | — | — | — | 26,760 | 25,044 | — | — | 26,760 | 25,044 |
| — | — | 969 | 958 | 4,207 | 3,499 | — | — | 4,207 | 3,499 |
| — | — | — | — | 11,808 | 13,621 | — | 2 | 11,808 | 13,623 |
| 98,966 | 86,842 | 62,047 | 59,163 | 842,587 | 772,768 | (22,501) | 9,505 | 820,086 | 782,273 |
| — | — | — | — | 4,099 | 4,491 | (55) | 100 | 4,044 | 4,591 |
| — | — | — | — | 17,055 | 17,417 | (95) | 698 | 16,960 | 18,115 |
| — | — | — | — | 30,416 | 30,090 | (390) | 615 | 30,026 | 30,705 |
| — | — | — | — | 6,037 | 5,996 | (107) | 134 | 5,930 | 6,130 |
| — | — | — | — | 54,116 | 51,079 | (202) | 145 | 53,914 | 51,224 |
| — | — | — | — | 15,761 | 15,117 | (109) | 232 | 15,652 | 15,349 |
| — | — | — | — | 6,441 | 6,121 | 12 | 65 | 6,453 | 6,186 |
| — | — | — | — | 3,331 | 3,537 | (71) | 2 | 3,260 | 3,539 |
| — | — | — | — | 22,681 | 22,876 | 974 | 2,514 | 23,655 | 25,390 |
| — | — | — | — | 197,518 | 188,562 | (1,737) | 3,011 | 195,781 | 191,573 |
| 98,966 | 106,842 | — | — | 98,966 | 106,842 | (14,701) | 44,809 | 84,265 | 151,651 |
| — | — | — | — | — | — | (16,452) | (9,874) | (16,452) | (9,874) |
| — | — | — | — | 4,276 | 2,652 | (6,871) | (1,157) | (2,595) | 1,495 |
| — | — | 51,950 | 60,579 | 129,893 | 151,094 | (57,825) | (66,452) | 72,068 | 84,642 |
| — | — | — | — | — | — | — | 3 | — | 3 |
| — | — | — | — | — | — | 11,654 | 11,597 | 11,654 | 11,597 |
| — | — | — | — | 125,739 | 122,935 | (125,742) | (122,935) | (3) | — |
| — | — | — | — | 111,820 | 114,475 | (10,580) | (13,310) | 101,240 | 101,165 |
| 98,966 | 106,842 | 51,950 | 60,579 | 828,149 | 843,284 | (222,297) | (149,803) | 605,852 | 693,481 |
| — | (20,000) | 10,097 | (1,416) | 14,438 | (70,516) | 199,796 | 159,308 | | |
| — | — | — | — | (404,037) | — | 404,037 | — | — | — |
| — | — | — | — | 44,634 | 62,399 | (44,634) | (62,399) | — | — |
| — | — | — | — | 73,700 | 14,231 | (73,700) | (14,231) | — | — |
| — | — | — | — | (73,700) | (14,231) | 73,700 | 14,231 | — | — |
| — | — | — | — | 356,065 | — | (356,065) | — | — | — |
| — | — | — | — | 143,935 | — | (143,935) | — | — | — |
| — | — | — | — | 87,580 | — | (87,580) | — | — | — |
| — | 20,000 | (5,961) | (5,599) | — | — | — | — | — | — |
| — | 20,000 | (5,961) | (5,599) | 228,177 | 62,399 | (228,177) | (62,399) | — | — |
| — | — | 4,136 | (7,015) | 242,615 | (8,117) | (242,615) | 8,117 | 214,234 | 88,792 |
| — | — | — | — | — | — | 214,234 | 88,792 | 214,234 | 88,792 |
| — | — | 77,554 | 84,569 | 710,314 | 718,431 | — | — | 4,825,352 | 4,736,560 |
| $ — | $ — | $ 81,690 | $ 77,554 | $ 952,929 | $ 710,314 | $ — | $ — | $ 5,039,586 | $ 4,825,352 |

# 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, 2021*

*(in thousands of dollars)*

| | Budget | | Actual on Budgetary Basis | Actual Variance With Final Budget - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes: | | | | |
| Gross levy | $ 270,881 | $ 270,881 | $ 270,881 | $ — |
| Allowance for uncollectible taxes | (9,481) | (9,481) | (9,481) | — |
| Net property tax levy | 261,400 | 261,400 | 261,400 | — |
| Property tax collections | 7,289 | 7,289 | 5,804 | (1,485) |
| Personal property replacement tax: | | | | |
| Entitlement | 16,000 | 16,000 | 16,000 | — |
| Total tax revenue | 284,689 | 284,689 | 283,204 | (1,485) |
| Adjustment for working cash borrowing | (4,900) | (4,900) | (4,900) | — |
| Adjustment for estimated tax collections | — | — | 33,753 | 33,753 |
| Tax revenue available for current operation | 279,789 | 279,789 | 312,057 | 32,268 |
| Interest on investments | 1,047 | 1,047 | 950 | (97) |
| Land sales | — | — | 4 | 4 |
| Tax increment financing distributions | 19,000 | 19,000 | 17,900 | (1,100) |
| Miscellaneous | 4,761 | 4,761 | 4,539 | (222) |
| User charges | 37,000 | 37,000 | 41,211 | 4,211 |
| Land rentals | 25,000 | 25,000 | 28,207 | 3,207 |
| Claims and damage settlements | — | — | 44 | 44 |
| Equity transfer from capital improvement bond fund | 4,500 | 4,500 | — | (4,500) |
| Fees, forfeits, and penalties | 1,534 | 1,534 | 3,444 | 1,910 |
| Total revenues | 372,631 | 372,631 | 408,356 | 35,725 |
| Expenditures: | | | | |
| Board of Commissioners | 5,244 | 5,244 | 4,249 | 995 |
| General Administration | 20,426 | 20,426 | 17,072 | 3,354 |
| Monitoring and Research | 33,002 | 33,002 | 29,780 | 3,222 |
| Procurement and Materials Management | 10,595 | 10,595 | 8,684 | 1,911 |
| Human Resources | 61,210 | 61,210 | 54,116 | 7,094 |
| Information Technology | 19,698 | 19,698 | 15,855 | 3,843 |
| Law | 7,940 | 7,940 | 6,442 | 1,498 |
| Finance | 3,901 | 3,901 | 3,330 | 571 |
| Engineering | 26,254 | 26,254 | 22,672 | 3,582 |
| Maintenance and Operations | 211,057 | 211,057 | 193,906 | 17,151 |
| Claims and judgments | 39,625 | 39,625 | 4,659 | 34,966 |
| Total expenditures | 438,952 | 438,952 | 360,765 | 78,187 |
| Revenues over (under) expenditures | (66,321) | (66,321) | 47,591 | 113,912 |
| Fund balances at beginning of year | 163,522 | 163,522 | 179,238 | 15,716 |
| Fund balances available for future use | (97,201) | (97,201) | — | 97,201 |
| Fund balances at beginning of the year | 66,321 | 66,321 | 179,238 | 112,917 |
| Fund balances at end of year | $ — | $ — | $ 226,829 | $ 226,829 |

See accompanying notes to the basic financial statements

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

*Year ended December 31, 2021*

*(in thousands of dollars)*

| **Retirement Fund** | **Original and Final Budget** | **Actual on Budgetary Basis** | **Actual Variance with Final Budget - Positive (Negative)** |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 69,700 | $ 69,750 | $ 50 |
| Personal property replacement tax | 18,427 | 18,428 | 1 |
| Equity transfer to Retirement Fund | 10,000 | — | (10,000) |
| Total revenue and equity transfer | 98,127 | 88,178 | (9,949) |
| Operating expenditures: | | | |
| Pension costs | 98,127 | 88,178 | 9,949 |
| Total expenditures | 98,127 | 88,178 | 9,949 |
| Revenues over (under) expenditures | — | — | — |
| Fund balances at beginning of the year | — | — | — |
| Fund balances at end of the year | $ — | $ — | $ — |

See accompanying notes to the basic financial statements

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

*December 31, 2021*
*(with comparative amounts for prior year)*

| | *(in thousands of dollars)* | |
|---|---|---|
| | **2021** | **2020** |
| Assets | | |
| Cash | $ 322 | $ 306 |
| Receivables | | |
| Employer contributions - taxes (net of allowance for uncollectible amounts) | 88,754 | 88,127 |
| Securities sold | 1,071 | 40,176 |
| Accrued interest and dividends | 3,478 | 3,203 |
| Accounts receivable | 92 | 107 |
| Total receivables | 93,395 | 131,613 |
| Investments at fair value | | |
| Equities | 425,508 | 389,989 |
| U.S. Government and government agency obligations | 102,415 | 93,678 |
| Corporate and foreign government obligations | 122,142 | 132,057 |
| Fixed Income Mutual Funds | 86,355 | 79,799 |
| Mutual and exchange traded funds | 304,950 | 281,217 |
| Pooled funds - equities | 573,795 | 460,934 |
| Pooled funds - fixed income | 158,608 | 164,604 |
| Real estate funds | 147,346 | 131,169 |
| Short-term investment funds | 35,644 | 35,597 |
| Total investments | 1,956,763 | 1,769,044 |
| Securities lending capital | 11,615 | 6,842 |
| Total assets | 2,062,095 | 1,907,805 |
| Liabilities | | |
| Accounts payable | 1,244 | 1,044 |
| Due to broker | 13,893 | 48,823 |
| Securities lending collateral | 11,615 | 6,842 |
| Total liabilities | 26,752 | 56,709 |
| Net position restricted for pension | $ 1,724,180 | $ 1,580,891 |
| Net position restricted for OPEB | $ 311,163 | $ 270,205 |

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, 2021*
*(with comparative amounts for prior year)*

| | *(in thousands of dollars)* | |
|---|---|---|
| | **2021** | **2020** |
| Additions: | | |
| Contributions: | | |
| Employer contributions | $ 103,468 | $ 124,082 |
| Employee contributions | 20,630 | 20,982 |
| Total contributions | 124,098 | 145,064 |
| Investment income: | | |
| Net appreciation in fair value of investments | 234,885 | 134,730 |
| Interest and dividend income | 26,902 | 26,627 |
| Total investment income | 261,787 | 161,357 |
| Less investment expenses | (5,107) | (4,727) |
| Investment income net of expenses | 256,680 | 156,630 |
| Security lending activities: | | |
| Security lending income | 78 | 193 |
| Borrower rebates | 42 | 56 |
| Bank fees | (24) | (49) |
| Net income from securities lending activities | 96 | 200 |
| Other | 5 | 3 |
| Total additions | 380,879 | 301,897 |
| Deductions: | | |
| Annuities and benefits | | |
| Employee annuitants | 152,683 | 146,762 |
| Retiree health care benefits | 9,664 | 11,230 |
| Surviving spouse annuitants | 29,215 | 27,322 |
| Child annuitants | 126 | 122 |
| Ordinary disability benefits | 764 | 706 |
| Duty disability benefits | 69 | 84 |
| Total annuities and benefits | 192,521 | 186,226 |
| Refunds of employee contributions | 2,282 | 2,291 |
| Administrative expenses | 1,829 | 1,634 |
| Total deductions | 196,632 | 190,151 |
| Net increase | 184,247 | 111,746 |
| Net position restricted for pension and OPEB benefits | | |
| Beginning of year | 1,851,096 | 1,739,350 |
| End of year | $ 2,035,343 | $ 1,851,096 |

See accompanying notes to the basic financial statements

# NOTES TO THE BASIC FINANCIAL STATEMENTS

**Index to Notes**

**Note** **Page Number**

## 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. 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: mwrd.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 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, 2021 are as follows (in thousands of dollars):

| | Total General Corporate Fund | Corporate Division | Corporate Working Cash Division | Reserve Claim Division |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 147,976 | $ 145,132 | $ 294 | $ 2,550 |
| Certificates of deposit | 16,883 | 700 | 3,465 | 12,718 |
| Investments | 159,460 | 53,192 | 84,757 | 21,511 |
| Prepaid insurance | 6,766 | 6,766 | — | — |
| Receivables: | | | | |
| Property taxes receivable | 287,786 | 280,029 | — | 7,757 |
| Allowance for uncollectible taxes | (19,148) | (18,629) | — | (519) |
| Taxes receivable, net | 268,638 | 261,400 | — | 7,238 |
| User charges | 1,526 | 1,526 | — | — |
| Miscellaneous | 60 | (220) | — | 280 |
| Due from Stormwater Management Fund | 351 | 351 | — | — |
| Restricted deposits | 480 | 480 | — | — |
| Inventories | 34,141 | 34,141 | — | — |
| Total assets | $ 636,281 | $ 503,468 | $ 88,516 | $ 44,297 |
| **Liabilities, Deferred Inflows and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable and other liabilities | $ 34,781 | $ 34,633 | $ — | $ 148 |
| Unearned revenue | 10,280 | 10,280 | — | — |
| Due to corporate fund from corporate working cash | — | 191,300 | (191,300) | — |
| Total liabilities | 45,061 | 236,213 | (191,300) | 148 |
| Deferred inflows of resources: | | | | |
| Unavailable tax revenue | 229,165 | 222,992 | — | 6,173 |
| Total deferred inflows of resources | 229,165 | 222,992 | — | 6,173 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepaid insurance | 6,766 | 6,766 | — | — |
| Inventories | 34,141 | 34,141 | — | — |
| Restricted for: | | | | |
| Deposits | 480 | 480 | — | — |
| Working cash | 279,816 | — | 279,816 | — |
| Reserve claims | 37,976 | — | — | 37,976 |
| Unassigned (Deficit) | 2,876 | 2,876 | — | — |
| Total fund balances | 362,055 | 44,263 | 279,816 | 37,976 |
| Total liabilities, deferred inflows and fund balances | $ 636,281 | $ 503,468 | $ 88,516 | $ 44,297 |

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, 2021, are as follows (in thousands of dollars):

| | Total General Corporate Fund | Corporate Division | Corporate Working Cash Division | Reserve Claim Division |
|---|---|---|---|---|
| Revenues: | | | | |
| Property taxes | $ 279,554 | $ 271,935 | $ — | $ 7,619 |
| Personal property replacement tax | 53,173 | 53,173 | — | — |
| Total tax revenue | 332,727 | 325,108 | — | 7,619 |
| Interest on investments | 1,294 | 785 | 452 | 57 |
| Land sales | 4 | 4 | — | — |
| Tax increment financing distributions | 18,125 | 18,125 | — | — |
| Claims and damage settlements | 23 | 23 | — | — |
| Miscellaneous | 3,602 | 3,602 | — | — |
| User charges | 39,189 | 39,189 | — | — |
| Land rentals | 26,760 | 26,760 | — | — |
| Fees, forfeits and penalties | 3,238 | 3,238 | — | — |
| Federal and state grants | 331 | 331 | — | — |
| Total revenues | 425,293 | 417,165 | 452 | 7,676 |
| Operations: | | | | |
| Board of Commissioners | 4,099 | 4,099 | — | — |
| General Administration | 17,055 | 17,055 | — | — |
| Monitoring and Research | 30,416 | 30,416 | — | — |
| Procurement and Materials Management | 6,037 | 6,037 | — | — |
| Human Resources | 54,116 | 54,116 | — | — |
| Information Technology | 15,761 | 15,761 | — | — |
| Law | 6,441 | 6,441 | — | — |
| Finance | 3,331 | 3,331 | — | — |
| Engineering | 22,681 | 22,681 | — | — |
| Maintenance and Operations | 197,518 | 197,518 | — | — |
| Claims and judgments | 4,276 | — | — | 4,276 |
| Total expenditures | 361,731 | 357,455 | — | 4,276 |
| Net Change in Fund balance | 63,562 | 59,710 | 452 | 3,400 |
| Fund balance at the beginning of year | 298,493 | (15,447) | 279,364 | 34,576 |
| Fund balance at the end of year | $ 362,055 | $ 44,263 | $ 279,816 | $ 37,976 |

**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. The assets, liabilities, deferred inflows of resources and fund balances of the Construction Fund, detailed as to the Working Cash and Construction account divisions at December 31, 2021, are as follows (in thousands of dollars):

| | Total Construction Fund | Construction Division | Construction Working Cash Division |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 3,089 | $ 2,897 | $ 192 |
| Certificates of deposit | 207 | — | 207 |
| Investments | 24,845 | 10,001 | 14,844 |
| Receivables: | | | |
| Property taxes receivable | 7,240 | 7,240 | — |
| Allowance for uncollectible taxes | (485) | (485) | — |
| Taxes receivable, net | 6,755 | 6,755 | — |
| Miscellaneous | 746 | 746 | — |
| Total assets | $ 35,642 | $ 20,399 | $ 15,243 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and other liabilities | $ 936 | $ 936 | $ — |
| Due to Construction Fund from Construction Working Cash | — | 6,700 | (6,700) |
| Total liabilities | 936 | 7,636 | (6,700) |
| Deferred inflows of resources: | | | |
| Unavailable tax revenue | 5,762 | 5,762 | — |
| Total deferred inflows of resources | 5,762 | 5,762 | — |
| Fund balances: | | | |
| Restricted for: | | | |
| Working cash | 21,943 | — | 21,943 |
| Construction | 7,001 | 7,001 | — |
| Total fund balances | 28,944 | 7,001 | 21,943 |
| Total liabilities, deferred inflows, and fund balances | $ 35,642 | $ 20,399 | $ 15,243 |

The revenues, expenditures, and changes in fund balances of the Construction Fund, detailed as to the Construction and Working Cash account divisions for the year ended December 31, 2021, are as follows (in thousands of dollars):

| | Total Construction Fund | Construction Division | Construction Working Cash Division |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 7,169 | $ 7,169 | $ — |
| Total tax revenue | 7,169 | 7,169 | — |
| Interest on investments | (7) | 10 | (17) |
| Total revenues | 7,162 | 7,179 | (17) |
| Construction Costs: | | | |
| Contractual services | 204 | 204 | — |
| Machinery and equipment | 196 | 196 | — |
| Capital projects | 6,804 | 6,804 | — |
| Total expenditures | 7,204 | 7,204 | — |
| Net Change in Fund balance | (42) | (25) | (17) |
| Fund balance at the beginning of year | 28,986 | 7,026 | 21,960 |
| Fund balance at the end of year | $ 28,944 | $ 7,001 | $ 21,943 |

**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.

The assets, liabilities, deferred inflows of resources and fund balances of the Stormwater Management Fund, detailed as to the Working Cash and Stormwater Management account divisions at December 31, 2021, are as follows (in thousands of dollars):

| | Total Stormwater Management Fund | Stormwater Management Division | Stormwater Working Cash Division |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 6,640 | $ 6,500 | $ 140 |
| Certificates of deposit | 10,103 | 10,000 | 103 |
| Investments | 38,431 | 28,027 | 10,404 |
| Prepaid insurance | 4 | 4 | — |
| Receivables: | | | |
| Property taxes receivable | 54,738 | 54,738 | — |
| Allowance for uncollectible taxes | (3,664) | (3,664) | — |
| Taxes receivable, net | 51,074 | 51,074 | — |
| Total assets | $ 106,252 | $ 95,605 | $ 10,647 |
| **Liabilities, Deferred Inflows, and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and other liabilities | $ 9,593 | $ 9,593 | $ — |
| Due to Stormwater Management Fund from Stormwater Working Cash | 351 | 26,851 | (26,500) |
| Total liabilities | 9,944 | 36,444 | (26,500) |
| Deferred inflows of resources: | | | |
| Unavailable tax revenue | 43,562 | 43,562 | — |
| Total deferred inflows of resources | 43,562 | 43,562 | — |
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepaid insurance | 4 | 4 | — |
| Restricted for: | | | |
| Working Cash | 37,147 | — | 37,147 |
| Capital projects | 15,595 | 15,595 | — |
| Total fund balances | 52,746 | 15,599 | 37,147 |
| Total liabilities, deferred inflows, and fund balances | $ 106,252 | $ 95,605 | $ 10,647 |

The revenues, expenditures, and changes in fund balances of the Stormwater Management Fund, detailed as to the Stormwater Management and Working Cash account divisions for the year ended December 31, 2021, are as follows (in thousands of dollars):

| | Total Stormwater Management Fund | Stormwater Management Division | Stormwater Working Cash Division |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 53,763 | $ 53,763 | $ — |
| Total tax revenue | 53,763 | 53,763 | — |
| Interest on investments | 41 | 30 | 11 |
| Fees, forfeits, and penalties | 969 | 969 | — |
| Miscellaneous | 112 | 112 | — |
| Total revenues | 54,885 | 54,874 | 11 |
| Construction Costs: | | | |
| Personal services | 10,221 | 10,221 | — |
| Contractual services | 4,498 | 4,498 | — |
| Material and supplies | 162 | 162 | — |
| Capital projects | 29,865 | 29,865 | — |
| Total expenditures | 44,746 | 44,746 | — |
| Revenues over expenditures | 10,139 | 10,128 | 11 |
| Other financing (uses): | | | |
| Transfer in/(out) | (5,961) | (5,961) | — |
| Net Change in Fund balance | 4,178 | 4,167 | 11 |
| Fund balance at the beginning of year | 48,568 | 11,432 | 37,136 |
| Fund balance at end of year | $ 52,746 | $ 15,599 | $ 37,147 |

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 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 revenue.

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 half 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 July. 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 holds a study session on the Capital Improvement Program in October.

(5) The Board's Committee on Budget and Employment holds public meetings with the Executive Director and department heads regarding the Executive Director's proposals.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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. **Deposits with Escrow Agent** in the amount of $280,000 are currently held with the District's workman's compensation third party provider, all others (if any) represent cash with the escrow agent for the subsequent payment of interest on debt.

f. **Certificates of Deposit** are stated at cost plus accrued interest.

**g. 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.

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.

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.

**h. 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.

**i. 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.

**j. Restricted Deposits** represent cash and investments set aside pursuant to real estate escrow and intergovernmental agreements.

**k. 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.

**l. 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 |
| 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 represents 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 Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2021. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2020. The Egan and O'Brien networks each had its most recent condition assessment completed in 2019. (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.

**m. Compensated Absences** for accumulated unpaid vacation, holiday, overtime, severance and sick leave are paid to employees upon retirement or termination. An employee is eligible to receive 100% of earned vacation, holiday and overtime pay. Depending upon the date of hire and/or collective bargaining agreements, employees may also be eligible to receive severance pay and 50% of accumulated sick pay up to a maximum of sixty days. Compensated absences 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. Included in the long-term liabilities of the Statements of Net Position at December 31, 2021, are liabilities for compensated absences of $2,779,000, due within one year, and $15,898,000 due in more than one year.

**n. Deferred Outflows/Inflows of Resources** - Deferred inflow of resources is an acquisition of net position by the government that is applicable to a future period. Deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

**o. 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.

**p. 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.

**q. 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.

**r. Postemployment Benefits Other Than Pensions (OPEB) -** For purposes of measuring the net OPEB Liability, 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.

**s. 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 $182,460,000 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 within the general fund.

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.

**t. 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 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 $733,843,000 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."

**u. User Charge –** The Environmental Protection Agency requires grant recipients to charge certain users of waste water treatment services a proportionate share of the cost of operations and maintenance. The District has utilized a User Charge System since January 1, 1980. The system was developed in accordance with 70 ILCS 2305/7.1.

**v. 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.

**w. 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.

**x. New Accounting Pronouncements -** Implemented in 2021, GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the term annual comprehensive financial report and its acronym ACFR.

The District also implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, in 2021. This statement reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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

- Statement 87, Leases
- Statement No. 92, Omnibus 2020
- Statement No. 94, Public Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription Based Information Technology Arrangements

# 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, 2021 (in thousands of dollars):

| | |
|---|---|
| Total fund balances of governmental funds | $ 952,929 |
| *Amounts reported for governmental activities in the Statements of Net Position are different because:* | |
| 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 | 8,148,266 |
| Accumulated depreciation/amortization | (354,180) |
| Capital assets, net | 7,794,086 |
| 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 | (18,677) |
| Claims and judgments | (19,027) |
| Capital lease | (27,405) |
| Bond anticipation notes | (47,964) |
| General obligation debt | (2,759,628) |
| Net OPEB liability | (47,913) |
| Net Pension liability | (1,121,072) |
| Due to Pension Trust Fund | (64,368) |
| Total long-term liabilities | (4,106,054) |
| 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 | (197,054) |
| Bond refunding transactions | 3 |
| Total bond premium and refunding transactions | (197,051) |
| 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 2021 amount is: | |
| Accrued interest | (16,302) |
| 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: | |
| Deferred property taxes and personal property replacement tax | 536,199 |
| Grants and rents | 953 |
| Deferred inflows for pension and OPEB related amounts | (75,307) |
| Adjustment to deferred inflows of resources | 461,845 |
| Deferred outflows of resources represent items related to pension and OPEB, which will be recognized as a pension 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 pension 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 | 103,468 |
| Deferred outflows for other pension and OPEB related amounts | 46,665 |
| Adjustment to deferred outflows of resources | 150,133 |
| Interfund transactions are eliminated for Government-wide reporting. These transactions consist of: | |
| Due from other funds | 351 |
| Due to other funds | (351) |
| Total interfund | — |
| Total net position of governmental activities | $ 5,039,586 |

**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, 2021 (in thousands of dollars):

| | |
|---|---|
| Net change in fund balances of governmental funds | $ 242,615 |
| *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 | 57,825 |
| Depreciation expense-allocated to various departments | (3,314) |
| Depreciation/amortization expense-unallocated | (11,654) |
| Excess of construction and capital outlay costs over depreciation expense | 42,857 |
| 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: | |
| General obligation bond proceeds | (500,000) |
| Bond issuance premium | (87,580) |
| Bond anticipation notes proceeds | (44,634) |
| Debt proceeds total | (632,214) |
| 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: | |
| Payment to escrow agent for refunded bonds | 404,037 |
| Debt service principal retirement | 125,742 |
| Debt service principal retirement total | 529,779 |
| 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 | 5,094 |
| Change in claims and judgments | 6,871 |
| Change in bond interest | 171 |
| Change in bond anticipation notes interest | (995) |
| Amortization of bond issuance/refunding costs | (441) |
| Amortization of bond premium | 11,845 |
| Change in net pension liability | 14,701 |
| Change in net OPEB liability | 16,452 |
| Total additional expenses | 53,698 |
| The proceeds from the sale of land and equipment are reported as revenue 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 | (209) |
| 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 | (22,292) |
| Total adjustments | (22,292) |
| Change in net position of governmental activities | $ 214,234 |

## 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):

| | General Corporate Fund |
|---|---|
| Revenues and other sources (uses) over (under) expenditures on a budgetary basis | $ 47,591 |
| Adjustment from Budget to GAAP for: | |
| Tax revenues | 20,670 |
| Cash basis other revenues | (3,733) |
| GAAP versus budgetary expenditure differences | (966) |
| Revenues and other sources (uses) over (under) expenditures on GAAP basis | $ 63,562 |

## 4. Deposits and Investments

**Deposits**
As of December 31, 2021, the District, the Pension Trust Fund and OPEB Trust Fund deposits were fully insured and collateralized.

**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, 2021 (in thousands of dollars):

| | | Investment Maturities | |
|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than 1 Year** | **1- 5 Years** |
| U.S. Agencies | $ 251,869 | $ 100,000 | $ 151,869 |
| Municipal Bonds | 203,723 | 49,407 | 154,316 |
| Commercial Paper | 89,990 | 89,990 | — |
| Illinois Trust Investment Pool | 36,751 | 36,751 | — |
| State Treasurer's Illinois Funds | 79 | 79 | — |
| U.S. Treasury Bills | 54,997 | 54,997 | — |
| Total Investments | $ 637,409 | $ 331,224 | $ 306,185 |

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 $770,000.

**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.

Credit ratings for the District's investments in debt securities as described by Standard & Poor's, Moody's and Fitch at December 31, 2021 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

| Investment Type | Credit Ratings at 12/31/2021 S&P/Moody's/Fitch | % of Total Investments in Debt Securities |
|---|---|---|
| U.S. Agencies | | |
| Federal Home Loan Banks (FHLB) | AA+/Aaa/NR | 39.5% |
| U.S. Treasury Bills | AA+/Aaa/AAA | 8.6% |
| Illinois Trust Investment Pool | AAAm/NR/NR | 5.8% |
| Commercial Paper | A-1/P-1/F1 | 14.1% |
| Municipal Bonds | AAA to BBB/Aaa to Baa2/AAA to BBB- | 32.0% |
| | | 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, 2021 the fair value of commercial paper represented 13.2% of the District's total investments, including certificates of deposit.

As of December 31, 2021, the following investments were greater than 5% of total investments (in thousands of dollars):

| Investment | Fair Value |
|---|---|
| Federal Home Loan Bank (FHLB) | $ 251,869 |
| US Treasury Bills | 54,997 |
| Illinois Trust Investment Pool | 36,751 |
| | $ 343,617 |

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**
The District's investments are not exposed to custodial credit risk since its investment policy requires all investments and investment collateral to be held in safekeeping by a third party custodial institution, as designated by the Treasurer, in the District's name. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities which are in the possession of the outside party.

At of December 31, 2021, 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, 2021, 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 Pension Trust 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, 20% non-U.S. equities, 5% global equity volatility, 27% fixed income and 10% core open-end real estate. During the year ended December 31, 2021, the Fund revised its investment policy; there were no revisions in the prior year.

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, 2021, 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 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.

The following table categorizes the Pension Trust Fund's debt investments and presents the fair value using the segmented time distribution method as of December 31, 2021 (in thousands of dollars):

| Type of Investment | Maturity | Fair Value | Percentage |
|---|---|---|---|
| U.S. Government and government agency obligations | <1 year | $ 18,036 | 17.6 % |
| | 1-5 years | 14,354 | 14.0 |
| | 5-10 years | 3,791 | 3.7 |
| | Over 10 years | 66,234 | 64.7 |
| | | $ 102,415 | 100.0 % |
| Corporate and foreign government obligations | <1 year | 1,161 | 1.0 |
| | 1-5 years | 22,219 | 18.2 |
| | 5-10 years | 34,595 | 28.3 |
| | Over 10 years | 64,167 | 52.5 |
| | | $ 122,142 | 100.0 % |
| Pooled funds - fixed income | 5-10 years | $ 158,608 | 100.0 % |
| Short-term investment fund | <1 year | $ 26,128 | 100.0 % |

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, 2021 (in thousands of dollars):

| Investment Type | Fair Value | Percentage | Average Maturities (years) |
|---|---|---|---|
| Fixed Income Funds: | | | |
| Dodge & Cox Income Fund | $ 39,757 | 46.0% | 9.4 |
| Payden Core Bond Fund | 13,832 | 16.0% | 8.3 |
| Western Asset Core Plus Bond Fund | 32,766 | 38.0% | 11.7 |
| Total Fixed Income Funds | 86,355 | | |
| Domestic Equity Funds: | | | |
| Fidelity 500 Index Fund | 59,731 | | |
| Fidelity Contrafund | 23,979 | | |
| Fidelity Mid Cap Index Fund | 35,339 | | |
| Vanguard Small Cap Index Institutional | 34,897 | | |
| Total Domestic Equity Funds | 153,946 | | |
| International Equity Funds: | | | |
| Fidelity International Index Fund | 45,584 | | |
| Vanguard Global Minimum Volatility | 15,702 | | |
| Total International Equity Funds | 61,286 | | |
| Money Market Funds | 9,516 | | |
| Total Fair Value | $ 311,103 | | |

**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 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, 2021 (in thousands of dollars):

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

| Credit Rating | Investment Type | Fair Value | % |
|---|---|---|---|
| AA | U.S. Government and Government Agency | $ 93,467 | 91.3 % |
| Not Rated | U.S. Government and Government Agency | 8,948 | 8.7 |
| | | $ 102,415 | 100.0 % |
| AAA | Corporate and Foreign Government | 7,443 | 6.1 |
| AA | Corporate and Foreign Government | 17,152 | 14.0 |
| A | Corporate and Foreign Government | 26,258 | 21.5 |
| BBB | Corporate and Foreign Government | 49,380 | 40.4 |
| BB | Corporate and Foreign Government | 2,919 | 2.4 |
| B | Corporate and Foreign Government | 1,346 | 1.1 |
| CCC | Corporate and Foreign Government | 100 | 0.1 |
| Not Rated | Corporate and Foreign Government | 17,544 | 14.4 |
| | | $ 122,142 | 100.0 % |
| AAA | Pooled Funds - Fixed Income | 148,964 | 93.9 |
| B+ | Pooled Funds - Fixed Income | 9,644 | 6.1 |
| | | $ 158,608 | 100.0 % |
| Not Rated | Short-Term Investment Fund | $ 26,128 | 100.0 % |

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.

The following are the percentages of fixed income investment portfolio securities within each credit-quality rating as of December 31, 2021:

| Credit Rating | Dodge & Cox Income Fund | Payden Core Bond Fund | Western Asset Core Plus Bond Fund |
|---|---|---|---|
| AAA | 57.1 % | 59.0 % | 43.1 % |
| AA | 3.2 | 3.0 | 6.7 |
| A | 5.1 | 10.0 | 16.6 |
| BBB | 23.8 | 23.0 | 20.4 |
| BB | 10.7 | 1.0 | 7.7 |
| B | 0.1 | — | 4.1 |
| Below B | — | — | 1.4 |
| Not Rated | — | 4.0 | — |
| Total | 100.0 % | 100.0 % | 100.0 % |

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, 2021 was as follows (in thousands of dollars):

| Equities | Fair Value | % |
|---|---|---|
| Australian dollar | $ 8,032 | 1.9 |
| British pound sterling | 16,445 | 3.9 |
| Canadian dollar | 3,332 | 0.8 |
| Danish krone | 4,671 | 1.1 |
| European euro | 27,693 | 6.5 |
| Hong Kong dollar | 5,085 | 1.2 |
| Israeli shekel | 1,825 | 0.4 |
| Japanese yen | 31,766 | 7.5 |
| New Zealand dollar | 844 | 0.0 |
| Norwegian krone | 1,468 | 0.4 |
| Philippine peso | 298 | 0.1 |
| Singapore dollar | 2,194 | 0.5 |
| South Korean won | 278 | 0.1 |
| Swedish krona | 6,350 | 1.5 |
| Swiss franc | 7,330 | 1.7 |
| Thailand baht | 726 | 0.2 |
| U.S. dollar | 307,171 | 72.2 |
| Total | $ 425,508 | 100.0 % |

| Corporate and Foreign Government Obligations | Fair Value | % |
|---|---|---|
| U.S. dollar | 122,142 | 100.0 |
| Total | $ 122,142 | 100.0 % |

| Short-Term Investment Funds | Fair Value | % |
|---|---|---|
| Australian dollar | $ 19 | 0.1 |
| British pound sterling | 918 | 3.5 |
| Canadian dollar | 11 | 0.0 |
| Danish krone | 12 | 0.1 |
| European euro | 657 | 2.5 |
| Hong Kong dollar | 62 | 0.2 |
| Israeli shekel | 352 | 1.4 |
| Japanese yen | 85 | 0.3 |
| New Zealand dollar | 92 | 0.4 |
| Norwegian krone | 64 | 0.2 |
| Singapore dollar | 23 | 0.1 |

| | | |
|---|---|---|
| Swedish krona | 167 | 0.6 |
| Swiss franc | 381 | 1.5 |
| U.S. dollar | 23,285 | 89.1 |
| Total | $ 26,128 | 100.0 % |

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, 2021, the OPEB Trust's investments in international equity mutual funds stated at fair market value are as follows (in thousands of dollars):

| Fund Name | Fair Value |
|---|---|
| Fidelity International Index Fund | $ 45,584 |
| Vanguard Global Minimum Volatility | 15,702 |
| | $ 61,286 |

**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 Fund until delivery and payment takes place. As of December 31, 2021, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately $8,948,000.

**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 85 days for 2021; 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 3 days.

Although the 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 2021, 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, 2021 is as follows (in thousands of dollars):

| | |
|---|---|
| **Securities loaned - backed by cash collateral** | |
| U.S. and international equities | $ 5,370 |
| Agency/other securities | 136 |
| U.S. Government and government agency obligations | 5,240 |
| Corporate bonds | 598 |
| Total securities loaned - backed by cash collateral | 11,344 |
| **Securities loaned - backed by non-cash collateral** | |
| U.S. and international equities | 7,978 |
| Corporate bonds | 215 |
| Total securities loaned - backed by non-cash collateral | 8,193 |
| Total | $ 19,537 |

As of December 31, 2021, the fair value (carrying amount) of loaned securities was $19,537,000. As of December 31, 2021, the fair value (carrying amount) of cash collateral received by the Fund was $11,615,000. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2021, the fair value (carrying amount) of noncash collateral received by the Fund was $8,436,000.

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, 2021. 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, non-U.S. 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 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, 2021 is shown in the following schedule (in thousands of dollars):

| **The District** | | **Fair Value Measurements Using** | | |
|---|---|---|---|---|
| **Investments Measured at Fair Value** | **December 31, 2021** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Debt Securities** | | | | |
| U.S. Agencies | $ 251,869 | $ — | $ 251,869 | $ — |
| Municipal Bonds | 203,723 | — | 203,723 | — |
| Commercial Paper | 89,990 | — | 89,990 | — |
| U.S. Treasury Bills | 54,997 | — | 54,997 | — |
| Total Investments at Fair Value | $ 600,579 | $ — | $ 600,579 | $ — |
| | | | | |
| **Investments Not Measured at Fair Value** | | | | |
| Illinois Trust Investment Pool | 36,751 | | | |
| State Treasurer's Illinois Funds | 79 | | | |
| **Total Investments** | $ 637,409 | | | |

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, 2021. 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, 2021 (in thousands of dollars):

| **Pension Trust Fund** | | **Fair Value Measurements Using** | | |
|---|---|---|---|---|
| | **December 31, 2021** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Investments by Fair Value Level** | | | | |
| Equities | $ 425,508 | $ 425,508 | $ — | $ — |
| U.S. Govt and Govt Agency Obligations | 102,415 | 49,104 | 53,311 | — |
| Corporate and Foreign Govt Obligations | 122,142 | — | 122,142 | — |
| Mutual and Exchange Traded Funds | 89,718 | 89,718 | — | — |
| Total investments by Fair Value Level | $ 739,783 | $ 564,330 | $ 175,453 | $ — |
| **Investments Measured at NAV** | 905,877 | | | |
| Total Investments at Fair Value | $ 1,645,660 | | | |

Level 1 Measurements

Equities, mutual and exchanged traded funds, and U.S. Treasury securities are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of the period presented.

Level 2 Measurements

U.S. Government and government agency obligations and corporate and foreign government obligations 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 include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager’s best estimates.

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

**Pension Trust Fund**

| **Investments Measured at NAV** | **Fair Value** | **Unfunded Commitments** | **Redemption Frequency (If Eligible)** | **Redemption Notice Period** |
|---|---|---|---|---|
| **Pooled funds - equity (1)** | | | | |
| SSGA S&P 500 Flagship Fund | $ 273,100 | — | Daily | N/A |
| SSGA S&P Midcap Index Fund | 66,695 | — | Daily | N/A |
| SSGA MSCI ACWI Fund | 150,376 | — | Daily | N/A |
| SSGA Russell 1000 Growth Index Fund | 83,624 | — | Daily | N/A |
| **Pooled funds - fixed income (2)** | | | | |
| SSGA U.S. Aggregate Bond Index | 148,964 | — | Daily | N/A |
| Neuberger Berman High Income Fund | 9,644 | — | Monthly | N/A |
| **Real estate funds (3)** | | | | |
| Trumbull Property Fund | 62,196 | — | Quarterly | 60 days |
| RREEF America REIT II | 85,150 | — | Quarterly | 45 days |
| **Short-term investment fund (4)** | | | | |
| BNY Melon EB Temporary Investment Fund | 26,128 | — | Daily | N/A |
| Total investments measured at NAV | $ 905,877 | | | |

(1) Pooled funds - equity - The investment objective of these investments is to track the performance of the S&P 500, S&P MidCap 500, MSCI ACWI ex USAand 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.

(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 investment objective of the High Income Fund is to achieve an attractive total return of income and capital appreciation by investing primarily in high yield fixed income securities and bank loan interests, including secured and unsecured bank loans. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

(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) 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 in 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, 2021, 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 | $ 914,064 |
| Forward Foreign Currency Exchange Contract payables | $ 913,701 |

The carrying amount of investments and fair value hierarchy of the OPEB Trust is shown in the following schedule as of December 31, 2021:

| OPEB Trust | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Fair Value of Investments** | **December 31, 2021** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| Domestic Equity Funds | $ 153,946 | $ 153,946 | — | — |
| International Equity Funds | 61,286 | 61,286 | — | — |
| Domestic Fixed Income Funds | 86,355 | 86,355 | — | — |
| Money Market Funds | 9,516 | 9,516 | — | — |
| **Total Fair Value of Investments** | $ 311,103 | $ 311,103 | $ — | $ — |

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.

### Receivables

Receivables as of December 31, 2021 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, 2021: | | | | | | | |
| Property taxes: | $ 287,786 | $ 248,537 | $ — | $ 75,215 | $ 61,978 | $ 673,516 | $ 673,516 |
| Allowance for uncollectible taxes | (19,148) | (16,604) | — | (5,019) | (4,149) | (44,920) | (44,920) |
| Net property taxes | 268,638 | 231,933 | — | 70,196 | 57,829 | 628,596 | 628,596 |
| Personal property replacement tax | — | — | — | 14,117 | — | 14,117 | 14,117 |
| Total taxes receivable, net | 268,638 | 231,933 | — | 84,313 | 57,829 | 642,713 | 642,713 |
| Other receivables: | | | | | | | |
| User charges | 1,526 | — | — | — | — | 1,526 | 1,526 |
| State revolving fund loans | — | — | 3,188 | — | — | 3,188 | 3,188 |
| Miscellaneous | 60 | 15 | 564 | — | 746 | 1,385 | 1,385 |
| Total other receivables, net | 1,586 | 15 | 3,752 | — | 746 | 6,099 | 6,099 |
| Total net receivables at December 31, 2021 | $ 270,224 | $ 231,948 | $ 3,752 | $ 84,313 | $ 58,575 | $ 648,812 | $ 648,812 |

The property tax receivable includes a nominal amount that is not expected to be collected within one year of the financial statement date.

### 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. Other unavailable revenue is reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position for rental resources that have been received, but not earned. 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 unavailable revenue as of December 31, 2021 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, 2021: | | | | | | | | |
| Property tax revenue | $ 229,165 | $ 197,833 | $ — | $ 59,877 | $ 49,324 | $ 536,199 | $ (536,199) | $ — |
| Other amounts: | | | | | | | | |
| Grant revenue | — | — | 953 | — | — | 953 | (953) | — |
| Total deferred revenue at December 31, 2021 | $ 229,165 | $ 197,833 | $ 953 | $ 59,877 | $ 49,324 | $ 537,152 | $ (537,152) | $ — |

**Payables**

Payables reported as "Accounts payable and other liabilities" at December 31, 2021 in the governmental funds and government-wide financial statements are detailed as follows (in thousands of dollars):

| | General Corporate | Debt Service | Capital Improvements Bond | Retirement | Other Governmental | Total Governmental | Statement of Net Position |
|---|---|---|---|---|---|---|---|
| Accounts payable and other liabilities at December 31, 2021: | | | | | | | |
| Vouchers payable and other liabilities | $ 26,687 | $ — | $ 17,700 | $ — | $ 10,529 | $ 54,916 | $ 54,916 |
| Accrued payroll and withholdings | 7,794 | — | — | — | — | 7,794 | 7,794 |
| Bid deposits | 300 | — | — | — | — | 300 | 300 |
| Total accounts payable and other liabilities as of December 31, 2021 | $ 34,781 | $ — | $ 17,700 | $ — | $ 10,529 | $ 63,010 | $ 63,010 |

## 6. Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2021, are as follows (in thousands of dollars):

| | Balances January 1, 2021 | Additions | Retirements | Balances December 31, 2021 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not depreciated/amortized: | | | | |
| Land | $ 144,020 | $ — | $ — | $ 144,020 |
| Permanent easements | 2,532 | 205 | — | 2,737 |
| Construction in progress | 483,897 | 61,333 | 28,826 | 516,404 |
| Infrastructure under modified approach | 5,473,203 | 23,953 | 604 | 5,496,552 |
| Total capital assets not depreciated/amortized | 6,103,652 | 85,491 | 29,430 | 6,159,713 |
| Capital assets depreciated/amortized: | | | | |
| Buildings | 13,226 | — | — | 13,226 |
| Equipment | 68,222 | 1,764 | 1,395 | 68,591 |
| Computer software | 7,629 | — | — | 7,629 |
| Infrastructure and easements | 1,899,107 | — | — | 1,899,107 |
| Total capital assets being depreciated/amortized | 1,988,184 | 1,764 | 1,395 | 1,988,553 |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 6,797 | 185 | — | 6,982 |
| Equipment | 45,283 | 3,129 | 1,186 | 47,226 |
| Computer software | 7,233 | 235 | — | 7,468 |
| Infrastructure and easements | 281,085 | 11,419 | — | 292,504 |
| Total accumulated depreciation/amortization | 340,398 | 14,968 | 1,186 | 354,180 |
| Total capital assets depreciated/amortized, net | 1,647,786 | (13,204) | 209 | 1,634,373 |
| Governmental activities capital assets, net | $ 7,751,438 | $ 72,287 | $ 29,639 | $ 7,794,086 |

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 2021, was charged to the District's governmental functions as follows (in thousands of dollars):

| Department | Amount |
|---|---|
| Board of Commissioners | $ 15 |
| General Administration | 295 |
| Monitoring and Research | 242 |
| Procurement and Materials Management | 16 |
| Human Resources | 17 |
| Information Technology | 50 |
| Law | 13 |
| Finance | 10 |
| Engineering | 1,963 |
| Maintenance and Operations | 693 |
| Total allocated depreciation | 3,314 |
| Unallocated infrastructure depreciation | 11,654 |
| Total depreciation | $ 14,968 |

## 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, 2021, the District's contribution was 47.43% of covered payroll. The District's actual contribution to the Retirement Fund was $88,804,000.

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.mwrdrf.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 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 $126,375 in 2021 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, 2021, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Employees | |
| Employees or beneficiaries currently receiving benefits | 2,482 |
| Entitled but not yet receiving benefits | 128 |
| Active Employees | 1,737 |
| Total Members | 4,347 |

**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 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 97 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, 2020. The Pension Plan has a measurement date of December 31, 2021. A copy of the Pension Plan Annual Comprehensive Financial Report for 2021 may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at www.mwrdrf.org. The net pension liability at December 31, 2021 is $1,121,072,000, which is a decrease from the December 31, 2020 balance of $1,146,935,000.

| *(in thousands of dollars)* | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|---|---|---|
| **Balances at December 31, 2020** | $ (2,653,769) | $ 1,506,834 | $ (1,146,935) |
| Service Cost | (32,592) | — | (32,592) |
| Interest | (188,334) | — | (188,334) |
| Difference between expected and actual experiences | (4,554) | — | (4,554) |
| Benefit payments | 177,287 | (177,287) | — |
| Contributions-employer | — | 107,852 | 107,852 |
| Contributions-employee | — | 20,982 | 20,982 |
| Net investment income | — | 124,099 | 124,099 |
| Administrative expenses | — | (1,593) | (1,593) |
| Other | — | 3 | 3 |
| **Balances at December 31, 2021** | $ (2,701,962) | $ 1,580,890 | $ (1,121,072) |

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

At December 31, 2021, 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 $88,804,000, will be recognized as a reduction of the net pension liability in subsequent fiscal period rather than 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):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between actual and expected experience | 23,998 | 663 |
| Changes in assumptions | 17,797 | — |
| Employer contribution subsequent to measurement date | 88,804 | |
| Net difference between projected and actual earnings on pension plan investments | | 24,905 |
| **Total** | $ 130,599 | $ 25,568 |

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):

| Year ended December 31: | |
|---|---|
| 2022 | $ 8,014 |
| 2023 | 24,729 |
| 2024 | (17,656) |
| 2025 | 381 |
| 2026 | 759 |
| | $ 16,227 |

**Actuarial Methods and Assumptions**

The District's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2020 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | Varies by service |
| Investment rate of return | 7.25% |
| Cost of living adjustment | |
| Tier 1: | 3.00% |
| Tier 2: | 1.25% |

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables with generational mortality improvements based on Scale AA. Female rates are adjusted by a factor of 1.04 and male rates are unadjusted. Pre-retirement mortality rates are the same as post-retirement rates.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study performed in September 2018 based on data for the period December 31, 2012 through December 31, 2017. The valuation reflects the following assumption changes to better reflect anticipated experience. These changes were based on the experience study performed September 28, 2018:

1. Lowered the assumed investment return from 7.50% to 7.25%.
2. Updated retirement rates, withdrawal rates and mortality rates.
3. Updated salary increase rates.
4. Lowered the payroll growth assumption from 3.70% to 3.00%.

**Annual Money-Weighted Rate of Return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.10% for the year ended December 31, 2021. 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 pension plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return. 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 Pension Plan's target asset allocation adopted as of December 31, 2021, as provided by Marquette Associates, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---|---|---|
| US equity | 38% | 5.7% |
| Non-US equity | 20% | 6.1% |
| Global equity | 5% | 5.6% |
| Fixed income | 27% | 2.1% |
| Real Estate Funds | 10% | 5.4% |
| Total | 100% | |

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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 7.25% 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):

| | 1% Decrease 6.25% | Current Discount Rate of 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| Net Pension Liability | $1,422,862 | $1,121,072 | $866,596 |

**Payable to the Pension Plan and Pension Expense**

At December 31, 2021, the District reported a payable of $88,804,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021. The actuarially calculated pension expense for the year ended December 31, 2021 was $100,745,000.

## 8. OPEB - Other Post-Employment Benefits

**Plan Description**
The Metropolitan Water Reclamation District of 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, 2021, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Employees | |
| Inactive plan members currently receiving benefits | 1,552 |
| Beneficiaries of deceased plan members currently receiving benefits | 407 |
| Inactive plan members entitled to but not yet receiving benefits | 31 |
| Active Plan Members | 1,727 |
| Total Members | 3,717 |

**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 premiums are set based on prior year claims incurred and become effective January 1st each year. The retiree contribution rate is based on the contribution rate policy established by the Board of Commissioners. This policy calls for a 2.5% increase in the contribution rate on January 1st of each year until the contribution rate reaches 50.0%.

In future years, contributions are assumed to increase at the same rate as actual claims expenditures.

**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, 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---|---|---|
| Broad Fixed Income | 20.0 % | 1.7 % |
| Core Plus Fixed Income | 15.0 | 2.1 |
| Large Cap Core Equity | 17.5 | 6.9 |
| Large Cap Growth Equity | 7.5 | 6.8 |
| Mid Cap Core Equity | 10.0 | 7.2 |
| Small Cap Core Equity | 10.0 | 7.7 |
| Global Low Volatility | 5.0 | 6.5 |
| Non US Large Cap Core Equity | 15.0 | 7.3 |
| Total | 100.0 % | |

The Long-Term Expected Rate of Return calculated using the method described above exceeds 6.5% (assuming 2.5% 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 13.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

**Net OPEB Liability**

- The measurement date is December 31, 2020.
- The measurement period for the OPEB expense is January 1, 2020 to December 31, 2020.
- The reporting period is January 1, 2021 through December 31, 2021.
- The District's Net OPEB Liability was measured as of December 31, 2020.

**Actuarial Assumptions**

The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019 using the following actuarial assumptions:

| | |
|---|---|
| Inflation Rate | 2.5% |
| Salary Increase Rates | Varies by service |
| Discount Rate | 6.5% |
| Initial Trend Rate | 7.5% |
| Ultimate Trend Rate | 4.0% |
| Investment Rate of Return | 6.5% |
| Years to Ultimate | 53 |

For all employees, mortality rates were based on the RP-2000 combined health mortality tables with fully generational mortality improvements using scale AA, with rates for female participants adjusted by a factor of 1.04.

The information included in the report is based on the actuarial valuation performed as of December 31, 2019. 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, 2021.

**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. 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**

*(in thousands of dollars)*

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total OPEB Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net OPEB Liability (a)-(b)** |
| Reporting Period Ending December 31, 2020 | $ 304,723 | $ 232,515 | $ 72,208 |
| Changes for the Year: | | | |
| Service Cost | 4,861 | — | 4,861 |
| Interest | 19,764 | — | 19,764 |
| Employer trust contributions | — | 5,000 | (5,000) |
| Pay-as-you-go contributions | — | 11,230 | (11,230) |
| Net Investment Income | — | 32,732 | (32,732) |
| Benefit payments | (11,230) | (11,230) | — |
| Administrative expense | — | (42) | 42 |
| Net Changes | 13,395 | 37,690 | (24,295) |
| Reporting Period Ending December 31, 2021 | $ 318,118 | $ 270,205 | $ 47,913 |

**Sensitivity of the Net OPEB Liability to changes in the Discount Rate**

The following presents the Net OPEB Liability of the District calculated using the discount rate of 6.5% as well as what the District's Net OPEB 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 | $88,683 | $47,913 | $14,099 |

**Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates**

The following presents the Net OPEB Liability of the District calculated using the healthcare cost trend rate of 4.5% to 8.0% as well as what the District's Net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.5% to 7.0%) or one percentage point higher (5.5% to 9.0%) than the current rate (in thousands of dollars):

| | 1% Decrease (3.5% - 7.0%) | Healthcare Cost Trend Rates (4.5% - 8.0%) | 1% Increase (5.5% - 9.0%) |
|---|---|---|---|
| Net OPEB Liability | $7,495 | $47,913 | $96,971 |

**OPEB Plan Fiduciary Net Position**
Detailed information about the OPEB Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**
For the year ended December 31, 2021, the District recognized OPEB Expense/(Revenue) of $(1,788,000). On December 31, 2021, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (in thousands of dollars):

| | Deferred Outflows of Resources | Deferred Inflows of Resource |
|---|---|---|
| Differences between expected and actual experience | $ 4,870 | $ — |
| Changes of assumptions | — | 26,636 |
| Net difference between projected and actual earnings on OPEB Plan Investments | — | 23,103 |
| Employer contributions made subsequent to the measurement date | 14,664 | — |
| Total | $ 19,534 | $ 49,739 |

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, 2021.

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):

| Year Ended December 31: | |
|---|---|
| 2022 | $ (11,180) |
| 2023 | (8,277) |
| 2024 | (13,214) |
| 2025 | (7,845) |
| 2026 | (4,353) |
| Thereafter | — |

## 9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $909,000 at December 31, 2021. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $224,221,000 at December 31, 2021. State Revolving Fund Loan commitments of $110,548,000 at December 31, 2021, 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, 2021, the District has no 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 its Stickney, Calumet, and O'Brien WRPs, the District is required to fund a study on phosphorus in the area waterways. If the study identifies problems caused by phosphorus levels in the water, the District must commission a plan to address those problems. Such a plan would potentially require the District to significantly reduce phosphorus levels in the effluent of its WRPs, and the costs of doing so could be substantial.

Moreover, costly phosphorus reductions might also be required for the District's Egan, Hanover Park, and Kirie WRPs. IEPA has recently issued final permits for these plants, which similarly contain conditions requiring a phosphorus study and plan to address any problems caused by phosphorus in the receiving waters of the plants.

**Class Action Flooding Claims.** The District presently is a party to a proposed class-action lawsuit pending in the Circuit Court of Cook County arising out of local sewer back-ups and overland flooding resulting in basement flooding. Flooding class-actions are generally brought in tort or for constitutional or statutory violations. To date, Illinois courts have ruled in the District's favor in every fully-adjudicated flooding matter that the District has defended.

In the currently pending case, a constitutional question was appealed to the Illinois Supreme Court, which answered the question and remanded the case back to the Circuit Court for further proceedings. Those proceedings are still ongoing.

**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 2010 through 2020 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 10 years.

## 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 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 $29,500,000 and $42,900,000. 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 $6,300,000 in long-term debt is being recognized as of December 31, 2021, as an estimate of the potential contingent liability of the District. The amount of $12,800,000 in contingent liability was recognized as of December 31, 2020. This represents a decrease of $6,500,000 in the recognized contingent liability between December 31, 2020 and December 31, 2021. Of this $6,300,000, $0 is estimated to be the short-term (2022) liability and $6,300,000 is the estimated long-term (after 2022) liability. A large decrease in contingent liability was registered in 2007 and was largely due to the implementation of Statement No. 49 of the Governmental Accounting Standards Board of Accounting and Financial Reporting for Pollution Remediation Obligations which specifies five obligating events, one of which must occur before a pollution remediation cost can be accrued as a 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, 2021, are listed below. There were increases in the Deductibles for Excess Liability and Cyber Liability Insurance. There was a reduction in Limits for Excess Liability Insurance. There were no other 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:

| | |
|---|---|
| *Marine Liability* | |
| Aggregate | $10,000,000 |
| Deductible | $10,000 |
| *Excess Liability* | |
| Aggregate | $25,000,000 |
| Deductible | $7,500,000 |
| Deductible - Employers Liability | $7,500,000 |
| *Government Crime* | |
| *Forgery or Alteration, Robbery, Safe Burglary, Money Orders, Counterfeit Currency* | |
| Per Occurrence | $750,000 |
| Deductible | $50,000 |
| *Employee Theft (including Faithful Performance)* | |
| Per Occurrence | $6,000,000 |
| Deductible | $100,000 |
| *Computer Fraud* | |
| Per Occurrence | $6,000,000 |
| Deductible | $100,000 |
| *Funds Transfer Fraud* | |
| Per Occurrence | $6,000,000 |
| Deductible | $100,000 |
| *Property Insurance* | |
| Per Occurrence | $750,000,000 |
| Deductible | $15,000,000 |
| *Earth Movement* | |
| Aggregate | $100,000,000 |
| Deductible | $15,000,000 |
| *Flood and Water Damage* | |
| Per Occurrence | $100,000,000 |
| Deductible | $15,000,000 |
| *Group Business Travel Accidental* | |
| Aggregate Limit | $10,000,000 |
| *Accidental Death* | |
| Per Employee (5 times salary up to this maximum) | $500,000 |
| *Guests,Spouse/Domestic Partner, Dependent Children* | |
| Aggregate Limit | $100,000 |
| *Pension & Welfare Fiduciary Liability* | |
| Aggregate | $5,000,000 |
| Self-Insured Retention | $10,000 |
| *Group Term Life (basic)* | |
| Per Employee | $20,000 |
| *Cyber Liability* | |
| 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):

| | 2021 | 2020 |
|---|---|---|
| Claims Payable at January 1 | $ 25,898 | $ 27,055 |
| Claims incurred | $ 4,276 | $ 2,686 |
| Changes in prior years' claims estimate | $ (6,871) | $ (1,157) |
| Claim payments | $ (4,276) | $ (2,686) |
| Claims Payable at December 31 | $ 19,027 | $ 25,898 |

## 11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2021 (in thousands of dollars):

| | Balance January 1, 2021 | Additions | Reductions | Balance December 31, 2021 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental long-term liabilities:** | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | $ 1,750,155 | $ 500,000 | $ (436,825) | $ 1,813,330 | $ 54,895 |
| Converted bond anticipation notes | 944,779 | 73,700 | (72,181) | 946,298 | 119,039 |
| Bond anticipation notes | 76,035 | 45,629 | (73,700) | 47,964 | — |
| Total bonds & notes payable | 2,770,969 | 619,329 | (582,706) | 2,807,592 | 173,934 |
| Other Bond Cost: | | | | | |
| Premium | 141,970 | 87,580 | (32,496) | 197,054 | 17,578 |
| Net bonds and notes payable | 2,912,939 | 706,909 | (615,202) | 3,004,646 | 191,512 |
| Other liabilities: | | | | | |
| Claims and judgments | 25,898 | 2,129 | (9,000) | 19,027 | 27,206 |
| Compensated absences | 23,771 | — | (5,094) | 18,677 | 2,779 |
| Capital lease (note 14) | 30,401 | — | (2,996) | 27,405 | 3,143 |
| Net OPEB liability (note 8) | 72,208 | 24,667 | (48,962) | 47,913 | — |
| Net pension liability, (note 7) | 1,146,935 | 227,073 | (252,936) | 1,121,072 | — |
| Total governmental long-term liabilities | $ 4,212,152 | $ 960,778 | $ (934,190) | $ 4,238,740 | $ 224,640 |

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.

As of December 31, 2021, the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

**Bonds Payable Maturity Table**

| Maturing | Capital Improvement & Alternate Revenue Bond Series (2.00-5.72%) (Issued 08/09 to 12/21) | Refunding (2.00-5.25%) (Issued 03/07 to 12/21) | State Revolving Funds Series (0.0-2.905%) (Issued 06/96 to 07/21) | Total Principal | Total Interest |
|---|---|---|---|---|---|
| 2022 | $ 4,025 | $ 50,870 | $ 119,039 | $ 173,934 | $ 107,212 |
| 2023 | 4,215 | 50,875 | 76,826 | 131,916 | 102,916 |
| 2024 | 5,570 | 51,930 | 75,375 | 132,875 | 98,725 |
| 2025 | 6,535 | 53,700 | 72,971 | 133,206 | 94,464 |
| 2026 | 14,235 | 49,660 | 70,701 | 134,596 | 90,168 |
| 2027-2031 | 98,070 | 357,530 | 321,897 | 777,497 | 379,593 |
| 2032-2036 | 417,025 | 283,730 | 142,572 | 843,327 | 223,103 |
| 2037-2041 | 264,360 | 14,085 | 66,917 | 345,362 | 47,667 |
| 2042-2046 | 62,725 | — | — | 62,725 | 14,656 |
| 2047-2051 | 24,190 | — | — | 24,190 | 2,979 |
| | $ 900,950 | $ 912,380 | $ 946,298 | $ 2,759,628 | $ 1,161,483 |

**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).

| Issue | Bond Proceeds Received |
|---|---|
| 2021 Refunding Taxable Series F | $ 45,800 |
| 2016 Tax Series E | 50,000 |
| 2014 Tax Series B | 50,000 |
| State Revolving Funds - IEPA Series 14O | 3,100 |
| State Revolving Funds - IEPA Series 14R | 39,700 |

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 2021F, 2016E, 2014B, 14O and 14R Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2021F, 2016E, 2014B, 14O and 14R Bonds, and the provision of not less than an additional .25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2021, is $196,311,000 as shown below (in thousands of dollars).

| Issue | Pledged Revenue Collected | Debt Service Principal | Debt Service Interest | Total Remaining |
|---|---|---|---|---|
| 2021 Refunding Taxable Series F | $ — | $ 45,845 | $ 14,815 | $ 60,660 |
| 2016 Tax Series E | 10,000 | 50,000 | 36,962 | 86,962 |
| 2014 Tax Series B | 21,752 | 3,390 | 310 | 3,700 |
| State Revolving Funds - IEPA Series 14O | 379 | 2,772 | 445 | 3,217 |
| State Revolving Funds - IEPA Series 14R | — | 34,816 | 6,956 | 41,772 |
| Total | $ 32,131 | $ 136,823 | $ 59,488 | $ 196,311 |

**2021 Bond Issues**

In December 2021, the District issued $113,935,000 of Taxable 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 Taxable 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 in 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 in 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 in 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 in 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 in 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 in 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 Taxable 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 Taxable 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 Taxable 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.

**2015 Bond Issues**
In January 2015, the District issued $100,000,000 of Taxable General Obligation Capital Improvement Bonds, Unlimited Tax Series A (Green Bonds), with maturity dates from 2039 to 2044. The bonds were issued at a premium of $14,440,000. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1. These bonds were fully refunded in December 2021.

In January 2015, the District issued $50,000,000 of Taxable General Obligation Bonds (Alternate Revenue Source), Unlimited Tax Series B (Green Bonds), with maturity dates from 2016 to 2044. The bonds were issued at a premium of $7,720,129. Interest accrues on the bonds at rates ranging from 2.0% to 5.0%, payable on December 1 and June 1. An amount of $40,755,000 of these bonds was due to mature in the years 2025 to 2044, which was refunded in December 2021.

In January 2015, the District issued $75,000,000 of Taxable General Obligation Capital Improvement Bonds, Limited Tax Series C (Green Bonds), with maturity dates from 2016 to 2028. The bonds were issued at a premium of $14,022,875. Interest accrues on the bonds at rates ranging from 2.0% to 5.0%, payable on December 1 and June 1.

In January 2015, the District issued $70,805,000 in General Obligation Refunding Bonds, Limited Tax Series D, with maturity dates from 2016 to 2022. The bonds were issued at a premium of $12,346,220. Interest accrues on the bonds at rates ranging from 2.0% to 5.0%, payable on December 1 and June 1. The bonds were issued to refund $76,050,000 of outstanding principal amount, plus accrued interest, of July 2006 Limited Tax Series.

**2011 Bond Issues**
In July 2011, the District issued $270,000,000 of General Obligation Capital Improvement Bonds, Limited Tax Series B, with maturity dates from 2017 to 2032. The bonds were issued at a premium of $27,686,556. Interest accrues on the bonds at rates ranging from 3.0% to 5.0%, payable December 1 and June 1. These bonds were fully refunded in December 2021.

In July 2011, the District issued $100,000,000 of General Obligation Capital Improvement Bonds, Unlimited Tax Series C, with maturity dates from 2013 to 2031. The bonds were issued at a premium of $9,657,071. Interest accrues on the bonds at rates ranging from 3.0% to 5.0%, payable December 1 and June 1. These bonds were fully refunded in December 2021.

**2009 Bond Issues**
In August 2009, the District issued $600,000,000 in 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 $188,315,000 in General Obligation Refunding Bonds, Unlimited Tax Series A, at a premium of $16,775,789. The bonds have interest rates from 4.00 to 5.00%, payable on December 1 and June 1, and maturity dates from 2014 to 2022. The bonds were issued to refund $146,000,000 of outstanding principal amount, plus accrued interest, of 2002 Limited Tax Series E and $57,900,000 of outstanding principal amount, plus accrued interest, of 2002 Unlimited Tax Series C.

In March 2007, the District issued $91,845,000 in 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, 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 in 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 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:

| | |
|---|---|
| 2022 | $ 22,900,000 |
| 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 | $ 67,400,000 |
| 2018 | $ 34,600,000 |
| 2017 | $ 7,900,000 |
| 2016 | $ 131,900,000 |

In 2014, the District authorized the issuance of $425,000,000 of Capital Improvement Bonds, 2014 IEPA Series, for capital improvements related to sewage treatment works and flood control facilities. The terms and conditions are similar to the 2016 IEPA Series. Under this authority, the IEPA has subsequently approved the following loan amounts:

| | | |
|---|---|---|
| 2019 | $ | 62,300,000 |
| 2018 | $ | 4,900,000 |
| 2017 | $ | 4,200,000 |
| 2016 | $ | 150,100,000 |
| 2015 | $ | 54,600,000 |
| 2014 | $ | 83,600,000 |
| 2012 | $ | 17,400,000 |

State Revolving Fund (SRF) Loan proceeds of $44,634,000 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 $44,634,000 and interest of $995,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $45,629,000.

The converted bond anticipation notes, a reduction of long-term debt, of $73,700,000 in 2021 represented the sum of converted bond anticipation note principal of $72,588,000 and interest in the amount of $1,112,000.

**2021 Bond Issues** and adjustments to existing issues under the IEPA 2012, 2014 and 2016 authority included:

- July 2021 – The District issued $4,012,000 of Capital Improvement Bonds - IEPA Series 12L, through the conversion of the sum of bond anticipation note principal of $3,971,000 and interest of $41,000 with maturity dates from January 1, 2022 to January 1, 2031. Interest on the bonds accrues at a rate of 2.21%, payable January 1 and July 1.

- July 2021 – The District issued $85,000 of Capital Improvement Bonds - IEPA Series 14E, through the conversion of the sum of bond anticipation note principal of $85,000 and interest of $1,000 with maturity dates from January 1, 2022 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2021 – The District issued $147,000 of Capital Improvement Bonds - IEPA Series 14I, through the conversion of the sum of bond anticipation note principal of $146,000 and interest of $1,000 with maturity dates from January 1, 2022 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2021 – The District issued $81,000 of Capital Improvement Bonds - IEPA Series 14P, through the conversion of the sum of bond anticipation note principal of $80,000 and interest of $1,000 with maturity dates from January 1, 2022 to July 1, 2038. Interest on the bonds accrues at a rate of 1.56%, payable January 1 and July 1.

- July 2021 – The District issued $829,000 of Capital Improvement Bonds - IEPA Series 14Q, through the conversion of the sum of bond anticipation note principal of $822,000 and interest of $7,000 with maturity dates from January 1, 2022 to January 1, 2040. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.

- July 2021 – The District issued $34,815,000 of Capital Improvement Bonds - IEPA Series 14R, through the conversion of the sum of bond anticipation note principal of $34,104,000 and interest of $711,000 with maturity dates from January 1, 2022 to July 1, 2041. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.

- July 2021 – The District issued $1,657,000 of Capital Improvement Bonds - IEPA Series 16B, through the conversion of the sum of bond anticipation note principal of $1,639,000 and interest of $18,000 with maturity dates from January 1, 2021 to July 1, 2040. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.

- July 2021 – The District issued $10,024,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion of the sum of bond anticipation note principal of $9,934,000 and interest of $90,000 with maturity dates from January 1, 2021 to July 1, 2039. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.

- July 2021 – The District issued $9,626,000 of Capital Improvement Bonds - IEPA Series 16G, through the conversion of the sum of bond anticipation note principal of $9,525,000 and interest of $101,000 with maturity dates from January 1, 2021 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.

- July 2021 – The District issued $9,629,000 of Capital Improvement Bonds - IEPA Series 16H, through the conversion of the sum of bond anticipation note principal of $9,522,000 and interest of $107,000 with maturity dates from January 1, 2021 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.

- July 2021 – The District issued $2,794,000 of Capital Improvement Bonds - IEPA Series 16K, through the conversion of the sum of bond anticipation note principal of $2,760,000 and interest of $34,000 with maturity dates from January 1, 2021 to July 1, 2040. Interest on the bonds accrues at a rate of 2.00%, 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 $47,964,000 at December 31, 2021. Of the bond anticipation notes outstanding at December 31, 2021, $518,000 will be financed through IEPA Series 2012 bonds, $7,343,000 will be financed through IEPA Series 2014 bonds, and the remaining $40,103,000 will be financed through IEPA series 2016 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.

**Refunding Transactions**

In 2021, the District defeased certain bond obligations by placing the proceeds of new bonds in trust to provide for all future debt service requirements of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the accompanying financial statements, as the District defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transactions. Bonds outstanding in the amount of $161,868,000 were considered defeased at December 31, 2021.

In 2021, a deposit of $404,037,000 was made to an escrow agent to refund 2011 and 2014 general obligation capital improvement bonds, with a net carrying value of $406,910,000, for a gain on refunding of $2,873,000. The new debt has a par value of $356,065,000 and a premium of $48,733,000. The District completed the refunding to reduce its total debt service payments over the next 23 years by $152,209,000 resulting in an economic gain of $116,653,000.

## 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, 2021, are as follows (in thousands of dollars):

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Corporate Fund | $ 351 | $ — |
| Capital Projects Funds: | | |
| Stormwater Management Fund (Nonmajor Fund) | — | 351 |
| | $ 351 | $ 351 |

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of $24,436,000 at December 31, 2021, 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 2021 are as follows (in thousands of dollars):

| | Transfer to/(from) | | | | | |
|---|---|---|---|---|---|---|
| **Transfer Reason** | **General Corporate Fund** | **Debt Service Fund** | **Capital Improvement Bond Fund** | **Retirement Fund** | **Stormwater Management Fund** | **Construction Fund** |
| Alternate Revenue bond funding | $ — | $ 5,961 | $ — | $ — | $ (5,961) | $ — |
| Total transfers | $ — | $ 5,961 | $ — | $ — | $ (5,961) | $ — |

## 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.

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

**Capital Lease**
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 a capital lease 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 capital lease are estimated at $83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. The gross amount of assets acquired under the capital lease is $54,535,000. During 2021, the District incurred expenses of approximately $2,996,000 for principal and $1,394,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2021, the future minimum lease payments for the biosolids facility are shown below (in thousands of dollars):

**Capital Lease Payable Maturity Table**

| Maturing | Total Principal | Total Interest | Total Payments |
|---|---|---|---|
| 2022 | $ 3,143 | $ 1,247 | $ 4,390 |
| 2023 | 3,297 | 1,093 | 4,390 |
| 2024 | 3,459 | 931 | 4,390 |
| 2025 | 3,629 | 761 | 4,390 |
| 2026 | 3,806 | 583 | 4,389 |
| 2027-2031 | 10,071 | 620 | 10,691 |
| Total Minimum Lease Payments | $ 27,405 | $ 5,235 | $ 32,640 |

**Lease Rentals**

The District leases land to governmental and commercial tenants under operating lease agreements for periods of up to 99 years. There were no contingent lease rentals for the period. The commercial leases are considered non-cancellable and the following is a summary of the minimum future rentals for these leases at December 31, 2021 (in thousands of dollars):

| | |
|---|---|
| 2022 | $ 20,314 |
| 2023 | 20,079 |
| 2024 | 19,909 |
| 2025 | 19,764 |
| 2026 | 19,694 |
| Later Years | 466,149 |
| Total Minimum Future Rental Income | $ 565,909 |

The cost of the land associated with the commercial leases is $5,831,090. The District does not lease any depreciable assets.

## 15. Tax Abatements

The District has one tax abatement agreement with the Boeing Company with regard to the Corporate Headquarters Relocation Act in which property taxes are being abated. The agreement was entered into at the authority of the Metropolitan Water Reclamation District (as a taxing district) and the District's Board authorization. Eligibility began with the Boeing Project whereby Boeing moved its corporate headquarters to the City of Chicago and qualified as an eligible business under the Relocation Act. This includes $25,000,000 annual world-wide revenues, satisfaction of the MBE/WBE requirements, compliance with the resident hiring and prevailing wage requirements, employing at least 500 full time employees within the City of Chicago, and lease and occupy not less than 150,000 rentable square feet in the 100 North Riverside building.

The District's taxes are reduced by way of a reimbursement to Boeing in an amount equal to the allocable share of the real estate taxes, or 5.646%. The District is entitled to terminate the agreement or recover all payments if Boeing defaults on their commitments. The 2021 taxes abated totaled $125,967.

Cook County granted special assessments for the development or redevelopment of commercial and industrial properties. The properties 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 $15,984,000 in reduced property taxes.

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

## 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, sidestream 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:

| Asset Condition | Assessment Description |
|---|---|
| (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 Hanover, Calumet and Lemont networks were re-assessed in 2021, the Kirie, Central (Stickney) and Waterways networks were re-assessed in 2020, and the Egan and O'Brien networks were re-assessed in 2019.

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 |
|---|---|---|---|---|---|
| **Condition Assessment Ratings** | | | | | |
| **Kirie WRP Network** | | | | | |
| Subsequent assessment - 2014 | 3 | 3 | 3 | NA | NA |
| Subsequent assessment - 2017 | 3 | 3 | 3 | NA | NA |
| Subsequent assessment - 2020 | 3 | 3 | 3 | NA | NA |
| **Hanover WRP Network** | | | | | |
| Subsequent assessment - 2015 | 2 | 3 | 3 | NA | 3 |
| Subsequent assessment - 2018 | 3 | 3 | 3 | NA | 3 |
| Subsequent assessment - 2021 | 3 | 3 | 3 | NA | 3 |
| **Egan WRP Network** | | | | | |
| Subsequent assessment - 2013 | 3 | 3 | 3 | NA | NA |
| Subsequent assessment - 2016 | 3 | 3 | 2 | NA | NA |
| Subsequent assessment - 2019 | 2 | 2 | 3 | NA | NA |
| **O'Brien WRP Network** | | | | | |
| Subsequent assessment - 2013 | 3 | 2 | 2 | NA | NA |
| Subsequent assessment - 2016 | 3 | 3 | 3 | NA | NA |
| Subsequent assessment - 2019 | 3 | 3 | 3 | NA | NA |
| **Central (Stickney) WRP Network** | | | | | |
| Subsequent assessment - 2014 | 3 | 3 | 3 | NA | 3 |
| Subsequent assessment - 2017 | 3 | 3 | 3 | NA | 3 |
| Subsequent assessment - 2020 | 3 | 3 | 3 | 3 | 3 |
| **Waterways WRP Network** | | | | | |
| Subsequent assessment - 2014 | NA | NA | NA | 3 | NA |
| Subsequent assessment - 2017 | NA | NA | NA | 3 | NA |
| Subsequent assessment - 2020 | NA | NA | NA | 3 | NA |
| **Calumet WRP Network** | | | | | |
| Subsequent assessment - 2015 | 3 | 2 | 3 | NA | 2 |
| Subsequent assessment - 2018 | 3 | 3 | 3 | NA | 2 |
| Subsequent assessment - 2021 | 3 | 3 | 4 | NA | 3 |
| **Lemont WRP Network** | | | | | |
| Subsequent assessment - 2015 | 3 | 3 | 3 | NA | NA |
| Subsequent assessment - 2018 | 3 | 3 | 3 | 2 | NA |
| Subsequent assessment - 2021 | 3 | 3 | 3 | 1 | NA |
| **Maintenance/Preservation Costs** | | | | | |
| **Kirie WRP Network** | | | | | |
| Estimated 2021 | $ 486,600 | $ 1,262,100 | $ — | $ — | $ — |
| Actual 2021 | 460,452 | 1,312,502 | — | — | — |
| Estimated 2020 | 478,900 | 1,138,600 | — | — | — |
| Actual 2020 | 416,201 | 1,091,639 | — | — | — |
| Estimated 2019 | 11,167,600 | 1,092,700 | — | — | — |
| Actual 2019 | 353,344 | 420,042 | — | — | — |
| Estimated 2018 | 3,779,701 | 400,101 | — | — | — |
| Actual 2018 | 807,689 | 452,100 | 494 | 129 | — |
| Estimated 2017 | 3,304,900 | 1,065,433 | 1,139 | 517,500 | — |
| Actual 2017 | 540,658 | 1,014,160 | 11,007 | 12,066 | — |

| | Collection Processes System | Treatment Processes System | Solids Processing System | Flood and Pollution Control System | Solids Drying/ Utilization System |
|---|---|---|---|---|---|
| **Hanover WRP Network** | | | | | |
| Estimated 2021 | $ 134,400 | $ 653,300 | $ 225,900 | $ — | $ 54,100 |
| Actual 2021 | 134,744 | 819,512 | 207,816 | — | 52,735 |
| Estimated 2020 | 132,600 | 639,700 | 222,900 | — | 33,700 |
| Actual 2020 | 138,319 | 655,069 | 201,948 | — | 34,507 |
| Estimated 2019 | 132,900 | 652,400 | 2,212,000 | — | 34,600 |
| Actual 2019 | 100,568 | 244,058 | 205,085 | — | 32,640 |
| Estimated 2018 | 94,100 | 443,113 | 212,500 | — | 33,700 |
| Actual 2018 | 102,473 | 307,110 | 206,225 | — | 34,262 |
| Estimated 2017 | 123,300 | 647,312 | 221,947 | — | 33,200 |
| Actual 2017 | 162,368 | 684,767 | 210,660 | — | 33,476 |
| **Egan WRP Network** | | | | | |
| Estimated 2021 | $ 552,500 | $ 1,939,200 | $ 481,600 | $ 20,100 | $ — |
| Actual 2021 | 561,771 | 1,727,658 | 395,571 | 19,541 | — |
| Estimated 2020 | 544,400 | 1,759,600 | 519,400 | 19,900 | — |
| Actual 2020 | 547,128 | 1,614,523 | 414,731 | 20,189 | — |
| Estimated 2019 | 553,200 | 2,713,000 | 801,400 | 37,900 | — |
| Actual 2019 | 412,022 | 530,868 | 268,381 | 21,420 | — |
| Estimated 2018 | 392,053 | 1,539,717 | 891,011 | 37,075 | — |
| Actual 2018 | 333,327 | 542,917 | 467,280 | 20,227 | — |
| Estimated 2017 | 568,170 | 2,457,544 | 1,612,479 | 28,150 | — |
| Actual 2017 | 547,567 | 1,602,807 | 991,795 | 15,584 | — |
| **O'Brien WRP Network** | | | | | |
| 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 |
| Estimated 2020 | 3,091,800 | 6,645,900 | 448,700 | 86,200 | 121,000 |
| Actual 2020 | 3,140,813 | 5,220,331 | 403,891 | 84,191 | 119,142 |
| Estimated 2019 | 2,617,400 | 5,414,200 | 552,400 | 84,900 | — |
| Actual 2019 | 1,726,147 | 1,620,486 | 313,227 | 63,983 | — |
| Estimated 2018 | 1,598,100 | 12,148,400 | 15,337,600 | 670,037 | — |
| Actual 2018 | 1,700,911 | 1,637,026 | 298,797 | 640,049 | — |
| Estimated 2017 | 4,005,365 | 5,503,337 | 371,200 | 2,621,400 | — |
| Actual 2017 | 2,494,728 | 5,309,118 | 389,566 | 2,136,685 | — |
| **Central (Stickney) WRP Network** | | | | | |
| 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 |
| Estimated 2020 | 7,931,500 | 11,200,500 | 8,712,900 | 661,300 | 1,353,100 |
| Actual 2020 | 4,829,598 | 5,666,894 | 5,889,724 | 541,268 | 1,076,269 |
| Estimated 2019 | 8,181,200 | 17,042,400 | 37,639,300 | 645,600 | 1,331,400 |
| Actual 2019 | 5,972,992 | 3,763,578 | 6,850,985 | 1,017,789 | 1,075,340 |
| Estimated 2018 | 36,068,365 | 15,186,927 | 5,006,400 | 1,775,374 | 508,100 |
| Actual 2018 | 9,850,199 | 14,761,309 | 1,272,868 | 945,043 | 396,154 |
| Estimated 2017 | 9,704,500 | 11,806,700 | 7,004,600 | 742,000 | 1,521,700 |
| Actual 2017 | 23,677,548 | 18,501,753 | 6,361,137 | 1,237,008 | 1,705,427 |

| | | Collection Processes System | | Treatment Processes System | | Solids Processing System | | Flood and Pollution Control System | | Solids Drying/ Utilization System |
|---|---|---|---|---|---|---|---|---|---|---|
| **Waterways WRP Network** | | | | | | | | | | |
| Estimated 2021 | $ | — | $ | — | $ | — | $ | 647,600 | $ | — |
| Actual 2021 | | 18,914 | | 14,296 | | 68 | | 498,591 | | — |
| Estimated 2020 | | — | | — | | — | | 1,076,269 | | — |
| Actual 2020 | | — | | — | | — | | 404,255 | | — |
| Estimated 2019 | | — | | — | | — | | 7,872,800 | | — |
| Actual 2019 | | — | | — | | — | | 1,872,589 | | — |
| Estimated 2018 | | — | | — | | — | | 17,406,595 | | — |
| Actual 2018 | | — | | — | | — | | 2,763,017 | | — |
| Estimated 2017 | | 246,100 | | — | | — | | 11,957,187 | | — |
| Actual 2017 | | 10,953,571 | | 10,240 | | — | | 1,151,151 | | — |
| **Calumet WRP Network** | | | | | | | | | | |
| 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 |
| Estimated 2020 | | 3,529,000 | | 8,964,600 | | 1,887,400 | | 238,400 | | 518,200 |
| Actual 2020 | | 3,427,086 | | 6,638,053 | | 1,811,008 | | 227,383 | | 535,586 |
| Estimated 2019 | | 4,933,600 | | 5,485,300 | | 1,239,300 | | 175,100 | | 538,900 |
| Actual 2019 | | 3,478,800 | | 2,137,143 | | 1,009,331 | | 178,033 | | 130,634 |
| Estimated 2018 | | 4,834,200 | | 4,005,602 | | 795,600 | | 161,200 | | 103,600 |
| Actual 2018 | | 3,081,864 | | 3,166,505 | | 1,053,258 | | 186,323 | | 126,643 |
| Estimated 2017 | | 3,244,935 | | 8,423,738 | | 1,737,410 | | 172,787 | | 558,800 |
| Actual 2017 | | 3,330,986 | | 8,956,454 | | 1,848,660 | | 173,529 | | 509,922 |
| **Lemont WRP Network** | | | | | | | | | | |
| Estimated 2021 | $ | — | $ | 197,300 | $ | — | $ | — | $ | — |
| Actual 2021 | | 226 | | 182,413 | | — | | 4,356 | | — |
| Estimated 2020 | | — | | 10,300 | | — | | — | | — |
| Actual 2020 | | — | | 9,204 | | — | | — | | — |
| Estimated 2019 | | 8,446 | | 10,300 | | — | | — | | — |
| Actual 2019 | | — | | 22,812 | | — | | — | | — |
| Estimated 2018 | | — | | 10,800 | | — | | — | | — |
| Actual 2018 | | 540 | | 3,468 | | — | | — | | — |
| Estimated 2017 | | — | | 8,800 | | — | | — | | — |
| Actual 2017 | | — | | 4,739 | | — | | — | | — |

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**Schedule of Changes in the District's Net Pension Liability and Related Ratios**
**Last Seven Fiscal Years (1)**
*(in thousands of dollars)*

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Total pension liability:** | | | |
| Service cost | $ 32,592 | $ 33,039 | $ 32,213 |
| Interest | 188,334 | 183,916 | 182,881 |
| Differences between expected and actual experience | 4,554 | 17,733 | 12,158 |
| Changes of assumptions | — | — | 35,593 |
| Benefit payments, including refunds of employee contributions | (177,287) | (169,308) | (161,324) |
| Net change in total pension liability | 48,193 | 65,380 | 101,521 |
| **Total pension liability - beginning** | 2,653,769 | 2,588,389 | 2,486,867 |
| **Total pension liability - ending** | 2,701,962 | 2,653,769 | 2,588,388 |
| **Plan fiduciary net position:** | | | |
| Contributions - employer | 107,852 | 87,446 | 87,167 |
| Contributions - employee | 20,982 | 21,182 | 21,033 |
| Net investment income | 124,099 | 225,159 | (103,006) |
| Benefit payments, including refunds of employee contributions | (177,287) | (169,308) | (161,324) |
| Administrative expense | (1,593) | (1,642) | (1,685) |
| Other | 3 | 3 | 15 |
| Net change in plan fiduciary net position | 74,056 | 162,840 | (157,800) |
| **Plan fiduciary net position - beginning** | 1,506,834 | 1,343,994 | 1,501,793 |
| **Plan fiduciary net position - ending** | 1,580,890 | 1,506,834 | 1,343,993 |
| **Net pension liability - ending** | $ 1,121,072 | $ 1,146,935 | $ 1,244,395 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 58.51 % | 56.78 % | 51.92 % |
| Covered payroll | $ 188,073 | $ 189,961 | $ 187,850 |
| Net pension liability as a percentage of covered payroll | 596.08 % | 603.77 % | 662.44 % |

(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.

| 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|
| $ 32,370 | $ 32,058 | $ 32,228 | $ 31,602 |
| 179,038 | 173,861 | 168,530 | 163,338 |
| (1,991) | 13,814 | 14,422 | 10,861 |
| — | — | — | — |
| (154,713) | (147,336) | (140,509) | (133,898) |
| 54,704 | 72,397 | 74,671 | 71,903 |
| 2,432,163 | 2,359,766 | 2,285,095 | 2,213,192 |
| 2,486,867 | 2,432,163 | 2,359,766 | 2,285,095 |
| 89,858 | 80,259 | 71,041 | 73,906 |
| 20,840 | 20,831 | 21,385 | 18,975 |
| 194,822 | 113,586 | (1,428) | 81,601 |
| (154,713) | (147,336) | (140,509) | (133,898) |
| (1,614) | (1,503) | (1,660) | (1,407) |
| 3 | 107 | 29 | 4 |
| 149,196 | 65,944 | (51,142) | 39,181 |
| 1,352,597 | 1,286,653 | 1,337,795 | 1,298,614 |
| 1,501,793 | 1,352,597 | 1,286,653 | 1,337,795 |
| $ 985,074 | $ 1,079,566 | $ 1,073,113 | $ 947,300 |
| 60.39 % | 55.61 % | 54.52 % | 58.54 % |
| $ 184,385 | $ 182,640 | $ 177,792 | $ 176,184 |
| 534.25 % | 591.09 % | 603.58 % | 537.68 % |

**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 |
|---|---|---|---|---|---|
| 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 | (22,179) | 187,850 | 46.40% |
| 2017 | 65,728 | 89,858 | (24,130) | 184,385 | 48.73% |
| 2016 | 64,596 | 80,259 | (15,664) | 182,640 | 43.94% |
| 2015 | 62,603 | 71,041 | (8,438) | 177,792 | 39.96% |
| 2014 | 64,478 | 73,906 | (9,428) | 176,184 | 41.95% |
| 2013 | 68,414 | 92,944 | (24,530) | 169,376 | 54.87% |
| 2012 | 74,829 | 65,098 | 9,731 | 163,817 | 39.74% |

**Notes to the Schedule of District Contributions**

*Valuation Date:* The District's actuarially determined contribution (ADC) is calculated as of December 31, 2020.

*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 | 29 |
| Asset valuation method | 5 years smoothed value |
| Investment rate of return | 7.25% |
| Inflation | 2.5% |
| Salary increases | Varies by service |
| Payroll growth | 3.00% |
| Termination rates | Termination rates vary by age and gender. |
| Mortality rates | Healthy and Disabled Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted. |
| 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.

**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**
**Last Four Fiscal Years (1)**
*(in thousands of dollars)*

| Reporting period ending | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 |
|---|---|---|---|---|
| Measurement date | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 |
| **Total OPEB liability:** | | | | |
| Service cost | $ 4,861 | $ 5,540 | $ 5,315 | $ 5,098 |
| Interest | 19,764 | 20,851 | 20,012 | 19,260 |
| Differences between expected and actual experience | — | 6,819 | — | — |
| Changes of assumptions | — | (37,290) | — | — |
| Benefit payments | (11,230) | (12,700) | (12,571) | (13,431) |
| Net change in total OPEB liability | 13,395 | (16,780) | 12,756 | 10,927 |
| **Total OPEB liability - beginning** | 304,723 | 321,503 | 308,747 | 297,820 |
| **Total OPEB liability - ending** | 318,118 | 304,723 | 321,503 | 308,747 |
| **Plan fiduciary net position:** | | | | |
| Employer trust contribution | 5,000 | 5,000 | 5,000 | 5,000 |
| Pay-as-you-go contributions | 11,230 | 12,700 | 12,571 | 13,431 |
| Net investment income | 32,732 | 39,251 | (11,841) | 25,392 |
| Benefit payments | (11,230) | (12,700) | (12,571) | (13,431) |
| Administrative expense | (42) | (53) | (42) | (37) |
| Net change in plan fiduciary net position | 37,690 | 44,198 | (6,883) | 30,355 |
| **Plan fiduciary net position - beginning** | 232,515 | 188,317 | 195,200 | 164,845 |
| **Plan fiduciary net position - ending** | 270,205 | 232,515 | 188,317 | 195,200 |
| **Net OPEB liability - ending** | $ 47,913 | $ 72,208 | $ 133,186 | $ 113,547 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 84.94% | 76.30% | 58.57% | 63.22% |
| Covered payroll | $ 191,262 | $ 182,154 | $ 192,662 | $ 184,807 |
| District's net OPEB liability as a percentage of covered payroll | 25.05% | 39.64% | 69.13% | 61.44% |

(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, 2020.

A copy of the OPEB Trust Fund Annual Comprehensive Financial Report may be obtained by accessing the District's website at www.mwrd.org

**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 |
|---|---|---|---|---|---|
| 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% |
| 2015 | 12,472 | 18,317 | (5,845) | 176,757 | 10.36% |
| 2014 | 13,212 | 33,717 | (20,505) | 169,909 | 19.84% |
| 2013 | 13,212 | 33,835 | (20,623) | 164,005 | 20.63% |
| 2012 | 27,264 | 35,426 | (8,162) | 158,995 | 22.28% |

**Notes to the Schedule of District Contributions**

*Valuation Date:* The District's actuarially determined contribution (ADC) is calculated as of December 31, 2021.

*Methods and Assumptions used to determine the ADC:*

| | |
|---|---|
| Inflation | 2.50% |
| Salary increase | Varies by service |
| Discount Rate | 6.50% |
| Initial trend rate | 7.50% |
| Ultimate trend rate | 4.00% |
| Years to Ultimate | 53 |
| Investment rate of return | 6.50% |
| Mortality rates | Healthy and Disabled Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted. |

# 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, 2021*
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

| | Construction Fund | | Stormwater Management Fund | | Total Nonmajor Governmental Funds | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| **Assets** | | | | | | |
| Cash | $ 3,089 | $ 1,650 | $ 6,640 | $ 1,560 | $ 9,729 | $ 3,210 |
| Certificates of deposit | 207 | 7,922 | 10,103 | 3,104 | 10,310 | 11,026 |
| Investments | 24,845 | 19,379 | 38,431 | 47,300 | 63,276 | 66,679 |
| Prepaid insurance | — | — | 4 | — | 4 | — |
| Taxes receivable, net | 6,755 | 4,762 | 51,074 | 51,074 | 57,829 | 55,836 |
| Other receivable | 746 | 746 | — | — | 746 | 746 |
| Total assets | $ 35,642 | $ 34,459 | $ 106,252 | $ 103,038 | $ 141,894 | $ 137,497 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and other liabilities | $ 936 | $ 1,170 | $ 9,593 | $ 7,957 | $ 10,529 | $ 9,127 |
| Due to other funds | — | — | 351 | 298 | 351 | 298 |
| Total liabilities | 936 | 1,170 | 9,944 | 8,255 | 10,880 | 9,425 |
| Deferred inflows of resources: | | | | | | |
| Unavailable tax revenue | 5,762 | 4,303 | 43,562 | 46,215 | 49,324 | 50,518 |
| Total deferred inflows of resources | 5,762 | 4,303 | 43,562 | 46,215 | 49,324 | 50,518 |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid insurance | — | — | 4 | — | 4 | — |
| Restricted for: | | | | | | |
| Working Cash | 21,943 | 21,960 | 37,147 | 37,136 | 59,090 | 59,096 |
| Capital projects | 7,001 | 7,026 | 15,595 | 11,432 | 22,596 | 18,458 |
| Total fund balances | 28,944 | 28,986 | 52,746 | 48,568 | 81,690 | 77,554 |
| Total liabilities, deferred inflows, and fund balances | $ 35,642 | $ 34,459 | $ 106,252 | $ 103,038 | $ 141,894 | $ 137,497 |

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

*Year ended December 31, 2021*
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

| | Construction Fund | | Stormwater Management Fund | | Total Nonmajor Governmental Funds | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Revenues** | | | | | | |
| Revenues: | | | | | | |
| Property taxes | $ 7,169 | $ 6,834 | $ 53,763 | $ 50,464 | $ 60,932 | $ 57,298 |
| Interest on investments | (7) | 344 | 41 | 544 | 34 | 888 |
| Fees, forfeits and penalties | — | — | 969 | 958 | 969 | 958 |
| Miscellaneous | — | 13 | 112 | 6 | 112 | 19 |
| Total revenues | 7,162 | 7,191 | 54,885 | 51,972 | 62,047 | 59,163 |
| **Expenditures** | | | | | | |
| Current Operations: | | | | | | |
| Construction costs | 7,204 | 7,671 | 44,746 | 52,908 | 51,950 | 60,579 |
| Total expenditures | 7,204 | 7,671 | 44,746 | 52,908 | 51,950 | 60,579 |
| Revenues over (under) expenditures | (42) | (480) | 10,139 | (936) | 10,097 | (1,416) |
| Other financing sources (uses): | | | | | | |
| Transfer out to Debt Service Fund | — | (1,000) | (5,961) | (4,599) | (5,961) | (5,599) |
| Total other financing sources (uses) | — | (1,000) | (5,961) | (4,599) | (5,961) | (5,599) |
| Net change in fund balance | (42) | (1,480) | 4,178 | (5,535) | 4,136 | (7,015) |
| Fund balances | | | | | | |
| Beginning of the year | 28,986 | 30,466 | 48,568 | 54,103 | 77,554 | 84,569 |
| End of the year | $ 28,944 | $ 28,986 | $ 52,746 | $ 48,568 | $ 81,690 | $ 77,554 |

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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, 2021*

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Net Transfer | Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Board of Commissioners: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | $ 3,662 | $ (70) | $ 3,592 | $ 3,251 | $ 341 |
| Compensation plan adjustments | 39 | 70 | 109 | 106 | 3 |
| Social Security and Medicare contributions | 88 | — | 88 | 73 | 15 |
| Tuition and training payments | 21 | — | 21 | 6 | 15 |
| Personal services not otherwise classified | 517 | — | 517 | 340 | 177 |
| Total personal services | 4,327 | — | 4,327 | 3,776 | 551 |
| Contractual services | | | | | |
| Travel | 17 | — | 17 | — | 17 |
| Meals and lodging | 20 | — | 20 | — | 20 |
| Subscriptions and membership dues | 30 | — | 30 | 27 | 3 |
| Payment for professional services | 824 | — | 824 | 437 | 387 |
| Contractual services not otherwise classified | 1 | — | 1 | 1 | — |
| Total contractual services | 892 | — | 892 | 465 | 427 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 25 | — | 25 | 8 | 17 |
| Total materials and supplies | 25 | — | 25 | 8 | 17 |
| Board of Commissioners total | 5,244 | — | 5,244 | 4,249 | 995 |
| General Administration: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 11,773 | (300) | 11,473 | 10,764 | 709 |
| Compensation plan adjustments | 919 | 300 | 1,219 | 891 | 328 |
| Social Security and Medicare contributions | 171 | — | 171 | 164 | 7 |
| Tuition and training payments | 51 | — | 51 | 17 | 34 |
| Total personal services | 12,914 | — | 12,914 | 11,836 | 1,078 |
| Contractual services | | | | | |
| Travel | 9 | — | 9 | 1 | 8 |
| Meals and lodging | 18 | — | 18 | 2 | 16 |
| Postage, freight, and delivery charges | 111 | — | 111 | 60 | 51 |
| Compensation for personally owned autos | 4 | — | 4 | 2 | 2 |
| Motor vehicle operating services | 68 | — | 68 | 49 | 19 |
| Reprographic services | 56 | — | 56 | 6 | 50 |
| Electrical energy | 340 | — | 340 | 268 | 72 |
| Natural gas | 24 | — | 24 | 23 | 1 |
| Water and water services | 7 | — | 7 | 4 | 3 |
| Communication services | 3 | — | 3 | 3 | — |
| Subscriptions and membership dues | 969 | — | 969 | 875 | 94 |
| Rental charges | 72 | — | 72 | 56 | 16 |
| Advertising | 15 | — | 15 | 10 | 5 |
| Administration building operation | 1,370 | — | 1,370 | 1,254 | 116 |
| Administration building operation annex | 824 | — | 824 | 648 | 176 |

*(in thousands of dollars)*

| Corporate Division | Budget Amounts: Original | Budget Amounts: Net Transfer | Budget Amounts: Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| General Administration (continued): | | | | | |
| Payment for professional services | $ 846 | $ 100 | $ 946 | $ 469 | $ 477 |
| Contractual services not otherwise classified | 429 | (109) | 320 | 164 | 156 |
| Repairs to buildings | 121 | (58) | 63 | 30 | 33 |
| Repairs to office furniture and equipment | 64 | 34 | 98 | 73 | 25 |
| Computer software maintenance | 150 | 6 | 156 | 6 | 150 |
| Communication equipment maintenance | 23 | — | 23 | 18 | 5 |
| Repairs to vehicle equipment | 421 | 3 | 424 | 344 | 80 |
| Total contractual services | 5,944 | (24) | 5,920 | 4,365 | 1,555 |
| Materials and supplies | | | | | |
| Electrical parts and supplies | 9 | — | 9 | 7 | 2 |
| Plumbing accessories and supplies | 9 | — | 9 | 8 | 1 |
| Hardware | 16 | — | 16 | 16 | — |
| Office, printing, and photographic supplies | 118 | — | 118 | 91 | 27 |
| Cleaning supplies | 1 | — | 1 | 1 | — |
| Wearing apparel | 39 | — | 39 | 25 | 14 |
| Books, maps, and charts | 1 | — | 1 | — | 1 |
| Computer supplies | 71 | — | 71 | 1 | 70 |
| Materials and supplies not otherwise classified | 52 | — | 52 | 24 | 28 |
| Total materials and supplies | 316 | — | 316 | 173 | 143 |
| Machinery and equipment | | | | | |
| Vehicle equipment | 902 | 250 | 1,152 | 674 | 478 |
| Machinery and equipment not otherwise classified | 350 | (226) | 124 | 24 | 100 |
| Total machinery and equipment | 1,252 | 24 | 1,276 | 698 | 578 |
| General Administration total | 20,426 | — | 20,426 | 17,072 | 3,354 |
| Monitoring and Research: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 28,452 | — | 28,452 | 26,355 | 2,097 |
| Compensation plan adjustments | 817 | — | 817 | 522 | 295 |
| Social Security and Medicare contributions | 424 | — | 424 | 374 | 50 |
| Tuition and training payments | 60 | — | 60 | 40 | 20 |
| Total personal services | 29,753 | — | 29,753 | 27,291 | 2,462 |
| Contractual services | | | | | |
| Travel | 11 | — | 11 | — | 11 |
| Meals and lodging | 23 | — | 23 | 1 | 22 |
| Postage, freight, and delivery charges | 8 | — | 8 | 4 | 4 |
| Compensation for personally owned autos | 27 | — | 27 | 17 | 10 |
| Intergovernmental agreements | 99 | — | 99 | 99 | — |
| Governmental services charges | 17 | — | 17 | 17 | — |
| Payment for professional services | 505 | — | 505 | 506 | (1) |
| Preliminary Engineering reports and studies | 20 | — | 20 | 13 | 7 |
| Contractual services not otherwise classified | 303 | (3) | 300 | 180 | 120 |

## 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, 2021*

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Budget Amounts Net Transfer | Budget Amounts Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Monitoring and Research (continued): | | | | | |
| Repairs to marine equipment | $ 32 | $ — | $ 32 | $ 24 | $ 8 |
| Computer software maintenance | 26 | 3 | 29 | 28 | 1 |
| Repairs to testing and laboratory equipment | 375 | — | 375 | 299 | 76 |
| Total contractual services | 1,446 | — | 1,446 | 1,188 | 258 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 27 | — | 27 | 19 | 8 |
| Farming supplies | 12 | — | 12 | 11 | 1 |
| Laboratory testing supplies and small equipment | 411 | — | 411 | 337 | 74 |
| Wearing apparel | 15 | — | 15 | 10 | 5 |
| Fuel | 15 | — | 15 | 14 | 1 |
| Materials and supplies not otherwise classified | 81 | — | 81 | 45 | 36 |
| Total materials and supplies | 561 | — | 561 | 436 | 125 |
| Machinery and equipment | | | | | |
| Computer equipment | 950 | (242) | 708 | 362 | 346 |
| Testing and laboratory equipment | 292 | 242 | 534 | 503 | 31 |
| Total machinery and equipment | 1,242 | — | 1,242 | 865 | 377 |
| Monitoring and Research total | 33,002 | — | 33,002 | 29,780 | 3,222 |
| Procurement and Materials Management: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 5,901 | — | 5,901 | 5,222 | 679 |
| Compensation plan adjustments | 165 | — | 165 | 54 | 111 |
| Social Security and Medicare contributions | 88 | — | 88 | 74 | 14 |
| Tuition and training payments | 14 | — | 14 | 1 | 13 |
| Total personal services | 6,168 | — | 6,168 | 5,351 | 817 |
| Contractual services | | | | | |
| Travel | 1 | — | 1 | — | 1 |
| Meals and lodging | 1 | — | 1 | — | 1 |
| Compensation for personally owned autos | 1 | — | 1 | — | 1 |
| Advertising | 125 | — | 125 | 91 | 34 |
| Payment for professional services | 60 | — | 60 | 4 | 56 |
| Repairs to buildings | 9 | 31 | 40 | 26 | 14 |
| Repairs to office furniture and equipment | 2 | — | 2 | — | 2 |
| Computer software maintenance | 286 | — | 286 | 57 | 229 |
| Repairs to vehicle equipment | 9 | 7 | 16 | 11 | 5 |
| Total contractual services | 494 | 38 | 532 | 189 | 343 |
| Materials and supplies | | | | | |
| Metals | 96 | 40 | 136 | 123 | 13 |
| Electrical parts and supplies | 280 | 20 | 300 | 258 | 42 |
| Plumbing accessories and supplies | 346 | 85 | 431 | 389 | 42 |
| Hardware | 82 | (10) | 72 | 69 | 3 |
| Buildings, grounds, paving materials, and supplies | 258 | (38) | 220 | 168 | 52 |

(in thousands of dollars)

| **Corporate Division** | **Budget Amounts** Original | Net Transfer | Final | **Actual Amounts** | **Actual Variance with Final Budget - Positive (Negative)** |
|---|---|---|---|---|---|
| Procurement and Materials Management (continued): | | | | | |
| Fiber, paper and insulation materials | $ 63 | $ (10) | $ 53 | $ 37 | $ 16 |
| Paints, solvents, and related materials | 51 | (10) | 41 | 27 | 14 |
| Vehicle parts and supplies | 12 | — | 12 | 6 | 6 |
| Mechanical and repair parts | 225 | (40) | 185 | 169 | 16 |
| Office, printing, and photographic supplies | 14 | — | 14 | 8 | 6 |
| Laboratory testing supplies and small equipment | 713 | — | 713 | 497 | 216 |
| Cleaning supplies | 636 | (265) | 371 | 209 | 162 |
| Tools and supplies | 101 | 10 | 111 | 96 | 15 |
| Wearing apparel | 295 | 60 | 355 | 268 | 87 |
| Safety and medical supplies | 73 | (10) | 63 | 50 | 13 |
| Computer supplies | 67 | — | 67 | 67 | — |
| Fuel | 288 | (30) | 258 | 250 | 8 |
| Gas (in containers) | 84 | 12 | 96 | 85 | 11 |
| Communications supplies | 7 | — | 7 | 7 | — |
| Lubricants | 200 | 148 | 348 | 325 | 23 |
| Materials and supplies not otherwise classified | 42 | — | 42 | 36 | 6 |
| Total materials and supplies | 3,933 | (38) | 3,895 | 3,144 | 751 |
| Procurement and Materials Management total | 10,595 | — | 10,595 | 8,684 | 1,911 |
| Human Resources: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 6,918 | — | 6,918 | 5,739 | 1,179 |
| Compensation plan adjustments | 415 | — | 415 | 247 | 168 |
| Social Security and Medicare contributions | 141 | — | 141 | 86 | 55 |
| Employee claims | 83 | 17 | 100 | 91 | 9 |
| Tuition and training payments | 668 | (17) | 651 | 269 | 382 |
| Health and life insurance premiums | 47,059 | — | 47,059 | 42,630 | 4,429 |
| Personal services not otherwise classified | 460 | — | 460 | — | 460 |
| Total personal services | 55,744 | — | 55,744 | 49,062 | 6,682 |
| Contractual services | | | | | |
| Travel | 1 | — | 1 | — | 1 |
| Meals and lodging | 8 | — | 8 | — | 8 |
| Compensation for personally owned autos | 1 | — | 1 | — | 1 |
| Court reporting services | 16 | — | 16 | 8 | 8 |
| Medical services | 171 | — | 171 | 96 | 75 |
| Insurance premiums | 3,871 | 77 | 3,948 | 3,947 | 1 |
| Advertising | 3 | — | 3 | 1 | 2 |
| Rental charges | 19 | — | 19 | 8 | 11 |
| Payment for professional services | 797 | (82) | 715 | 554 | 161 |
| Contractual services not otherwise classified | 79 | (40) | 39 | 15 | 24 |
| Safety repairs services | 152 | — | 152 | 100 | 52 |
| Computer software maintenance | 60 | 45 | 105 | 93 | 12 |
| Total contractual services | 5,178 | — | 5,178 | 4,822 | 356 |

## 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, 2021*

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Budget Amounts Net Transfer | Budget Amounts Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Human Resources (continued): | | | | | |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | $ 44 | $ (16) | $ 28 | $ 22 | $ 6 |
| Books, maps, and charts | 1 | — | 1 | — | 1 |
| Safety medical supplies | 229 | 30 | 259 | 209 | 50 |
| Materials and supplies not otherwise classified | 8 | (8) | — | 1 | (1) |
| Total materials and supplies | 282 | 6 | 288 | 232 | 56 |
| Machinery and equipment | | | | | |
| Safety medical equipment | 6 | (6) | — | — | — |
| Total machinery and equipment | 6 | (6) | — | — | — |
| Human Resources total | 61,210 | — | 61,210 | 54,116 | 7,094 |
| Information Technology: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 8,650 | — | 8,650 | 7,454 | 1,196 |
| Compensation plan adjustments | 272 | — | 272 | 157 | 115 |
| Social Security and Medicare contributions | 125 | — | 125 | 105 | 20 |
| Tuition and training payments | 37 | — | 37 | 12 | 25 |
| Total personal services | 9,084 | — | 9,084 | 7,728 | 1,356 |
| Contractual services | | | | | |
| Travel | 2 | — | 2 | — | 2 |
| Meals and lodging | 5 | — | 5 | — | 5 |
| Postage, freight, and delivery charges | 2 | — | 2 | 1 | 1 |
| Compensation for personally owned autos | 2 | — | 2 | 1 | 1 |
| Communication services | 2,430 | 331 | 2,761 | 2,095 | 666 |
| Rental charges | 91 | — | 91 | 85 | 6 |
| Payment for professional services | 1,024 | (200) | 824 | 118 | 706 |
| Contractual services not otherwise classified | 10 | — | 10 | — | 10 |
| Computer equipment maintenance | 375 | — | 375 | 192 | 183 |
| Computer software maintenance | 4,669 | (131) | 4,538 | 4,489 | 49 |
| Communication equipment maintenance | 743 | — | 743 | 690 | 53 |
| Total contractual services | 9,353 | — | 9,353 | 7,671 | 1,682 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 15 | — | 15 | — | 15 |
| Computer software | 242 | — | 242 | 137 | 105 |
| Computer supplies | 734 | (107) | 627 | 206 | 421 |
| Communication supplies | 65 | 107 | 172 | 62 | 110 |
| Total materials and supplies | 1,056 | — | 1,056 | 405 | 651 |
| Machinery and equipment | | | | | |
| Computer equipment | 205 | — | 205 | 51 | 154 |
| Total machinery and equipment | 205 | — | 205 | 51 | 154 |
| Information Technology total | 19,698 | — | 19,698 | 15,855 | 3,843 |

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Net Transfer | Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Law: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | $ 5,496 | $ — | $ 5,496 | $ 5,223 | $ 273 |
| Compensation plan adjustments | 157 | — | 157 | — | 157 |
| Social Security and Medicare contributions | 80 | — | 80 | 73 | 7 |
| Tuition and training payments | 15 | — | 15 | 9 | 6 |
| Total personal services | 5,748 | — | 5,748 | 5,305 | 443 |
| Contractual services | | | | | |
| Travel | 5 | — | 5 | — | 5 |
| Meals and lodging | 14 | (4) | 10 | — | 10 |
| Postage, freight, and delivery charges | 1 | — | 1 | 1 | — |
| Compensation for personally owned autos | 5 | — | 5 | — | 5 |
| Reprographic services | 17 | — | 17 | 16 | 1 |
| Court reporting services | 25 | 4 | 29 | 2 | 27 |
| Payment for professional services | 1,088 | — | 1,088 | 297 | 791 |
| Contractual services not otherwise classified | 109 | 109 | 109 | 57 | 52 |
| Waste material disposal charges | 70 | 70 | 70 | 53 | 17 |
| Safety repair services | 8 | — | 8 | 3 | 5 |
| Total contractual services | 1,342 | — | 1,342 | 429 | 913 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 6 | (2) | 4 | 3 | 1 |
| Books, maps, and charts | 13 | 2 | 15 | 11 | 4 |
| Total materials and supplies | 19 | — | 19 | 14 | 5 |
| Fixed and other charges | | | | | |
| Taxes on real estate | 831 | — | 831 | 694 | 137 |
| Total fixed and other charges | 831 | — | 831 | 694 | 137 |
| Law total | 7,940 | — | 7,940 | 6,442 | 1,498 |
| Finance: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 3,270 | — | 3,270 | 2,935 | 335 |
| Compensation plan adjustments | 78 | — | 78 | 33 | 45 |
| Social Security and Medicare contributions | 49 | — | 49 | 42 | 7 |
| Tuition and training payments | 30 | — | 30 | 10 | 20 |
| Total personal services | 3,427 | — | 3,427 | 3,020 | 407 |
| Contractual services | | | | | |
| Travel | 10 | — | 10 | — | 10 |
| Meals and lodging | 12 | — | 12 | — | 12 |
| Reprographic services | 2 | — | 2 | 2 | — |
| Court reporting services | 50 | — | 50 | 41 | 9 |
| Discount Lost | 3 | — | 3 | 3 | — |
| Payments for professional services | 370 | — | 370 | 258 | 112 |
| Contractual services not otherwise classified | 3 | — | 3 | 1 | 2 |

# 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, 2021*

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Net Transfer | Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Finance (continued): | | | | | |
| Repairs to office furniture and equipment | $ 7 | $ — | $ 7 | $ — | $ 7 |
| Total contractual services | 457 | — | 457 | 305 | 152 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 15 | — | 15 | 5 | 10 |
| Books, maps, and charts | 1 | — | 1 | — | 1 |
| Materials and supplies not otherwise classified | 1 | — | 1 | — | 1 |
| Total materials and supplies | 17 | — | 17 | 5 | 12 |
| Finance total | 3,901 | — | 3,901 | 3,330 | 571 |
| Engineering: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 23,601 | (480) | 23,121 | 20,071 | 3,050 |
| Compensation plan adjustments | 542 | 99 | 641 | 622 | 19 |
| Social Security and Medicare contributions | 358 | — | 358 | 290 | 68 |
| Tuition and training payments | 97 | — | 97 | 36 | 61 |
| Total personal services | 24,598 | (381) | 24,217 | 21,019 | 3,198 |
| Contractual services | | | | | |
| Travel | 9 | — | 9 | — | 9 |
| Meals and lodging | 17 | (6) | 11 | — | 11 |
| Postage, freight, and delivery charges | 2 | — | 2 | — | 2 |
| Compensation for personally owned autos | 8 | — | 8 | — | 8 |
| Reprographic services | 4 | — | 4 | 3 | 1 |
| Water and water services | 5 | — | 5 | 3 | 2 |
| Testing and inspection services | 1,000 | — | 1,000 | 990 | 10 |
| Payments for professional services | 324 | — | 324 | 132 | 192 |
| Contractual services not otherwise classified | 80 | 275 | 355 | 350 | 5 |
| Repairs to waterway facilities | 71 | 75 | 146 | 78 | 68 |
| Repairs to office furniture and equipment | 11 | 6 | 17 | 9 | 8 |
| Repairs to testing and laboratory equipment | 7 | — | 7 | 2 | 5 |
| Total contractual services | 1,538 | 350 | 1,888 | 1,567 | 321 |
| Materials and supplies | | | | | |
| Office, printing, and photographic supplies | 38 | — | 38 | 17 | 21 |
| Tools and supplies | 11 | — | 11 | 7 | 4 |
| Books, maps, and charts | 5 | — | 5 | 3 | 2 |
| Computer software | 33 | — | 33 | 12 | 21 |
| Materials and supplies not otherwise classified | 1 | — | 1 | — | 1 |
| Total materials and supplies | 88 | — | 88 | 39 | 49 |
| Machinery and equipment | | | | | |
| Testing and laboratory equipment | — | 32 | 32 | 32 | — |
| Materials and equipment not otherwise classified | 30 | (1) | 29 | 15 | 14 |
| Total machinery and equipment | 30 | 31 | 61 | 47 | 14 |
| Engineering total | 26,254 | — | 26,254 | 22,672 | 3,582 |

(in thousands of dollars)

| Corporate Division | Budget Amounts Original | Budget Amounts Net Transfer | Budget Amounts Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Maintenance and Operations: | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | $ 93,865 | $ (1,558) | $ 92,307 | $ 91,000 | $ 1,307 |
| Compensation plan adjustments | 5,187 | 358 | 5,545 | 5,136 | 409 |
| Social Security and Medicare contributions | 1,413 | — | 1,413 | 1,345 | 68 |
| Salaries of non-budgeted employees | 107 | — | 107 | 24 | 83 |
| Tuition and training payments | 193 | — | 193 | 67 | 126 |
| Total personal services | 100,765 | (1,200) | 99,565 | 97,572 | 1,993 |
| Contractual services | | | | | |
| Travel | 24 | — | 24 | — | 24 |
| Meals and lodging | 59 | — | 59 | 28 | 31 |
| Compensation for personally owned autos | 121 | — | 121 | 74 | 47 |
| Motor vehicle operating services | 2 | — | 2 | — | 2 |
| Electrical energy | 37,424 | — | 37,424 | 33,396 | 4,028 |
| Natural gas | 3,477 | (250) | 3,227 | 2,684 | 543 |
| Water and water services | 2,333 | (150) | 2,183 | 1,694 | 489 |
| Testing and inspection services | 245 | 23 | 268 | 182 | 86 |
| Rental charges | 143 | — | 143 | 127 | 16 |
| Governmental service charges | 4,389 | (348) | 4,041 | 3,839 | 202 |
| Maintenance of grounds and pavements | 1,437 | 368 | 1,805 | 1,568 | 237 |
| Payments for professional services | 282 | (75) | 207 | 147 | 60 |
| Contractual services not otherwise classified | 572 | — | 572 | 447 | 125 |
| Waste material disposal charges | 12,227 | 2,448 | 14,675 | 12,209 | 2,466 |
| Farming services | 90 | (50) | 40 | 8 | 32 |
| Sludge disposal | 4,500 | — | 4,500 | 4,489 | 11 |
| Repairs to collection facilities | 4,097 | (876) | 3,221 | 2,779 | 442 |
| Repairs to waterway facilities | 78 | (10) | 68 | 62 | 6 |
| Repairs to process facilities | 12,064 | (929) | 11,135 | 9,659 | 1,476 |
| Repairs to railroads | 643 | 370 | 1,013 | 1,007 | 6 |
| Repairs to buildings | 1,334 | 234 | 1,568 | 1,120 | 448 |
| Repairs to material handling and farm equipment | 754 | 120 | 874 | 843 | 31 |
| Safety repairs and services | 380 | — | 380 | 330 | 50 |
| Computer software maintenance | 9 | — | 9 | 9 | — |
| Repairs to vehicle equipment | 147 | — | 147 | 91 | 56 |
| Repairs not otherwise classified | 28 | — | 28 | 10 | 18 |
| Total contractual services | 86,859 | 875 | 87,734 | 76,802 | 10,932 |
| Materials and supplies | | | | | |
| Metals | 31 | — | 31 | 27 | 4 |
| Electrical parts and supplies | 3,147 | 42 | 3,189 | 2,615 | 574 |
| Plumbing accessories and supplies | 787 | (38) | 749 | 603 | 146 |
| Hardware | 7 | — | 7 | 3 | 4 |
| Buildings, grounds, paving materials, and supplies | 167 | (15) | 152 | 102 | 50 |
| Fiber, paper and insulation materials | 13 | — | 13 | 5 | 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, 2021*

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Net Transfer | Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| Maintenance and Operations (continued): | | | | | |
| Paints, solvents, and related materials | $ 6 | $ 8 | $ 14 | $ 13 | $ 1 |
| Vehicle parts and supplies | 200 | (10) | 190 | 84 | 106 |
| Mechanical repair parts | 4,747 | 290 | 5,037 | 3,627 | 1,410 |
| Manhole materials | 70 | (70) | — | — | — |
| Office, printing, and photographic supplies | 50 | — | 50 | 38 | 12 |
| Farming supplies | 4 | — | 4 | 4 | — |
| Processing chemicals | 11,527 | 125 | 11,652 | 10,463 | 1,189 |
| Laboratory testing supplies and small equipment | 36 | — | 36 | 31 | 5 |
| Cleaning supplies | 6 | — | 6 | 2 | 4 |
| Tools and supplies | 245 | — | 245 | 233 | 12 |
| Wearing apparel | 4 | — | 4 | 2 | 2 |
| Safety and medical supplies | 69 | — | 69 | 50 | 19 |
| Computer software | 36 | (15) | 21 | 18 | 3 |
| Computer supplies | 25 | 5 | 30 | 29 | 1 |
| Fuel | 316 | — | 316 | 275 | 41 |
| Gas (in containers) | 1 | — | 1 | — | 1 |
| Communication supplies | 15 | — | 15 | 14 | 1 |
| Lubricants | 16 | 3 | 19 | 16 | 3 |
| Materials and supplies not otherwise classified | 106 | — | 106 | 93 | 13 |
| Total materials and supplies | 21,631 | 325 | 21,956 | 18,347 | 3,609 |
| Machinery and equipment | | | | | |
| Equipment for collection facilities | 90 | (70) | 20 | 20 | — |
| Equipment for waterway facilities | 135 | 7 | 142 | 87 | 55 |
| Equipment for process facilities | 561 | (4) | 557 | 395 | 162 |
| Railroad equipment | 25 | — | 25 | 25 | — |
| Farming equipment | 333 | (12) | 321 | 319 | 2 |
| Vehicle equipment | 568 | 112 | 680 | 289 | 391 |
| Materials and equipment not otherwise classified | 90 | (33) | 57 | 50 | 7 |
| Total machinery and equipment | 1,802 | — | 1,802 | 1,185 | 617 |
| Maintenance and Operations total | 211,057 | — | 211,057 | 193,906 | 17,151 |
| **Corporate Division Total** | | | | | |
| Total all departments: | | | | | |
| Personal services | 252,528 | (1,581) | 250,947 | 231,960 | 18,987 |
| Contractual services | 113,503 | 1,239 | 114,742 | 97,803 | 16,939 |
| Materials and supplies | 27,928 | 293 | 28,221 | 22,803 | 5,418 |
| Machinery and equipment | 4,537 | 49 | 4,586 | 2,846 | 1,740 |
| Fixed and other charges | 831 | — | 831 | 694 | 137 |
| Total Corporate Division | 399,327 | — | 399,327 | 356,106 | 43,221 |

*(in thousands of dollars)*

| Corporate Division | Budget Amounts Original | Net Transfer | Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| **Reserve Claim Division** | | | | | |
| Employee claims | $ 10,000 | $ — | $ 10,000 | $ 2,824 | $ 7,176 |
| General claims and emergency repair and replacement cost over $10,000 | 29,625 | — | 29,625 | 1,835 | 27,790 |
| Total Reserve Claim Division | 39,625 | — | 39,625 | 4,659 | 34,966 |
| **Total General Corporate Fund** | $ 438,952 | $ — | $ 438,952 | $ 360,765 | $ 78,187 |

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

*Year ended December 31, 2021*
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

| | 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) | Percent of Total 2021 |
|---|---|---|---|---|---|
| Personal services: | | | | | |
| Salaries and wages | $ 186,995 | $ 190,738 | $ (3,743) | (2)% | 51% |
| Employee health and life insurance premiums | 42,630 | 40,190 | 2,440 | 6% | 12% |
| Social Security and Medicare contributions | 2,627 | 2,666 | (39) | (1)% | 1% |
| Tuition and training payments | 467 | 387 | 80 | 21% | —% |
| Other | 91 | 76 | 15 | 20% | —% |
| Total personal services | 232,810 | 234,057 | (1,247) | (1)% | 64% |
| Contractual services: | | | | | |
| Electrical energy | 33,665 | 35,802 | (2,137) | (6)% | 9% |
| Natural gas | 2,708 | 2,275 | 433 | 19% | 1% |
| Postage, freight, and delivery charges | 66 | 90 | (24) | (27)% | —% |
| Waste material disposal charges | 12,262 | 13,536 | (1,274) | (9)% | 3% |
| Administration building operation | 1,902 | 1,857 | 45 | 2% | 1% |
| Communication services | 2,098 | 1,372 | 726 | 53% | 1% |
| Farming services | 8 | 37 | (29) | (78)% | —% |
| Court reporting services | 51 | 69 | (18) | (26)% | —% |
| Water and water services | 1,646 | 1,880 | (234) | (12)% | 1% |
| Motor vehicle operating services | 50 | 38 | 12 | 32% | —% |
| Employee travel and transportation | 126 | 137 | (11) | (8)% | —% |
| Medical services | 96 | 78 | 18 | 23% | —% |
| Rental charges | 276 | 283 | (7) | (2)% | —% |
| Maintenance of grounds and pavements | 1,569 | 1,056 | 513 | 49% | —% |
| Governmental service charges | 3,857 | 3,462 | 395 | 11% | 1% |
| Repairs to process facilities | 9,659 | 5,021 | 4,638 | 92% | 3% |
| Other repairs | 12,509 | 9,737 | 2,772 | 28% | 3% |
| Other contractual services | 14,529 | 12,219 | 2,310 | 19% | 4% |
| Total contractual services | 97,077 | 88,949 | 8,128 | 9% | 27% |
| Materials and supplies: | | | | | |
| Processing chemicals | 10,458 | 8,155 | 2,303 | 28% | 3% |
| Laboratory testing supplies | 923 | 880 | 43 | 5% | —% |
| Mechanical repair parts | 4,750 | 3,183 | 1,567 | 49% | 2% |
| Fuels and lubricants | 960 | 612 | 348 | 57% | —% |
| Electrical parts and supplies | 2,511 | 2,185 | 326 | 15% | 1% |
| Plumbing accessories and supplies | 1,013 | 852 | 161 | 19% | —% |
| Office, printing, and photographic supplies | 211 | 191 | 20 | 10% | —% |
| Buildings, grounds, paving materials, and supplies | 298 | 230 | 68 | 30% | —% |
| Cleaning supplies | 288 | 295 | (7) | (2)% | —% |
| Metals | 145 | 102 | 43 | 42% | —% |
| Computer supplies | 513 | 777 | (264) | (34)% | —% |
| Other materials and supplies | 1,858 | 1,978 | (120) | (6)% | 1% |
| Total materials and supplies | 23,928 | 19,440 | 4,488 | 23% | 7% |

*(continued)*

| | (in thousands of dollars) 2021 | 2020 | Increase (Decrease) | Percent Increase (Decrease) | Percent of Total 2021 |
|---|---|---|---|---|---|
| Machinery and equipment: | | | | | |
| Vehicle equipment | $ 963 | $ 1,259 | $ (296) | (24)% | —% |
| Testing and laboratory equipment | 535 | 117 | 418 | 357% | —% |
| Equipment for collection facilities | 25 | — | 25 | —% | —% |
| Computer software | 362 | 295 | 67 | 23% | —% |
| Other machinery and equipment | 1,061 | 421 | 640 | 152% | 1% |
| Total machinery and equipment | 2,946 | 2,092 | 854 | 41% | 1% |
| Construction costs: | | | | | |
| Capital costs | — | 64 | (64) | (100)% | —% |
| Total construction costs | — | 64 | (64) | (100)% | —% |
| Fixed other charges: | | | | | |
| Taxes on real estate | 694 | 684 | 10 | 1% | —% |
| Total fixed other charges | 694 | 684 | 10 | 1% | —% |
| Claims and judgments | 4,276 | 2,652 | 1,624 | 61% | 1% |
| Total expenditures | $ 361,731 | $ 347,938 | $ 13,793 | | 100% |

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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, 2021*

*(in thousands of dollars)*

| | Final Budget | Actual on Budgetary Basis | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 242,757 | $ 231,009 | $ (11,748) |
| Total tax revenue | 242,757 | 231,009 | (11,748) |
| Interest on investments | 281 | 61 | (220) |
| Miscellaneous | — | 3 | 3 |
| Total revenues | 243,038 | 231,073 | (11,965) |
| Expenditures: | | | |
| Debt service | 232,894 | 232,872 | 22 |
| Revenues over (under) expenditures | 10,144 | (1,799) | (11,943) |
| Other financing sources (uses): | | | |
| Premium on bonds | — | 48,733 | 48,733 |
| Sale of refunding bonds | — | 356,065 | 356,065 |
| Transfer to escrow agent | — | (404,037) | (404,037) |
| Transfers from Stormwater Fund | 5,961 | 5,961 | — |
| Total other financing sources (uses) | 5,961 | 6,722 | 761 |
| Net change in fund balances | 16,105 | 4,923 | (11,182) |
| Fund balances at beginning of year | 133,820 | 153,745 | 19,925 |
| Fund balances at end of the year | $ 149,925 | $ 158,668 | $ 8,743 |

# 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, 2021*

*(in thousands of dollars)*

| | Budget Amounts | | | | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| | Original | Net Transfers | Final | Actual Amounts | |
| **Construction Fund:** | | | | | |
| Contractual services | | | | | |
| Testing and Inspection Services | $ 225 | $ — | $ 225 | $ 70 | $ 155 |
| Intergovernmental Agreements | 3,066 | — | 3,066 | 66 | 3,000 |
| Payments for professional services | 1,031 | — | 1,031 | 204 | 827 |
| Preliminary engineering reports and studies | 163 | — | 163 | — | 163 |
| Total contractual services | 4,485 | — | 4,485 | 340 | 4,145 |
| Machinery and equipment | | | | | |
| Equipment for process facilities | 62 | — | 62 | 61 | 1 |
| Total machinery and equipment | 62 | — | 62 | 61 | 1 |
| Capital Projects | | | | | |
| Process facility structures | 50 | 418 | 468 | 458 | 10 |
| Buildings | 622 | 270 | 892 | 741 | 151 |
| Preservation of collection facility structures | 2,602 | 58 | 2,660 | 1,814 | 846 |
| Preservation of process facility structures | 3,110 | (46) | 3,064 | 1,257 | 1,807 |
| Preservation of buildings | 1,545 | 950 | 2,495 | 1,746 | 749 |
| Preservation capital projects not otherwise classified | 2,996 | (1,650) | 1,346 | 787 | 559 |
| Total capital projects | 10,925 | — | 10,925 | 6,803 | 4,122 |
| **Construction Fund Summary:** | | | | | |
| Contractual services | 4,485 | — | 4,485 | 340 | 4,145 |
| Machinery and equipment | 62 | — | 62 | 61 | 1 |
| Capital projects | 10,925 | — | 10,925 | 6,803 | 4,122 |
| Construction Fund total | 15,472 | — | 15,472 | 7,204 | 8,268 |
| **Stormwater Management Fund:** | | | | | |
| Personal services | | | | | |
| Salaries of regular employees | 10,075 | — | 10,075 | 9,013 | 1,062 |
| Compensation plan adjustments | 495 | — | 495 | 192 | 303 |
| Social Security and Medicare contributions | 141 | — | 141 | 129 | 12 |
| Tuition and training payments | 68 | — | 68 | 20 | 48 |
| Health and life insurance premiums | 914 | — | 914 | 865 | 49 |
| Total personal services | 11,693 | — | 11,693 | 10,219 | 1,474 |
| Contractual services | | | | | |
| Travel | 4 | — | 4 | — | 4 |
| Meals and lodging | 14 | (4) | 10 | 1 | 9 |
| Postage, freight and delivery charges | 3 | — | 3 | 1 | 2 |
| Compensation for personally owned autos | 20 | — | 20 | 1 | 19 |
| Motor vehicle operating services | 3 | — | 3 | — | 3 |

*(continued)*

*(in thousands of dollars)*

| | Budget Amounts Original | Budget Amounts Net Transfers | Budget Amounts Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| **Stormwater Management Fund (continued):** | | | | | |
| Court reporting services | $ 22 | $ — | $ 22 | $ 10 | $ 12 |
| Subscriptions and membership dues | 21 | 4 | 25 | 24 | 1 |
| Rental charges | 53 | — | 53 | 52 | 1 |
| Intragovernmental agreements | 35,479 | (445) | 35,034 | 13,338 | 21,696 |
| Payments for professional services | 727 | 368 | 1,095 | 486 | 609 |
| Preliminary engineering reports and studies | 7,565 | — | 7,565 | 2,638 | 4,927 |
| Professional engineering services for construction projects | 6,981 | — | 6,981 | 1,102 | 5,879 |
| Contractual services not otherwise classified | 415 | — | 415 | 274 | 141 |
| Waste material disposal charges | 60 | — | 60 | 29 | 31 |
| Repairs to waterways facilities | 2,970 | (56) | 2,914 | 2,841 | 73 |
| Repairs Marine Equipment | 67 | — | 67 | 48 | 19 |
| Repair Office Furniture Equipment | 5 | — | 5 | 2 | 3 |
| Repairs Vehicle Equipment | 5 | — | 5 | — | 5 |
| Repairs not otherwise classified | 7 | — | 7 | 2 | 5 |
| Total contractual services | 54,421 | (133) | 54,288 | 20,849 | 33,439 |
| Materials and supplies | | | | | |
| Building and grounds materials and supplies | 5 | — | 5 | 5 | — |
| Office, printing, and photo supplies | 16 | (1) | 15 | 3 | 12 |
| Processing chemicals | 5 | — | 5 | 1 | 4 |
| Tools and supplies | 12 | — | 12 | 11 | 1 |
| Wearing apparel | 9 | — | 9 | 4 | 5 |
| Computer Software | 9 | 1 | 10 | 10 | — |
| Fuel | 7 | — | 7 | 6 | 1 |
| Materials and supplies not otherwise classified | 67 | 56 | 123 | 115 | 8 |
| Total materials and supplies | 130 | 56 | 186 | 155 | 31 |
| Machinery and equipment | | | | | |
| Vehicle equipment | 605 | 77 | 682 | 169 | 513 |
| Machinery and equipment not otherwise categorized | 60 | — | 60 | 36 | 24 |
| Total machinery and equipment | 665 | 77 | 742 | 205 | 537 |
| Capital Projects | | | | | |
| Waterways facilities structure | 28,116 | (1,294) | 26,822 | 2,865 | 23,957 |
| Capital projects not otherwise classified | 100 | — | 100 | — | 100 |
| Preservation of waterway facility structures | 10,407 | 1,294 | 11,701 | 9,574 | 2,127 |
| Total capital projects | 38,623 | — | 38,623 | 12,439 | 26,184 |
| Land | | | | | |
| Land | 2,640 | (1,200) | 1,440 | 311 | 1,129 |
| Total land | 2,640 | (1,200) | 1,440 | 311 | 1,129 |

*(continued)*

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

*Year ended December 31, 2021*

*(in thousands of dollars)*

| | Budget Amounts Original | Budget Amounts Net Transfers | Budget Amounts Final | Actual Amounts | Actual Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| **Stormwater Management Fund (continued):** | | | | | |
| Fixed and other charges | | | | | |
| Right-of-Way Properties | $ — | $ 2,600 | $ 2,600 | $ 1,638 | $ 962 |
| Payments for easements | 1,800 | (1,400) | 400 | 209 | 191 |
| Total fixed and other charges | 1,800 | 1,200 | 3,000 | 1,847 | 1,153 |
| | | | | | |
| **Stormwater Management Fund Summary:** | | | | | |
| Personal services | 11,693 | — | 11,693 | 10,219 | 1,474 |
| Contractual services | 54,421 | (133) | 54,288 | 20,849 | 33,439 |
| Materials and supplies | 130 | 56 | 186 | 155 | 31 |
| Machinery and equipment | 665 | 77 | 742 | 205 | 537 |
| Capital projects | 38,623 | — | 38,623 | 12,439 | 26,184 |
| Land | 2,640 | (1,200) | 1,440 | 311 | 1,129 |
| Fixed and other charges | 1,800 | 1,200 | 3,000 | 1,847 | 1,153 |
| Stormwater Management Fund total | 109,972 | — | 109,972 | 46,025 | 63,947 |
| | | | | | |
| **Capital Improvements Bond Fund Summary:** | | | | | |
| Contractual services | 17,788 | 9,825 | 27,613 | 7,543 | 20,070 |
| Capital projects | 290,302 | (4,915) | 285,387 | 69,628 | 215,759 |
| Land | 750 | — | 750 | — | 750 |
| Fixed and other charges | 1,543 | 3,566 | 5,109 | 4,687 | 422 |
| Capital Improvements Bond Fund total * | 310,383 | 8,476 | 318,859 | 81,858 | 237,001 |
| Capital Projects Funds total | $ 435,827 | $ 8,476 | $ 444,303 | $ 135,087 | $ 309,216 |

* 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

*Year ended December 31, 2021*
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

| | Pension Trust Fund | | OPEB Trust Fund | | Total Fiduciary Funds | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Assets | | | | | | |
| Cash | $ 322 | $ 306 | $ — | $ — | $ 322 | $ 306 |
| Receivables | | | | | | |
| Employer contributions - taxes (net of allowance for uncollectible amounts) | 88,754 | 88,127 | — | — | 88,754 | 88,127 |
| Securities sold | 1,071 | 40,176 | — | — | 1,071 | 40,176 |
| Accrued interest and dividends | 3,404 | 3,123 | 74 | 80 | 3,478 | 3,203 |
| Accounts receivable | 92 | 107 | — | — | 92 | 107 |
| Total receivables | 93,321 | 131,533 | 74 | 80 | 93,395 | 131,613 |
| Investments at fair value | | | | | | |
| Equities | 425,508 | 389,989 | — | — | 425,508 | 389,989 |
| U.S. Government and government agency obligations | 102,415 | 93,678 | — | — | 102,415 | 93,678 |
| Corporate and foreign government obligations | 122,142 | 132,057 | — | — | 122,142 | 132,057 |
| Fixed Income Mutual Funds | — | — | 86,355 | 79,799 | 86,355 | 79,799 |
| Mutual and exchange traded funds | 89,718 | 97,691 | 215,232 | 183,526 | 304,950 | 281,217 |
| Pooled funds - equities | 573,795 | 460,934 | — | — | 573,795 | 460,934 |
| Pooled funds - fixed income | 158,608 | 164,604 | — | — | 158,608 | 164,604 |
| Real estate funds | 147,346 | 131,169 | — | — | 147,346 | 131,169 |
| Short-term investment funds | 26,128 | 28,783 | 9,516 | 6,814 | 35,644 | 35,597 |
| Total investments | 1,645,660 | 1,498,905 | 311,103 | 270,139 | 1,956,763 | 1,769,044 |
| Securities lending capital | 11,615 | 6,842 | — | — | 11,615 | 6,842 |
| Total assets | 1,750,918 | 1,637,586 | 311,177 | 270,219 | 2,062,095 | 1,907,805 |
| Liabilities | | | | | | |
| Accounts payable | 1,230 | 1,030 | 14 | 14 | 1,244 | 1,044 |
| Due to broker | 13,893 | 48,823 | — | — | 13,893 | 48,823 |
| Securities lending collateral | 11,615 | 6,842 | — | — | 11,615 | 6,842 |
| Total liabilities | 26,738 | 56,695 | 14 | 14 | 26,752 | 56,709 |
| Net position restricted for pension | $ 1,724,180 | $ 1,580,891 | — | — | $ 1,724,180 | $ 1,580,891 |
| Net position restricted for OPEB | — | — | $ 311,163 | $ 270,205 | $ 311,163 | $ 270,205 |

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

*Year ended December 31, 2021*
*(with comparative amounts for prior year)*

*(in thousands of dollars)*

| | Pension Trust Fund | | OPEB Trust Fund | | Total Fiduciary Funds | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Employer contributions | $ 88,804 | $ 107,852 | $ 14,664 | $ 16,230 | $ 103,468 | $ 124,082 |
| Employee contributions | 20,630 | 20,982 | — | — | 20,630 | 20,982 |
| Total contributions | 109,434 | 128,834 | 14,664 | 16,230 | 124,098 | 145,064 |
| Investment income: | | | | | | |
| Net appreciation in fair value of investments | 204,280 | 106,380 | 30,605 | 28,350 | 234,885 | 134,730 |
| Interest and dividend income | 21,453 | 22,191 | 5,449 | 4,436 | 26,902 | 26,627 |
| Total investment income | 225,733 | 128,571 | 36,054 | 32,786 | 261,787 | 161,357 |
| Less investment expenses | (5,052) | (4,672) | (55) | (55) | (5,107) | (4,727) |
| Investment income net of expenses | 220,681 | 123,899 | 35,999 | 32,731 | 256,680 | 156,630 |
| Security lending activities: | | | | | | |
| Security lending income | 78 | 193 | — | — | 78 | 193 |
| Borrower rebates | 42 | 56 | — | — | 42 | 56 |
| Bank fees | (24) | (49) | — | — | (24) | (49) |
| Net income from securities lending activities | 96 | 200 | — | — | 96 | 200 |
| Other | 5 | 3 | — | — | 5 | 3 |
| Total additions | 330,216 | 252,936 | 50,663 | 48,961 | 380,879 | 301,897 |
| Deductions: | | | | | | |
| Annuities and benefits | | | | | | |
| Employee annuitants | 152,683 | 146,762 | — | — | 152,683 | 146,762 |
| Retiree health care benefits | — | — | 9,664 | 11,230 | 9,664 | 11,230 |
| Surviving spouse annuitants | 29,215 | 27,322 | — | — | 29,215 | 27,322 |
| Child annuitants | 126 | 122 | — | — | 126 | 122 |
| Ordinary disability benefits | 764 | 706 | — | — | 764 | 706 |
| Duty disability benefits | 69 | 84 | — | — | 69 | 84 |
| Total annuities and benefits | 182,857 | 174,996 | 9,664 | 11,230 | 192,521 | 186,226 |
| Refunds of employee contributions | 2,282 | 2,291 | — | — | 2,282 | 2,291 |
| Administrative expenses | 1,788 | 1,593 | 41 | 41 | 1,829 | 1,634 |
| Total deductions | 186,927 | 178,880 | 9,705 | 11,271 | 196,632 | 190,151 |
| Net increase | 143,289 | 74,056 | 40,958 | 37,690 | 184,247 | 111,746 |
| Net position restricted for pension | | | | | | |
| Beginning of year | 1,580,891 | 1,506,835 | — | — | 1,580,891 | 1,506,835 |
| End of year | $ 1,724,180 | $ 1,580,891 | $ — | $ — | $ 1,724,180 | $ 1,580,891 |
| Net position restricted for OPEB | | | | | | |
| Beginning of year | $ — | $ — | $ 270,205 | $ 232,515 | $ 270,205 | $ 232,515 |
| End of year | $ — | $ — | $ 311,163 | $ 270,205 | $ 311,163 | $ 270,205 |

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# III.
# STATISTICAL AND DEMOGRAPHICS SECTION


***Guests, staff and the MWRD Board of Commissioners celebrated the beginning of Pride Month by raising the Progress Pride Flag outside the MWRD's Main Office Building on June 1, 2021. Holding the flag from left to right are President Kari K. Steele, Executive Director Brian Perkovich and Commissioner Marcelino Garcia.***

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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.

| **<u>Contents</u>** | **<u>Exhibits</u>** |
|---|---|
| **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)*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Net investment in capital assets * | $ 5,155,815 | $ 5,035,623 | $ 4,950,141 | $ 4,822,531 |
| Restricted | | | | |
| Restricted for corporate working cash | 279,816 | 279,364 | 284,425 | 282,055 |
| Restricted for reserve claim | 25,122 | 15,227 | 9,194 | 11,728 |
| Restricted for debt service | 311,839 | 305,643 | 304,084 | 299,106 |
| Restricted for capital projects | 57,976 | 66,728 | 57,835 | 53,443 |
| Restricted for construction working cash | 21,943 | 21,960 | 22,713 | 22,395 |
| Restricted for stormwater working cash | 37,147 | 37,136 | 37,967 | 37,698 |
| Unrestricted (Deficit) | (850,072) | (936,329) | (929,799) | (908,577) |
| Total net position | $ 5,039,586 | $ 4,825,352 | $ 4,736,560 | $ 4,620,379 |

* Infrastructure under the modified approach is reported in the period the initial condition assessment was completed.

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 4,710,123 | $ 4,591,899 | $ 4,630,463 | $ 4,548,793 | $ 4,506,950 | $ 4,514,633 |
| 280,437 | 279,390 | 278,852 | 278,148 | 276,894 | 277,006 |
| 9,976 | 2,128 | 6,499 | 7,764 | 9,861 | 4,524 |
| 318,646 | 318,575 | 310,383 | 305,375 | 278,970 | 268,760 |
| 32,067 | 75,762 | — | 15,457 | 28,886 | 18,828 |
| 22,204 | 22,070 | 21,947 | 21,833 | 21,644 | 21,649 |
| 37,509 | 37,384 | 37,216 | 37,035 | 37,690 | 37,737 |
| (897,766) | (787,263) | (756,154) | (722,949) | 4,037 | (1,006) |
| $ 4,513,196 | $ 4,539,945 | $ 4,529,206 | $ 4,491,456 | $ 5,164,932 | $ 5,142,131 |

# Exhibit I-2
# Changes in Net Position
*Last Ten Fiscal Years*

*(accrual basis of accounting)*

*(in thousands of dollars)*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues: | | | | |
| Property taxes | $ 634,776 | $ 618,130 | $ 609,614 | $ 599,224 |
| Personal property replacement tax | 78,699 | 41,130 | 47,826 | 37,018 |
| Interest on investments | 775 | 7,972 | 18,293 | 15,531 |
| Tax increment financing distributions | 18,125 | 18,520 | 10,345 | 6,153 |
| Claims and damage settlements | 140 | 1,163 | 490 | 1,482 |
| Miscellaneous | 5,401 | 5,976 | 7,335 | 7,628 |
| Gain on sale of capital assets | 206 | — | 3,052 | — |
| Total general revenues | 738,122 | 692,891 | 696,955 | 667,036 |
| Program Revenues: | | | | |
| Charges for services | | | | |
| User charges | 39,189 | 47,216 | 48,526 | 44,000 |
| Land rentals | 26,760 | 25,044 | 24,827 | 22,678 |
| Fees, forfeits and penalties | 4,207 | 3,499 | 4,044 | 5,116 |
| Capital grants and contributions | | | | |
| Federal grants | 11,808 | 13,623 | 18,271 | 17,086 |
| Total program revenues | 81,964 | 89,382 | 95,668 | 88,880 |
| Total revenues | 820,086 | 782,273 | 792,623 | 755,916 |
| **Expenses** | | | | |
| Board of Commissioners | 4,044 | 4,591 | 4,400 | 4,167 |
| General Administration | 16,960 | 18,115 | 17,104 | 16,063 |
| Monitoring and Research | 30,026 | 30,705 | 30,385 | 30,262 |
| Procurement and Materials Management | 5,930 | 6,130 | 5,714 | 7,102 |
| Human Resources | 53,914 | 51,224 | 53,585 | 53,182 |
| Information Technology | 15,652 | 15,349 | 15,534 | 15,173 |
| Law | 6,453 | 6,186 | 5,951 | 6,023 |
| Finance | 3,260 | 3,539 | 3,618 | 3,460 |
| Engineering | 23,655 | 25,390 | 25,192 | 27,800 |
| Maintenance and Operations | 195,781 | 191,573 | 190,841 | 187,660 |
| Pension costs | 84,265 | 151,651 | 134,899 | 102.993 |
| OPEB Trust Fund costs * | (16,452) | (9,874) | (3,146) | (6,955) |
| Claims and judgments | (2,595) | 1,495 | 10,489 | (4,059) |
| Construction costs | 72,068 | 84,642 | 64,992 | 85,813 |
| Loss on sale of capital assets | — | 3 | — | 92 |
| Depreciation (unallocated) | 11,654 | 11,597 | 11,719 | 11,849 |
| Redemption of bonds | (3) | — | — | — |
| Interest on bonds | 101,240 | 101,165 | 105,165 | 108,107 |
| Total expenses | 605,852 | 693,481 | 676,442 | 648,732 |
| Change in Net Position | $ 214,234 | $ 88,792 | $ 116,181 | $ 107,184 |

* The 2012 decrease resulted from a reduction in the liability estimate for OPEB.

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 563,764 | $ 556,648 | $ 533,240 | $ 526,851 | $ 470,855 | $ 486,316 |
| 43,194 | 38,961 | 37,863 | 39,571 | 40,737 | 35,605 |
| 8,784 | 6,181 | 5,381 | 9,486 | 3,051 | 11,123 |
| 9,100 | 9,228 | 13,069 | 4,925 | 3,361 | 6,239 |
| 783 | 209 | 350 | 630 | 2,271 | 1,472 |
| 5,819 | 5,527 | 5,804 | 5,290 | 4,765 | 5,822 |
| 50 | 1,210 | 2,922 | 8 | 923 | — |
| 631,494 | 617,964 | 598,629 | 586,761 | 525,963 | 546,577 |
| | | | | | |
| 51,098 | 48,621 | 46,238 | 50,696 | 49,182 | 69,322 |
| 17,352 | 20,166 | 18,189 | 16,357 | 14,851 | 12,081 |
| 5,401 | 4,164 | 4,885 | 5,456 | 3,396 | 3,353 |
| | | | | | |
| 14,558 | 12,825 | 11,170 | 11,089 | 11,110 | 22,164 |
| 88,409 | 85,776 | 80,482 | 83,598 | 78,539 | 106,920 |
| 719,903 | 703,740 | 679,111 | 670,359 | 604,502 | 653,497 |
| | | | | | |
| 4,094 | 4,166 | 3,671 | 3,721 | 3,520 | 3,471 |
| 15,791 | 15,690 | 14,835 | 15,096 | 14,426 | 14,296 |
| 29,591 | 28,753 | 27,259 | 26,922 | 25,294 | 24,689 |
| 5,947 | 6,602 | 6,801 | 6,331 | 5,660 | 5,694 |
| 54,267 | 54,447 | 58,512 | 72,896 | 67,841 | 63,103 |
| 12,734 | 14,702 | 14,602 | 14,708 | 14,331 | 13,714 |
| 5,830 | 6,709 | 6,008 | 6,812 | 6,975 | 5,942 |
| 3,520 | 3,570 | 3,401 | 3,433 | 3,394 | 3,175 |
| 27,830 | 28,002 | 27,232 | 26,561 | 25,051 | 4,332 |
| 178,994 | 177,829 | 173,177 | 169,234 | 162,372 | 161,919 |
| 106,814 | 108,606 | 87,145 | 92,944 | 52,065 | 78,360 |
| 1,486 | (7,008) | (5,408) | (19,449) | (19,567) | (7,155) |
| (2,662) | (8,548) | 23,560 | 2,660 | 3,369 | 25,738 |
| 85,535 | 136,203 | 69,434 | 77,191 | 88,528 | 75,496 |
| 202 | 13 | 32 | 127 | 173 | 147 |
| 12,063 | 12,083 | 12,123 | 12,229 | 12,020 | 12,459 |
| — | — | — | — | — | — |
| 109,550 | 111,182 | 118,977 | 114,328 | 116,249 | 111,044 |
| 651,586 | 693,001 | 641,361 | 625,744 | 581,701 | 596,424 |
| $ 68,317 | $ 10,739 | $ 37,750 | $ 44,615 | $ 22,801 | $ 57,073 |

# Exhibit I-3
# Fund Balances: Governmental Funds

*Last Ten Fiscal Years*

*(modified accrual basis of accounting)*

*(in thousands of dollars)*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| General Corporate Fund | | | | |
| Nonspendable: | | | | |
| Prepaid insurance | $ 6,766 | $ 6,089 | $ 5,825 | $ 5,201 |
| Inventories | 34,141 | 36,143 | 35,056 | 33,436 |
| Restricted | 318,272 | 314,398 | 314,626 | 310,677 |
| Unassigned (Deficit) | 2,876 | (58,137) | (77,648) | (64,772) |
| Total General Corporate Fund | 362,055 | 298,493 | 277,859 | 284,542 |
| | | | | |
| All Other Governmental Funds | | | | |
| Nonspendable: | | | | |
| Prepaid insurance | 4 | — | 74 | 76 |
| Restricted | 408,410 | 252,739 | 273,340 | 335,306 |
| Assigned | 182,460 | 159,082 | 167,233 | 158,319 |
| Unassigned | — | — | (75) | (76) |
| | | | | |
| Total Governmental Funds | $ 952,929 | $ 710,314 | $ 718,431 | $ 778,167 |

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 4,101 | $ 2,117 | $ 2,137 | $ 2,143 | $ 2,391 | $ — |
| 34,787 | 35,502 | 37,623 | 39,586 | 40,136 | 39,467 |
| 306,854 | 306,800 | 305,779 | 307,147 | 344,558 | 344,186 |
| (53,799) | (44,428) | (58,427) | (61,850) | (51,960) | (19,151) |
| 291,943 | 299,991 | 287,112 | 287,026 | 335,125 | 364,502 |
| | | | | | |
| 79 | — | — | — | — | — |
| 381,079 | 451,657 | 378,458 | 219,606 | 328,953 | 575,796 |
| 147,473 | 145,341 | 127,920 | 112,768 | 112,478 | — |
| (79) | (13,525) | (9,090) | — | — | — |
| $ 820,495 | $ 883,464 | $ 784,400 | $ 619,400 | $ 776,556 | $ 940,298 |

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

*Last Ten Fiscal Years*

*(modified accrual basis of accounting)*

*(in thousands of dollars)*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues: | | | | |
| Property taxes | $ 657,068 | $ 608,559 | $ 535,355 | $ 603,244 |
| Personal property replacement tax | 78,699 | 41,130 | 47,826 | 37,018 |
| Interest on investments | 775 | 7,972 | 18,293 | 15,531 |
| Land sales | 4 | 52 | 3,073 | — |
| Tax increment financing distributions | 18,125 | 18,520 | 10,345 | 6,153 |
| Claims and damage settlements | 140 | 1,163 | 490 | 1,482 |
| Miscellaneous | 5,812 | 5,992 | 7,419 | 7,666 |
| Program Revenues: | | | | |
| Charges for services | | | | |
| User charges | 39,189 | 47,216 | 48,526 | 44,000 |
| Land rentals | 26,760 | 25,044 | 24,827 | 22,678 |
| Fees, forfeits and penalties | 4,207 | 3,499 | 4,044 | 5,116 |
| Capital grants and contributions | | | | |
| Government grants | 11,808 | 13,621 | 18,268 | 17,082 |
| Total revenues | 842,587 | 772,768 | 718,466 | 759,970 |
| **Expenditures** | | | | |
| Operations: | | | | |
| Board of Commissioners | 4,099 | 4,491 | 4,396 | 4,148 |
| General Administration | 17,055 | 17,417 | 16,923 | 15,816 |
| Monitoring and Research | 30,416 | 30,090 | 30,325 | 30,204 |
| Procurement and Materials Management | 6,037 | 5,996 | 5,705 | 7,236 |
| Human Resources | 54,116 | 51,079 | 53,668 | 53,227 |
| Information Technology | 15,761 | 15,117 | 15,585 | 15,125 |
| Law | 6,441 | 6,121 | 6,134 | 6,139 |
| Finance | 3,331 | 3,537 | 3,592 | 3,450 |
| Engineering | 22,681 | 22,876 | 23,528 | 26,031 |
| Maintenance and Operations | 197,518 | 188,562 | 190,950 | 187,563 |
| Pension costs | 98,966 | 106,842 | 82,248 | 92,668 |
| Claims and judgments | 4,276 | 2,652 | 4,547 | 5,497 |
| Construction costs | 129,893 | 151,094 | 128,176 | 158,670 |
| Debt service: | | | | |
| Redemption of bonds | 125,739 | 122,935 | 126,029 | 144,296 |
| Interest on bonds | 111,820 | 114,475 | 116,685 | 116,398 |
| Total expenditures | 828,149 | 843,284 | 808,491 | 866,468 |
| Revenues over (under) expenditures | 14,438 | (70,516) | (90,025) | (106,498) |
| Other Financing Sources (Uses) | | | | |
| Payment to escrow agent | (404,037) | — | — | — |
| State revolving fund loan proceeds | 44,634 | 62,399 | 30,289 | 64,170 |
| Sale of refunding bonds | 356,065 | — | — | — |
| Proceeds from sale of bonds | 143,935 | — | — | — |
| Premium on sale of bonds | 87,580 | — | — | — |
| Total other financing sources (uses) | 228,177 | 62,399 | 30,289 | 64,170 |
| Net change in fund balance | $ 242,615 | $ (8,117) | $ (59,736) | $ (42,328) |
| Debt service as a percentage of non-capital expenditures | 30.8 % | 30.6 % | 32.6 % | 32.8 % |

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 526,932 | $ 583,875 | $ 525,302 | $ 516,316 | $ 454,966 | $ 489,168 |
| 43,194 | 38,961 | 37,863 | 39,571 | 40,737 | 35,605 |
| 8,784 | 6,181 | 5,381 | 9,486 | 3,051 | 11,123 |
| 50 | 1,233 | 3,164 | 8 | 2,575 | — |
| 9,100 | 9,228 | 13,069 | 4,925 | 3,361 | 6,239 |
| 783 | 209 | 350 | 630 | 2,271 | 1,472 |
| 5,878 | 5,540 | 5,869 | 5,445 | 4,765 | 5,822 |
| 51,098 | 48,621 | 46,238 | 50,696 | 49,182 | 69,322 |
| 17,352 | 20,166 | 18,189 | 16,357 | 14,851 | 12,081 |
| 5,401 | 4,164 | 4,885 | 5,456 | 3,396 | 3,353 |
| 14,555 | 12,817 | 11,165 | 11,162 | 11,110 | 22,164 |
| 683,127 | 730,995 | 671,475 | 660,052 | 590,265 | 656,349 |
| 4,075 | 4,158 | 3,662 | 3,710 | 3,514 | 3,463 |
| 15,766 | 15,490 | 14,833 | 14,829 | 14,111 | 13,877 |
| 29,696 | 28,490 | 27,486 | 26,687 | 25,128 | 24,495 |
| 5,954 | 6,611 | 6,885 | 6,325 | 5,671 | 5,698 |
| 54,225 | 54,606 | 58,441 | 72,879 | 67,856 | 63,105 |
| 12,728 | 14,213 | 14,697 | 14,582 | 14,024 | 13,167 |
| 5,922 | 6,707 | 6,018 | 6,802 | 6,984 | 5,942 |
| 3,530 | 3,597 | 3,427 | 3,425 | 3,393 | 3,172 |
| 26,068 | 26,051 | 25,971 | 25,278 | 23,987 | 3,229 |
| 179,181 | 177,695 | 173,534 | 168,376 | 161,787 | 161,188 |
| 75,579 | 77,712 | 62,498 | 75,556 | 67,523 | 66,191 |
| 6,905 | 4,786 | 5,658 | 44,988 | 4,970 | 5,998 |
| 268,497 | 296,768 | 326,430 | 236,259 | 199,231 | 259,315 |
| 113,695 | 102,670 | 101,220 | 89,118 | 85,709 | 71,400 |
| 119,520 | 117,474 | 118,680 | 110,115 | 111,665 | 118,854 |
| 921,341 | 937,028 | 949,440 | 898,929 | 795,553 | 819,094 |
| (238,214) | (206,033) | (277,965) | (238,877) | (205,288) | (162,745) |
| — | (399,432) | (82,906) | — | — | — |
| 175,245 | 179,224 | 181,537 | 81,721 | 41,546 | 54,884 |
| — | 322,260 | 70,805 | — | — | — |
| — | 104,000 | 225,000 | — | — | — |
| — | 99,045 | 48,529 | — | — | — |
| 175,245 | 305,097 | 442,965 | 81,721 | 41,546 | 54,884 |
| $ (62,969) | $ 99,064 | $ 165,000 | $ (157,156) | $ (163,742) | $ (107,861) |
| 31.6 % | 28.4 % | 31.7 % | 26.9 % | 28.8 % | 29.9 % |

## 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)*

| Fiscal Year Ended December 31, | Chicago Equalized Assessed Value | Suburbs Equalized Assessed Value | Total Equalized Assessed Value | Total Direct Tax Rate (1) | Estimated Full Taxable Value (3) | Equalized Assessed Value as a Percentage of Full Value |
|---|---|---|---|---|---|---|
| 2020 | $ 89,514,969 | $ 81,377,754 | $ 170,892,724 | 0.378 | $ 609,562,341 (2) | 28.0% |
| 2019 | 87,816,177 | 76,238,527 | 164,054,704 | 0.389 | 609,562,341 | 26.9% |
| 2018 | 86,326,179 | 69,461,868 | 155,788,047 | 0.396 | 585,291,776 | 26.6% |
| 2017 | 76,765,303 | 71,180,521 | 147,945,824 | 0.402 | 585,800,000 | 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% |
| 2014 | 64,908,057 | 60,828,131 | 125,736,188 | 0.430 | 499,136,554 | 25.2% |
| 2013 | 62,363,876 | 61,055,668 | 123,419,544 | 0.417 | 459,860,597 | 26.8% |
| 2012 | 65,250,387 | 68,147,608 | 133,397,995 | 0.370 | 414,382,389 | 32.2% |
| 2011 | 75,122,914 | 73,925,579 | 149,048,493 | 0.320 | 442,787,689 | 33.7% |

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

(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)*

| | 2021 (1) | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| **District direct rates** | | | | | | | | | | |
| Corporate | $ 0.154 | $ 0.158 | $ 0.159 | $ 0.158 | $ 0.152 | $ 0.161 | $ 0.175 | $ 0.183 | $ 0.182 | $ 0.179 |
| Reserve Claim | 0.004 | 0.004 | 0.005 | 0.004 | 0.004 | 0.004 | 0.004 | 0.002 | 0.005 | 0.005 |
| Retirement | 0.041 | 0.043 | 0.044 | 0.047 | 0.050 | 0.047 | 0.044 | 0.040 | 0.042 | 0.021 |
| Debt Service | 0.143 | 0.146 | 0.155 | 0.161 | 0.157 | 0.160 | 0.175 | 0.174 | 0.163 | 0.135 |
| Construction | 0.004 | 0.003 | 0.005 | 0.008 | 0.011 | 0.010 | 0.013 | 0.014 | 0.009 | 0.015 |
| Stormwater Management | 0.031 | 0.031 | 0.033 | 0.031 | 0.028 | 0.024 | 0.019 | 0.017 | 0.016 | 0.015 |
| Total direct rate | $ 0.377 | $ 0.385 | $ 0.401 | $ 0.409 | $ 0.402 | $ 0.406 | $ 0.430 | $ 0.430 | $ 0.417 | $ 0.370 |
| **Major local governments' tax rates (2)** | | | | | | | | | | |
| City of Chicago | $ — | $ 1.580 | $ 1.603 | $ 1.565 | $ 1.652 | $ 1.630 | $ 1.549 | $ 1.193 | $ 1.209 | $ 1.151 |
| Chicago Board of Education | — | 3.656 | 3.620 | 3.552 | 3.890 | 3.726 | 3.455 | 3.660 | 3.671 | 3.422 |
| Chicago Park District | — | 0.329 | 0.326 | 0.330 | 0.352 | 0.362 | 0.372 | 0.401 | 0.402 | 0.395 |
| Cook County | — | 0.453 | 0.454 | 0.489 | 0.496 | 0.533 | 0.552 | 0.568 | 0.560 | 0.531 |
| Cook County Forest Preserve Dist. | — | 0.058 | 0.059 | 0.060 | 0.062 | 0.063 | 0.069 | 0.069 | 0.069 | 0.063 |
| Community College #508 (City Coll) | — | 0.151 | 0.149 | 0.147 | 0.164 | 0.169 | 0.177 | 0.193 | 0.198 | 0.190 |
| City of Chicago Library Fund | — | 0.140 | 0.121 | 0.111 | 0.118 | 0.122 | 0.123 | 0.134 | 0.135 | 0.128 |
| City of Chicago School Bldg/Imprvmt | — | 0.166 | 0.169 | 0.136 | 0.124 | 0.128 | 0.134 | 0.146 | 0.152 | 0.146 |
| **District's tax levies by fund (in thousands)** | | | | | | | | | | |
| Corporate | $270,881 | $266,455 | $254,574 | $240,466 | $224,825 | $226,743 | $227,196 | $230,000 | $224,400 | $237,193 |
| Stormwater Management | 52,926 | 52,926 | 52,926 | 47,826 | 40,856 | 34,250 | 24,050 | 21,000 | 20,000 | 20,000 |
| Reserve Claim | 7,500 | 7,500 | 7,500 | 6,000 | 5,900 | 5,800 | 5,700 | 3,000 | 6,500 | 6,670 |
| Retirement | 72,741 | 72,228 | 71,565 | 71,534 | 73,438 | 65,161 | 58,004 | 50,531 | 51,621 | 28,490 |
| Debt Service | 251,562 | 247,314 | 249,209 | 244,859 | 232,751 | 225,715 | 228,728 | 218,319 | 202,290 | 180,748 |
| Construction | 7,000 | 7,000 | 7,600 | 11,700 | 17,000 | 13,785 | 16,500 | 17,400 | 11,079 | 20,418 |
| Total tax levies | $662,610 | $653,423 | $643,374 | $622,385 | $594,770 | $571,454 | $560,178 | $540,250 | $515,890 | $493,519 |

**Source: Cook County Clerk**

(1) District's tax rates are estimated based on 2020 equalized assessed valuation of $171 billion.

(2) Major local governments' rates for 2021 are not yet available.

## Exhibit I-7
## Principal Property Taxpayers

*2020 and Nine Years Ago*

*(in thousands of dollars)*

| | | 2020 (1) | | | 2011 | | |
|---|---|---|---|---|---|---|---|
| **Taxpayer** | **Type of Business** | **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 | $ 561,677 | 1 | — % | $ 445,590 | 1 | 0.30 % |
| Merchandise Mart | Business & Office | 520,774 | 2 | — | — | — | — |
| One North Wacker Drive | Office | 385,220 | 3 | — | 230,207 | 5 | 0.15 |
| CME Center | Office | 352,346 | 4 | — | — | — | — |
| One Prudential Plaza | Office | 315,893 | 5 | — | 272,345 | 3 | 0.18 |
| Blue Cross Blue Shield Tower | Office | 314,458 | 6 | — | 206,344 | 8 | 0.14 |
| 400 W Lake Street | Office | 308,831 | 7 | — | — | — | — |
| HCSC Blue Cross (AON) | Insurance | 288,604 | 8 | — | — | — | — |
| Citadel Center | Retail & Office | 262,053 | 9 | — | — | — | — |
| 300 N LaSalle | Office | 259,586 | 10 | — | — | — | — |
| AON Center | Insurance | — | — | — | 302,125 | 2 | 0.20 |
| Northwestern Memorial Hospital | Health Care | — | — | — | 243,610 | 4 | 0.16 |
| Equity Office Center | Insurance | — | — | — | 214,023 | 6 | 0.14 |
| Water Tower Place | Retail & Office | — | — | — | 207,942 | 7 | 0.14 |
| Chase Tower | Banking | — | — | — | 204,229 | 9 | 0.14 |
| AT&T Corporate Center | Communications | — | — | — | 197,943 | 10 | 0.13 |
| | | $ 3,569,442 | | — % | $ 2,524,358 | | 1.68 % |

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

(1) 2021 information is unavailable.

(2) The total Equalized Assessed Valuation for 2020 is $170,892,723,661

## Exhibit I-8
## Property Tax Levies and Collections
*Last Ten Fiscal Years*

*(in thousands of dollars)*

| Fiscal Year Ended December 31 | Taxes Levied for the Fiscal Year | Collected within the First Year | | |
|---|---|---|---|---|
| | | Amount | Percentage of Levy | Final Due Date |
| 2021 | $ 658,492 | $ — | — % | * |
| 2020 | 645,998 | 623,876 | 97.0 | 10/01/21 |
| 2019 | 637,188 | 619,659 | 97.2 | 08/01/20 |
| 2018 | 616,946 | 604,126 | 97.9 | 08/01/19 |
| 2017 | 593,135 | 581,007 | 98.0 | 08/01/18 |
| 2016 | 571,454 | 559,938 | 98.0 | 08/01/17 |
| 2015 | 555,098 | 541,008 | 97.5 | 08/01/16 |
| 2014 | 540,666 | 523,203 | 96.8 | 08/01/15 |
| 2013 | 514,659 | 497,452 | 96.7 | 08/01/14 |
| 2012 | 493,573 | 476,881 | 96.6 | 08/01/13 |

* Final Due Date for 2021 tax levies is not yet available.

## Exhibit I-9
## User Charge Rates

*Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Large Commercial/Industrial User Rates (1)(2)** | | | | |
| Flow per million gallons | $ 278.81 | $ 273.88 | $ 269.04 | $ 264.28 |
| 5-day BOD per 1,000 lbs. (5) | 202.93 | 209.94 | 216.64 | 223.03 |
| SS per 1,000 lbs. (6) | 117.81 | 124.16 | 130.38 | 136.48 |
| **Tax-Exempt User Rates (1)(3)** | | | | |
| Flow per million gallons | $ 278.81 | $ 273.88 | $ 269.04 | $ 264.28 |
| 5-day BOD per 1,000 lbs. (5) | 202.93 | 209.94 | 216.64 | 223.03 |
| SS per 1,000 lbs. (6) | 117.81 | 124.16 | 130.38 | 136.48 |
| **OM&R Rate (4)** | 0.3540 | 0.3190 | 0.3280 | 0.3010 |

(1) The Large Commercial-Industrial and Tax-Exempt Users Rates are the same beginning with tax year 2014.

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

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

(4) 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.

(5) BOD = Biochemical Oxygen Demand

(6) SS = Suspended Solids

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 259.61 | $ 255.02 | $ 250.51 | $ 246.08 | $ 241.73 | $ 256.48 |
| 229.13 | 234.95 | 240.49 | 245.75 | 250.76 | 259.22 |
| 142.47 | 148.33 | 154.08 | 159.72 | 165.24 | 195.95 |
| | | | | | |
| $ 259.61 | $ 255.02 | $ 250.51 | $ 246.08 | $ 245.18 | $ 263.48 |
| 229.13 | 234.95 | 240.49 | 245.75 | 254.34 | 266.27 |
| 142.47 | 148.33 | 154.08 | 159.72 | 167.60 | 201.24 |
| | | | | | |
| 0.3390 | 0.3440 | 0.3910 | 0.4350 | 0.4240 | 0.4860 |

## 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 | Capital Lease Payable (4) | 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) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | $2,956,682 | $ 47,964 | $ 27,405 | $ 3,032,051 | $ 130,308 | $2,901,743 | 1.45% | $ 586.47 | 0.66% | $ 561.27 |
| 2020 | 2,836,904 | 76,035 | 30,401 | 2,943,340 | 113,261 | 2,830,079 | 1.43 | 574.76 | 0.46 | 552.64 |
| 2019 | 2,956,178 | 27,275 | 33,257 | 3,016,710 | 111,435 | 2,905,275 | 1.46 | 585.09 | 0.49 | 558.19 |
| 2018 | 2,978,999 | 109,866 | 35,979 | 3,124,844 | 134,450 | 2,990,394 | 1.56 | 601.28 | 0.53 | 575.41 |
| 2017 | 2,879,915 | 296,529 | 38,574 | 3,215,018 | 147,000 | 3,068,018 | 1.65 | 619.70 | 0.58 | 591.37 |
| 2016 | 2,965,282 | 157,390 | 41,047 | 3,163,719 | 163,508 | 3,000,211 | 1.86 | 603.88 | 0.60 | 572.67 |
| 2015 | 2,770,788 | 161,697 | 43,405 | 2,975,890 | 140,806 | 2,835,084 | 1.91 | 565.76 | 0.57 | 538.99 |
| 2014 | 2,500,785 | 90,460 | 45,653 | 2,636,898 | 140,162 | 2,496,736 | 1.83 | 495.84 | 0.50 | 469.49 |
| 2013 | 2,481,973 | 35,809 | 47,795 | 2,565,577 | 122,527 | 2,443,050 | 1.73 | 489.52 | 0.53 | 466.14 |
| 2012 | 2,515,376 | 44,527 | 49,838 | 2,609,740 | 136,173 | 2,473,567 | 1.79 | 506.75 | 0.60 | 480.30 |

(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.

(4) The District entered into a capital lease agreement in 2010.

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

*As of December 31, 2021*

*(in thousands of dollars)*

| | |
|---|---|
| Direct debt | |
| Bonds and notes payable | $ 2,759,628 |
| Bond anticipation notes | 47,964 |
| Premium | 197,054 |
| Capital lease | 27,405 |
| Total direct debt | 3,032,051 |

| Overlapping bonded debt of major local governments (1) | Net Debt (2) | % Applicable | Applicable Amount | |
|---|---|---|---|---|
| City of Chicago (3) | $ 6,041,569 | 100.00 % | $ 6,041,569 | |
| Chicago Board of Education (3) | 8,179,989 | 100.00 | 8,179,989 | |
| Chicago Park District (3) | 854,780 | 100.00 | 854,780 | |
| City Colleges (District 508) (3) | 303,393 | 100.00 | 303,393 | |
| Cook County | 2,989,282 | 98.10 | 2,932,384 | |
| Cook County Forest Preserve District | 117,446 | 98.10 | 115,215 | |
| Total overlapping debt (4) | | | | 18,427,330 |
| Total direct and overlapping debt | | | | $ 21,459,381 |

(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, 2021.

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

(4) 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)*

| | 2021 (1) | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Equalized assessed valuation** | $ 170,892,724 | $ 170,892,724 | $ 164,054,704 | $ 155,788,047 |
| **Statutory debt limit (5.75% of equalized assessed valuation)** | 9,826,332 | 9,826,332 | 9,433,145 | 8,957,813 |
| **Total debt applicable to debt limit:** | | | | |
| General obligation bonds outstanding | 2,759,628 | 2,694,934 | 2,800,782 | 2,810,177 |
| Less: alternate bonds (2) | (136,823) | (98,101) | (99,253) | (97,190) |
| Adjusted general obligation bonds outstanding | 2,622,805 | 2,596,833 | 2,701,529 | 2,712,987 |
| Bond anticipation notes outstanding | 47,964 | 76,035 | 27,275 | 109,866 |
| Capital lease outstanding | 27,405 | 30,401 | 33,257 | 35,979 |
| Liabilities of tax financed funds: | | | | |
| Corporate | 34,633 | 27,813 | 26,409 | 24,983 |
| Stormwater | 9,593 | 7,957 | 6,352 | 7,090 |
| Reserve claim | 148 | 13 | 638 | 643 |
| Construction | 936 | 1,170 | 1,819 | 5,017 |
| Total applicable debt | 2,743,484 | 2,740,222 | 2,797,279 | 2,896,565 |
| Less applicable assets: | | | | |
| Debt service funds unrestricted cash and investments | 96,193 | 91,295 | 87,040 | 85,880 |
| Interest payable in the next twelve months | (107,212) | (109,380) | (112,942) | (115,017) |
| Total applicable assets | (11,019) | (18,085) | (25,902) | (29,137) |
| **Total net debt applicable to debt limit** | 2,754,503 | 2,758,307 | 2,823,181 | 2,925,702 |
| **Statutory debt margin** | $ 7,071,829 | $ 6,674,838 | $ 6,134,632 | $ 5,581,183 |
| **Total applicable net debt as a percentage of statutory debt limit** | 28.0 % | 29.2 % | 31.5 % | 34.4 % |

(1) Debt limit calculation based on 2020 equalized assessed valuation since 2021 value is not yet available.

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

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 147,945,823 | $ 140,752,201 | $ 130,304,804 | $ 125,736,188 | $ 123,419,544 | $ 133,397,995 |
| 8,506,885 | 8,093,252 | 7,492,526 | 7,229,831 | 7,096,624 | 7,670,385 |
| 2,697,667 | 2,769,608 | 2,655,365 | 2,422,620 | 2,481,973 | 2,515,375 |
| (98,145) | (99,080) | (50,000) | — | — | — |
| 2,599,522 | 2,670,528 | 2,605,365 | 2,422,620 | 2,481,973 | 2,515,375 |
| 296,529 | 157,390 | 161,697 | 90,460 | 35,809 | 44,527 |
| 38,574 | 41,047 | 43,405 | 45,653 | 47,795 | 49,837 |
| 21,650 | 27,952 | 23,647 | 37,136 | 30,150 | 30,076 |
| 1,715 | 2,062 | 6,973 | 5,689 | 3,515 | 2,496 |
| 274 | 174 | 205 | 681 | 380 | 1,110 |
| 3,171 | 3,368 | 4,812 | 6,648 | 2,816 | 4,062 |
| 2,961,435 | 2,902,521 | 2,846,104 | 2,608,887 | 2,602,438 | 2,647,483 |
| 109,965 | 115,673 | 108,671 | 108,392 | 98,006 | 105,285 |
| (114,603) | (117,604) | (115,735) | (106,175) | (107,868) | (109,300) |
| (4,638) | (1,931) | (7,064) | 2,217 | (9,862) | (4,015) |
| 2,966,073 | 2,904,452 | 2,853,168 | 2,606,670 | 2,612,300 | 2,651,498 |
| $ 5,540,812 | $ 5,188,800 | $ 4,639,358 | $ 4,623,161 | $ 4,484,324 | $ 5,018,887 |
| 34.9 % | 35.9 % | 38.1 % | 36.1 % | 36.8 % | 34.6 % |

# Exhibit I-13
# Demographic and Economic Statistics

*Last Ten Fiscal Years*

*(population and dollars in thousands)*

| Year | Population | Personal Income | Per Capita Personal Income | Median Household Income | Unemployment Rate |
|---|---|---|---|---|---|
| 2021 | 5,170 | $ 199,487,600 | $ 38,586 | $ 76,764 | 7.9% |
| 2020 | 5,121 | 197,568,600 | 38,580 | 69,884 | 9.3 |
| 2019 | 5,156 | 198,958,400 | 38,588 | 67,783 | 3.8 |
| 2018 | 5,197 | 191,289,682 | 36,806 | 65,818 | 4.1 |
| 2017 | 5,188 | 186,434,150 | 35,936 | 63,794 | 4.8 |
| 2016 | 5,239 | 170,081,127 | 32,464 | 58,708 | 5.8 |
| 2015 | 5,260 | 155,734,043 | 29,607 | 54,461 | 5.8 |
| 2014 | 5,318 | 144,394,219 | 27,152 | 53,653 | 7.0 |
| 2013 | 5,241 | 148,352,487 | 28,304 | 51,391 | 9.1 |
| 2012 | 5,150 | 145,456,281 | 28,246 | 53,852 | 8.8 |

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, and unemployment information is provided by the U.S. Department of Labor, Bureau of Labor Statistics. The District service area represents 98% of the assessed valuation of Cook County.

# Exhibit I-14
# Principal Employers

*2021 and Nine Years Ago*

| | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total Employment** | **Employees** | **Rank** | **Percentage of Total Employment** |
| U.S. Government (1) | 52,357 | 1 | 1.01% | 52,144 | 1 | 1.01% |
| Chicago Public Schools (2) | 38,637 | 2 | 0.75 | 40,145 | 2 | 0.78 |
| City of Chicago | 30,928 | 3 | 0.60 | 30,197 | 3 | 0.59 |
| Advocate Aurora Healthcare | 26,585 | 4 | 0.51 | 16,710 | 5 | 0.32 |
| Cook County | 22,074 | 5 | 0.43 | 21,057 | 4 | 0.41 |
| Northwestern Memorial Healthcare (3) | 21,999 | 6 | 0.43 | — | — | — |
| University of Chicago | 18,732 | 7 | 0.36 | 15,029 | 8 | 0.29 |
| Amazon.Com Inc. (4) | 18,210 | 8 | 0.35 | — | — | — |
| Amita Health | 18,202 | 9 | 0.35 | — | — | — |
| Walmart Inc. | 16,900 | 10 | 0.33 | — | — | — |
| State of Illinois | — | — | — | 15,400 | 6 | 0.30 |
| J.P. Morgan Chase & Co. | — | — | — | 15,103 | 7 | 0.29 |
| Walgreen Co. | — | — | — | 14,528 | 9 | 0.28 |
| AT&T Inc. | — | — | — | 14,000 | 10 | 0.27 |
| Total | 264,624 | | 5.12% | 234,313 | | 4.54% |

(1) Fiscal year ends in September.

(2) Fiscal year ends in June.

(3) Fiscal year ends in August.

(4) Includes Whole Foods employees.

**Source: Reprinted with permission, Crain's Chicago Business [February 24, 2020] © Crain Communications, Inc.**

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

*Last Ten Fiscal Years*

| | Budgeted Positions | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fund/Department** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** | **2013** | **2012** |
| **General Corporate Fund** | | | | | | | | | | |
| Board of Commissioners | 36 | 36 | 38 | 38 | 38 | 38 | 37 | 37 | 37 | 37 |
| General Administration | 123 | 121 | 119 | 121 | 123 | 122 | 119 | 112 | 109 | 114 |
| Monitoring and Research | 291 | 294 | 300 | 312 | 309 | 308 | 297 | 288 | 286 | 280 |
| Procurement and Materials Management | 61 | 63 | 63 | 63 | 63 | 63 | 63 | 62 | 62 | 62 |
| Human Resources | 93 | 92 | 93 | 91 | 141 | 73 | 74 | 72 | 58 | 57 |
| Information Technology | 70 | 70 | 71 | 73 | 75 | 76 | 70 | 70 | 70 | 69 |
| Law | 38 | 38 | 39 | 37 | 38 | 38 | 37 | 36 | 38 | 37 |
| Finance | 27 | 27 | 27 | 28 | 28 | 28 | 29 | 29 | 29 | 29 |
| Engineering (Corporate Fund) (1) | 199 | 205 | 212 | 242 | 246 | 244 | 242 | 241 | 242 | 29 |
| Maintenance & Operations | 906 | 916 | 920 | 904 | 922 | 927 | 955 | 951 | 947 | 943 |
| Total General Corporate Fund | 1,844 | 1,862 | 1,882 | 1,909 | 1,983 | 1,917 | 1,923 | 1,898 | 1,878 | 1,657 |
| Engineering (Construction Fund) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| Engineering (Stormwater Management) | 96 | 91 | 85 | 57 | 59 | 59 | 59 | 63 | 49 | 48 |
| Engineering (Capital Improvements Bond Fund) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 196 |
| Grand Total | 1,940 | 1,953 | 1,967 | 1,966 | 2,042 | 1,976 | 1,982 | 1,961 | 1,927 | 1,922 |

(1) Increase due to the transfer of positions from the Capital Improvements Bond and Construction Funds to the Corporate Fund

(2) Decrease due to the transfer of positions from the Capital Improvements Bond and Construction Funds to the Corporate Fund

## Exhibit I-16
## Operating Indicators
*Last Ten Fiscal Years*

| | Area Served (1) | Communities Served (2) | Number of People Served (3) | Commercial and Industrial Population Equivalent Served | Number of Local Sewer Connections to Intercepting Sewers | Gallons of Pumping Station Maximum Capacity (4) | Gallons of Sewage Processed per Day (4) | Daily Sewage Treatment Capacity (4) |
|---|---|---|---|---|---|---|---|---|
| 2021 | 882 | 129 | 5,189,442 | 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 |
| 2015 | 883 | 129 | 5,260,069 | 4,500,000 | 10,000 | 4,000,000 | 1,244,200 | 2,000,000 |
| 2014 | 883 | 129 | 5,318,365 | 4,500,000 | 10,000 | 4,000,000 | 1,288,600 | 2,000,000 |
| 2013 | 884 | 126 | 5,241,489 | 4,500,000 | 10,000 | 4,000,000 | 1,218,200 | 2,000,000 |
| 2012 | 884 | 126 | 5,149,578 | 4,500,000 | 10,000 | 4,000,000 | 1,070,200 | 2,000,000 |

(1) In square miles

(2) Including the City of Chicago

(3) 2020 Census Data

(4) In thousands of gallons

# Exhibit I-17
# Capital Asset Statistics
*Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Miles of intercepting sewers and force mains operated | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 559 |
| 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 | 109.4 | 109.4 | 109.4 | 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 | 1 | 1 | 1 |
| Number of TARP reservoirs under construction | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Number of flood control reservoirs | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 31 | 31 |
| Instream aeration stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sidestream elevated pool aeration stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

**Source: District’s Engineering Department**

# IV.
# SINGLE AUDIT SECTION

***One of many monarch butterflies enjoying milkweed in the Native Prairie Landscape areas at the Stickney Water Reclamation Plant in July.***

# 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*

To the Honorable President and Members of the Board of Commissioners of
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, (the District) as of and for the year ended December 31, 2021, 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 17, 2022. The financial statements of the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care 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 District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care Trust Fund. Our report includes a reference to other auditors who audited the financial statements of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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.

Baker Tilly US, LLP

Chicago, Illinois
May 17, 2022

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 schedule of expenditures of federal awards of the Metropolitan Water Reclamation District of Greater Chicago (the "District") for the year ended December 31, 2021, and the related notes (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, 2021, 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; 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 Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule 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*

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.

400 E. Randolph Street, Suite 700, Chicago, Illinois 60601 | **T** (312) 240-9500 | **F** (312) 240-0295 | www.adelfiacpas.com

***Auditor's Responsibilities for the Audit of the Schedule***

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, *Government Auditing Standards*, and the Uniform Guidance 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.

Adelfia LLC

Chicago, Illinois
May 17, 2022

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

# 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 each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditor's 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, 2021.

### *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 Awards* (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.

400 E. Randolph Street, Suite 700, Chicago, Illinois 60601 | **T** (312) 240-9500 | **F** (312) 240-0295 | www.adelfiacpas.com

***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 Responsibilities 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 each major 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.

Adelfia LLC

Chicago, Illinois
May 17, 2022

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## Schedule of Expenditures of Federal Awards

*Year ended December 31, 2021*

| 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 |
|---|---|---|---|---|---|---|
| **U.S. Environmental Protection Agency** | | | | | | |
| Passed through Illinois Environmental Protection Agency | | | | | | |
| CWSRF Cluster | | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | | | | | | |
| Project Descriptions | | | | | | |
| F&I Odor Control Systems, Calumet, Kirie, Hanover Park WRPs | 66.458 | M | L172129 | March 2019 | — | $ 1,400 |
| Digester Rehab & Gas Piping Replacement, SWRP | 66.458 | M | L172130 | December 2019 | — | 239,800 |
| Install Mechanical Mixers Stickney WWTP | 66.458 | M | L172744 | November 2020 | — | 470,800 |
| Salt Creek Intercepting Sewer 2 Rehabilitation SSA | 66.458 | M | L173062 | December 2015 | — | 1,365,400 |
| Digester Sludge Heating System Upgrades & Boiler Removal, CWRP | 66.458 | M | L173798 | January 2020 | — | 2,027,500 |
| Furnish and Install New Coarse Screens Stickney WRF | 66.458 | M | L173801 | May 2021 | — | 100,000 |
| Odor Control Facilities at Various Locations, SWRP | 66.458 | M | L174708 | September 2019 | — | 1,232,600 |
| D799 Electrical Switchgear Replacement SWRP | 66.458 | M | L175223 | December 2015 | — | 197,800 |
| McCook Reservoir, Des Plaines Inflow Tunnel, SSA | 66.458 | M | L175367 | June 2018 | — | 231,500 |
| Rehabilitation of North Branch Pumping Station, NSA | 66.458 | M | L175539 | June 2018 | — | 83,700 |
| Rehabilitation of TARP Mainstream Pumps | 66.458 | M | L175578 | May 2021 | — | 1,166,500 |
| Total U.S. Environmental Protection Agency Funding of CWSRF Cluster - Capitalization Grants for Clean Water State Revolving Funds | | | | | | $ 7,117,000 |
| **Federal Emergency Management Agency** | | | | | | |
| Passed through the Illinois Emergency Management Agency | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | | | |
| Project Descriptions | | | | | | |
| COVID-19: Purchases of COVID-19 Related Supplies and Equipment | 97.036 | | MWRD 001 | August 2020 | — | $ 296,982 |
| Total Federal Emergency Management Agency Disaster Grants - Public Assistance | | | | | | $ 296,982 |

## Schedule of Expenditures of Federal Awards

*Year ended December 31, 2021*

| 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 |
|---|---|---|---|---|---|
| **U.S. Department of the Army** | | | | | |
| Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the McCook Reservoir Underflow Plan | | | | | |
| Project Descriptions | | | | | |
| Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL | N/A | 73-161-2H | January 2019 | — | $ 74,891 |
| Total U.S. Department of the Army Funding of Chicagoland Underflow Plan of Stage 2 of the McCook Reservoir | | | | | $ 74,891 |
| **Total Expenditures of Federal Awards** | | | | | **$ 7,488,873** |

See Accompanying Notes to Schedule of Expenditures of Federal Awards

M - Program was audited as a major program

**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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulation 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**

<u>Assistance Listing # 66.458 – Capitalization Grants for Clean Water State Revolving Funds</u>

The Capitalization Grants for Clean Water State Revolving Funds create State Revolving Funds (SRFs) through a program of capitalization grants to states, which will provide 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%.

<u>Assistance Listing # 97.036 – Disaster Grants-Public Assistance</u>

The mission of the Federal Emergency Management Agency's (FEMA) Public Assistance (PA) grant program is to provide assistance to state, tribal, territorial, and local governments (SLTT), and certain types of private nonprofit (PNP) organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. Following a Presidential declaration of a major disaster or an emergency, the Federal Emergency Management Agency (FEMA), Department of Homeland Security (DHS), awards grants to assist SLTT and certain PNP entities to respond and recover from disasters. Specifically, through the PA program, FEMA provides supplemental federal disaster grants assistance for debris removal, emergency protective measures, and the restoration of disaster-damaged, publicly owned facilities and the facilities of certain PNP organizations. The PA program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process.

**Note 4 – Programs Description – Continued**

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 Engineer, 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 – Project Descriptions**

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31, 2021:

State Revolving Fund Loans

**Loan #L172129** was awarded to the District on March 1, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Odor Control Systems at Calumet, Kirie, and Hanover Park Water Reclamation Plants (WRPs), Project 17-844-3P. The maximum SRF loan amount is $4,216,511. The maximum passthrough federal funding is $3,513,619. A total of $1,400 in federal funds was disbursed by the Illinois Environmental Protection Agency (IEPA) during fiscal year 2021. As of December 31, 2021, $174,810 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L172130** was awarded to the District on December 13, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Rehabilitation of Digester Covers, Tank Walls, Digester Gas Piping, Mixing System Components, and Waste Gas Burners in Digesters 1-12 at the Stickney WRP, Project 17-140-3P. The maximum SRF loan amount is $14,124,462. The maximum passthrough federal funding is $11,769,914. A total of $239,800 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $2,605,209 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L172744** was awarded to the District on November 20, 2020, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Installation of Mechanical Mixers at the Stickney WRP, Project 19-157-3P. The maximum SRF loan amount is $8,983,689. The maximum passthrough federal funding is $7,486,107. A total of $470,800 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $7,989,013 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Note 5 – Project Descriptions - Continued**

**Loan #L173062** was awarded to the District on December 17, 2015, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Salt Creek Intercepting Sewer 2 Rehabilitation, SSA, Project 06-155-3S. The maximum SRF loan amount is $45,056,403. The maximum passthrough federal funding is $37,545,501. A total of $1,365,400 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $1,368,740 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L173798** was awarded to the District on January 14, 2020, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Upgrade of Digester Sludge Heating System and Boiler Removal at Calumet WRP, Project 18-277-3M. The maximum SRF loan amount is $26,234,615. The maximum passthrough federal funding is $ $21,861,305. A total of $2,027,500 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $19,550,930 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L173801** was awarded to the District on May 12, 2021, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Furnishing and Installation of new coarse screens at Stickney WRF, 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 $100,000 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $100,037 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L174708** was awarded to the District on September 5, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Odor Control Facilities for Sludge Concentration Areas at Stickney WRP, Project 17-134-3MR. The maximum SRF loan amount is $16,962,555. The maximum passthrough federal funding is $ $14,134,897. A total of $1,232,600 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $4,972,420 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175223** was awarded to the District on December 15, 2015, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for D799 Switchgear Replacement, SWRP, Project 09-182-3E. The maximum SRF loan amount is $12,449,200. The maximum passthrough federal funding is $10,373,918. A total of $197,800 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $197,901 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175367** was awarded to the District on June 22, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for McCook Reservoir Des Plaines Inflow Tunnel, SSA, Project 13-106-4F. The maximum SRF loan amount is $33,382,100. The maximum passthrough federal funding is $27,817,304. A total of $231,500 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $3,214,391 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Loan #L175539** was awarded to the District on June 28, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for North Branch Pumping Station Rehabilitation, NSA, Project 16-079-3D. The maximum SRF loan amount is $4,713,744. The maximum passthrough federal funding is $3,927,963. A total of $83,700 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $108,313 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

**Note 5 – Project Descriptions - Continued**

**Loan #L175578** was awarded to the District on May 7, 2021, under Public Law 95-217 (Federal Water Pollution Control Act). 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 $1,166,500 in federal funds was disbursed by the IEPA during fiscal year 2021. As of December 31, 2021, $1,454,333 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Disaster Grants-Public Assistance

The Disaster Grants-Public Assistance was awarded to the District on July 2020. The grant amount was $296,982. The grant payment was a reimbursement of the District's 2021 expenditure for activities conducted to implement additional protective safety measures to contain the spread of COVID-19 at its facilities and continue its critical public health missions of treating wastewater and providing storm water management to the residents of Cook County, Illinois without interruption. Purchases included disposable wipes, hand sanitizers, disinfectant solutions and sprays, water quality meters and probes, gloves, masks and face shields, bleach, air purifiers, sneeze guard portable counter shields, automatic flush valve retrofit kits, bathroom sink faucets, disposable coveralls and lab safety glasses.

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 $2,070,915 from inception of which $74,891 was expended in 2021.

# Schedule of Findings and Questioned Costs

*Year ended December 31, 2021*

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

| | | | | |
|---|---|---|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | | | Unmodified | |
| Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | | Yes | ✓ | No |
| • Significant deficiency(ies) identified? | | Yes | ✓ | None Reported |
| Noncompliance material to financial statements noted? | | Yes | ✓ | No |

**Federal Awards**

| | | | | |
|---|---|---|---|---|
| Internal control over major federal programs: | | | | |
| • Material weakness(es) identified? | | Yes | ✓ | No |
| • Significant deficiency(ies) identified? | | Yes | ✓ | None Reported |
| Type of auditors' report issued on compliance for major federal programs: | | | Unmodified | |
| 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:

| Assistance Listing Number | Name of Federal Program or Cluster |
|---|---|
| 66.458 | Capitalization Grants For Clean Water State Revolving Funds |

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

| | | | | |
|---|---|---|---|---|
| Auditee qualified as low-risk auditee? | ✓ | Yes | | No |

**SECTION II – FINANCIAL STATEMENT FINDINGS** – Required to be Reported in Accordance with *Governmental Auditing Standards*

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None

METROPOLITAN WATER RECLAMATION DISTRICT

OF GREATER CHICAGO