New Issue—Book Entry Only

Fitch: "AAA" (Stable Outlook)
S&P Global Ratings: "AA" (Stable Outlook)
(See "Ratings" herein.)

In the respective opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hardwick Law Firm, LLC, Chicago, Illinois, Co-Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the 2021A, 2021B, 2021C and 2021D Bonds will not be includible in gross income for federal income tax purposes. Interest on the 2021A, 2021B, 2021C, and 2021D Bonds is not an item of tax preference for purposes of computing "alternative minimum taxable income". Interest on the 2021E and 2021F Bonds will be includible in gross income for federal income tax purposes. Interest on the Bonds is not exempt from present Illinois income taxes. See "Tax Matters" herein.

$500,000,000
Metropolitan Water Reclamation District of Greater Chicago

Consisting of

$113,935,000 **General Obligation Limited Tax Capital Improvement Bonds, 2021 Series A (Green Bonds)**	**$30,000,000** **General Obligation Unlimited Tax Capital Improvement Bonds, 2021 Series B (Green Bonds)**
$166,180,000 **General Obligation Limited Tax Refunding Bonds, 2021 Series C**	**$31,555,000** **General Obligation Unlimited Tax Refunding Bonds, 2021 Series D**
$112,485,000 **General Obligation Unlimited Tax Refunding Bonds, 2021 Taxable Series E**	**$45,845,000** **General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source), 2021 Taxable Series F**

Dated: Date of Delivery **Due: December 1, as shown on the inside cover**

The Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois (the "District") is issuing the following series of its Bonds: the General Obligation Limited Tax Capital Improvement Bonds, 2021 Series A (Green Bonds) (the "2021A Bonds"), the General Obligation Unlimited Tax Capital Improvement Bonds, 2021 Series B (Green Bonds) (the "2021B Bonds"), the General Obligation Limited Tax Refunding Bonds, 2021 Series C (the "2021C Bonds"), the General Obligation Unlimited Tax Refunding Bonds, 2021 Series D (the "2021D Bonds"), the General Obligation Unlimited Tax Refunding Bonds, 2021 Taxable Series E (the "2021E Bonds"), and the General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source), 2021 Taxable Series F (the "2021F Bonds" and together with the 2021A Bonds, the 2021B Bonds, the 2021C Bonds, the 2021D Bonds and the 2021E Bonds, the "Bonds"). The Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "Appendix F—Book-Entry System" herein. Individual purchases will be made in book-entry form only through the facilities of DTC. The Bonds are issuable in denominations of $5,000 or any integral multiple of $5,000. Purchasers will not receive physical delivery of bond certificates. Principal and interest are payable by U.S. Bank National Association, a national banking association, as the initial Bond Registrar and Paying Agent, to DTC, which will remit such principal and interest to DTC's Participants for payment to the Beneficial Owners of the Bonds, as described herein. Interest on the Bonds will be payable on June 1, 2022 and semiannually thereafter on each June 1 and December 1. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as described herein.

Maturities, Principal Amounts, Interest Rates, Yields and CUSIP Numbers are set forth on the inside cover pages herein.

The Bonds are direct and general obligations of the District for the payment of which the full faith and credit of the District has been pledged. The 2021B Bonds, the 2021D Bonds, the 2021E Bonds and the 2021F Bonds (the "Unlimited Tax Bonds") are payable from ad valorem taxes levied upon all taxable property within the District without limitation as to rate or amount. The 2021A Bonds and the 2021C Bonds (the "Limited Tax Bonds") are payable from ad valorem taxes levied upon all taxable property within the District without limitation as to rate, but the amount of the taxes that may be extended to pay the Limited Tax Bonds is limited as provided by law. The 2021F Bonds are also "alternate bonds" issued in accordance with Section 15 of the Local Government Debt Reform Act. See "Security for the Bonds" herein.

The Bonds will be used to (i) pay for certain projects included in the District's Capital Improvements Program, (ii) refund certain maturities of the District's outstanding general obligation bonds, and (iii) pay for the costs of issuance of the Bonds. See "The Project" and "Refunding Plan" herein.

The Bonds are offered when, as and if issued by the District, and accepted by the Underwriters and subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Katten Muchin Rosenman LLP, Chicago, Illinois and Hardwick Law Firm, LLC, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the District by (i) its General Counsel and (ii) in connection with the preparation of this Official Statement, by its Co-Disclosure Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois and Shaw Legal Services, Ltd., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their Co-Underwriters' Counsel, Chapman and Cutler LLP, Chicago, Illinois, and Burke Burns & Pinelli, Ltd., Chicago, Illinois. It is anticipated that the Bonds will be available for delivery to DTC on or about December 7, 2021.

J.P. MORGAN **LOOP CAPITAL MARKETS**

Academy Securities **Melvin Securities, LLC** **Ramirez & Co., Inc.** **Siebert Williams Shank & Co., LLC** **Stern Brothers**

Dated: November 16, 2021

Left: An MWRD skimmer boat picks up debris and other floatable items on the Chicago River as part of its efforts to protect the Chicago area water environment.

Right: The Buffalo Creek Reservoir Expansion Project will increase storage capacity to alleviate flooding for downstream communities, while at the same time improve public recreation spaces at Buffalo Creek in the Lake County Forest Preserves.

Left: The world's largest reservoir, the Thornton Composite Reservoir, can hold 7.9 billion gallons of water emanating from the tunnels on the east wall.

Right: The MWRD's seven water reclamation plants are modern facilities that treat nearly 500 billion gallons of residential and industrial wastewater every year.

MATURITY SCHEDULE

$113,935,000
GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS, 2021 SERIES A (GREEN BONDS)

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2027	$ 2,435,000	5.00	0.960	123.436	167560UU3
2028	4,980,000	5.00	1.110	126.069	167560UV1
2029	17,410,000	5.00	1.230	128.582	167560UW9
2030	9,865,000	5.00	1.320	131.077	167560UX7
2031	10,810,000	5.00	1.390	133.542	167560UY5
2032	12,910,000	5.00	1.420[2]	133.212	167560UZ2
2038	4,885,000	5.00	1.630[2]	130.932	167560VA6
2039	1,595,000	5.00	1.660[2]	130.610	167560VB4
2040	2,040,000	5.00	1.690[2]	130.289	167560VC2
2041	2,935,000	5.00	1.720[2]	129.969	167560VD0

$19,880,000; 4.00%; TERM BOND DUE DECEMBER 1, 2046; YIELD 2.030%[2]; PRICE 117.721, CUSIP[1] 167560VE8
$24,190,000; 4.00%; TERM BOND DUE DECEMBER 1, 2051; YIELD 2.080%[2]; PRICE 117.227, CUSIP[1] 167560VF5

$30,000,000
GENERAL OBLIGATION UNLIMITED TAX CAPITAL IMPROVEMENT BONDS, 2021 SERIES B (GREEN BONDS)

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2033	$ 19,500,000	5.00	1.430[2]	133.103	167560VG3
2035	3,865,000	5.00	1.500[2]	132.338	167560VH1
2036	6,635,000	5.00	1.520[2]	132.121	167560VJ7

1 CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

2 Calculated to the first optional redemption date of December 1, 2031.

$166,180,000
GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, 2021 SERIES C

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2022	$ 9,595,000	5.00	0.210	104.702	167560VK4
2023	20,290,000	5.00	0.330	109.224	167560VL2
2024	20,090,000	5.00	0.460	113.436	167560VM0
2025	16,695,000	5.00	0.640	117.120	167560VN8
2026	7,080,000	5.00	0.790	120.532	167560VP3
2027	2,420,000	5.00	0.960	123.436	167560VQ1
2028	2,540,000	5.00	1.110	126.069	167560VR9
2029	12,665,000	5.00	1.230	128.582	167560VS7
2030	25,055,000	5.00	1.320	131.077	167560VT5
2031	39,750,000	5.00	1.390	133.542	167560VU2
2032	10,000,000	5.00	1.420[2]	133.212	167560VV0

$31,555,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS, 2021 SERIES D

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2029	$6,810,000	5.00	1.210	128.758	167560VW8
2030	10,300,000	5.00	1.280	131.473	167560VX6
2031	14,445,000	5.00	1.350	133.983	167560VY4

$112,485,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS, 2021 TAXABLE SERIES E

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2026	$ 4,270,000	1.615	1.615	100.000	167560VZ1
2027	16,315,000	1.818	1.818	100.000	167560WA5
2028	14,565,000	2.018	2.018	100.000	167560WB3
2029	4,890,000	2.134	2.134	100.000	167560WC1
2032	50,780,000	2.534	2.534	100.000	167560WD9
2033	21,665,000	2.684	2.684	100.000	167560WE7

1 CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$45,845,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS (ALTERNATE REVENUE SOURCE), 2021 TAXABLE SERIES F

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE (%)	YIELD (%)	PRICE (%)	CUSIP[1]
2022	$ 925,000	0.570	0.570	100.000	167560WF4
2023	915,000	0.720	0.720	100.000	167560WG2
2024	920,000	1.122	1.122	100.000	167560WH0
2025	2,165,000	1.415	1.415	100.000	167560WJ6
2026	2,195,000	1.615	1.615	100.000	167560WK3
2027	2,230,000	1.818	1.818	100.000	167560WL1
2028	2,270,000	2.018	2.018	100.000	167560WM9
2029	2,315,000	2.134	2.134	100.000	167560WN7
2030	2,365,000	2.234	2.234	100.000	167560WP2
2031	2,415,000	2.334	2.334	100.000	167560WQ0
2032	2,475,000	2.534	2.534	100.000	167560WR8
2033	2,535,000	2.684	2.684	100.000	167560WS6
2034	2,605,000	2.784	2.784	100.000	167560WT4
2035	2,675,000	2.884	2.884	100.000	167560WU1
2036	2,755,000	2.984	2.984	100.000	167560WV9

$14,085,000; 3.06%; TERM BOND DUE DECEMBER 1, 2041; YIELD 3.060%; PRICE 100.000%, CUSIP[1] 167560WW7

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1 CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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 Eira L. Corral Sepúlveda
Honorable Debra Shore†
Honorable Mariyana T. Spyropoulos

PRINCIPAL OFFICERS

Brian A. 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, Ph.D., Director of Engineering
Edward W. Podczerwinski, P.E., Director of Monitoring and Research
Shellie A. Riedle, Administrative Services Officer
Beverly K. Sanders, Director of Human Resources
John H. Sudduth, Director of Information Technology
Jacqueline Torres, Clerk/Director of Finance

CO-BOND COUNSEL

Katten Muchin Rosenman LLP
Chicago, Illinois

Hardwick Law Firm, LLC
Chicago, Illinois

CO-DISCLOSURE COUNSEL

Miller, Canfield, Paddock and Stone P.L.C.
Chicago, Illinois

Shaw Legal Services, Ltd.
Chicago, Illinois

CO-FINANCIAL ADVISORS

Acacia Financial Group, Inc.
Chicago, Illinois

Columbia Capital Management, LLC
Chicago, Illinois

† Resigned as of October 23, 2021. See "METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO – Administration" herein.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as statements of the District or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the District since the date hereof.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor should be considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to herein, reference should be made to such statutes, ordinances, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity (other than the District) shall have passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein and is "deemed final" by the District as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to such Rule.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level which might not otherwise prevail in the open market. Such stabilizing, if begun, may be discontinued, and also may be recommenced at any time, in each case without notice.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SUMMARY OF TERMS OF THE BONDS

THIS SUMMARY IS SUBJECT IN ALL RESPECTS TO MORE COMPLETE INFORMATION CONTAINED IN THE OFFICIAL STATEMENT TO WHICH THIS SUMMARY IS ATTACHED. THE OFFERING OF THE BONDS TO ANY PERSON IS MADE ONLY BY MEANS OF THE OFFICIAL STATEMENT, WHICH SHOULD BE REVIEWED CAREFULLY IN ITS ENTIRETY. CAPITALIZED TERMS NOT DEFINED IN THIS SUMMARY ARE DEFINED IN THE OFFICIAL STATEMENT.

The District	Metropolitan Water Reclamation District of Greater Chicago
The Issue	$113,935,000 General Obligation Limited Tax Capital Improvement Bonds, 2021 Series A (Green Bonds) $30,000,000 General Obligation Unlimited Tax Capital Improvement Bonds, 2021 Series B (Green Bonds) $166,180,000 General Obligation Limited Tax Refunding Bonds, 2021 Series C $31,555,000 General Obligation Unlimited Tax Refunding Bonds, 2021 Series D $112,485,000 General Obligation Unlimited Tax Refunding Bonds, 2021 Taxable Series E $45,845,000 General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source), 2021 Taxable Series F.
Dated Date	Date of Original Issue: December 7, 2021.
Maturity Dates	December 1 of each of the years as set forth on the inside cover pages.
Interest	Payable semiannually on June 1 and December 1, commencing June 1, 2022.
Record Date	The 15th day of the calendar month next preceding each interest payment date.
Form of Bonds; Denominations; Book-Entry System	The Bonds will be issued as fully registered book-entry bonds in the denomination of $5,000 or any integral multiple of that amount. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, and will be held under DTC's global book-entry system.
Use of Proceeds.....	The proceeds of the Bonds will be used to (i) refund certain maturities of the District's outstanding general obligation bonds, (ii) pay for certain projects included in the District's Capital Improvements Program, and (iii) pay for the costs of issuance of the Bonds.
Redemption...........	The Bonds are subject to optional and mandatory sinking fund redemption. See "THE BONDS—Optional Redemption" and "THE BONDS—Mandatory Sinking Fund Redemption."
Security for the Bonds.....................	The Bonds are direct and general obligations of the District for the payment of which the full faith and credit of the District has been pledged. The Unlimited Tax Bonds are payable from ad valorem taxes levied upon all taxable property within the District without limitation as to rate or amount. The Limited Tax Bonds are payable from ad valorem taxes levied upon all taxable property within the District without limitation as to rate, but the amount of the taxes that may be extended to pay the Limited Tax Bonds is limited as provided by the Limitation Law. The 2021F Bonds are also "alternate bonds" issued under the Local Government Debt Reform Act. See "Security for the Bonds."

Debt Service Fund Protection.............	In accordance with the Debt Reform Act, the tax receipts derived from the taxes levied for a series of the Bonds that are deposited into the debt service fund for such series of the Bonds, together with any other moneys deposited or to be deposited in such debt service fund, are pledged as security for the payment of the principal of and interest on that series of Bonds. Such pledge is valid and binding from the date of issuance of the Bonds. All moneys held in such debt service funds, including the tax receipts described above, are immediately subject to the lien of the District's pledge without any physical delivery or further act and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise. See "Security for the Bonds."
Tax Treatment of Interest	Interest on the 2021A, 2021B, 2021C and 2021D Bonds is excluded from gross income of their owners for federal income tax purposes and is not included as an item of tax preference for purposes of the federal alternate minimum tax imposed on all taxpayers. Interest on the 2021E and 2021F Bonds will be includible in gross income for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "Tax Matters" for a more complete discussion.
Ratings	Fitch Ratings Inc.: "AAA" (Stable Outlook) S&P Global Ratings: "AA" (Stable Outlook)
Contact..................	Additional information regarding the Bonds and this Official Statement is available by contacting Mary Ann Boyle at BoyleM@mwrd.org.

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OFFICIAL STATEMENT

$500,000,000
METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO

CONSISTING OF

$113,935,000
GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS, 2021 SERIES A (GREEN BONDS)

$30,000,000
GENERAL OBLIGATION UNLIMITED TAX CAPITAL IMPROVEMENT BONDS, 2021 SERIES B (GREEN BONDS)

$166,180,000
GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, 2021 SERIES C

$31,555,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS, 2021 SERIES D

$112,485,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS 2021 TAXABLE SERIES E

$45,845,000
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS (ALTERNATE REVENUE SOURCE), 2021 TAXABLE SERIES F

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices, is to set forth certain information in conjunction with the sale by the Metropolitan Water Reclamation District of Greater Chicago (the *"District"*) of $113,935,000 principal amount of its General Obligation Limited Tax Capital Improvement Bonds, 2021 Series A (Green Bonds) (the *"2021A Bonds"*), $30,000,000 principal amount of its General Obligation Unlimited Tax Capital Improvement Bonds, 2021 Series B (Green Bonds) (the *"2021B Bonds"*), $166,180,000 principal amount of its General Obligation Limited Tax Refunding Bonds, 2021 Series C (the *"2021C Bonds"*), $31,555,000 principal amount of its General Obligation Unlimited Tax Refunding Bonds, 2021 Series D (the *"2021D Bonds"*), $112,485,000 principal amount of its General Obligation Unlimited Tax Refunding Bonds, 2021 Taxable Series E (the *"2021E Bonds"*), and $45,845,000 principal amount of its General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source), 2021 Taxable Series F (the *"2021F Bonds"* and, together with the 2021A Bonds, the 2021B Bonds, the 2021C Bonds, the 2021D Bonds, and the 2021E Bonds, the *"Bonds"*). The Bonds are direct and general obligations of the District, whose full faith and credit have been pledged for the punctual payment of the principal of and interest on the Bonds, as more fully described below.

The District is a sanitary district and a body politic and corporate of the State of Illinois (the *"State"*) organized and existing under the Metropolitan Water Reclamation District Act (70 Illinois Compiled Statutes 2605) (the *"Act"*). The 2021A Bonds and the 2021B Bonds are authorized and issued pursuant to the Act and the Local Government Debt Reform Act (30 Illinois Compiled Statutes 350) (the *"Debt Reform Act"*). The 2021C Bonds, the 2021D Bonds and the 2021E Bonds are authorized and issued pursuant to the Act, the Sanitary District Refunding Bond

Act, and the Debt Reform Act. The 2021F Bonds are authorized and issued pursuant to the Act and Section 15 of the Debt Reform Act.

The issuance, sale and delivery of each Series of Bonds is authorized pursuant to a related bond ordinance for such Series, all adopted by the Board of Commissioners (the *"Board"*) of the District on November 4, 2021, as supplemented by a Bond Order for each Series (collectively, the *"Bond Ordinances"*).

The 2021B Bonds, the 2021D Bonds, the 2021E Bonds and the 2021F Bonds (collectively, the *"Unlimited Tax Bonds"*) are direct and general obligations of the District payable from ad valorem taxes levied upon all taxable property within the District without limitation as to rate or amount and from all moneys on deposit in the separate debt service fund relating to each Series of Unlimited Tax Bonds established pursuant to the related Bond Ordinance. Moneys deposited into the related debt service fund, including the proceeds of the taxes levied pursuant to the related Bond Ordinance, are pledged as security for the payment of principal and interest on the related Series of Unlimited Tax Bonds. See "SECURITY FOR THE BONDS—Security for the Unlimited Tax Bonds."

The 2021A Bonds and the 2021C Bonds are "limited bonds" being issued pursuant to Section 15.01 of the Debt Reform Act (collectively, the *"Limited Tax Bonds"*). The Limited Tax Bonds are direct and general obligations of the District, payable from ad valorem taxes levied upon all taxable property within the District, without limitation as to rate, but limited as to amount by the provisions of the Property Tax Extension Limitation Law (35 Illinois Compiled Statutes 200/18-185 to 200/18-245) (the *"Limitation Law"*), and from all moneys on deposit in the separate debt service fund relating to each Series of Limited Tax Bonds established pursuant to the related Bond Ordinance. Moneys deposited into the related debt service fund, including the proceeds of the taxes levied pursuant to the related Bond Ordinance, are pledged as security for the payment of principal and interest on the related Series of Limited Tax Bonds. See "SECURITY FOR THE BONDS—Security for the Limited Tax Bonds."

The 2021F Bonds are also "alternate bonds" issued in accordance with Section 15 of the Debt Reform Act. The 2021F Bonds are direct and general obligations of the District and the payment of principal and interest on the 2021F Bonds are also payable from the moneys received by the District from the levy and collection of a stormwater management tax, which moneys constitute a "revenue source" within the meaning of Section 15 of the Debt Reform Act. The debt service on general obligation bonds of the District issued as "alternate bonds," such as the 2021F Bonds, is excluded from the tax extension limitation of the Limitation Law and does not reduce the District's capacity to issue limited bonds. See "SECURITY FOR THE BONDS—Security for the Unlimited Tax Bonds—The 2021F Bonds," "SECURITY FOR THE BONDS—Security for the Unlimited Tax Bonds," and "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "TAXATION OF PROPERTY WITHIN DISTRICT—STATISTICAL INFORMATION."

Proceeds from the sale of the 2021A Bonds will be applied to (i) reimburse $25,000,000 of capital expenditures by the District and fund additional capital expenditures of the District for "Water Reclamation Plant Expansions and System Improvements" as part of the District's Capital

Improvements Program (the "*Capital Improvements Program*") described under "APPENDIX B—CAPITAL IMPROVEMENTS PROGRAM" (the "*2021A Projects*"), and (ii) pay costs of issuance of the 2021A Bonds. See "SOURCES AND USES OF FUNDS."

Proceeds from the sale of the 2021B Bonds will be applied to (i) fund certain stormwater projects of the District initiated before October 1, 1991, including projects included in the District's Tunnel and Reservoir Plan ("*TARP*"), as part of the Capital Improvements Program (the "*2021B Projects*", and together with the 2021A Projects, the "*Project*"), and (ii) pay costs of issuance of the 2021B Bonds. See "SOURCES AND USES OF FUNDS." The debt service on general obligation bonds of the District, such as the 2021B Bonds, issued to finance or to refund bonds that financed construction projects initiated prior to October 1, 1991, including the TARP, is excluded from the tax extension limitation of the Limitation Law and does not reduce the District's capacity to issue limited bonds. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "DEBT INFORMATION—District's Debt Service Extension Base Capacity."

Proceeds from the sale of the 2021C Bonds will be used to currently refund a portion of the principal of and interest on the District's outstanding General Obligation Capital Improvement Bonds, Limited Tax Series B of July, 2011 (the "*Series 2011B Bonds*"). Those Series 2011B Bonds being refunded with proceeds from the sale of the 2021C Bonds are referred to in this Official Statement as the "*Series 2011B Refunded Bonds*." Proceeds from the sale of the 2021C Bonds will also be used to pay costs of the issuance of the 2021C Bonds. See "REFUNDING PLAN," "SOURCES AND USES OF FUNDS" and "APPENDIX G– SCHEDULE OF REFUNDED BONDS."

Proceeds from the sale of the 2021D Bonds will be used to currently refund a portion of the principal of and interest on the District's outstanding General Obligation Capital Improvement Bonds, Unlimited Tax Series C of July, 2011 (the "*Series 2011C Bonds*"). Those Series 2011C Bonds being refunded with proceeds from the sale of the 2021D Bonds are referred to in this Official Statement as the "*Series 2011C Refunded Bonds*." Proceeds from the sale of the Bonds will also be used to pay costs of the issuance of the 2021D Bonds. See REFUNDING PLAN," "SOURCES AND USES OF FUNDS" and "APPENDIX G– SCHEDULE OF REFUNDED BONDS." The debt service on general obligation bonds of the District, such as the 2021D Bonds, issued to refund bonds such as the Series 2011C Refunded Bonds that financed construction projects initiated prior to October 1, 1991, is excluded from the tax extension limitation of the Limitation Law and does not reduce the District's capacity to issue limited bonds. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "DEBT INFORMATION—District's Debt Service Extension Base Capacity."

Proceeds from the sale of the 2021E Bonds will be used to advance refund a portion of the principal of and interest on the District's outstanding General Obligation Unlimited Tax Capital Improvement Bonds, 2014 Series A (Green Bonds) (the "*Series 2014A Bonds*"). Those Series 2014A Bonds being refunded with proceeds from the sale of the 2021E Bonds are referred to in this Official Statement as the "*Series 2014A Refunded Bonds*." Proceeds from the sale of the 2021E Bonds will also be used to pay costs of the issuance of the 2021E Bonds. See REFUNDING PLAN," "SOURCES AND USES OF FUNDS" and "APPENDIX G– SCHEDULE OF REFUNDED BONDS." The debt service on general obligation bonds of the District, such as the 2021E Bonds, issued to refund bonds such as the Series 2014A Refunded Bonds that financed construction projects initiated prior to October 1, 1991 is excluded from the tax extension limitation of the Limitation Law and does not reduce the District's capacity to issue limited bonds. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "DEBT INFORMATION—District's Debt Service Extension Base Capacity."

Proceeds from the sale of the 2021F Bonds will be used to advance refund a portion of the principal of and interest on the District's outstanding General Obligation Unlimited Tax Bonds Alternate Revenue Source), Series 2014B (Green Bonds) (the "*Series 2014B Bonds*"). Those Series 2014B Bonds being refunded with proceeds from the sale of the 2021F Bonds are referred to in this Official Statement as the "*Series 2014B Refunded Bonds*." Proceeds from the sale of the 2021F Bonds will also be used to pay costs of the issuance of the 2021F Bonds. See REFUNDING PLAN," "SOURCES AND USES OF FUNDS" and "APPENDIX G– SCHEDULE OF REFUNDED BONDS."

The 2021C Bonds, 2021D Bonds, 2021E Bonds and 2021F Bonds are referred to collectively in this Official Statement as the "*Refunding Bonds*." The Series 2011B Refunded Bonds, Series 2011C Refunded Bonds, Series 2014A Refunded Bonds and Series 2014B Refunded Bonds are referred to collectively in this Official Statement as the "*Refunded Bonds*."

This Official Statement contains summaries of the terms of the Bonds, together with descriptions of the District and other pertinent information. All references to agreements and documents are qualified in their entirety by references to the agreements and documents. Any statements or information indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

Factors that may affect an investment decision concerning the Bonds are described under the section "INVESTMENT CONSIDERATIONS," but are contained throughout this Official Statement. Persons considering a purchase of any of the Bonds should read the Official Statement in its entirety.

REFUNDING PLAN

Proceeds of the 2021C Bonds will be used to currently refund the Series 2011B Refunded Bonds and proceeds of the 2021D Bonds will be used to currently refund the Series 2011C Refunded Bonds. Proceeds of the 2021E Bonds will be used to advance refund the Series 2014A Refunded Bonds and proceeds of the 2021F Bonds will be used to advance refund the Series 2014B Refunded Bonds. The Series 2011B Refunded Bonds and the Series 2011C Refunded Bonds will be redeemed on or about December 17, 2021. The Series 2014A Refunded Bonds and the Series 2014B Refunded Bonds will be redeemed on December 1, 2024. The Refunded Bonds will be redeemed at the redemption price of par plus accrued interest to the applicable redemption date. Proceeds of 2021C Bonds and the 2021D Bonds held under the Tax-Exempt Escrow Agreement (as defined below) will be used to provide for the refunding and for the payment and redemption of the Series 2011B Refunded Bonds and the Series 2011C Refunded Bonds. Proceeds of 2021E Bonds and the 2021F Bonds held under the Taxable Escrow Agreement (as defined below) will be used to provide for the refunding and for the payment and redemption of the Series 2014A Refunded Bonds and the Series 2014B Refunded Bonds. See "APPENDIX G– SCHEDULE OF REFUNDED BONDS."

To provide for the payment and redemption of the Series 2011B Refunded Bonds and the Series 2011C Refunded Bonds, certain proceeds of the 2021C Bonds and the 2021D Bonds will be held in cash in a separate escrow account established for the Series 2011B Refunded Bonds and the Series 2011C Refunded Bonds pursuant to the Escrow Deposit Agreement, dated the date of issuance of the Bonds (the "*Tax-Exempt Escrow Agreement*"), between the District and U.S. Bank National Association, Chicago, Illinois (the "*Escrow Agent*"). Such cash deposit will not serve as security or be available for the payment of the principal of or interest on the Bonds.

To provide for the payment and redemption of the Series 2014A Refunded Bonds and the Series 2014B Refunded Bonds, certain proceeds of the 2021E Bonds and the 2021F Bonds will be held in cash or used to purchase securities constituting direct obligations of the United States of America (collectively, the "*Government Obligations*"). Cash and Government Obligations derived from the proceeds of the 2021E Bonds and the 2021F Bonds will be held in a separate escrow account established for the Series 2014A Refunded Bonds and the Series 2014B Refunded Bonds pursuant to the Escrow Deposit Agreement, dated the date of issuance of the Bonds (the "*Taxable Escrow Agreement*"), between the District and the Escrow Agent. None of such cash deposit, the maturing principal of such Government Obligations or the interest to be earned thereon will serve as security or be available for the payment of the principal of or interest on the Bonds.

The mathematical computation of the adequacy of maturing principal of and interest earnings on the initial cash deposits made under the Tax-Exempt Escrow Agreement, and the Government Obligations, together with the initial cash deposits made under the Taxable Escrow Agreement, to provide for the payment and redemption of the Refunded Bonds as described above will be verified at the time of delivery of the Bonds by American Municipal Tax-Exempt Compliance Corp. dba AMTEC, of Avon, Connecticut, and Michael Torsiello, C.P.A. (an independent Certified Public Accountant), of Morrisville, North Carolina.

THE PROJECT

The Projects involves (i) the District's TARP, (ii) the development, design, planning and construction of regional and local stormwater facilities provided for in the countywide stormwater management plan and the acquisition of real property in furtherance of its regional and local stormwater management activities and (iii) replacing, remodeling, completing, altering, constructing and enlarging of sewage treatment works, administrative buildings, water quality improvement projects or flood control facilities, and additions therefor, including, but not limited to, the construction of pumping stations, tunnels, conduits, intercepting sewers and outlet sewers, together with the equipment, including air pollution equipment, and appurtenances thereto, to acquire property, real, personal or mixed, necessary for said purposes, for costs and expenses for the acquisition of the sites and rights-of-way necessary thereto, and for engineering expenses for designing and supervising the construction of such works and other related and incidental expenses. For additional information concerning the District's capital improvements plan, see "APPENDIX B—CAPITAL IMPROVEMENTS PROGRAM."

THE GREEN PROJECTS

The mission of the District is to protect the health and safety of the public in its Greater Chicago service area, protect the quality of the water supply source (Lake Michigan) in its service area, 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 is currently undertaking a number of capital projects designed to fulfill its statutory responsibilities.

The 2021A Bonds and the 2021B Bonds are designated as "*Green Bonds*" due to such projects' adherence to the standards of the Clean Water Act of 1972, as amended. The purpose of labeling these series of bonds as Green Bonds is to allow investors to invest directly in these environmentally beneficial projects. Holders of Green Bonds do not assume any specific risk because of the designation of such bonds as Green Bonds.

For the benefit of investors, the District has defined four categories of projects funded by Green Bonds (collectively, the *"Green Projects"*) as defined below.

(i) *Tunnel and Reservoir Plan (TARP) Project.* The Board adopted the Tunnel and Reservoir Plan ("*TARP*") in 1972 as a comprehensive pollution and flood control program for its 375 square mile combined sewer area. This area includes part or all of 52 communities, including the City of Chicago, and is one of the country's largest public works projects for pollution and flood control. The primary goals of TARP are as follows: protect Lake Michigan – the area's primary source of drinking water – from polluted backflows; clean up the area's waterways; and provide an outlet for floodwaters in order to reduce basement flooding. The TARP Tunnel Systems currently eliminate about 85% of the pollution load attributable to combined sewer overflow. The three TARP Reservoirs, two of which are completed, will provide storage for additional sewage and stormwater runoff flows captured by the TARP tunnel systems.

(ii) *Stormwater Management Program Projects.* The District undertakes stormwater management projects under two phases of its Stormwater Management Program. Phase I consists of projects identified under Detailed Watershed Plans (DWPs), which were completed in 2010. Phase I projects address regional waterway overbank flooding and streambank stabilization concerns. In 2020, construction was completed on one Phase I project and construction continued on five additional Phase I projects. It is anticipated four additional Phase I projects will be advertised in 2022. In addition, there are five Phase I projects in various stages of design. The District initiated Phase II of its Stormwater Management Program in 2013 to address local flooding problems not necessarily involving overbank flooding. Since 2013, this program has gained tremendous momentum and includes 195 projects that have been completed, are under construction or in design. To best serve communities with a range of resources throughout Cook County, Illinois (the "County"), the Phase II programs allow for local stormwater partnerships in which the District provides a cost-share for projects designed and constructed by a community. In 2020, ten projects were evaluated and accepted for the local stormwater partnership program and intergovernmental agreements are being negotiated. For communities that do not have resources to design flood control solutions, the District hires consulting firms to investigate and determine if there is an engineering solution that can be pursued to alleviate local flooding. In 2021 the District initiated engineering studies for six areas within the County to conduct engineering analysis for the areas. For circumstances where a flood control project is not feasible, the District initiated a Flood-Prone Property Acquisition Program in 2015. Under this program the District has partnered with 16 municipalities and acquired 220 properties, and placed deed restriction requiring such properties to remain as open space into perpetuity. Presently, the capital cost for these projects over the next five years is estimated to be $153.5 million.

(iii) *Resource Recovery Projects.* The District plans to focus on implementing sustainable and resilient practices in affecting a sustainable economy and financial base through the proper regulation and usage of the following resources - water, phosphorus, biosolids, and energy. Notably, the District plans to complete an evaluation of requirements for energy neutrality by 2030. The District is currently undertaking a number of innovative projects with respect to water and stormwater reuse and phosphorus recovery for environmentally-friendly reuse as a fertilizer and is exploring food to energy and gas production from anaerobic digestion processes. Similarly, improved wastewater treatment and greater plant efficiency will result in the District's collection of increased quantities of biosolids. The sustainable, beneficial management of phosphorus is a major program of the District. Within the next five years, award of construction projects with a cost of approximately $136.5 million is currently anticipated for sustainable phosphorus management improvements.

(iv) *Water Reclamation Plant Expansions and System Improvements.* The District owns and operates one of the world's largest water reclamation plants, in addition to six other plants and 23 pumping stations. The District treats an average of 1.2 billion gallons of wastewater each day. The District's total wastewater treatment capacity is over 2.0 billion gallons per day. The District's Capital Improvements Program includes the replacing, remodeling, completing, altering, constructing and enlarging of sewage treatment works, administrative buildings, water quality improvement projects or flood control facilities, and additions therefor, including, but not limited to, the construction of pumping stations, tunnels, conduits, intercepting sewers and outlet sewers, together with the equipment, including air pollution equipment, and appurtenances thereto, to acquire property, real, personal or mixed, necessary for said purposes, and for costs and expenses for the acquisition of the sites and rights-of-way necessary thereto, and for engineering expenses for designing and supervising the construction of such works and other related and incidental expenses.

For additional information concerning the District's Green Projects, see "APPENDIX B—CAPITAL IMPROVEMENTS PROGRAM."

Pursuant to the respective Bond Ordinances, it is anticipated that the proceeds of the 2021A Bonds will be used to fund the 2021A Projects and the proceeds of the 2021B Bonds will be used to fund the 2021B Projects. The proceeds of each series of Green Bonds will be deposited into segregated Bond Proceeds Funds. Investments of proceeds deposited into the segregated Bond

Proceeds Funds are limited by the District's Investment Policy as well as Illinois law to certain allowable investments. See "CASH MANAGEMENT—Investment of District Funds."

The District plans to post periodic updates on the use of proceeds of Green Bonds in a report on its website: https://mwrd.org. The District plans to post a report of all projects funded from Green Bonds when all such proceeds have been spent. Once all proceeds of the Green Bonds funding a project have been spent, no further updates with respect to that project will be provided. For the avoidance of doubt, such reports and periodic updates related to Green Bonds are not Annual Financial Information (as defined below in "THE UNDERTAKING—Annual Financial Information Disclosure").

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows:

	2021A Bonds	2021B Bonds	2021C Bonds	2021D Bonds	2021E Bonds	2021F Bonds	Total
SOURCES OF FUNDS							
Principal Amount of Bonds..	$113,935,000.00	$30,000,000.00	$166,180,000.00	$31,555,000.00	$112,485,000.00	$45,845,000.00	$500,000,000.00
Original Issue Premium........	29,011,224.00	9,836,177.05	38,623,549.95	10,108,983.15	0.00	0.00	87,579,934.15
Total Sources of Funds	$142,946,224.00	$39,836,177.05	$204,803,549.95	$41,663,983.15	$112,485,000.00	$45,845,000.00	$587,579,934.15
USES OF FUNDS							
Project Costs(1)	$142,709,365.18	$39,773,626.05	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$182,482,991.23
Refund Refunded Bonds	0.00	0.00	204,457,848.61	41,591,885.83	112,243,025.56	45,743,833.28	404,036,593.28
Costs of Issuance(2)..............	236,858.82	62,551.00	345,701.34	72,097.32	241,974.44	101,166.72	1,060,349.64
Total Uses of Funds	$142,946,224.00	$39,836,177.05	$204,803,549.95	$41,663,983.15	$112,485,000.00	$45,845,000.00	$587,579,934.15

(1) Includes a $25,000,000 reimbursement of capital expenditures by the District for the 2021A Bonds.
(2) Includes Underwriters' discount.

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THE BONDS

GENERAL DESCRIPTION

The Bonds will be dated the date of issuance thereof and will mature on December 1 of the years and in the amounts shown on the inside cover pages of this Official Statement. The Bonds bear interest from their dated date, at the rates set forth on the inside cover pages of this Official Statement, computed upon the basis of a 360-day year of twelve 30-day months and payable on June 1, 2022 and semiannually thereafter on each June 1 and December 1. The Bonds are issuable only as fully registered bonds in denominations of $5,000 or any integral multiple thereof under a global book-entry only system operated by The Depository Trust Company, New York, New York (*"DTC"*). Individual purchases of the Bonds may be made only in book-entry form through the facilities of DTC. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "APPENDIX F—BOOK-ENTRY SYSTEM." Principal of and interest on the Bonds are payable by U.S. Bank National Association, as the initial Bond Registrar and Paying Agent (the *"Bond Registrar"*).

REGISTRATION AND TRANSFER

The Bond Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the office designated for such purpose of the Bond Registrar, together with a written instrument satisfactory to the Bond Registrar duly executed by the registered owner or his or her attorney duly authorized in writing. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient for reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Bond Registrar shall not be required to transfer or exchange any Bond after notice of the redemption of all or a portion thereof has been mailed. The Bond Registrar shall not be required to transfer or exchange any Bond during a period of 15 days next preceding the mailing of a notice of redemption that could designate for redemption all or a portion of such Bond.

OPTIONAL REDEMPTION

2021A Bonds. The 2021A Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2031, at a redemption price of par, plus accrued interest to the date fixed for redemption.

2021B Bonds. The 2021B Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2031, at a redemption price of par, plus accrued interest to the date fixed for redemption.

2021C Bonds. The 2021C Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2031, at a redemption price of par, plus accrued interest to the date fixed for redemption.

2021E Bonds. The 2021E Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2031, at a redemption price of par, plus accrued interest to the date fixed for redemption.

2021F Bonds. The 2021F Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2031, at a redemption price of par, plus accrued interest to the date fixed for redemption.

2021E Bonds – Make Whole Redemption. The 2021E Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part at any time, at the Make Whole Redemption Price, plus accrued interest to but not including the date fixed for redemption.

2021F Bonds – Make Whole Redemption. The 2021F Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part at any time, at the Make Whole Redemption Price, plus accrued interest to but not including the date fixed for redemption.

"Make Whole Redemption Price" means a redemption price equal to the greater of: (A) the principal amount of the 2021E or 2021F Bonds to be redeemed, or (B) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of the 2021E or 2021F Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2021E or 2021F Bonds are to be redeemed, discounted to the date of redemption of the 2021E or 2021F Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus (i) with respect to the 2021E Bonds maturing on December 1, 2026, ten basis points (0.10%), (ii) with respect to the 2021E Bonds maturing on December 1, 2027, five basis points (0.05%), (iii) with respect to the 2021E Bonds maturing on December 1 of the years 2028 and 2029, ten basis points (0.10%), (iv) with respect to the 2021E Bonds maturing on December 1, 2032, fifteen basis points (0.15%), (v) with respect to the 2021E Bonds maturing on December 1, 2033, twenty basis points (0.20%), (vi) with respect to the 2021F Bonds maturing on December 1 of the years 2022 through 2025, five basis points (0.05%), (vii) with respect to the 2021F Bonds maturing on December 1, 2026, ten basis points (0.10%), (viii) with respect to the 2021F Bonds maturing on December 1, 2027, five basis points (0.05%), (ix) with respect to the 2021F Bonds maturing on December 1 of the years 2028 through 2030, ten basis points (0.10%), (x) with respect to the 2021F Bonds maturing on December 1 of the years 2031 and 2032, fifteen basis points (0.15%), (xi) with respect to the 2021F Bonds maturing on December 1 of the years 2033 through 2035, twenty basis points (0.20%), (xii) with respect to the 2021F Bonds maturing on December 1, 2036, twenty-five basis points (0.25%), and (xiii) with respect to the 2021F Bonds maturing on December 1, 2041, fifteen basis points (0.15%).

"Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such 2021E Bond or 2021F Bond (taking into account any sinking fund installments for such Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the District.

MANDATORY SINKING FUND REDEMPTION

The 2021A Bonds maturing on December 1, 2046, and on December 1, 2051, are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof to be redeemed on December 1 in the years and amounts as follows:

2021A Bonds maturing on December 1, 2046

Year	Amount ($)
2042	3,670,000
2043	3,815,000
2044	3,970,000
2045	4,130,000
2046*	4,295,000

* Maturity.

2021A Bonds maturing on December 1, 2051

Year	Amount ($)
2047	4,465,000
2048	4,645,000
2049	4,830,000
2050	5,025,000
2051*	5,225,000

* Maturity.

The 2021F Bonds maturing on December 1, 2041, are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof to be redeemed on December 1 in the years and amounts as follows:

2021F Bonds maturing on December 1, 2041

Year	Amount ($)
2037	2,840,000
2038	2,925,000
2039	3,015,000
2040	3,105,000
2041*	2,200,000

* Maturity.

SELECTION OF BONDS TO BE REDEEMED

If less than all of the Bonds of a series are to be redeemed, the particular maturities of such Bonds to be redeemed at the option of the District will be determined by the District in its sole discretion.

If the 2021A Bonds, 2021B Bonds, 2021C Bonds and 2021D Bonds ("*Tax-Exempt Bonds*") are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Tax-Exempt Bonds of the same series, maturity and interest rate are called for prior redemption, the particular Tax-Exempt Bonds or portions thereof to be redeemed shall be allocated by lot in accordance with DTC procedures.

If the 2021E Bonds and the 2021F Bonds (the "*Taxable Bonds*") are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Taxable Bonds of the same series, maturity and interest rate are called for prior redemption, the particular Taxable Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Taxable Bonds are held in book-entry form, the selection for redemption of the Taxable Bonds to be redeemed shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Taxable Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The District intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis for the Taxable Bonds and by lot for the Tax-Exempt Bonds, as described above. However, neither the District nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bond on such basis.

If the Bonds are not registered in book-entry form, in the event of a redemption of less than all of the Bonds of like series, maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be $5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such series and maturity a distinctive number for each $5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at $5,000 for each number, shall equal the principal amount of such Bond to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided* that only so much of the principal amount of each Bond shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

REDEMPTION PROCEDURE AND NOTICE OF REDEMPTION

Notice of the redemption of the Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on the registration books. The Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the District shall execute and the bond registrar shall authenticate and deliver, upon surrender of such Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the Bond so surrendered, Bonds of like series, maturity and interest rate and of the denomination of $5,000 or any integral multiple thereof.

Such additional notice and information as may be agreed upon with DTC shall also be given so long as the Bonds are held by DTC. See "APPENDIX F—BOOK-ENTRY SYSTEM."

DEFEASANCE

If the District pays or causes to be paid to the registered owners of a Series of the Bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated in the respective Bond Ordinance, then the pledge of the taxes levied to pay the principal of or interest on the Bonds and the covenants, agreements and other obligations of the District to the registered owners and the beneficial owners of the Bonds are discharged and satisfied.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of the Bonds, will be deemed to have been paid within the meaning set forth in the respective Bond Ordinance if (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there has been taken all action necessary to call the Bonds for redemption and notice of such redemption has been duly given or provision has been made for the giving of such notice, and (2) there has been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) Federal Obligations (as hereinafter defined), the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, are sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on, such Bonds on and prior to the applicable maturity date or redemption date thereof.

"Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

SECURITY FOR THE BONDS

SECURITY FOR UNLIMITED TAX BONDS

General

The 2021B Bonds, the 2021D Bonds, the 2021E Bonds and the 2021F Bonds are being issued as unlimited tax general obligation bonds and are sometimes referred to herein as the "Unlimited Tax Bonds." Pursuant to each related Bond Ordinance, the full faith and credit of the District has been irrevocably pledged to the punctual payment of the principal of and interest on each Series of Unlimited Tax Bonds. Each Series of Unlimited Tax Bonds are direct and general obligations of the District, and the District is obligated to levy ad valorem taxes upon all taxable property within the District, without limitation as to rate or amount, for the payment of the principal of and interest on each Series of Unlimited Tax Bonds.

Pursuant to each related Bond Ordinance, the District has levied a direct annual tax on all taxable property within the District, in each year for which any of the Unlimited Tax Bonds are outstanding in amounts sufficient for the punctual payment of the principal of and interest on each Series of Unlimited Tax Bonds as the same shall become payable. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES."

In accordance with the Debt Reform Act, the tax receipts derived from the taxes so levied that are deposited into the debt service fund for each Series of Bonds, together with any other moneys deposited or to be deposited in such debt service fund, are pledged as security for the payment of the principal of and interest on that Series of Bonds. Such pledge is valid and binding from the date of issuance of the Bonds. All moneys held in such debt service funds, including the tax receipts described above, are immediately subject to the lien of the District's pledge without any physical delivery or further act and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof. The provisions of the Bond Ordinances for each Series of Bonds, including with respect to the pledge described in this paragraph, constitute a contract between the District and the registered owners of such Series of Bonds.

The related Bond Ordinances provide that after the issuance of that Series of Bonds, the District shall not abate the taxes levied pursuant to that Bond Ordinance or take any action to restrict the extension and collection of such taxes except that the District may abate such taxes or take any such action for any tax levy year to the extent that, at the time of such abatement or restriction, moneys in the debt service fund for the related Series of Bonds, or otherwise held in trust for the payment of debt service on the related Series of Bonds, together with the amount to be extended for collection taking into account the proposed abatement or restriction, will be sufficient to provide for the punctual payment of the principal of and interest on the related Series of Bonds for such tax levy year.

The 2021F Bonds

The 2021F Bonds are also being issued as "alternate bonds" pursuant to the Debt Reform Act. Pursuant to the Bond Ordinance authorizing the issuance of the 2021F Bonds (the *"2021F Bond Ordinance"*) and in accordance with the Debt Reform Act, the District has provided that the 2021F Bonds will also be paid from the moneys received by the District from the levy and collection of a stormwater management tax (*"Stormwater Management Tax Receipts"*). The Stormwater Management Tax Receipts constitute a "revenue source" within the meaning of Section 15 of the Debt Reform Act. Pursuant to the Series 2021F Bond Ordinance, the Stormwater Management Tax Receipts moneys are pledged as additional security for the payment of principal of and interest on the 2021F Bonds. For additional information about the stormwater management tax, see "—Stormwater Management Tax Receipts," "TAXATION OF PROPERTY WITHIN DISTRICT—STATISTICAL INFORMATION" and "APPENDIX A—BASIC FINANCIAL STATEMENTS."

The District has previously issued its General Obligation Unlimited Tax Bonds (Alternate Revenue Source), Series 2014B (Green Bonds) (the *"2014B Bonds"*), its General Obligation Unlimited Tax Bonds (Alternate Revenue Source), 2016 Series E (Green Bonds) (the "*2016E Bonds*") and its General Obligation Bonds (Alternate Revenue Source) (2014 IEPA Authorization), Series 14-O and Series 14-R (collectively, the "2014 IEPA Bonds"). The District has pledged the Stormwater Management Tax Receipts to the payment of the principal of and interest on the 2014B Bonds, the 2016E Bonds and the 2014 IEPA Bonds. The 2021F Bonds are issued on a parity with the 2014B Bonds, the 2016E Bonds and the 2014 IEPA Bonds with respect to the pledge of the Stormwater Management Tax Receipts.

The 2021F Bond Ordinance requires the Treasurer of the District to deposit into the debt service fund related to the 2021F Bonds on or before the last business day of February of each year Stormwater Management Tax Receipts in an amount so that the sum held in such debt service fund after such deposit shall be sufficient to provide for the punctual payment of the principal and interest on the 2021F Bonds that will become due and payable on and prior to the first day of December next ensuing (the *"2021F Deposit"*).

The 2014B Bonds, the 2016E Bonds, the 2014 IEPA Bonds and the 2021F Bonds are the only alternate bonds of the District secured by and payable from the Stormwater Management Tax

Receipts. The District reserves the right to issue additional alternate revenue bonds secured by a pledge of the Stormwater Management Tax Receipts on a parity with the 2014B Bonds, the 2016E Bonds, the 2014 IEPA Bonds and the 2021F Bonds.

The Debt Reform Act provides that a governmental unit issuing alternate bonds, such as the 2021F Bonds, to refund alternate bonds must covenant to provide for, collect and apply the revenue source to the payment of the alternate bonds and to provide for an amount equal to not less than an additional .25 times debt service. In accordance therewith, the District covenanted in the 2021F Bond Ordinance to provide for, collect and apply the Stormwater Management Tax Receipts to the payment of the 2014B Bonds, the 2016E Bonds, the 2014 IEPA Bonds and the 2021F Bonds and the provision of not less than an additional .25 times the annual debt service on the 2014B Bonds, the 2016E Bonds, the 2014 IEPA Bonds and the 2021F Bonds.

Stormwater Management Tax Receipts and Abatement of Taxes

During the fiscal years ended December 31, 2019, and December 31, 2020, the District received Stormwater Management Tax Receipts of $46,337,187 and $50,920,076, respectively. Debt service on the 2014B Bonds, the 2016E Bonds and the 2014 IEPA Bonds during the same periods was $5,771,000 and $5,961,600, respectively. See "APPENDIX A—Basic Financial Statements" for additional information.

Upon the deposit of the 2021F Deposit into the debt service fund related to the 2021F Bonds with respect to a tax year, the District intends to abate the taxes levied with respect to the 2021F Bonds for such tax year.

SECURITY FOR LIMITED TAX BONDS

The 2021A Bonds and the 2021C Bonds are being issued as "limited bonds" as defined in the Debt Reform Act and are sometimes referred to herein as the "Limited Tax Bonds." Pursuant to the related Bond Ordinances, the full faith and credit of the District has been irrevocably pledged to the punctual payment of the principal of and interest on each Series of Limited Tax Bonds. Each Series of Limited Tax Bonds are direct and general obligations of the District and the District is obligated to levy ad valorem taxes upon all taxable property within the District, without limitation as to rate but limited as to amount by provisions of the Limitation Law, as described more fully below, for the payment of the principal of and interest on each Series of Limited Tax Bonds.

Pursuant to the related Bond Ordinance for each Series of Limited Tax Bonds, the District has levied a direct annual tax on all taxable property within the District, in each year for which any of the Limited Tax Bonds are outstanding in amounts sufficient for the punctual payment of the principal of and interest on the related Series of Limited Tax Bonds as the same shall become payable. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "DEBT INFORMATION—District's Debt Service Extension Base Capacity."

In accordance with the Debt Reform Act, the tax receipts derived from the taxes so levied that are deposited into the debt service fund for the related Series of Limited Tax Bonds, together with any other moneys deposited or to be deposited in such debt service fund, are pledged as security for the payment of the principal of and interest on that Series of Limited Tax Bonds. Such pledge is valid and binding from the date of issuance of the Limited Tax Bonds. All moneys held in such debt service funds, including the tax receipts described above, are immediately subject to the lien of the District's pledge without any physical delivery or further act and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof. The provisions of the Bond Ordinances for each Series of Limited Tax Bonds, including with respect to the pledge described in this paragraph, constitute a contract between the District and the registered owners of the respective Series of Limited Tax Bonds.

The related Bond Ordinances each provide that after the issuance of that Series of Limited Tax Bonds, the District will not abate the taxes levied pursuant to that Bond Ordinance or take any action to restrict the extension and collection of the such taxes except that the District may abate such taxes for any tax levy year to the extent that, at the time of such abatement, moneys in the debt service fund for the related Series of Limited Tax Bonds, or otherwise held in trust for the payment of debt service on the related Series of Limited Tax Bonds, together with the amount to be extended for collection taking into account the proposed abatement, will be sufficient to provide for the punctual payment of the principal of and interest on the related Series of Limited Tax Bonds for such tax levy years.

The amount of ad valorem taxes that may be extended specifically to pay each Series of Limited Tax Bonds is limited as to amount by the Limitation Law. The Limited Tax Bonds are payable from the "debt service extension base" of the District as provided for in the Debt Reform Act. The debt service extension base is defined in the Limitation Law as an amount equal to that portion of the District's extension for the 1994 levy year for the payment of principal of and interest on bonds issued by the District without referendum, but not including: (i) any alternate bonds issued under the Debt Reform Act; or (ii) refunding bonds issued to refund bonds initially issued pursuant to referendum. Under legislation enacted in 1997, the Limitation Law was amended so that the issuance of bonds by the District to construct construction projects initiated before October 1, 1991, including the TARP projects, will not reduce the District's ability to issue limited bonds for other major capital projects. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act" and "DEBT INFORMATION—District's Debt Service Extension Base Capacity."

The District's debt service extension base for the 2021 levy year is $175,537,427, an amount that can only be increased by referendum, or annually by an amount equal to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the relevant levy year. The District has covenanted in the related Bond Ordinances that it will not issue any bonds, notes or other obligations if such issuance would cause the anticipated tax extension for any tax levy year for limited bonds of the District to exceed the then current debt service extension base of the District. The limitations on the extensions of property taxes contained in the Limitation Law do not apply to the taxes levied by the District (i) to pay the principal of and interest on its outstanding general obligation bonds issued prior to March 1, 1995; (ii) to pay the principal of and interest on bonds issued to refund or continue to refund those bonds issued before March 1, 1995; (iii) to pay the principal of and interest on bonds to finance construction projects initiated prior to October 1, 1991 (consisting primarily of the TARP projects as described in APPENDIX B); (iv) to pay interest or principal on bonds issued to refund or continue to refund bonds issued after March 1, 1995 that are approved by referendum; or (v) to pay principal of and interest on alternate bonds.

The Limitation Law limits the annual growth in property tax extensions for the District to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant levy year. Generally, extensions can be increased beyond this limitation to reflect added equalized assessed valuation reflecting new construction within the taxing district or pursuant to a referendum approval of tax or limitation rate increases. In addition, the Limitation Law requires the Cook County Clerk, in extending taxes for taxing districts in the County including the District, to use the EAV (as described and defined below in "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Equalization") of all property within the taxing district for the levy for which taxes are then being extended.

Upon the issuance of the Limited Tax Bonds, the District will have remaining capacity under its debt service extension base to issue additional limited bonds. The District anticipates issuing additional limited bonds. Further issuance of limited bonds may result in the use of all or a substantial portion of the District's available debt service extension base.

For additional information, see "DEBT INFORMATION—District's Debt Service Extension Base Capacity" and "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act."

ADDITIONAL FINANCING

LONG-TERM CAPITAL NEEDS

The District has traditionally financed a substantial portion of its capital projects through the issuance of general obligation indebtedness. The District expects that future capital expenditures will continue to be financed in large part through the issuance of its general obligation indebtedness. There are currently no legislative proposals pending to eliminate or curtail the District's power to issue its general obligation bonds without voter approval. Legislation has been adopted which extends the existing non-referendum bonding authority of the District through 2034. For a description of the District's present and potential future capital projects, see "APPENDIX B—CAPITAL IMPROVEMENTS PROGRAM" and "ENVIRONMENTAL MATTERS" herein. The District evaluates on an ongoing basis whether market conditions will enable it to refinance outstanding indebtedness at favorable rates.

IEPA PROJECTS

The District is involved in an ongoing program of sewer and treatment plant rehabilitation and expansion projects and stormwater management and flood control projects for which the Illinois Environmental Protection Agency (the *"IEPA"*) has approved partial funding through the State of Illinois Water Pollution Control Revolving Loan Fund (the *"Revolving Loan Fund"*).

Under the terms of the Revolving Loan Fund, the District issues preliminary bonds in the amount of interim project loan advances to pay project costs (the *"IEPA Preliminary Bonds"*). The IEPA Preliminary Bonds are funded at project completion by the issuance to the IEPA of general obligation bonds having twenty-year final maturities (*"Capital Improvement Bonds"*). Once repayment begins, the Capital Improvement Bonds amortize over the repayment period with level semi-annual payments of principal and interest. Since its inception, the District has issued IEPA Preliminary Bonds and Capital Improvement Bonds pursuant to various authorizations. Currently, the District has remaining authorization for Capital Improvement Bonds as set forth on the following table:

SERIES	ORIGINAL AUTHORIZATION	REMAINING AUTHORIZED AMOUNT
2016 IEPA Series	$500,000,000	$204,800,000
2021 IEPA Series	420,000,000	420,000,000
TOTAL		$624,800,000

See "DEBT INFORMATION—Combined Schedule of Bonds Issued and Outstanding."

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO

THE DISTRICT

The District is a sanitary district and a body corporate and politic of the State, organized and existing under the Act. The District is an independent government and taxing body encompassing approximately 91% of the land area and 98% of the assessed valuation of the County. The District was originally organized as the Sanitary District of Chicago in 1889 under an act of the Illinois General Assembly which has been modified from time to time to increase the District's powers and jurisdiction. From 1955 through 1988 the District was called The Metropolitan Sanitary District of Greater Chicago. In order to provide a more accurate description of the District's current functions and responsibilities, the name was changed, effective January 1, 1989, to the Metropolitan Water Reclamation District of Greater Chicago.

The mission of the District is to 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 is responsible for preventing pollution of Lake Michigan, the source of Chicago's water supply, and treating wastewater to improve the water quality in the Chicago, Des Plaines, Calumet and Illinois Rivers and all other waterways within its jurisdiction. While it exercises no direct control over wastewater collection and transmission systems maintained by cities, towns and villages in Cook County, the District does control municipal sewer construction by permits or authorizations. It also provides the main trunk lines for the collection of wastewater from the local systems, and provides facilities for the treatment and disposal of the wastewater products. The District also provides facilities to store, treat and release combined sewage overflow and stormwater runoff within its jurisdiction. Beginning in 2005, the District was assigned responsibility pursuant to Section 7h of the Act for stormwater management for all of the County, including areas outside of the District's corporate boundaries.

The District is currently undertaking a number of capital projects designed to fulfill its statutory responsibilities. A description of the District's Capital Improvements Program is set forth in APPENDIX B attached hereto.

SERVICES

The District collects wastewater from municipalities in its service area, conveys it to wastewater reclamation plants, provides full secondary treatment and discharges clean water to local waterways. The District is also responsible for stormwater management for all of the County, including areas outside of the District's corporate boundaries for wastewater services.

As of October 1, 2021, the District served a population of 10.35 million people; this included domestic wastewater from approximately 5.25 million people, a commercial and industrial equivalent of 4.5 million people, and a combined sewer overflow of 0.6 million people. The District serves an area of 882.1 square miles which includes the City of Chicago and 128 suburban communities. The District's 560 miles of intercepting sewers and force mains range in size from 6 inches to 27 feet in diameter, and are fed by approximately 10,000 local sewer system connections.

The District's TARP is one of the country's largest public works projects for pollution and flood control. One hundred nine (109) miles of tunnels, 8 to 33 feet in diameter and 150 to 300 feet underground, have been constructed and are in operation. The McCook - Stage 1, Thornton and Majewski Reservoirs are in operation with a capacity of 8.65 billion gallons.

The District owns and operates one of the world's largest water reclamation plants, in addition to six other plants and 23 pumping stations. The District treats an average of 1.2 billion gallons of wastewater each day. The District's total wastewater treatment capacity is over 2.0 billion gallons per day.

The District controls approximately 76 miles of navigable waterways, which are part of a national system connecting the Atlantic Ocean and the Great Lakes with the Gulf of Mexico. The District also owns and operates 34 stormwater detention reservoirs to provide regional stormwater flood damage reduction.

SUSTAINABILITY

The District was created out of a need to protect the environment, and so it can be said that all District projects are essentially "green" in nature. But for over 130 years, the District's work has supported not only environmental conservation but also social, governance, and other sustainability principles critical to its operations and to the well-being of its residents and communities.

The District's core mission itself is perfectly aligned with the UN's Sustainable Development Goal of Clean Water and Sanitation, but layered over this are additional commitments to sustainability. In 2017, the Board passed a resolution to honor the Paris Agreement by continuing to reduce greenhouse gas emissions to mitigate the effects of climate change. In 2021, the Board adopted the 2021-2025 Strategic Plan to address the varied factors that responsible organizations must consider with respect to sustainability. The first Strategic Goal, Resource Management, aims to continue support of the District's original mission to protect public health and area waterways while also exploring additional ways to recover and reuse resources. The second Strategic Goal, Stormwater Management, is designed to continue mitigation of flooding to improve water quality and the lives of those in the flood-prone communities the District serves. The third Strategic Goal, Workforce Excellence, reflects a commitment to fostering equity, diversity, and the employer-employee relationship through development of staff, while the fourth Strategic Goal of Community Engagement focuses on the relationship with external stakeholders. The fifth Strategic Goal of Enterprise Resilience seeks to ensure the District can, react, prepare for, and pivot in response to changing operational needs and climate events. Along with the District's core mission, these efforts collectively address sustainability in a holistic manner.

Labor

Approximately 780 of the District's 1,919 employees are represented by 16 different unions. These unions comprise seven different bargaining units. The District and the unions representing its employees have enjoyed a long tradition of amicable and professional relations. The District is currently negotiating successor agreements with all 16 unions. All seven agreements were scheduled to expire on June 30, 2021, however, as productive dialogue continues, all seven bargaining unit representatives have signed extension agreements as the negotiations continue. It is expected that extension agreements will be in place until new successor agreements are reached. Given the maturity of the agreements and long partnerships that exist between the District and the unions representing its employees, it is expected that successor agreements with a new expiration date of June 30, 2024, will be in place later this year.

Administration

The District is governed by the nine member Board. Commissioners are elected at large and serve on a salaried part-time basis. Three Commissioners are elected every two years for six-year terms. The Board elects a President, Vice President, and Chairman of the Committee on Finance biannually from its membership.

The current Commissioners are:

BOARD OF COMMISSIONERS	YEAR FIRST ELECTED	TERM EXPIRES
Kari K. Steele, President	2012	2024
Barbara J. McGowan, Vice President	1998	2022
Marcelino Garcia, Chairman, Committee on Finance	2018	2024
Cameron Davis	2018	2026
Kimberly Neely Du Buclet	2018	2026
Josina Morita	2016	2022
Eira L. Corral Sepúlveda	2020	2026
Debra Shore†	2006	2024
Mariyana T. Spyropoulos	2009	2022

The District's day-to-day operations are managed by the Executive Director, who is appointed by and reports directly to the Board. With the consent of the Board, eight appointed department heads, the Administrative Services Officer, the Diversity Administrator, and the Public and Intergovernmental Affairs Officer report directly to the Executive Director. The Executive Director is responsible for administering board policies, as well as preparing and implementing the District's annual budget and long-range plan. The Treasurer of the District, its chief financial officer, is also appointed by and reports directly to the Board. The Treasurer is responsible for the District's financial planning and investment management. The Board appoints a Civil Service Board that has statutory responsibilities for the District's classified service employees.

Mr. Brian Perkovich was appointed Executive Director in December 2018. Mr. Perkovich began his career at the District in 1993 and lead operations at the Egan Water Reclamation Plant (WRP) in Schaumburg and at the Hanover Park WRP before being promoted to lead operations at the Calumet WRP in Chicago in 2005. Mr. Perkovich is a member of the National Association of Clean Water Agencies (NACWA) Board, past president of the Illinois Association of Wastewater Agencies (IAWA) and is member of the Water Environment Federation (WEF). He was honored in 2021 with the IAWA Illinois leadership award. He received his Bachelor of Science degree in Civil Engineering from the University of Illinois at Urbana-Champaign and his Master's degree in Business Administration in Finance from DePaul University.

Ms. Mary Ann Boyle was appointed Treasurer of the District by the Board on March 3, 2011. Ms. Boyle served as the District's Assistant Treasurer for 6.5 years prior to assuming her current position. Ms. Boyle has over 35 years of experience in various finance and accounting roles, holds a Bachelor of Science in Accountancy from the University of Illinois at Urbana-Champaign, and is a Certified Public Accountant by the State of Illinois.

† Resigned as of October 23, 2021. A replacement Commissioner has not yet been identified. Vacancies on the Board may be filled by appointment by the Governor of the State until a successor Commissioner is elected and qualified.

The District's other principal officers report to the Executive Director.

OTHER PRINCIPAL OFFICERS	TITLE	DEPARTMENT
Allison Fore	Public and Intergovernmental Affairs Officer	General Administration
Darlene A. LoCascio	Director of Procurement and Materials Management	Procurement and Materials Management
Susan T. Morakalis	General Counsel	Law
John Murray	Director of Maintenance and Operations	Maintenance and Operations
Catherine A. O'Connor, Ph.D.	Director of Engineering	Engineering
Edward W. Podczerwinski, P.E.	Director of Monitoring and Research	Monitoring and Research
Shellie A. Riedle	Administrative Services Officer	General Administration
Beverly K. Sanders	Director of Human Resources	Human Resources
John H. Sudduth	Director of Information Technology	Information Technology
Jacqueline Torres	Clerk/Director of Finance	Finance

The departments have responsibility for the following activities:

Engineering Department – This department conducts and/or supervises: facilities planning, design and construction inspection for the District, including new water reclamation plants (*"WRPs"*); remodeling, alteration and expansion of existing plants; the District's TARP; flood control reservoirs; construction of new and upgrading of existing sewer lines and pumping stations; solids management and disposal; and stormwater management activities, including green infrastructure, within Cook County. The department provides liaison with the United States Environmental Protection Agency (the *"USEPA"*), the IEPA and the U.S. Army Corps of Engineers; evaluates compliance with directives; applies for construction project state revolving fund loans, state and federal grants and other sources of financing; and provides coordination with other local governmental agencies, including county, township, and municipal agencies.

Maintenance and Operations Department – The responsibilities of this department include: protecting the water quality of Lake Michigan, which is the major water supply of the Chicago area; intercepting and treating domestic and industrial wastewater to minimize pollution of the waterways; and operating and maintaining all the facilities of the District. The performance of the above responsibilities produces a high-quality treatment plant effluent in compliance with the National Pollutant Discharge Elimination System ("*NPDES*") Permits, provides for the proper utilization of the solids that are recovered from the various treatment processes, and controls collection facilities and the TARP to minimize combined sewer overflows and treatment plant bypasses. The department has the added responsibilities of operating and maintaining flood control reservoirs to handle stormwater run-off, operating and maintaining waterway aeration stations and Sidestream Elevated Pool Aeration ("*SEPA*") Stations for the maintenance of water quality dissolved oxygen standards, maintaining a program of debris clearance from the waterways, controlling the state-allocated Lake Michigan diversion and operating and maintaining the hydroelectric Lockport powerhouse, which generates revenue estimated at $1.2 million per year for the District.

Monitoring and Research Department – This department provides accredited laboratory analytical services to support operations process control, engineering design, the industrial waste program, and various research and monitoring programs. The department conducts ongoing research in wastewater treatment, stormwater management, solids utilization and related fields; monitors water reclamation plant operations, effluent quality and solids utilization for compliance with federal and state permits; monitors water quality of the Chicago area waterways, Illinois waterways and Lake Michigan for compliance with federal and state water quality standards; monitors groundwater in vicinity of TARP tunnels and reservoirs for environmental impacts; facilitates long-term process facility capital planning and conducts planning project studies; and administers the Sewage and Waste Control Ordinance and User Charge Ordinance for compliance with Clean Water Act requirements and USEPA regulations, as well as the Resource Recovery Ordinance.

Law Department – This department is responsible for all legal matters relating to the District. The department also reviews necessary legislation for presentation to the Illinois General Assembly and provides legal interpretation of governing statutes.

Human Resources Department – This department is responsible for providing effective human resources management programs including: recruitment and selection, employee training and development, compensation and benefits, labor and employee relations, risk management and safety.

Procurement and Materials Management Department – This department is responsible for procuring all materials and services in compliance with the Purchasing Act of the District. The department also operates four major storerooms at the District facilities providing planning, receiving, storing and issuing of materials utilized by the Maintenance and Operations department. The department is also responsible for the sale of obsolete, used and surplus materials.

Information Technology Department – The mission of the Information Technology Department (ITD) is to align information technology with the stated goals and objectives of the District and to maintain the technology infrastructures and architectures at levels that promote productivity and efficiency throughout the District. In pursuit of this mission, the ITD coordinates the planning and implementation of information technology throughout the District. In addition, ITD establishes District-wide computer standards, monitors and oversees computer security, and provides support for numerous District-wide applications. The ITD provides information technology services in the following key areas: Planning and Program Management, Design and Implementation, Applications Development and Support, Infrastructure Operations and Maintenance, User Support and Customer Satisfaction, and Security and Disaster Recovery.

Finance Department – This department is responsible for reporting financial transactions and preparing the District's Comprehensive Annual Financial Report. Additionally, the department maintains all official records of District proceedings, pursues revenue collections, and pays obligations of the District in compliance with relevant statutes, professional standards, and District policy.

General Administration – This organizational unit includes the Office of the Executive Director, the Administrative Services Division, and Diversity and Public Affairs Sections. The Office of the Executive Director has overall administrative responsibility for the District. The

Administrative Services Division provides centralized support services across departmental lines, such as central budget preparation and administration, fiscal planning, organizational studies, police services and Main Office Complex building administration. The Diversity Section administers the Affirmative Action ordinance to provide opportunities for protected class enterprises in the District's purchasing process. The Public Affairs Section provides public and employee understanding of District functions and activities using a variety of tools, including electronic and print media, public outreach campaigns, social media postings, tours, events, and employee newsletters.

Civil Service Board – The Civil Service Board is an administrative body appointed by the Board whose purpose is to hear charges that are brought against employees, hear employee appeals of actions taken by the Director of Human Resources, and to approve the Personnel Rules and job classification plan of the District. Decisions of the Civil Service Board are subject to administrative review, as described in the Code of Civil Procedure of the State.

ECONOMIC CONDITION AND OUTLOOK

The District encompasses approximately 91% of the land area and 98% of the assessed valuation of the County. As the largest of 102 counties in the State, the County is the economic and cultural hub of the State, and is central to the third largest metropolitan area in the nation after New York and Los Angeles. The County is the most populous county in the State and represents approximately 40.6% of the State's population based on the July 1, 2019, estimates of the U.S. Census Bureau.

The County is a diverse industrial center and a leading economic center of the Midwest. Income figures for the County exceed State and national rates according to the U.S. Bureau of Economic Analysis's data; the County's 2019 per capita personal income of $65,306 exceeded the State's $58,764.

The County's industrial profile resembles that of the U.S., with a slightly larger services sector and somewhat smaller governmental presence. The County has a strong transportation network, including two international airports (O'Hare International Airport and Midway International Airport). Leading service sector industries in the County include health care and related services. Twenty Fortune 500 companies have their headquarters located in the County.

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RECENT FINANCIAL INFORMATION

The General Corporate Fund is the principal operating fund of the District. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash and Reserve Claim Divisions. 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 fiscal year 2020 totaled $298,493,000, an increase of $20,000,000 from that of fiscal year 2019. The fund balance represented 86% of the General Corporate Fund expenditures in fiscal year 2020, a good indication of the fund's liquidity. For information on the audited financial statements, please see "APPENDIX A—BASIC FINANCIAL STATEMENTS."

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General Corporate Fund Statement of Revenues, Expenditures and Changes
(amounts in thousands)

	2016	2017	2018	2019	2020	2020 Percent of Total
Revenues:						
Property taxes	$243,847	$212,679	$235,471	$215,370	$251,808	67.2%
Personal property replacement tax[(1)]	23,436	28,715	17,970	27,385	22,528	6.0%
Total tax revenue	267,283	241,394	253,441	242,755	274,336	73.2%
Interest on investments	1,872	3,006	5,256	6,843	2,802	0.7%
Land sales	1,233	50	—	3,073	52	—%
Tax increment financing distributions	9,228	9,100	6,153	10,345	18,520	4.9%
Claims and damage settlements	187	199	1,470	415	44	—%
Miscellaneous	3,275	3,888	4,724	4,981	3,810	1.0%
User charges	48,621	51,098	44,000	48,526	47,216	12.7%
Land rentals	20,166	17,352	22,678	24,827	25,044	6.7%
Fees, forfeits and penalties	3,418	3,915	5,113	2,628	2,541	0.7%
Grants	—	—	—	77	207	0.1%
Total revenues	$355,283	$330,002	$342,835	$344,470	$374,572	100.0%
Expenditures by Department:						
Board of Commissioners	$ 4,158	$ 4,075	$ 4,148	$ 4,396	$ 4,491	1.3%
General Administration	15,490	15,766	15,816	16,923	17,417	5.0%
Monitoring and Research	28,490	29,696	30,204	30,325	30,090	8.6%
Procurement and Materials Management	6,611	5,954	7,236	5,705	5,996	1.7%
Human Resources	54,606	54,225	53,227	53,668	51,079	14.7%
Information Technology	14,213	12,728	15,125	15,585	15,117	4.3%
Law	6,707	5,922	6,139	6,134	6,121	1.8%
Finance	3,597	3,530	3,450	3,592	3,537	1.0%
Engineering	26,051	26,068	26,031	23,528	22,876	6.6%
Maintenance and Operations	177,695	179,181	187,563	190,950	188,562	54.2%
Claims and judgments	4,786	6,905	5,497	4,547	2,652	0.8%
Total expenditures	$342,404	$344,050	$354,436	$355,353	$347,938	100.0%
Revenues over (under) expenditures	12,879	(14,048)	(11,601)	(10,883)	26,634	
Other financing sources (uses):						
Transfers in (out)	—	6,000	4,200	4,200	(6,000)	
Revenues and other financing sources (uses) over (under) expenditures	12,879	(8,048)	(7,401)	(6,683)	20,634	
Fund balance at beginning of the year	287,112	299,991	291,943	284,542	277,859	
Fund balance at end of year	$299,991	$291,943	$284,542	$277,859	$298,493	
Expenditures by Type						
Total all departments:						
Employee cost	$228,479	$230,646	$233,902	$234,785	$234,272	67.4%
Energy cost	38,136	39,173	42,246	41,818	38,077	11.0%
Chemicals	9,756	9,137	9,564	9,943	8,155	2.3%
Solids disposal	9,260	13,885	13,451	13,940	17,314	5.0%
Repair to structures/equipment	15,962	13,164	15,800	17,201	14,758	4.2%
Materials, parts and supplies	11,372	11,152	13,746	11,156	11,285	3.2%
Machinery and equipment	678	—	—	—	—	—%
Insurance	—	3,080	2,143	2,974	3,571	1.0%
Professional services	—	4,150	4,063	3,500	3,642	1.0%
Claims and judgments	4,786	6,905	5,497	4,547	2,652	0.8%
All other	23,975	12,758	14,024	15,489	14,212	4.1%
Total Expenditures General Corporate Fund	$342,404	$344,050	$354,436	$355,353	$347,938	100.0%

Source: Amounts are presented on a GAAP basis. The actual results for Revenues and Expenditures by Department were obtained from Exhibit A-2 of the District's Basic Financial Statements. The actual results for Expenditures by Type were obtained from the Comparative Expenditures Schedule for the General Corporate Fund in the District's Management's Discussion & Analysis section. See the District's Basic Financial Statements attached hereto as Appendix A.

Note: The General Corporate Fund Balance is made up of the Corporate, Reserve Claim, and Corporate Working Cash Funds and is presented on a GAAP basis of accounting.

(1) Personal Property Replacement Taxes are collected by the State and are not subject to appropriation by the General Assembly and are a required continuing distribution.

GENERAL CORPORATE FUND BALANCE

The year end 2020 balance is $298.5 million or 86% of unaudited corporate expenditures. This level of fund balance should 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.

General Corporate Fund Balance(1)	**2016**	**2017**	**2018**	**2019**	**2020**
Year End Balance (on GAAP Basis)(2)	$300.0	$291.9	$284.5	$277.9	$298.5

(1) The General Corporate Fund Balance is made up of the Corporate, Reserve Claim, and Corporate Working Cash Funds and is presented on a GAAP basis of accounting. See the District's Basic Financial Statements attached hereto as Appendix A.
(2) Amounts in millions.

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DEBT INFORMATION

The following tables set forth direct and overlapping debt applicable to the District as of December 7, 2021, adjusted to include the Bonds and exclude the Refunded Bonds.

DIRECT DEBT

	AMOUNT
IEPA Preliminary Bonds[1]	$ 36,882,000
General Obligation Bonds Outstanding (includes IEPA Final Bonds)[1][2]	2,645,888,416
Less: Refunded Bonds	(386,260,000)
Plus: 2021A Bonds	113,935,000
2021B Bonds	30,000,000
2021C Bonds	166,180,000
2021D Bonds	31,555,000
2021E Bonds	112,485,000
2021F Bonds[2]	45,845,000
Total for the Bonds	500,000,000
Total Direct Debt	$2,796,510,416

(1) The 2014B Bonds and 2016E Bonds, which are included in "General Obligation Bonds Outstanding" for purposes of this table, the 2014 IEPA Bonds, which are included in "IEPA Preliminary Bonds" for purposes of this table and the 2021F Bonds are "alternate bonds." Alternate bonds do not constitute indebtedness of the District for the purpose of any debt limitation unless, and to the extent that, the taxes levied with respect to such bonds are extended for collection by the County Clerk.
(2) Includes the Refunded Bonds to be refunded by the Bonds.

ESTIMATED OVERLAPPING BONDED DEBT[1]

	BONDED DEBT[2]	PERCENT APPLICABLE	AMOUNT APPLICABLE
City of Chicago	$6,793,107,157	100.00%	$6,793,107,157
City Colleges (District 508)[2]	308,832,637	100.00%	308,832,637
Chicago Board of Education[2][4]	8,378,556,471	100.00%	8,378,556,471
Chicago Park District[2][3]	854,780,000	100.00%	854,780,000
Cook County	2,596,351,750	98.10%	2,547,021,067
Cook County Forest Preserve District	139,880,000	98.10%	137,222,280
Total Overlapping Debt			$19,019,519,612
Total Direct and Overlapping Debt			$21,816,030,028
2020 Population[5]			5,275,541
2020 Equalized Assessed Valuation			$170,892,723,661
2018 Estimated Full Market Value[6]			$609,562,341,295

Source: Each of the respective taxing districts, current as of 9/30/2021 unless indicated otherwise.
(1) Excludes outstanding tax anticipation notes and warrants. Except as stated, does not include debt issued by other taxing authorities located in Cook County.
(2) Includes long-term general obligation debt, of which a portion has only a GO pledge, and a portion are alternate revenue bonds.
(3) Includes $598,015,000 General Obligation Property Tax Supported debt and $256,765,000 Alternate Revenue Property Tax Secured debt. Reflects the issuance of Series 2021-BCDEF Project and Refunding Bonds in the amount of $145,975,000 on October 21, 2021.
(4) Includes responsibility for principal amounts of bonds issued by the Public Building Commission.
(5) Source of data: U.S. Census of Population.
(6) Source of data: The Civic Federation, Chicago, Illinois (based upon information from the Illinois Department of Revenue).

These governmental entities operate as separate, independent units of government and have authority to issue bonds and levy taxes on real estate within the jurisdictional limits of the District. Certain of these governmental entities are experiencing serious financial challenges including budget deficits, increasing debt and significant pension liabilities. See "OTHER LOCAL GOVERNMENTAL UNITS."

SELECTED DEBT RATIOS

	PER CAPITA(1)	% OF EQUALIZED ASSESSED VALUE(2)	% OF ESTIMATED FULL VALUE(3)
Direct Debt...	$ 530.09	1.64%	0.46%
Total Direct and Overlapping Debt(4)..	4,135.32	12.77%	3.58%

(1) 2020 Cook County Population: 5,275,541 (source of data: U.S. Census of Population).
(2) 2020 Equalized Assessed Value: $170,892,723,661.
(3) 2018 Estimated Full Value: $609,562,341,295.
(4) Does not include debt issued by other taxing authorities located in Cook County which are not also included under table entitled "Estimated Overlapping Bonded Debt" above.

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GENERAL OBLIGATION BONDED DEBT SCHEDULE (UNAUDITED)
(As of December 7, 2021)

Series	Principal Outstanding
Capital Improvement Bonds	
August, 2009 Limited	$ 600,000,000
2014 Unlimited Alternate Revenue B(1)	3,390,000
2014 Limited C	49,625,000
2016 Unlimited C	30,000,000
2016 Limited D	20,000,000
2016 Unlimited Alternate Revenue E(1)	50,000,000
2016 Limited F	4,000,000
2021 Limited A	113,935,000
2021 Limited B	30,000,000
Total Capital Improvement Bonds	$900,950,000
IEPA Revolving Loan Fund Bonds(2)	$ 946,298,416
Total Capital Improvement and IEPA Revolving Loan Fund Bonds	$1,847,248,416
Refunding Bonds	
March, 2007 Unlimited A	$ 24,555,000
March, 2007 Unlimited B	91,845,000
March, 2007 Limited C	101,860,000
2014 Limited D	15,795,000
2016 Unlimited A	280,930,000
2016 Limited B	41,330,000
2021 Limited C	166,180,000
2021 Unlimited D	31,555,000
2021 Unlimited E	112,485,000
2021 Unlimited Alternate Revenue F(1)	45,845,000
Total Refunding Bonds	$ 912,380,000
Total General Obligation Bonds Outstanding	$2,759,628,416

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(1) The 2014B Bonds, 2016E Bonds and the 2021F Bonds are "alternate bonds" and, as such, do not constitute indebtedness of the District for the purpose of any debt limitation unless, and to the extent that, the *ad valorem* property taxes levied with respect to such bonds are extended for collection by the County Clerk.

(2) Excludes $36,882,000 of Preliminary Bond Principal and Accrued Interest outstanding under the IEPA Revolving Loan Fund Program. If the Preliminary Bond Principal and Accrued Interest were bonded on December 7, 2021, the additional debt service would be approximately $2.3 million per year through levy year 2041.

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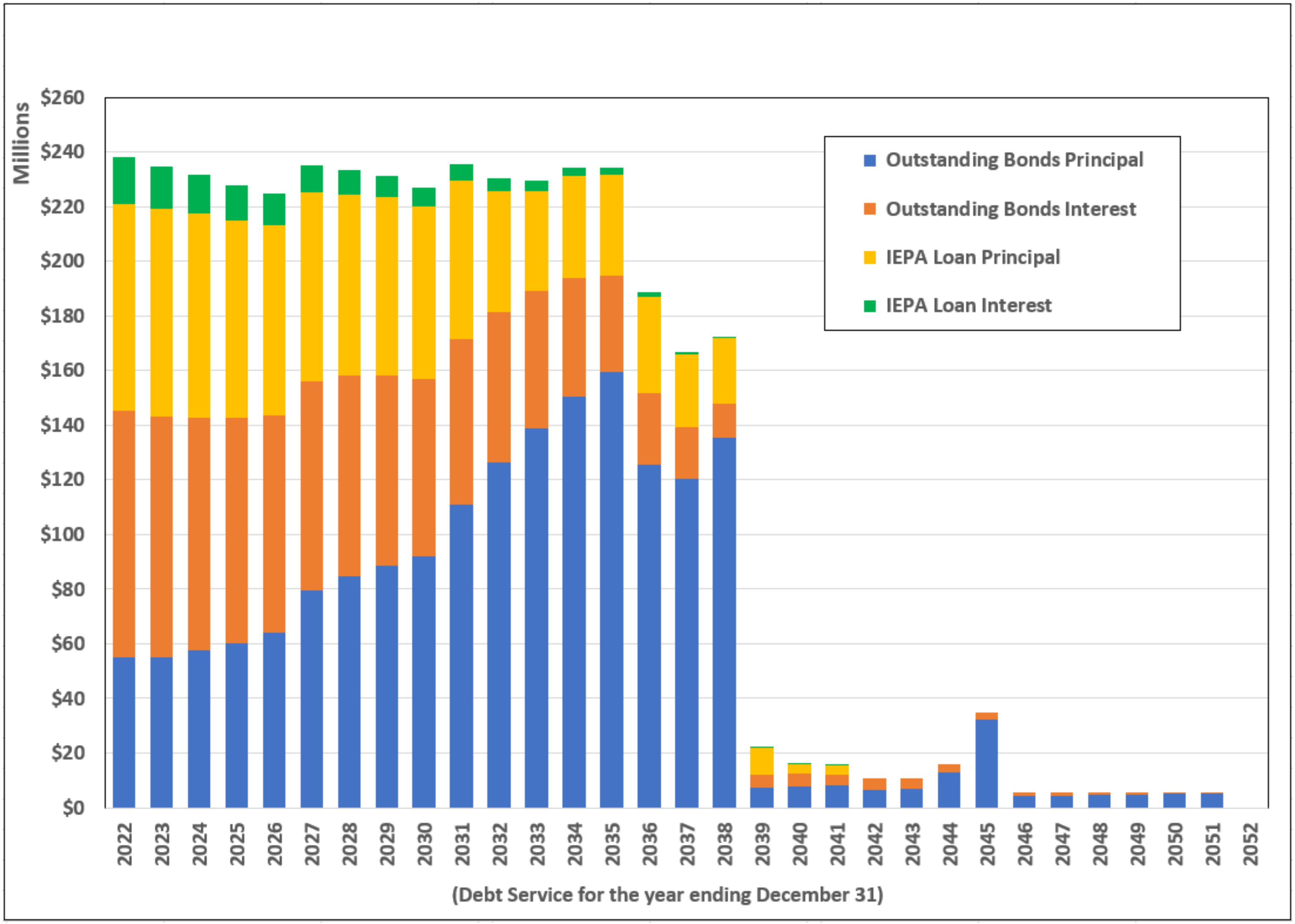
GENERAL OBLIGATION BONDED DEBT SERVICE SCHEDULE
(As of December 7, 2021)

YEAR	BONDS OUTSTANDING (1)			THE BONDS			AGGREGATE			% PRINCIPAL RETIRED	
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	ANNUAL	CUMULATIVE
2022	$ 119,978,428	$ 87,620,122	$ 207,598,549	$ 10,520,000	$ 20,061,722	$ 30,581,722	$ 130,498,428	$ 107,681,843	$ 238,180,271	4.7%	4.7%
2023	109,754,740	83,955,059	193,709,800	21,205,000	19,916,728	41,121,728	130,959,740	103,871,788	234,831,528	4.8%	9.5%
2024	110,887,982	80,806,484	191,694,466	21,010,000	18,895,640	39,905,640	131,897,982	99,702,125	231,600,106	4.8%	14.3%
2025	113,347,725	77,581,331	190,929,056	18,860,000	17,880,818	36,740,818	132,207,725	95,462,149	227,669,874	4.8%	19.0%
2026	120,030,875	74,173,226	194,204,100	13,545,000	17,015,433	30,560,433	133,575,875	91,188,659	224,764,534	4.8%	23.9%
2027	125,027,386	70,377,315	195,404,701	23,400,000	16,557,023	39,957,023	148,427,386	86,934,338	235,361,725	5.4%	29.3%
2028	126,670,774	66,328,553	192,999,327	24,355,000	15,977,125	40,332,125	151,025,774	82,305,679	233,331,452	5.5%	34.7%
2029	109,839,351	62,114,614	171,953,965	44,090,000	15,261,395	59,351,395	153,929,351	77,376,009	231,305,360	5.6%	40.3%
2030	107,279,315	58,746,496	166,025,811	47,585,000	13,263,390	60,848,390	154,864,315	72,009,886	226,874,201	5.6%	45.9%
2031	101,528,534	55,465,598	156,994,131	67,420,000	10,949,556	78,369,556	168,948,534	66,415,154	235,363,688	6.1%	52.1%
2032	94,114,587	52,303,195	146,417,781	76,165,000	7,642,940	83,807,940	170,279,587	59,946,135	230,225,721	6.2%	58.2%
2033	131,983,765	48,893,440	180,877,205	43,700,000	5,147,958	48,847,958	175,683,765	54,041,399	229,725,164	6.4%	64.6%
2034	185,112,163	42,975,059	228,087,222	2,605,000	3,523,430	6,128,430	187,717,163	46,498,489	234,215,652	6.8%	71.4%
2035	190,139,330	34,024,770	224,164,100	6,540,000	3,450,907	9,990,907	196,679,330	37,475,678	234,155,007	7.1%	78.5%
2036	151,266,723	24,792,371	176,059,094	9,390,000	3,180,510	12,570,510	160,656,723	27,972,882	188,629,605	5.8%	84.3%
2037	143,728,925	17,612,602	161,341,528	2,840,000	2,766,551	5,606,551	146,568,925	20,379,153	166,948,079	5.3%	89.7%
2038	151,439,290	10,440,182	161,879,472	7,810,000	2,679,647	10,489,647	159,249,290	13,119,829	172,369,119	5.8%	95.4%
2039	12,248,913	2,809,568	15,058,482	4,610,000	2,345,892	6,955,892	16,858,913	5,155,460	22,014,374	0.6%	96.0%
2040	6,349,030	2,532,070	8,881,101	5,145,000	2,173,883	7,318,883	11,494,030	4,705,953	16,199,984	0.4%	96.4%
2041	6,055,581	2,330,084	8,385,664	5,135,000	1,976,870	7,111,870	11,190,580	4,306,954	15,497,534	0.4%	96.9%
2042	2,980,000	2,142,250	5,122,250	3,670,000	1,762,800	5,432,800	6,650,000	3,905,050	10,555,050	0.2%	97.1%
2043	3,130,000	1,993,250	5,123,250	3,815,000	1,616,000	5,431,000	6,945,000	3,609,250	10,554,250	0.3%	97.3%
2044	8,785,000	1,836,750	10,621,750	3,970,000	1,463,400	5,433,400	12,755,000	3,300,150	16,055,150	0.5%	97.8%
2045	27,950,000	1,397,500	29,347,500	4,130,000	1,304,600	5,434,600	32,080,000	2,702,100	34,782,100	1.2%	99.0%
2046	-	-	-	4,295,000	1,139,400	5,434,400	4,295,000	1,139,400	5,434,400	0.2%	99.1%
2047	-	-	-	4,465,000	967,600	5,432,600	4,465,000	967,600	5,432,600	0.2%	99.3%
2048	-	-	-	4,645,000	789,000	5,434,000	4,645,000	789,000	5,434,000	0.2%	99.5%
2049	-	-	-	4,830,000	603,200	5,433,200	4,830,000	603,200	5,433,200	0.2%	99.6%
2050	-	-	-	5,025,000	410,000	5,435,000	5,025,000	410,000	5,435,000	0.2%	99.8%
2051	-	-	-	5,225,000	209,000	5,434,000	5,225,000	209,000	5,434,000	0.2%	100.0%
	$2,259,628,417	**$963,251,891**	**$3,222,880,307**	**$500,000,000**	**$210,932,421**	**$710,932,421**	**$2,759,628,416**	**$1,174,184,312**	**$3,933,812,728**	**100.0%**	

(1) Excludes $36,882,000 of Preliminary Bond Principal and Accrued Interest outstanding under the IEPA Revolving Loan Fund Program. If the Preliminary Bond Principal and Accrued Interest were bonded on September 30, 2021, the additional debt service would be approximately $2.3 million per year through levy year 2041.

District General Obligation Bonded Debt Service
(Includes IEPA Debt)
(As of December 7, 2021)



DISTRICT'S DEBT SERVICE EXTENSION BASE CAPACITY
(As of December 7, 2021)

The following table sets forth the capacity of the Debt Service Extension Base of the District to cover debt service on future limited bonds.

Tax Levy Year	Levy for Outstanding Limited Tax Bonds(1)(2)	Aggregate Levy for the Limited Tax Bonds	Total Applicable Debt Service Levy	Debt Service Extension Base(3)	Remaining Capacity
2021	$134,468,584	$22,933,966	$157,402,500	$175,537,427	$18,134,877
2022	122,058,084	33,375,300	155,433,384	175,537,427	20,104,043
2023	123,094,085	32,160,800	155,254,885	175,537,427	20,282,542
2024	127,503,084	27,761,300	155,264,384	175,537,427	20,273,043
2025	134,506,597	17,311,550	151,818,147	175,537,427	23,719,280
2026	135,495,560	14,732,550	150,228,110	175,537,427	25,309,317
2027	132,954,327	17,154,800	150,109,127	175,537,427	25,428,300
2028	110,530,885	39,333,800	149,864,685	175,537,427	25,672,742
2029	105,974,131	42,675,050	148,649,181	175,537,427	26,888,246
2030	92,940,182	56,569,050	149,509,232	175,537,427	26,028,195
2031	121,561,794	26,391,050	147,952,844	175,537,427	27,584,583
2032	162,088,096	2,335,550	164,423,646	175,537,427	11,113,781
2033	162,885,153	2,335,550	165,220,703	175,537,427	10,316,724
2034	161,075,952	2,335,550	163,411,502	175,537,427	12,125,925
2035	156,752,237	2,335,550	159,087,787	175,537,427	16,449,640
2036	146,984,859	2,335,550	149,320,409	175,537,427	26,217,018
2037	140,088,898	7,220,550	147,309,448	175,537,427	28,227,979
2038	1,749,258	3,686,300	5,435,558	175,537,427	170,101,869
2039	1,379,810	4,051,550	5,431,360	175,537,427	170,106,067
2040	586,418	4,844,550	5,430,968	175,537,427	170,106,459
2041		5,432,800	5,432,800	175,537,427	170,104,627
2042		5,431,000	5,431,000	175,537,427	170,106,427
2043		5,433,400	5,433,400	175,537,427	170,104,027
2044		5,434,600	5,434,600	175,537,427	170,102,827
2045		5,434,400	5,434,400	175,537,427	170,103,027
2046		5,432,600	5,432,600	175,537,427	170,104,827
2047		5,434,000	5,434,000	175,537,427	170,103,427
2048		5,433,200	5,433,200	175,537,427	170,104,227
2049		5,435,000	5,435,000	175,537,427	170,102,427
2050		5,434,000	5,434,000	175,537,427	170,103,427

(1) Includes Capital Improvement Bonds Series of August 2009, Series A of July 2011, 2014 Series C, 2016 Series D & F; Refunding Bonds Series C of March 2007, 2014 Series D and the 2016 Series B; IEPA Series 04A, 04B, 04C, 04D, 04E, 04F, 04G, 04H, 07A, 07B, 07C, 07D, 09A, 09B, 09C, 09D, 09E, 09F, 09G, 09H, 09I, 12A, 12B, 12C, 12D, 12E, 12F, 12G, 12H, 12I, 12J, 12K, 12L, 12M, 12N, 12O, 14A, 14B, 14C, 14D, 14E, 14G, 14H, 14I, 14J, 14K, 14L, 14M, 14N, 14Q, 16A, 16B, 16G, 16H and 16K.

(2) Excludes $28,299,000 of Preliminary Bond Principal and Accrued Interest outstanding under the IEPA Revolving Loan Fund Program. If the Preliminary Bond Principal and Accrued Interest were bonded on September 30, 2021, the additional debt service to be added to this schedule would be approximately $1.7 million per year through levy year 2041.

(3) Debt Service Extension Base (DSEB) and Remaining Capacity are for the 2021 levy year; as described in "SECURITY FOR THE BONDS," the DSEB is increased each year by the lesser of 5% or the percentage increase in the Consumer Price Index.

CAPITAL LEASE

In December 2000, the Board authorized the District to enter into a long-term contract with a contractor to design, build, finance, own, operate, and maintain a 150 dry ton per day biosolids processing facility at the District's Stickney Water Reclamation Plant and beneficially use the final product for a period of 20 years. The contractor obtained its own financing to design, build, and own the facility.

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 million for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. The future minimum lease payments are approximately $4.4 million for each of the years 2021-2028 with a final $1.9 million payment in the last year of the lease, 2029. The contract expires 20 years from the date of commercial operation, which was declared in July 2010. Under Illinois law the capital lease constitutes indebtedness includible within the District's 5.75% general debt limit, but is not includible in the District's 3.35% non-referendum bonded debt limit.

Debt Limits and Borrowing Authority

The Illinois General Assembly establishes the statutory debt limitations and borrowing authority of the District. Currently, such limits and authority are as follows:

Corporate Fund: To defray current operating expenses, 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 Corporate Fund portion of the Personal Property Replacement Tax allocation certified for distribution during the budget year through borrowing from the Corporate Working Cash Fund and issuance of tax anticipation notes or warrants.

Corporate Working Cash Fund: The fund may be used solely for the financing of Corporate Fund operations. The amount of non-referendum Corporate Working Cash Fund Bonds, which 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. The District does not currently have any Corporate Working Cash Fund bonds outstanding.

Construction Fund: The Illinois General Assembly has adopted legislation allowing the District to levy property taxes to fund construction of District facilities. In any tax year, the Construction Fund may borrow through the issuance of its tax anticipation notes or warrants plus loans from the Construction Working Cash Fund up to the aggregate total of 100% of its estimated or actual extended tax levy plus 100% of the Construction Fund allocation of the estimated Personal Property Replacement Tax distribution to be received in that tax year.

Construction Working Cash Fund: The fund may be used solely for the financing of Construction Fund operations. The maximum permitted balance, and the maximum amount of bonds which are authorized to be issued to provide such balance, is the total of 90% of the maximum permissible Construction Fund Tax Levy plus 90% of the last known Construction Fund entitlement to the Personal Property Replacement Tax. The District does not currently have any Construction Working Cash Fund bonds outstanding.

Capital Improvement Bonds: The maximum amount of non-referendum Capital Improvement Bonds which may be outstanding at any one time is 3.35% of the last known equalized assessed valuation of taxable property within the District. The Act authorizes the District to issue Capital Improvement Bonds through December 31, 2034. At September 30, 2021, the District's outstanding capital improvement and refunding bonds (excluding IEPA Revolving Loan Fund Bonds and alternate bonds) of $1,654,965,000 did not exceed the limitation of $5,495,832,580.

Stormwater Management Fund: To meet ordinary disbursements for salaries and other stormwater purposes, the District may fund up to 100% of the total estimated amount of taxes to be levied for stormwater purposes through borrowings from the Stormwater Working Cash Fund. The District may issue bonds under Section 9.6a of the Act for purposes of funding stormwater management projects.

Stormwater Working Cash Fund: The fund may be used solely for the financing of stormwater management fund operations. The District may transfer funds into the stormwater working cash fund, in an amount not to exceed 100% of the amount produced by multiplying the maximum tax rate permitted for stormwater purposes by the last known assessed valuation of all taxable property within the territorial boundaries of the District, as equalized and determined for state and local taxes.

Personal Property Replacement Tax Anticipation Notes: Pursuant to 50 Illinois Compiled Statutes 420/4.1(e) General Obligation Personal Property Replacement Tax Anticipation Notes may be issued in anticipation of receipt of such taxes, in an amount not to exceed 75% of the last known certified Personal Property Replacement Tax entitlement less the aggregate amount of such entitlement which the governing body estimates will be required to be set aside for the payment of the proportional amount of debt service and pension or retirement obligations as required by Section 12 of "An Act in relation to State revenue sharing with local government entities", approved July 31, 1969, as amended. The District does not currently have any General Obligation Personal Property Replacement Tax Anticipation Notes bonds outstanding.

District Debt Limitation: The maximum amount of debt which the District may have outstanding at any time is 5.75% of the last known equalized assessed valuation of taxable property within the District. See "Calculation of Statutory Debt Margin" below.

The 2014B Bonds, the 2016E Bonds, the 2021F Bonds and the 2014 IEPA Bonds are alternate bonds. Alternate bonds are payable from pledged revenues and do not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation, unless the taxes have been extended pursuant to the general obligation, full faith and credit promise supporting the alternate bonds, in which case the amount of the outstanding alternate bonds will be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the alternate bonds have been paid from the pledged revenues for a complete fiscal year.

The foregoing are impacted by the Limitation Law. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act."

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CALCULATION OF STATUTORY DEBT MARGIN[1]
(amounts in thousands)

	December 31, 2020	2019	2018	2017	2016
Equalized Assessed Valuation	$170,892,724	$164,054,708	$155,788,047	$ 147,945,823	$140,752,201
Statutory Debt Limit[2]	9,826,332	9,433,145	8,957,813	8,506,885	8,093,252
Calculation of Debt Applicable to Debt Limit:					
Bonded Indebtedness					
Principal Amount of Bonds Outstanding	2,694,934	2,800,782	2,810,177	2,697,667	2,769,608
Less: Alternate Bonds[3]	(98,101)	(99,253)	(97,190)	(98,145)	(99,080)
Adjusted Principal Amount of Bonds Outstanding	2,596,833	2,701,529	2,712,987	2,599,522	2,670,528
Bond Anticipation Notes[4]	76,035	27,275	109,866	296,529	157,390
Capital lease	30,401	33,257	35,979	38,574	41,047
Liabilities of Tax Financed Funds	36,953	35,218	37,733	26,810	33,556
Total Debt	2,740,222	2,797,279	2,896,565	2,961,435	2,902,521
Less: applicable assets:					
Debt Service Funds Cash and Investments	91,295	87,040	85,880	109,965	115,673
Interest Payable in the Next 12 Months	(109,380)	(112,942)	(115,017)	(114,603)	(117,604)
Total Applicable Assets	(18,085)	(25,902)	(29,137)	(4,638)	(1,931)
Net Debt Applicable to Debt Limit	2,758,307	2,823,181	2,925,702	2,966,073	2,904,452
Statutory Debt Margin	$7,068,025	$ 6,609,964	$ 6,032,111	$ 5,540,812	$ 5,188,800

(1) The table does not reflect the issuance of the Bonds or the refunding of the Refunded Bonds.
(2) 5.75% of equalized assessed valuation.
(3) Alternate bonds do not constitute indebtedness of the District for the purpose of the District's statutory debt limitation unless, and to the extent that, the taxes levied with respect to such bonds are extended for collection by the County Clerk.
(4) Consists of IEPA Preliminary Bonds.

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CASH MANAGEMENT

CORPORATE WORKING CASH FUND

The delay of more than a year between appropriations and tax collections requires the District to provide interim financing for its corporate operations. A 1983 statutory change in the working cash fund's maximum limitation permitted expansion of the fund thereby allowing the District to use it as the sole outside source for funding corporate operating needs and making the future issuance of tax anticipation notes unnecessary. As of the date of this Official Statement, the District has no corporate notes outstanding.

By law, working cash funds are non-appropriable and all loans to the Corporate Fund must be repaid with tax receipts from the year against which such funds were borrowed, and any other available property tax and Personal Property Replacement Tax revenues received in the year. Illinois law provides that working cash fund loans not repaid within the second budget year following the year in which the loans were made shall be general obligations of the Corporate Fund which must be repaid.

DEBT SERVICE FUNDS

For accounting and legal purposes, the District has created and maintains a debt service fund with sub-funds for each issue of its bonds. Amounts credited to the District's various debt service funds are invested on a consolidated basis; but such investments and earnings thereon are recorded in the appropriate investment inventory of the applicable fund. Payment of principal of and interest on each issue of the District's bonds is made directly from the applicable debt service fund.

Property taxes collected are allocated among the debt service funds to achieve total distribution to each in the proportion of its levy to the total levy in that year for debt service. Distributions of Personal Property Replacement Tax revenue are credited to the District's Retirement Fund (as hereafter defined) as required by statute, the Corporate Fund, and certain other funds proportionately as specified by the annual budget.

INVESTMENT OF DISTRICT FUNDS

The District is committed to a policy of maximizing the return on all funds available for investment within the constraints of its Investment Policy. Tax levies necessary for the operation of the District are in effect reduced in direct relation to the income earned on investments.

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 the Federal Deposit Insurance Corporation ("*FDIC*"); (4) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (5) fully collateralized repurchase agreements; (6) the State Treasurer's Illinois Funds; (7) money market mutual funds and certain other instruments; and (8) municipal bonds of the State, 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 District may invest funds in any of these categories over time, depending on their competitive interest rate structures. All certificates of deposit or time deposits are required to be collateralized with securities of the U.S. Government or letters of credit issued by the Federal Home Loan Bank in an amount equal to 105% or 102%, respectively, of the funds on deposit. All investment collateral is held in safekeeping in the District's name by financial institutions acting as the District's agent. Collateral is priced to market semi-monthly and monitored regularly with additional collateral requested as necessary.

The District attempts to match its investment maturities with anticipated cash flow requirements. All funds are invested for periods of one day to five years from date of purchase based upon cash flow requirements and interest rate projections. Investments are placed on the basis of bids received on a daily basis from banks and brokers.

FINANCIAL OPERATIONS—ACCOUNTING POLICIES

The accounting system of the District is operated and maintained on a fund accounting basis. A "fund" is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, and residual equities or balances and change therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District's General Corporate Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Stormwater Management Fund are maintained using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when measurable and available to finance operations. Expenditures, other than interest on long-term debt, are recorded at the time liabilities are incurred. District expenditures for the payment of principal and interest on long-term debt are recognized when such debt is due and payable.

The fiduciary funds of the District are the Retirement Fund and OPEB Trust Fund (as hereafter defined). The fiduciary funds' financial statements are prepared using the accrual basis of accounting with assets recorded at market value.

Property taxes, user charge revenues and personal property replacement taxes are accrued to the extent that they are available to satisfy liabilities relating to the reporting period.

The District uses the modified approach to report its infrastructure assets, with the exception of the District's TARP deep tunnels and drop shafts, main office buildings and certain assets, which are depreciated. The District has implemented all applicable Governmental Accounting Standards Board (GASB) Statements through Statement No. 84.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The District provides funding for the Metropolitan Water Reclamation District Retirement Fund (the *"Retirement Fund"*), which is a single-employer, defined benefit pension plan established by and administered under Article 13 of the Illinois Pension Code. The Retirement Fund provides retirement annuities, death and disability benefits for certain employees of the District and employees of the Retirement Fund. The District's employer contribution to the Retirement Fund is primarily funded through collections received from a separate property tax levied annually by the District for such purpose.

In addition, the District provides funding for the Metropolitan Water Reclamation District's Retiree Health Care Plan (the *"OPEB Plan"*). The OPEB Plan is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District and is administered by the District. The District funds current year retiree health care claim payments and insurance premiums from operating funds on a pay-as-you-go basis, and also contributes an advance funding amount to a trust fund to be used to pay for OPEB Plan benefits in the future.

For additional information regarding the Retirement Fund and the OPEB Plan, see "APPENDIX C—Pension and Other Post-Employment Benefits."

BUDGETARY PROCEDURES

BUDGETARY PROCESS

The District prepares its budget in conformity with practices prescribed or permitted by the applicable statutes of the State. The Board is required to adopt an annual budget by no later than the close of the previous fiscal year. The annual budget serves as the foundation for the District's financial planning and control. A summary of the District's budgeting process is contained in Note 1(d) to the Basic Financial Statements attached hereto as APPENDIX A.

The 2021 Budget was adopted on December 10, 2020, and was amended on December 17, 2020. The 2021 Budget is on file and available for review at the District's offices, as are the Executive Director's recommendations for the 2022 Budget. These documents are also available online at the District's website at www.mwrd.org. It is herein noted that the content of the website is not incorporated into this Official Statement by reference.

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Comparative Budget Information

The following table summarizes the appropriations set forth in the annual budgets of the District for fiscal year 2021 and for 2020, as adjusted (in millions of dollars):

Appropriations (in millions)	2021	2020 Adjusted	Increase/ (Decrease)	Percent Change
Corporate Fund	$ 399.3	$ 398.2	$1.1	0.3%
Stormwater Management Fund	110.0	116.3	(6.3)	(5.4)
Construction Fund	15.5	18.0	(2.6)	(14.3)
Retirement Fund	98.1	107.3	(9.2)	(8.6)
Reserve Claim Fund	39.6	34.4	5.2	15.2
Capital Improvements Bond Fund	310.4	244.5	65.8	26.9
Bond Redemption & Interest Fund	232.1	233.0	(0.9)	(0.4)
Total	$1,205.0	$1,151.7	$53.1	4.6%

The total appropriation request for 2021 is $1,205.0 million, an increase of $53.1 million, or 4.6 percent, from the 2020 Adjusted Budget. Major changes are presented below.

- The 2021 appropriation for the Corporate Fund, which accounts for the day-to-day operations of the District, is $399.3 million, an increase of $1.1 million, or 0.3 percent, from the 2020 Adjusted Budget. The District has been actively managing energy, personnel, and health benefits costs, while plant maintenance and operational costs continue to grow. Additionally, the 2021 Budget invests in technology that will help modernize processes and purchase equipment to support telecommuting, an implementation of online reporting for industrial users, and an improved interactive vendor portal.

- The 2021 appropriation for the Stormwater Management Fund is $110.0 million, a decrease of $6.3 million, or 5.4 percent, from the 2020 Adjusted Budget. The 2021 Budget continues to support the District's commitment to address flooding issues throughout Cook County and includes $35.5 million in funding for Intergovernmental Agreements for pay-as-you-go Green Infrastructure projects and other stormwater improvements to mitigate against changing weather patterns and intense bursts of precipitation that quickly overwhelm systems throughout the region.

- The 2021 appropriation for the Construction Fund is $15.5 million, a decrease of $2.6 million, or 14.3 percent, from the 2020 Adjusted Budget. The reduction is due to the timing of pay-as-you-go capital project schedules and cost estimates.

- The 2021 appropriation for the Retirement Fund is $98.1 million, a decrease of $9.2 million, or 8.6 percent from the 2020 Adjusted Budget. The 2020 appropriation included a planned equity transfer of $20.0 million to the Retirement Fund to provide advance funding to maintain growth in the Retirement Fund's funded ratio. The 2021 appropriation is based on a funding policy adopted by the Board to ensure the long-term financial health of the pension program while balancing the interest of the employees, retirees, taxpayers, and the District. The funding goal of the policy is to contribute annually to the Fund that over time will increase the funded ratio to 100 percent by the year 2050. See "APPENDIX C – PENSION AND OTHER POST EMPLOYMENT BENEFITS – Funded Status of the Retirement Fund."

- The 2021 appropriation for the Reserve Claim Fund, the District's self-insurance fund, is $39.6 million, an increase of $5.2 million, or 15.2 percent, from the 2020 Adjusted Budget. The fund is statutorily authorized to accumulate a reserve towards the limit of $82.0 million to meet claims against the District.

- The 2021 appropriation for the Capital Improvements Bond Fund is $310.4 million, an increase of $65.8 million, or 26.9 percent, from the 2020 Adjusted Budget. The increase is primarily due to changes in the project schedule for the Mainstream TARP pump rehabilitation, the North Side sludge pipeline replacement, the central boiler facility at the Hanover Park WRP, and the acquisition of flood-prone properties in Des Plaines.

- The 2021 appropriation for the Bond Redemption & Interest Fund is $232.1 million, a decrease of $0.9 million, or 0.4 percent, from the 2020 Adjusted Budget. The decrease is attributable to repayment schedules.

OTHER LOCAL GOVERNMENTAL UNITS

PRINCIPAL UNITS

There are numerous governmental units located within the boundaries of the District, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, and (iv) maintains its own financial records and accounts. Each of these units may levy taxes upon property within its particular boundaries, and each is authorized to issue debt obligations. The principal municipality within the boundaries of the District is the City of Chicago. Other municipalities in the County with populations in excess of 50,000 include Arlington Heights, Berwyn, Cicero, Des Plaines, Evanston, Mount Prospect, Oak Lawn, Oak Park, Orland Park, Palatine, Schaumburg, Skokie and Tinley Park. Approximately 47% of the Equalized Assessed Valuation of taxable property in the County is located within the City of Chicago with the balance located in other municipalities and unincorporated areas.

OTHER MAJOR GOVERNMENTAL UNITS

Cook County is governed by a board of seventeen Commissioners (the *"County Board"*), each elected for four-year terms from one of seventeen districts. All taxable property situated in the District is located within the boundaries of the County. The County is a home rule unit under the Illinois Constitution of 1970 (the *"Illinois Constitution"*).

The Forest Preserve District of Cook County (the *"Forest Preserve District"*) is coterminous with the County. The Forest Preserve District creates, maintains and operates forest preserves within the County. The Forest Preserve District is governed by a seventeen-member board composed of the members of the County Board.

The City of Chicago (the *"City"*) was incorporated in 1837 and exercises broad governmental powers as a home rule unit under the Illinois Constitution. The City is governed by a Mayor elected at large for a four-year term, and the City Council. The City Council consists of 50 members (*"Alderpersons"*), each representing one of the City's 50 wards. Alderpersons are elected for four-year terms.

The Board of Education of the City of Chicago (the *"Board of Education"*) exercises general supervision and jurisdiction over the public school system in the City. The Board of Education consists of seven members appointed by the Mayor of the City without consent or approval of the City Council. The Board of Education adopts the budget, approves contracts (including collective bargaining agreements), levies real property taxes and establishes general policies of the public schools.

The Chicago Park District (the *"Park District"*) is responsible for the maintenance and operation of parks, boulevards, marinas, and certain other public property within the City. The Park District is governed by a seven-member board, appointed by the Mayor of the City, with the approval of the City Council.

Community College District No. 508 (the *"Community College District"*) maintains a system of community colleges within the City. The Community College District is governed by a seven-member board, appointed by the Mayor of the City, with the approval of the City Council.

CERTAIN OTHER PUBLIC BODIES

The Public Building Commission of Chicago (the *"PBC"*) is a municipal corporation authorized to acquire, construct and improve public buildings and facilities for use by one or more local governmental units. The PBC issues bonds to finance its projects and leases its facilities to respective units of local government. At the present time the City, the Park District, the Board of Education and the Community College District lease facilities from the PBC.

The Regional Transportation Authority (the *"RTA"*) is a municipal corporation authorized to provide planning, funding, coordination and fiscal oversight of three separately governed operating entities which provide public mass transportation services in a six-county area of northeastern Illinois, including the County. The RTA is governed by a 16-member board, consisting of City and suburban members appointed by elected officials in the six county RTA region. The RTA is primarily funded from sales taxes imposed by the RTA on sales in the six-county area and a portion of sales taxes imposed by the State. The RTA is also authorized to impose, but does not currently impose, taxes on automobile rentals, motor fuel and off-street parking facilities. By law, motor fuel and off-street parking taxes may not be imposed concurrently with sales taxes. The RTA may not levy real property taxes.

The Chicago Transit Authority (the *"CTA"*) is a municipal corporation empowered to acquire, construct, own, operate and maintain a transportation system in the metropolitan area of the County. The CTA is governed by a seven-member board. The CTA may not levy real property or other taxes.

The Metropolitan Pier and Exposition Authority (the *"MPEA"*), formerly known as the Metropolitan Fair and Exposition Authority, is a municipal corporation which owns the McCormick Place convention and exposition facilities and the Navy Pier recreational facilities. MPEA periodically issues revenue bonds to finance the construction of certain facilities and is authorized to impose certain taxes to provide security for such bonds. The MPEA may not levy real property taxes.

INTERRELATIONSHIPS

The governmental units and other public bodies described in "OTHER LOCAL GOVERNMENTAL UNITS—Other Major Governmental Units" share, in varying degrees, a common property tax base with the District. See "DEBT INFORMATION." However, they are all separate legal and financial units, and the financial condition or circumstances of any one unit does not necessarily imply similar financial conditions or circumstances for the District.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

All of the "equalized assessed valuation" or "EAV" (described below) of taxable real property in the District is located in the County. Information under this caption describes the current procedures for real property assessment, tax levy and tax collection in the County. There is no assurance that the procedures described under this caption will not be changed. Illinois laws relating to the real property taxation are contained in the Illinois Property Tax Code (the *"Property Tax Code"*).

REAL PROPERTY ASSESSMENT

The Cook County Assessor (the *"County Assessor"*) is responsible for the assessment of all taxable real property within the County, including that in the District, except for certain railroad property and pollution control facilities, which are assessed directly by the Illinois Department of Revenue (the *"Department of Revenue"*). For triennial reassessment purposes, the County is divided into three districts: west and south suburbs (the *"South Tri"*), north and northwest suburbs (the *"North Tri"*), and the City of Chicago (the *"City Tri"*). The South Tri was reassessed for the 2020 tax levy year, the City Tri was last reassessed for the 2021 tax levy year, and the North Tri was last reassessed for the 2019 tax levy year.

Real property in the County is separated into classes for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the *"Assessed Valuation"*) for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (20%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

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In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

Class	Description of Qualifying Property	Assessment Percentage	Reverts to Class
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7c	Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation	10% for first 3 years and any 3 year renewal; if not renewed, 15% in year 4, 20% in year 5	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10 year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the "Mark up to Market" option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The County Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the County Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the *"Board of Review"*), which consists of three commissioners elected by the voters of the

County. The Board of Review has the power to adjust the Assessed Valuations set by the County Assessor.

Property taxpayers are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the *"PTAB"*), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the *"Circuit Court"*) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the County Assessor agrees that an assessment error has been made after tax bills have been issued, the County Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

EQUALIZATION

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (the *"Equalization Factor"*), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State of Illinois (the *"State"*). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
2011	2.9706
2012	2.8056
2013	2.6621
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627
2018	2.9109
2019	2.9160
2020	3.2234

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the *"EAV"*) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the Department of Revenue, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the *"Assessment Base"*).

EXEMPTIONS

The Property Tax Code exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $10,000 in the County for assessment year 2016 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of $100,000 or less (*"Qualified Homestead Property"*). If the taxpayer's annual income is $75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to residential properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to $75,000 per year, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is $8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of $65,000. This exemption grants to qualifying senior citizens an exemption equal to the greater of (i) the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year or (ii) $2,000.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least $5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the *"Natural Disaster Exemption"*) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the equalized assessed value of the residence for the taxable year prior to the taxable year in which the natural disaster occurred. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially adapted Housing exempts up to $100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Disabled Veterans' Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is $2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is $5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of $5,000.

Finally, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

TAX LEVY

As part of the annual budgetary process of governmental units (the *"Units"*) with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the Cook County Clerk (the *"County Clerk"*) and the Cook County Treasurer (the *"County Treasurer"*). After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the taxing district. The prior year's EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

PROPERTY TAX EXTENSION LIMITATION LAW AND DEBT REFORM ACT

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes, unlimited as to rate and amount, cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes. These limitations on the extensions of property taxes contained in the Limitation Law do not apply to the taxes levied by the District (i) to pay the principal of and interest on its outstanding general obligation bonds issued prior to March 1, 1995; (ii) to pay the principal of and interest on bonds issued to refund or continue to refund those bonds issued before March 1, 1995; (iii) to pay the principal of and interest on bonds to finance construction projects initiated prior to October 1, 1991 (consisting primarily of the TARP projects as described in APPENDIX B); (iv) to pay interest or principal on bonds issued to refund or continue to refund bonds issued after March 1, 1995 that are approved by referendum; or (v) to pay principal of or interest on alternate bonds.

The Limitation Law also excludes certain types of general obligation bonds, known as *"alternate bonds"* issued pursuant to Section 15 of the Debt Reform Act, from the direct referendum requirements of the Limitation Law. The 2021F Bonds are being issued as alternate bonds. The extension and collection of the ad valorem taxes levied by the Series 2021F Bond Ordinance, to the extent received, for the payment of debt service on the 2021F Bonds are not limited or restricted in any way by the provisions of the Limitation Law. See "SECURITY FOR THE BONDS—Security for the Unlimited Tax Bonds—*The 2021F Bonds*."

The Debt Reform Act permits units of local government, including the District, to issue limited bonds that have otherwise been authorized by applicable law. The base for such bond issues is the debt service extension for the levy year 1994. The District could also increase its debt service extension base by referendum. The Limitation Law provides that the debt service extension base of a taxing district must be increased by the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year. Pursuant to these provisions of the Debt Reform Act, the 2021A Bonds and the 2021C Bonds are being issued as limited bonds. See "SECURITY FOR THE BONDS—Security for the Limited Tax Bonds."

The Limitation Law was amended in 1997 so that the issuance of bonds by the District to construct construction projects initiated before October 1, 1991, including the TARP projects, will not reduce the District's ability to issue limited bonds for other major capital projects. With respect to the Limitation Law, the 2021B Bonds are being issued pursuant to this amendment for the purpose of funding TARP projects. See "SECURITY FOR THE BONDS—Security for the Unlimited Tax Bonds—*General*."

The use of prior year EAV's to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See "TAXATION OF PROPERTY WITHIN DISTRICT—STATISTICAL INFORMATION—Metropolitan Water Reclamation District Tax Rates by Fund." The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute above, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have increased flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law. See "SECURITY FOR THE BONDS" herein.

EXTENSIONS

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the Cook County Collector (the *"Warrant Books"*) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the Cook County Collector's (the *"County Collector"*) authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

COLLECTIONS

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the *corrected* prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has been the first business day in March for each of the last ten years. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	October 1, 2020(1)
2020	October 1, 2021(1)

(1) Penalty date extended due to the COVID-19 Pandemic.

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the *"Annual Tax Sale"*) of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the *"Scavenger Sale"*), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which three or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the *"Law"*) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

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TAXATION OF PROPERTY WITHIN DISTRICT—STATISTICAL INFORMATION

EQUALIZED ASSESSED VALUATION BY MAJOR CLASSIFICATION
(amounts in thousands)

YEAR OF LEVY	REAL PROPERTY	RAILROAD AND ENVIRONMENTAL PROTECTION PROPERTY	TOTAL	YEAR OVER YEAR PERCENT CHANGE
2011	$148,773,793	$274,700	$149,048,493	(10.706)%
2012	133,111,401	286,594	133,397,995	(10.500)
2013	123,108,018	311,526	123,419,544	(7.480)
2014	125,427,832	308,356	125,736,188	1.877
2015	129,960,424	344,380	130,304,804	3.633
2016	140,401,735	350,466	140,752,201	8.018
2017	147,583,390	362,434	147,945,824	5.111
2018	155,390,214	397,833	155,788,047	5.301
2019	163,646,983	407,721	164,054,704	5.306
2020	170,461,689	431,034	170,892,274	4.168

Source of data: The County Clerk

EQUALIZED ASSESSED VALUATION – CHICAGO AND SUBURBS
(amounts in thousands)

YEAR OF LEVY	CHICAGO	SUBURBS	TOTAL
2011	$75,122,914	$73,925,579	$149,048,493
2012	65,250,387	68,147,608	133,397,995
2013	62,363,876	61,055,668	123,419,544
2014	64,908,057	60,828,131	125,736,188
2015	70,963,289	59,341,515	130,304,804
2016	74,016,506	66,735,695	150,752,201
2017	76,765,303	71,180,521	147,945,824
2018	86,326,179	69,461,868	155,788,047
2019	87,816,177	76,238,527	164,054,704
2020	89,514,969	81,337,754	170,892,724

Source of data: The County Clerk

Estimated Full Value – Chicago and Suburbs
(amounts in thousands)

Year of Levy	Chicago	Suburbs	Total
2009	$280,288,730	$269,846,639	$550,135,369
2010	231,986,396	217,825,144	449,811,540
2011	222,856,064	219,931,625	442,787,689
2012	206,915,723	207,466,666	414,382,389
2013	236,695,475	223,165,122	459,860,597
2014	255,639,792	243,496,762	499,136,554
2015	278,027,604	250,815,655	528,843,259
2016	293,121,793	266,563,367	559,685,160
2017	306,074,351	279,714,023	585,788,374
2018	323,128,274	286,434,067	609,562,341

Source of data: The Civic Federation, Chicago, Illinois (based upon information from the Illinois Department of Revenue.)
Note: The Civic Federation has not provided an update in Estimated Full Value of Real Property in Cook County since the 2018 values were provided. An update for 2019 is not yet available for the 2020 tax year.

Comparative Tax Rates of Major Local Governmental Units
(Per $100 Equalized Assessed Valuation)

	2020	2019	2018	2017	2016
Metropolitan Water Reclamation District(1)	$0.378	$0.389	$0.409	$0.402	$0.406
City of Chicago	1.580	1.603	1.565	1.652	1.630
Chicago Board of Education	3.656	3.620	3.552	3.890	3.726
Chicago Park District	0.329	0.326	0.330	0.352	0.362
County of Cook	0.453	0.454	0.489	0.496	0.533
Cook County Forest Preserve District	0.058	0.059	0.060	0.062	0.063
Community College District #508	0.151	0.149	0.147	0.164	0.169
City of Chicago Library Fund	0.140	0.121	0.111	0.118	0.122
City of Chicago Sch Bldg/Improvement	0.166	0.169	0.136	0.124	0.128
Total	$6.911	$6.890	$6.799	$7.260	$7.139

Source of data: The County Clerk
(1) Based upon taxes extended for collection in succeeding years as a percentage of the Equalized Assessed Valuation for the tax year.

METROPOLITAN WATER RECLAMATION DISTRICT TAX RATES BY FUND

(Per $100 Equalized Assessed Valuation)[1]

	2020	2019	2018	2017	2016
Corporate Fund	$0.156	$0.155	$0.158	$0.152	$0.161
Retirement Fund	0.042	0.044	0.047	0.050	0.047
Debt Service Fund	0.140	0.148	0.161	0.157	0.160
Reserve Claim Fund	0.005	0.005	0.004	0.004	0.004
Corporate Working Cash Fund	-	-	-	-	-
Construction Fund	0.004	0.005	0.008	0.011	0.010
Construction Working Cash Fund	-	-	-	-	-
Stormwater Management Fund	0.031	0.032	0.031	0.028	0.024
TOTAL	$0.378	$0.389	$0.409	$0.402	$0.406

Source of data: The County Clerk

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

STATUTORY TAX RATE LIMITATION BY FUND

(Per $100 Equalized Assessed Valuation)

Corporate Fund	$0.410
Retirement Fund[1]	Unlimited
Debt Service Fund[1]	Unlimited
Reserve Claim Fund[2]	0.005
Corporate Working Cash Fund	0.005
Construction Fund	0.100
Construction Working Cash Fund	0.005
Stormwater Management Fund	0.050

Source of data: The County Clerk

(1) Subject to the provisions of the Tax Extension Limitation Law. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law and Debt Reform Act."

(2) Subject to maximum accumulated value of 0.05% of the most recent equalized assessed valuation.

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TAX LEVIES, COLLECTIONS, AND RECEIVABLES
AS OF SEPTEMBER 30, 2021
(amounts in thousands) (Unaudited)

	2020		2019	
	AMOUNT	% OF LEVY	AMOUNT	% OF LEVY
Gross Property Tax Levy:				
Corporate Fund	$267,128	41.3	$255,558	40.0
Construction Fund	7,000	1.1	7,600	1.2
Debt Service Fund	239,216	37.0	243,049	38.1
Retirement Fund	72,228	11.2	71,565	11.2
Stormwater Management Fund	52,926	8.2	52,926	8.3
Reserve Claim Fund	7,500	1.2	7,500	1.2
Total Gross Property Tax Levy	$645,998	100.0	$638,198	100.0
Less Allowance for Estimated Uncollectible Taxes	(22,610)	(3.5)	(22,337)	(3.5)
Anticipated Property Tax Collection	$623,388	96.5	$615,861	96.5

COLLECTIONS BY LEVY YEAR
FIRST YEAR COLLECTION ONLY

LEVY YEAR	COLLECTION YEAR	PENALTY DATE	GROSS LEVY	ALLOWANCE FOR UNCOLLECTIBLE TAXES(1)	NET LEVY	FIRST YEAR COLLECTION	NET LEVY PERCENT COLLECTED
2011	2012	8/1/12	$476,955	$ 16,693	$ 460,262	$ 460,618	100.1%
2012	2013	8/1/13	493,573	17,275	476,298	476,881	100.1%
2013	2014	8/1/14	514,659	18,013	496,646	497,452	100.2%
2014	2015	8/3/15	540,666	18,923	521,743	523,203	100.3%
2015	2016	8/1/16	555,098	19,428	535,670	541,008	101.0%
2016	2017	8/1/17	571,545	20,001	551,453	559,938	101.5%
2017	2018	8/1/18	594,770	20,817	573,953	581,007	101.2%
2018	2019	8/1/19	616,946	21,593	595,353	604,126	101.5%
2019	2020	10/1/20(2)	638,198	22,337	615,861	619,659	100.6%
2020	2021	10/1/21(2)	645,998	22,610	623,388	617,997	99.1%(3)

(1) Loss in Collection Rate: 3.5%.
(2) Penalty date extended due to the COVID-19 pandemic.
(3) Collections for 2020 Tax Levy are presented through October 29, 2021.

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Financial Statements

The District's Basic Financial Statements for the year ended December 31, 2020, included in this Official Statement as Appendix A, have been audited by Baker Tilly US LLP, independent public accountants, as stated in their Independent Auditors' Report dated May 7, 2021. The supplementary information referred to in the Independent Auditors' Report is not included in Appendix A. Baker Tilly US LLP, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Tilly US LLP also has not performed any procedures relating to this Official Statement. The District's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020 and several prior years are available online at the District's website at www.mwrd.org, but the content of such website is not incorporated into this Official Statement by reference.

Ratings

The Bonds and the District's outstanding general obligation bonds are rated "AAA" (Stable Outlook) by Fitch Ratings and "AA" (Stable Outlook) by S&P Global Ratings.

The District has not requested that any other rating agency provide a rating with respect to the Bonds.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating or the status of any review of such rating may be obtained from such agency. Certain information and materials concerning the Bonds, the District and certain overlapping entities have been furnished to the rating agencies by the District. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective agency. There is no assurance that each such rating will be maintained for any given period of time or that one or more of such ratings may not be raised, lowered or withdrawn entirely by the respective rating agency, if in its judgment, circumstances so warrant. Any downward change in or withdrawal of any such rating may have an adverse effect on the price at which the Bonds may be resold.

Tax Matters

The Tax-Exempt Bonds

Summary of Co-Bond Counsel Opinion

Co-Bond Counsel are of the opinion that under existing law, interest on the Tax-Exempt Bonds is not includible in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Code, Co-Bond Counsel are of the opinion that interest on the Tax-Exempt Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Tax-Exempt

Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Tax-Exempt Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. These requirements relate to the use and investment of the proceeds of the Tax-Exempt Bonds, the payment of certain amounts to the United States, the security and source of payment of the Tax-Exempt Bonds and the use of the property financed with the proceeds of the Tax-Exempt Bonds.

Tax-Exempt Bonds Purchased at a Premium

The difference (if any) between the initial price at which a substantial amount of each maturity of the Tax-Exempt Bonds is sold to the public (the *"Offering Price"*) and the principal amount payable at maturity of such Tax-Exempt Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium."

Bond premium is amortized over the term of a Bond on the basis of the Bond's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner's tax basis in the Bond. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners who purchase Tax-Exempt Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Tax-Exempt Bonds. In addition, owners of Tax-Exempt Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Tax-Exempt Bonds; under the applicable provisions of state or local income tax law, bond premium may give rise to taxable income at different times and in different amounts than it does for Federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Tax-Exempt Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Tax-Exempt Bonds.

Rebate of Arbitrage Profit. Unless the Tax-Exempt Bonds qualify for an exemption, earnings from the investment of the "gross proceeds" of the Tax-Exempt Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Tax-Exempt Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Tax-Exempt Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Tax-Exempt Bonds.

Covenants to Comply

The District has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Risks of Non-Compliance

In the event that the District fails to comply with the requirements of the Code, interest on the Tax-Exempt Bonds may become includible in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, each Bond Ordinance requires neither acceleration of payment of principal of, or interest on, the Tax-Exempt Bonds nor payment of any additional interest or penalties to the owners of the Tax-Exempt Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Tax-Exempt Bonds is not includible in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Tax-Exempt Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE TAX-EXEMPT BONDS.

Cost of Carry. Owners of the Tax-Exempt Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Tax-Exempt Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Tax-Exempt Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Tax-Exempt Bonds is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Tax-Exempt Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Tax-Exempt Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Tax-Exempt Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Tax-Exempt Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Tax-Exempt Bonds held by such a company is properly allocable to the shareholder.

THE TAXABLE BONDS

The following is a summary of the principal United States federal income tax consequences of ownership of the Taxable Bonds. This summary deals only with the Taxable Bonds held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold the Taxable Bonds as a hedge or as hedged against currency risks or that are part of a straddle or conversion transaction, or persons whose functional currency is not the United States dollar.

The Code contains a number of provisions relating to the taxation of the Taxable Bonds (including but not limited to the treatment of and accounting for interest, premium, and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Prospective purchasers of the Taxable Bonds should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Taxable Bonds.

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of income from a debt instrument having original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

United States Federal Income Tax Considerations for United States Holders

Payments of Interest to United States Holders. Interest on the Taxable Bonds will be taxable to a United States Holder (as defined below) as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles.

The term "*United States Holder*" refers to a beneficial owner of a Taxable Bond for United States federal income tax law purposes and that is:

- a citizen or resident of the United States;
- a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 10, 1996, and properly elected to continue to be treated as a United States person.

The term "*Non-U.S. Holder*" refers to any beneficial owner of a Taxable Bond who or which is not a United States Holder.

If a partnership holds the Taxable Bonds, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Taxable Bonds should consult its tax advisor regarding the consequences to the United States federal income tax treatment of an investment in the Taxable Bonds.

Sale and Retirement of the Taxable *Bonds*. United States Holders of the Taxable Bonds must recognize any gain or loss on the sale, redemption, retirement or other disposition of their Taxable Bonds. The gain or loss is measured by the difference between the amount realized on the disposition of a Taxable Bond and the United States Holder's adjusted tax basis in the Taxable Bond. Such gain or loss is capital gain or loss, except to the extent of accrued market discount not previously included in income, and is long-term capital gain or loss if at the time of disposition such Taxable Bond has been held for more than one year.

Defeasance. Defeasance of the Taxable Bonds may result in a deemed exchange thereof, in which case an owner will generally recognize taxable gain or loss as described in the preceding paragraph.

Unearned Income Medicare Contribution Tax. A 3.8% Medicare contribution tax is imposed on the "net investment income" of certain United States individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes interest and certain net gain from the disposition of property (such as the Taxable Bonds), less certain deductions.

United States Federal Income Tax Considerations for Non-U.S. Holders

Withholding Tax on Payments of Principal and Interest on Bonds. Generally, subject to the discussion of FATCA below, payments of principal and interest on a Taxable Bond will not be subject to United States federal withholding tax, provided that in the case of an interest payment:

- the beneficial owner of the Taxable Bond is not a bank to which the Taxable Bonds constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- either (A) the beneficial owner of the Taxable Bond certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN, IRS Form W-8BEN-E or a suitable substitute form, that such owner is not a United States person and provides such owner's name and address, or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Taxable Bond, certifies under penalties of perjury that such an IRS Form W-8BEN, IRS Form W-8BEN-E or suitable substitute form has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

If the beneficial owner is entitled to the benefit of an income tax treaty to which the United States is a party, such owner can obtain an exemption from or reduction of income and withholding tax (depending on the terms of the treaty) by providing to the withholding agent a properly completed IRS Form W-8BEN, IRS Form W-8BEN-E, or any successor form, before interest is paid. However, neither exemption nor reduced withholding will be available if the withholding agent has actual knowledge or reason to know that the form is false.

Except to the extent otherwise provided under an applicable tax treaty, a beneficial owner of a Taxable Bond generally will be taxed in the same manner as a United States Holder with respect to interest and original issue discount payments on a Taxable Bond if such interest and original issue discount is effectively connected with such owner's conduct of a trade or business in the United States. Effectively connected interest received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Taxable Bonds. A beneficial owner of a Taxable Bond generally will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a Taxable Bond unless:

- such owner is an individual present in the United States for 183 days or more in the year of such sale, exchange or redemption and either (A) such owner has a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to such owner's office or other fixed place of business in the United States; or

- the gain is effectively connected with such owner's conduct of a trade or business in the United States.

Taxation of Payments under FATCA to Foreign Financial Institutions and Certain Other Non-U.S. Holders that are Foreign Entities. A 30% withholding tax generally will apply to payments of interest on, and after December 31, 2018, on gross proceeds from the disposition of, the Taxable Bonds that are made to Non-U.S. Holders that are financial institutions and certain non-financial entities. Such withholding tax, imposed under sections 1471 through 1474 of the Code, or FATCA, generally will not apply where such payments are made to (i) a Non-U.S. Holder that is a financial institution that enters into an agreement with the IRS to, among other requirements, undertake to identify accounts held by certain United States persons or U.S.-owned foreign entities, report annually certain information about such accounts and withhold tax as may be required by such agreement (or otherwise complies with an applicable intergovernmental agreement with respect to FATCA), or (ii) a Non-U.S. Holder that is a non-financial entity that certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. A Non-U.S. Holder generally will be required to provide information with respect to its status for FATCA purposes, generally on the appropriate IRS Form W-8 or any successor form, to avoid withholding taxes under FATCA. Prospective investors should consult their own tax advisors regarding the application and requirements of these information reporting and withholding provisions under FATCA.

Proposed Treasury regulations would eliminate withholding on payments of gross proceeds (but not on payments of interest). Pursuant to the proposed Treasury Regulations, any applicable withholding agent may (but is not required to) rely on this proposed change to FATCA withholding until the final regulations are issued or the proposed regulations are withdrawn.

U.S. Federal Estate Tax. A Taxable Bond held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) is not subject to United States federal estate tax if at the time of the individual's death, payments with respect to such Taxable Bond are not effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

United States Holders. Information reporting applies to payments of interest on the Taxable Bonds, or the proceeds of the sale or other disposition of the Taxable Bonds with respect to certain non-corporate United States holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders. Backup withholding and information reporting on Form 1099 does not apply to payments of principal and interest on the Taxable Bonds to a Non-U.S. Holder provided the Non-U.S. Holder provides the certification described above under "United States Federal Income Tax Considerations for Non-U.S. Holders-Withholding Tax on Payments of Principal and Interest on Bonds" or otherwise establishes an exemption (provided that neither the District nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied). Interest payments made to a Non-U.S. Holder may, however, be reported to the IRS and to such Non-U.S. Holder on Form 1042-S.

Information reporting and backup withholding generally do not apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that, at any time during its taxable year is 50% or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a United States trade or business, unless in any such case the broker has documentary evidence in its records that the holder is a Non-U.S. Holder (and such broker has no actual knowledge to the contrary) and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Taxable Bonds will be subject to both backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

CHANGE OF LAW

The opinion of Co-Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

STATE AND LOCAL CONSIDERATIONS

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers, and Co-Bond Counsel expresses no opinion regarding any such consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

INVESTMENT CONSIDERATIONS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

FINANCES OF THE STATE OF ILLINOIS AND LOCAL ECONOMY

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. Underfunding of the State's pension systems has contributed to the State's poor financial health. The State's budget problems may affect the strength of the local economy.

The financial health of the District is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

OVERLAPPING TAXING DISTRICTS

A number of overlapping taxing districts whose jurisdictional limits and property tax bases overlap with the District have the power to raise taxes, including property taxes. See "RECENT FINANCIAL INFORMATION-Estimated Overlapping Bonded Debt" and "OTHER LOCAL GOVERNMENTAL UNITS." The District does not control the timing of the taxes levied by these overlapping taxing districts. Increases in the amount of taxes levied by these overlapping taxing districts could have an adverse effect on the District's economy and/or property tax base. Budget problems of the State may result in decreased or delayed State appropriations to the overlapping taxing districts.

SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

FACTORS RELATING TO TAX EXEMPTION

As discussed under "TAX MATTERS" herein, interest on the Tax-Exempt Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Tax-Exempt Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants. Should such an event of taxability occur, the Tax-Exempt Bonds are not subject to any special redemption. Further, as discussed under "TAX MATTERS," legislative proposals are currently pending, and additional legislative proposals may be introduced, in the Congress of the United States relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds.

THE BONDS MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS SEEKING EXPOSURE TO GREEN ASSETS

It is the District's intention to apply the net proceeds received from the sale of the 2021A Bonds and 2021B Bonds for environmentally beneficial projects as described under "THE GREEN PROJECTS". Prospective investors should review the information in this Official Statement pertaining to the intended use of proceeds and determine for themselves the relevance of such information for the purchase of any investment in the Bonds, together with any other investigation the investor deems necessary. In particular, no assurance is given by the District or the Underwriters that the use of such proceeds will satisfy, in whole or in part, any present or future investor expectations or requirements as to any investment criterial or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulation, or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to direct or indirect environmental impact of any uses of proceeds of the Bonds.

COVID-19

The District continues to monitor information about the pandemic following the outbreak of Coronavirus ("*COVID-19*"), a respiratory disease caused by a new form of coronavirus which is currently affecting many parts of the world including the United States and the State of Illinois. The District is following the guidelines of the U.S. Centers for Disease Control and Prevention ("*CDC*") and Illinois Department of Public Health ("*IDPH*"). The District has consulted with local agencies like the Chicago Department of Public Health, international water professionals, and utility and technology partners in the water sector. District operations have been uninterrupted during the pandemic, to ensure that wastewater is cleaned and treated and the public health and environment are protected.

The District's 2020 actual and 2021 financial results to date have generally performed as expected and according to budget, given the COVID-19 pandemic. Revenues have met or exceeded budget expectations. Full collection of *ad valorem* real estate taxes, the District's largest revenue source, is anticipated. The District has been conservative in its spending due to the financial crisis created by the pandemic. Expenditures across all funds have been lower than typical since the onset of the pandemic. Expenditure reductions have been partially offset by increases for personal protective equipment, cleaning supplies, information technology costs to support telecommuting, and personnel costs related to premium pay rates.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer viruses, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost, or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated entities, any such disruption, access, disclosure, or other loss of information could result in reputational damage to the District and have an adverse effect on the District's operations and financial condition.

Formal cyber security policies protect the District's investment in computer information systems and networks, and safeguard the information within these systems. The policies detail certain purposes, procedures, guidelines, responsibilities, and other matters relevant to the management of information assets; this includes the responsibilities of the District's officers, employees and third parties with respect to appropriate use and protection of information assets and technology. The District carries cyber liability insurance coverage as part of its risk management program.

The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. Such incidents are likely to continue. The District is unable to predict the direct or indirect impact of those future attacks and activities on the District. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

ENVIRONMENTAL MATTERS

ENVIRONMENTAL REMEDIATION

Under current environmental protection laws, the District may be ultimately responsible for the environmental remediation of some of its properties that have been leased to other parties. The District has developed preliminary estimates of environmental remediation costs for major lease sites. The range of estimated remediation costs at December 31, 2020, was between $44,500,000 and $62,900,000. The District 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, 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 costs liability issues. As a result of the implementation of GASB Statement No. 49, the District determined a current estimated remediation cost of $42,700,000 with an estimated remediation cost recoverable of $28,900,000 resulting in $13,800,000 being recognized at December 31, 2020, in the long-term liabilities of the government-wide financial statements. These estimates are subject to changes as a result of price increases, changes in technology, solvency of tenants and new laws and regulations. These estimates were generated using the expected cash flows technique. GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. The preliminary estimates exclude pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset.

WATER QUALITY STANDARDS

In October 2007, the IEPA initiated a rulemaking with the Illinois Pollution Control Board (the *“IPCB”*) arising out of its Proposed Use Attainability Analysis (*“UAA”*) seeking to upgrade the recreational and aquatic use designations and water quality standards for the Chicago Area Waterway System (*“CAWS”*) and Lower Des Plaines River. The rulemaking is captioned *“In the Matter of: Water Quality Standard and Effluent Limitations for the Chicago Area Waterway*

System and the Lower Des Plaines River: Adm. Code Parts 301, 302, 303 and 304" (R08-09). The IPCB has divided this rulemaking into a general docket and five subdockets: (A) recreational uses; (B) recreational standards and criteria; (C) aquatic life uses; (D) aquatic life use standards and criteria; and (E) issues surrounding Bubbly Creek. The rulemaking is now concluded with the IPCB having adopted rules in subdockets A through D and closing subdocket E without taking action. As a result of the rulemaking, the two standards and criteria with the greatest potential impact on the District are the reduction of winter chloride loadings to the CAWS from the District's Terrence J. O'Brien and Calumet Water Reclamation Plants (or WRPs) and the supplemental aeration and flow augmentation of the waterway to meet proposed water quality standards for dissolved oxygen (*"DO"*). The DO water quality standards went into effect on July 1, 2015, but the Board allowed CAWS and Lower Des Plaines River dischargers an additional three years to meet the new year-round chloride water quality standard.

Because it is not feasible for point sources of chlorides, including combined sewer municipalities tributary to the District's WRPs and, therefore, the WRPs themselves, to meet the chloride standard while ensuring road safety in the winter months, the District and numerous municipal and other dischargers filed in 2015 Petitions for Variance from the chloride standard. Under legislation enacted in 2017, these petitions were converted to watershed Time-Limited Water Quality Standard ("*TLWQS"*) Petitions. These consolidated petitions are awaiting Board resolution, which may issue at any time, subject to 48 hours' notice on a Board meeting agenda. The District's timely filed petition operates as a stay of the amended standard as to the District. Although it is anticipated that the IPCB will grant some form of interim relief from the amended chloride standard, should the IPCB instead deny the District's chloride TLWQS Petition, the District may be required to incur potentially substantial sums toward the necessary capital improvements to remove chloride from the WRPs' effluent. Additionally, because it is possible that the District will not meet the new water quality standards for DO with consistency until its tunnel and reservoir plan is completed, on July 21, 2015, the District filed a Petition for Variance from the DO standards, which was amended in July 2018 to meet new statutory requirements for TLWQS petitions. The TLWQS Petition is currently pending before the IPCB and operates as a stay of the new standards as to the District. A ruling on this TLWQS Petition may issue at any time, subject to 48 hours' notice on an IPCB meeting agenda. Should the IPCB deny the DO TLWQS Petition, it is the District's position that, in the event supplemental aeration is needed, the District is not responsible for the installation of additional aeration stations. However, if the District is required to install aeration stations and unable to obtain temporary relief from the DO standards, the District may be obligated to incur potentially substantial amounts to make the capital investments sufficient to implement any requirement for supplemental aeration stations.

Regarding effluent disinfection, while the Board's ruling did not make disinfection mandatory at the Stickney WRP, the IEPA received objections to Stickney's draft renewed NPDES permit challenging the lack of a disinfection requirement. If disinfection is required, the District could incur potentially substantial capital costs to disinfect both Stickney's effluent as well as wet weather overflows from the Racine Avenue Pumping Station.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

NPDES Permits. The District operates its WRPs in accordance with National Pollutant Discharge Elimination System (*"NPDES"*) permits issued by the IEPA. The NPDES permits for the Calumet and O'Brien WRPs were renewed in July 2017, and the Stickney NPDES permit was modified at that time. The NPDES permits for the Egan, Hanover Park, and Kirie WRPs were renewed effective January, May, and August 2021, respectively. All of these permits include phosphorous limits of 1.0 mg/L that must be met within varying timeframes not exceeding 10 years, and subject to interim milestones. At the three largest plants—the Stickney, Calumet, and O'Brien WRPs—and at the Kirie plant, the 1.0 mg/L limit is to be followed by a 0.5 mg/L limit that will apply starting in 2030 unless the District makes certain showings such as that this limit is not technologically feasible. Under the permits for all of the above six plants, the District must also fund a study on phosphorous in the area waterways. If the study finds nutrient-related impairments in a waterway, the District could be required to meet even lower phosphorous effluent limits at one or more of these WRPs. The costs of meeting such limits could be substantial.

NPDES Consent Decree. The District's NPDES permits, in addition to controlling discharges from the WRPs, also impose conditions upon combined sewer system overflows (the *"CSOs"*). In compliance with the NPDES permits, the District's Tunnel and Reservoir Plan ("TARP") was developed as a long-term control plan to control CSOs. The USEPA, joined by the IEPA, previously alleged that discharges from the District's CSOs violated certain permit requirements, including the prohibition on discharging pollutants into waters that cause or contribute to violations of applicable water quality standards for dissolved oxygen, solids, and floatables. Entities with combined sewer systems that cause or contribute to such exceedances are subject to an enforceable schedule for the implementation of a long-term control plan, requiring a judgment or a consent decree entered in a federal district court.

In December 2011, the USEPA and IEPA lodged a consent decree negotiated between the USEPA, IEPA and the District in the case captioned *United States of America and State of Illinois v. Metropolitan Water Reclamation District of Greater Chicago*, 11 CV 08859. Without an admission of liability, the consent decree resolved the federal and state claims associated with the District's CSOs. The consent decree, among other things: (a) establishes a construction schedule with interim milestones for completion and operation of portions of the District's TARP plan; (b) obligates the District to advance funds to the U.S. Army Corps of Engineers (the *"Corps"*) for portions of the District's TARP for which the Corps is responsible should federal funds be unavailable to the Corps by the stated deadlines; (c) establishes performance criteria and develops post-construction monitoring for portions of the TARP system; (d) requires the District to continue seasonal operation of debris boats and pontoon boats to control floatables in the CAWS; (e) requires the District to submit annual reports on its compliance with the terms of the consent decree; (f) imposes stipulated penalties for violations of the decree; (s) requires the District to implement green infrastructure projects staggered over the 15 years that provide a minimum of 10 million gallons of design retention capacity for any individual storm.

On January 6, 2014, the United States District Court for the Northern District of Illinois (*"District Court"*) entered the consent decree over the objection of several NGOs. The NGOs appealed, and, on July 9, 2015, the United States Court of Appeals for the Seventh Circuit issued its opinion captioned *United States of America and State of Illinois v. Metropolitan Water Reclamation District of Greater Chicago, et al*., 14-1776 & 14-1777 affirming the District court, thereby ending the litigation. The District Court retained jurisdiction to enforce the terms of the decree.

LITIGATION

Upon the delivery of the Bonds, the District will furnish a certificate to the effect that there is no litigation pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds or the pledge of the District's full faith, credit and taxing power for their payment.

The District has previously been and is presently a party to several proposed class action lawsuits in the Circuit Court of Cook County arising out of local sewer back-ups and basement flooding. The District is also in receipt of a number of flooding claims in which lawsuits have not yet been filed. The lawsuits and claims are generally brought in tort, or for constitutional or statutory violations. As of the date of this Official Statement, the District has prevailed in every fully adjudicated matter.

Two proposed class action cases have been consolidated and remain pending in the Circuit Court of Cook County Illinois Chancery Division. In addition, an insurer of a commercial building in Chicago has filed a subrogation case that seeks money damages as a result of flooding. The case is premised on tort, statutory and constitutional grounds and seeks in excess of $14 million from the District and City of Chicago. The case was recently removed to the District Court of the Northern District of Illinois, where a motion to remand is pending. The estimated potential liability in these matters is $60 million, of which $43 million is attributable to the proposed class action lawsuits. The District will continue to vigorously contest liability in each of these matters.

The District is also involved in various other litigation matters relating principally to claims arising from construction contracts, enforcing property rights, personal injury and property damage. The majority of any claims and judgments for personal injury and property damage are recovered by insurance or settled and paid from the District's Reserve Claim Fund. For example, currently, the District is a defendant in a personal injury action brought by a contractor's employee for injuries sustained when he fell from a ladder while the contractor was performing work under a District contract for improvements to one of the District's WRPs. The District's defense has been tendered to the contractor and the tender has been accepted. So, the District is being defended and indemnified in that action. Most claims and judgments involving construction contracts are paid by the Capital Improvement Fund. One claim of note that the District is currently defending was recently filed by a contractor who claims changed conditions led to over $9 million in extra work or change order. The case is pending the Circuit Court of Cook County's Law Division. The District is and will continue to vigorously defend itself in this case.

RISK MANAGEMENT

The District is primarily self-insured for the "working layer" of losses. The District purchases excess insurance policies that provide funding for catastrophic level losses. The current coverage includes property coverage for $10.5 billion in District assets, excess liability coverage for third-party legal liability issues, cyber liability, fiduciary liability, government crime and travel accident.

The District has statutory authority for a Reserve Claim Fund to pay judgments or claims against the District, including environmental liabilities. Statutory authority authorizes the District to levy an annual property tax not to exceed 0.005% of the equalized assessed valuation of all taxable property within the District. The amount accumulated in the Reserve Claim Fund cannot exceed .05% of the equalized assessed property valuation, or approximately $85.4 million.

The District's Reserve Claim Fund collected revenues totaling $7.7 million in 2020 (primarily from property taxes) and made payments totaling $2.7 million (primarily employee injury claims). The fund balance at December 31, 2019, was $29.4 million and at December 31, 2020, was $34.4 million.

For additional information regarding the District's insurance policies and the Reserve Claim Fund, see "APPENDIX A—Basic Financial Statements."

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission (the *"Commission"*) under the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "THE UNDERTAKING."

The District represents that, within the past five years, it has not failed to comply in all material respects with each and every continuing disclosure undertaking that it has previously entered into pursuant to the Rule. The District has timely made all filings required by its previous undertakings entered into pursuant to the Rule, however, certain annual financial information and audited financial statement filings required by such undertakings were not initially linked to all applicable CUSIP numbers on the EMMA system. Such filings have since been linked to all applicable CUSIP numbers.

A failure by the District to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to remedies described in the Undertaking. See "THE UNDERTAKING—Consequences of Failure of the District to Provide Information." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. Annual Financial Information, exclusive of the Audited Financial Statements, will be provided to the MSRB within 210 days after the last day of the District's fiscal year (currently December 31). Audited Financial Statements, as described below, should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

"Annual Financial Information" means the financial information and operating data of the type contained in the Official Statement under the following captions: "DEBT INFORMATION" (excluding information in the table "Estimated Overlapping Bonded Debt," and graph and information under the heading "Debt Limits and Borrowing Authority"), "BUDGETARY PROCEDURES—Comparative Budget Information," "TAXATION OF PROPERTY WITHIN THE DISTRICT—STATISTICAL INFORMATION," "APPENDIX B—CAPITAL IMPROVEMENTS PROGRAM," Table 1 and Tables 3 through 9 and Exhibit A in "APPENDIX C—PENSION AND OTHER POST-EMPLOYMENT BENEFITS."

"Audited Financial Statements" means the audited financial statements of the District prepared using the accounting standards as follows: Generally Accepted Accounting Principles, as applicable to governmental units (*i.e.,* as subject to the pronouncements of the Governmental Accounting Standards Board) and subject to any express requirements of State law.

Audited Financial Statements shall be provided to the MSRB at the time the Annual Financial Information is provided, or within 30 days after availability to the District, if later.

REPORTABLE EVENTS DISCLOSURE

The District covenants that it will disseminate to the MSRB in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event), the disclosure of the occurrence of a Reportable Event (as described below) with respect to the Bonds, in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The “Reportable Events” are:

(i) Principal and interest payment delinquencies
(ii) Non-payment related defaults, if material
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties
(v) Substitution of credit or liquidity providers, or their failure to perform
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
(vii) Modifications to the rights of security holders, if material
(viii) Bond calls, if material, and tender offers
(ix) Defeasances
(x) Release, substitution or sale of property securing repayment of the securities, if material
(xi) Rating changes
(xii) Bankruptcy, insolvency, receivership or similar event of the District[1]
(xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material
(xv) Incurrence of a financial obligation[2] of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and
(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties

1 This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

2 For purposes of this Undertaking, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION

The District is required to give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the District by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the District (such as bond counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The District shall give notice to the MSRB in a timely manner if this paragraph is applicable.

ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking, *provided* that the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

DISSEMINATION OF INFORMATION; DISSEMINATION AGENT

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

UNDERWRITING

The underwriters listed on the cover page of this Official Statement (collectively, the *"Underwriters"*) have jointly and severally agreed, subject to certain conditions, to purchase the Bonds from the District. The purchase price for the 2021A Bonds shall be $142,859,633.40 (the par amount of the 2021A Bonds less an underwriting discount of $86,590.60 and plus original issue premium of $29,011,224.00). The purchase price for the 2021B Bonds shall be $39,813,377.05 (the par amount of the 2021B Bonds less an underwriting discount of $22,800.00 and plus original issue premium of $9,836,177.05). The purchase price for the 2021C Bonds shall be $204,677,253.15 (the par amount of the 2021C Bonds less an underwriting discount of $126,296.80 and plus original issue premium of $38,623,549.95). The purchase price for the 2021D Bonds shall be $41,640,001.35 (the par amount of the 2021D Bonds less an underwriting discount of $23,981.80 and plus original issue premium of $10,108,983.15). The purchase price for the 2021E Bonds shall be $112,399,511.40 (the par amount of the 2021E Bonds less an underwriting discount of $85,488.60). The purchase price for the 2021F Bonds shall be $45,810,157.80 (the par amount of the 2021F Bonds less an underwriting discount of $34,842.20). The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The District maintains various banking relationships with certain of the Underwriters. Various officers of the Underwriters hold positions on governing boards of certain overlapping units of government.

The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions set forth in the Bond Purchase Agreement with respect to the Bonds. The Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds.

The Underwriters may offer and sell the Bonds to certain dealers (including those dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page. After the initial public offering, the public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the District and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District**.** The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Academy Securities, Inc., one of the Underwriters of the Bonds, has entered into Third-Party Distribution Agreements with TD Ameritrade Inc., BNY Mellon Capital Markets LLC, Commonwealth Financial Network, R. Seelaus & Co., Intercoastal Capital Markets, Inc., Janney Montgomery Scott LLC, The GMS Group LLC, Insperex LLC, Mountainside Securities LLC, World Equity Group, Inc., and CINCaP Investment Group, Inc. for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these Third-Party Distribution Agreements (if applicable to this transaction), Academy Securities may share a portion of its underwriting compensation with these firms.

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of Charles Schwab & Co., Inc. ("*CS&Co.*") and LPL Financial LLC ("*LPL*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Melvin Securities, LLC, one of the Underwriters of the Bonds, has entered into separate agreements with other firms that enable such firms to distribute certain new issue municipal securities underwritten by or allocated to Melvin Securities, LLC which could include the Bonds. Under such agreements, Melvin Securities, LLC will share with such firms a portion of the fee or commission paid to Melvin Securities, LLC.

Stern Brothers has entered into retail distribution agreements with third party broker-dealers, under which Stern Brothers may distribute municipal securities to retail investors through the third-party broker-dealer's respective financial advisors or electronic trading platforms. As part of these arrangements, Stern may share a portion of their underwriting compensation to those third-party broker-dealers.

The District intends to use a portion of the proceeds from this offering to redeem the Refunded Bonds. To the extent an Underwriter or an affiliate thereof is an owner of the Refunded Bonds, such Underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Bonds in connection with such Refunded Bonds being redeemed by the District.

CO-FINANCIAL ADVISORS

The District has engaged Acacia Financial Group, Inc. and Columbia Capital Management, LLC, as co-financial advisors (the *"Co-Financial Advisors"*), in connection with the authorization, issuance and sale of the Bonds. Under the terms of their engagement, the Co-Financial Advisors are not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hardwick Law Firm, LLC, Chicago, Illinois, Co-Bond Counsel who have been retained by, and who act as counsel to, the District. Certain legal matters will be passed upon for the District by its General Counsel. Certain legal matters will be passed on for the Underwriters by Chapman and Cutler LLP, Chicago, Illinois, and Burke Burns & Pinelli, Ltd., Chicago, Illinois, Co-Underwriters' Counsel. Co-Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that Co-Bond Counsel has, at the request of the District, reviewed only those portions of the Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), and the description of the federal tax status of interest on the Bonds. This review was undertaken solely at the request of the District and did not include any obligation to establish or confirm factual matters set forth herein. Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois and Shaw Legal Services, Ltd., Chicago, Illinois are Co-Disclosure Counsel to the District.

ADDITIONAL INFORMATION—APPENDICES

Included in this Official Statement as APPENDIX A are the District's Basic Financial Statements for the year ended December 31, 2020. A description of the District's Capital Improvements Program is included as APPENDIX B. Information regarding the District's

Retirement Fund is included as APPENDIX C. Economic and demographic information with respect to Cook County is presented as APPENDIX D. The forms of the opinions of Co-Bond Counsel are included as APPENDIX E. Information concerning DTC and DTC's book-entry system is included as APPENDIX F.

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AUTHORIZATION

The District has authorized the distribution of this Official Statement.

At the time of delivery of the Bonds, the District will furnish a certificate executed by the Treasurer stating that to the best of her knowledge the Official Statement does not (as of the date thereof and will not at the date of the delivery of the Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

\s\ Mary Ann Boyle

Treasurer
Metropolitan Water Reclamation District of Greater Chicago
100 East Erie Street
Chicago, Illinois 60611
Telephone: (312) 751-5150

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APPENDIX A

BASIC FINANCIAL STATEMENTS

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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 Financial Statements

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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metropolitan Water Reclamation District Pension Trust Fund, which represents 80 percent, 82 percent and 70 percent, respectively, of the assets, 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 opinion, insofar as it relates to the amounts included for the Metropolitan Water Reclamation District Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Metropolitan Water Reclamation District Retirement Fund and Retiree Health Care Trust Fund were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Metropolitan Water Reclamation District of Greater Chicago's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Water Reclamation District of Greater Chicago's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Metropolitan Water Reclamation District of Greater Chicago as of December 31, 2020 and the respective changes in financial position thereof and the respective budgetary comparison for the General Corporate Fund and the Retirement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements. The Other Supplementary Information for the year ended December 31, 2020 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, 2020, 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 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.

The basic financial statements of the Metropolitan Water Reclamation District of Greater Chicago as of and for the year ended December 31, 2019 (not presented herein) were audited by other auditors whose report thereon dated May 8, 2020, expressed unmodified opinions on the basic financial statements. The report of the other auditors dated May 8, 2020 state that the Other Supplementary Information for the year ended December 31, 2019 was subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements. The Introductory Section and Statistical and Demographics Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

Other auditors have previously audited the Metropolitan Water Reclamation District of Greater Chicago's 2019 financial statements, and expressed unmodified audit opinions on the basic financial statements in their report dated May 8, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021 on our consideration of the Metropolitan Water Reclamation District of Greater Chicago'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 soley 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 Metropolitan Water Reclamation District of Greater Chicago'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 Metropolitan Water Reclamation District of Greater Chicago's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
May 7, 2021

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

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 letter of transmittal and the basic financial statements.

2020 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is $4,825,352,000. This can be attributed to the District's positive balance of $5,035,623,000 in net investment in capital assets.
- The District's government-wide net position increased by $88,792,000. This is mainly attributable to the $85 million increase in net investment in capital assets, $9 million increase in restricted funds for capital projects, and a $7 million increase in the District's unrestricted deficit.
- The District's combined fund balances for its governmental funds at December 31, 2020 totaled $710,314,000, a decrease of $8,117,000 from the prior year. The decrease is primarily attributable to an increase in spending on projects in the Stormwater Funds.
- The District's government-wide liabilities decreased by $207,859,000 in 2020. The decrease is mainly attributed to large reductions in both OPEB and Pension liabilities, $61 million and $97 million respectively. A $71 million reduction in bonds and notes payable, along with a $37 million increase in other liabilities, accounts for the remainder of the reduction in government wide liabilities.

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 declining.

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 2020, total tax revenues increased by $1,820,000 in the District's Statement of Activities, as shown on page 39. The property tax levies for the Corporate Fund and Debt Service Fund increased from the prior year; however, a decrease in the Construction Fund Levy and a decrease in PPRT resulted in the net $1.8 million increase. The economy weakened in 2020 due to the COVID-19 pandemic resulting in the decrease in PPRT.

Program revenue. The change in program revenues was minimal from 2019 to 2020. User Charge revenues decreased $1,310,000 as shown on page 41. The two main reasons for the decrease in User Charge revenue are a decrease in rates and the Covid pandemic. The Covid pandemic and the subsequent decrease in air travel and overall business activity in the District service area are a factor in the decrease. The increase of $217,000 in land rental revenue is due to new and renewal agreements at higher rental amounts and an increase in the Consumer Price Index.

Interest on Investments. The decrease in interest income of $10,321,000 as shown on page 39 was a direct result of the COVID-19 pandemic. In response to poor economic conditions due to the COVID-19 pandemic, the Fed lowered the target range for the federal funds rate to 0-25 basis points, where it has remained since. This has caused nearly all-time lows in fixed income investment earnings.

TIF revenue. An increase of $8,175,000 in TIF revenue in the General Corporate Fund as shown on page 41 was due to a TIF surplus declaration from the City of Chicago.

Construction costs. The increase in construction costs of $19,650,000, as shown on page 39, is mainly attributable to the start of two large projects during 2020. Engineering project 17-140-3P, Digester Rehab and Gas Piping Replacement, and project 18-277-3M, Digester Sludge and Heating Systems Upgrades, accounted for an increase of $8 million and $11 million in construction costs respectively.

Pension costs. The 2020 pension cost increased $16,752,000 from 2019, as seen on page 39. 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 a variety of items including employee service cost, interest, differences between expected and actual investments, and administrative expenses. The current year increase is attributed to an additional $20,000,000 contribution of accumulated interest income to the Pension Trust Fund as well as changes in the various items that are included in the government wide pension expense. A detailed table of these additional items can be found in Note 7, Pension Plan.

Claims and judgments. The $8,994,000 decrease in the Statement of Activities claims and judgments expense on page 39 is due to a decrease in future claims liabilities for Environmental remediation and a reduction in claims paid from the Reserve Claim Fund for 2020.

Employee costs. The District’s employee-related expenditures are comprised of employee base salaries and overtime pay, employee benefits, including social security, Medicare, health, dental and life insurances, 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 67.3% of the total outlays for 2020. The 0.2% decrease in employee costs of $513,000, is the net result of an increase in current mandatory annual salary adjustments, promotions and step increases for employees totaling approximately $2.5 million combined with a decrease in healthcare costs, of $2.4 million. The healthcare cost decrease can be tied to COVID-19 and a decrease of routine, non-emergency services and elective surgeries. Many plan participants were likely deferring care during the early portion of the pandemic and have been slow to return to the health care setting. The District also experienced decreases in tuition and related travel expenses of approximately $613,000 in relation to COVID-19.

Energy costs. In 2020, energy costs in the General Corporate Fund showed a decrease of $3,741,000 or 9% as seen on page 41. 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 2020 contributed to a savings in energy costs. Additionally, the District participates in a reverse electricity auction to manage electricity costs.

Solids and waste disposal costs. Solids and waste disposal costs in the General Corporate Fund increased $3,374,000 as shown on page 41 largely due to an over $2.3 million increase in spending in the contract for the beneficial reuse of biosolids at LASMA and CALSMA. The purpose of this contract is to collect and transport semi-dry biosolids and centrifuge cake from various District sites, and apply these biosolids products to privately owned agricultural land for the purpose of adding beneficial nutrients and organic matter to the soil.

Repairs to structures. Costs for repairs to structures decreased $2,443,000 in the General Corporate Fund as shown on page 41 because of the pandemic, which resulted in reduced staffing levels and strict social distancing protocols at all District Facilities. Expenditures for contracts to complete repairs and alterations to water reclamation facilities that are used to procure labor hours of various skilled and unskilled trades, decreased over $2 million from 2019 to 2020.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2020 and 2019, is presented in the following schedule (in thousands of dollars):

	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other assets	$ 1,391,381	$ 1,387,357	$ 4,024	0.3 %
Capital assets	7,751,438	7,700,052	51,386	0.7
Total assets	9,142,819	9,087,409	55,410	0.6
Deferred Outflows of Resources:				
Loss on prior debt refunding	3,318	3,845	(527)	(13.7)
Deferred amounts related to pension	326,512	369,064	(42,552)	(11.5)
Total deferred outflows of resources	329,830	372,909	(43,079)	(11.6)
Liabilities:				
Current liabilities	305,997	361,828	(55,831)	(15.4)
Long-term liabilities	4,135,261	4,287,289	(152,028)	(3.5)
Total liabilities	4,441,258	4,649,117	(207,859)	(4.5)
Deferred Inflows of Resources:				
Deferred inflows for other pension and OPEB amounts	206,039	74,641	131,398	176.0
Total deferred inflows of resources	206,039	74,641	131,398	
Net Position:				
Net investment in capital assets	5,035,623	4,950,141	85,482	1.7
Restricted	726,058	716,218	9,840	1.4
Unrestricted (Deficit)	(936,329)	(929,799)	(6,530)	0.7
Total net position	$ 4,825,352	$ 4,736,560	$ 88,792	1.9 %

The above schedule reports that the District’s net position totaled $4,825,352,000 at December 31, 2020, 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, $5,035,623,000, 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 $726,058,000 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 $936,329,000.

A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2020 and 2019 is presented in the following schedule (in thousands of dollars):

	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
General Revenues:				
Taxes	$ 659,260	$ 657,440	$ 1,820	0.3 %
Interest	7,972	18,293	(10,321)	(56.4)
Other	25,659	21,222	4,437	20.9
Program Revenues:				
User charges	47,216	48,526	(1,310)	(2.7)
Land rentals	25,044	24,827	217	0.9
Fees, forfeits, and penalties	3,499	4,044	(545)	(13.5)
Capital grants	13,623	18,271	(4,648)	(25.4)
Total revenues	782,273	792,623	(10,350)	(1.3)
Expenses				
Board of Commissioners	4,591	4,400	191	4.3
General Administration	18,115	17,104	1,011	5.9
Monitoring and Research	30,705	30,385	320	1.1
Procurement and Materials Management	6,130	5,714	416	7.3
Human Resources	51,224	53,585	(2,361)	(4.4)
Information Technology	15,349	15,534	(185)	(1.2)
Law	6,186	5,951	235	3.9
Finance	3,539	3,618	(79)	(2.2)
Engineering	25,390	25,192	198	0.8
Maintenance and Operations	191,573	190,841	732	0.4
Pension costs	151,651	134,899	16,752	12.4
OPEB Trust Fund costs	(9,874)	(3,146)	(6,728)	213.9
Claims and judgments	1,495	10,489	(8,994)	(85.7)
Construction costs	84,642	64,992	19,650	30.2
Loss on disposal of capital assets	3	—	3	100.0
Unallocated depreciation	11,597	11,719	(122)	(1.0)
Interest	101,165	105,165	(4,000)	(3.8)
Total expenses	693,481	676,442	17,039	2.5
Increase in net position	88,792	116,181	(27,389)	(23.6)
Total net position, beginning of year	4,736,560	4,620,379	116,181	2.5
Total net position, end of year	$ 4,825,352	$ 4,736,560	$ 88,792	1.9 %

Total revenues decreased by $10,350,000 in 2020, or 1.3% from the prior year, and total expenses increased by $17,039,000 in 2020 or 2.5%. The major reasons for the variances are detailed under Key Financial Comparisons on page 36.

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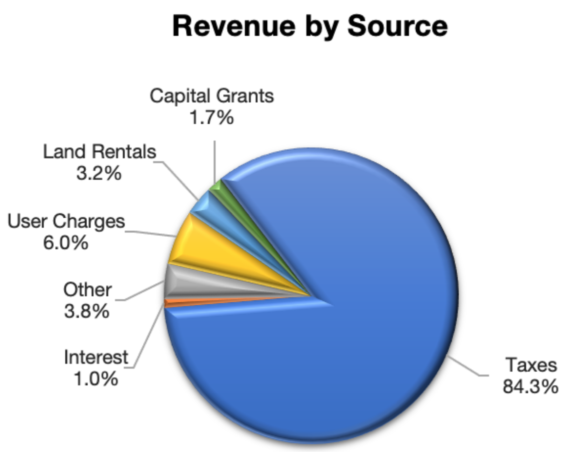
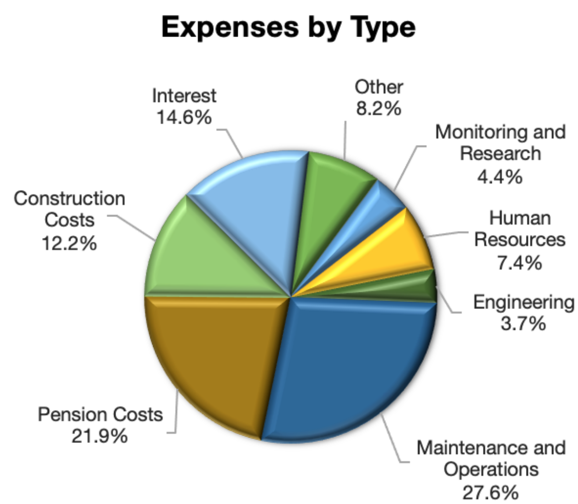
The following charts show the major sources of revenue and expenses for the year ended December 31, 2020:





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 2020, 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 $710,314,000, a decrease of $8,117,000 or 1.1% from 2019. A total of $42,232,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $567,137,000, assigned fund balances totaled $159,082,000, and the remaining deficit of $58,137,000 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 $298,493,000. The fund balance represented 85.8% 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 $20,634,000 from 2019. 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 64-70 .

The General Corporate Fund ended the year with an unassigned fund balance deficit of $58,137,000 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, 2020 and 2019 is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Revenue Schedule

	2020		2019			
	Amount	% of Total	Amount	% of Total	Increase (Decrease)	Percent Increase (Decrease)
Revenues:						
Property taxes	$ 251,808	67.2 %	$ 215,370	62.5 %	$ 36,438	16.9 %
Personal property replacement tax	22,528	6.0	27,385	7.9	(4,857)	(17.7)
Total tax revenue	274,336	73.2	242,755	70.4	31,581	13.0
Interest on investments	2,802	0.7	6,843	2.0	(4,041)	(59.1)
Land sales	52	—	3,073	0.9	(3,021)	(98)
Tax increment financing distributions	18,520	4.9	10,345	3.0	8,175	79.0
Claims and damage settlements	44	—	415	0.1	(371)	(89.4)
User charges	47,216	12.6	48,526	14.1	(1,310)	(2.7)
Land rentals	25,044	6.7	24,827	7.2	217	0.9
Fees, forfeits, and penalties	2,541	0.7	2,628	0.8	(87)	(3.3)
Federal and state grants	207	0.1	77	—	130	168.8
Miscellaneous	3,810	1.1	4,981	1.4	(1,171)	(23.5)
Total revenues	$ 374,572	100.0 %	$ 344,470	100.0 %	$ 30,102	8.7 %

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 2020, General Corporate Fund revenues totaled $374,572,000, an increase of $30,102,000, or 8.7%, from 2019. The major variances in revenues are explained under Key Financial Comparisons on page 36.

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2020 and 2019, is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Expenditures Schedule

	2020		2019			
	Amount	% of Total	Amount	% of Total	Increase (Decrease)	Percent Increase (Decrease)
Expenditures:						
Employee Cost	$ 234,272	67.3 %	$ 234,785	66.1 %	$ (513)	(0.2)%
Energy Cost	38,077	10.9	41,818	11.8	(3,741)	(8.9)
Chemicals	8,155	2.3	9,943	2.7	(1,788)	(18.0)
Solids & waste disposal	17,314	5.0	13,940	4.0	3,374	24.2
Repairs to structures/equipment	14,758	4.2	17,201	4.8	(2,443)	(14.2)
Materials, parts, & supplies	11,285	3.2	11,156	3.1	129	1.2
Insurance	3,571	1.1	2,974	0.8	597	20.1
Professional services	3,642	1.1	3,500	1.0	142	4.1
Claims and judgments	2,652	0.8	4,547	1.3	(1,895)	(41.7)
Other	14,212	4.1	15,489	4.4	(1,277)	(8.2)
Total expenditures	$ 347,938	100.0 %	$ 355,353	100.0 %	$ (7,415)	(2.1)%

In 2020, General Corporate Fund expenditures totaled $347,938,000, a decrease of $7,415,000, or 2.1%, from 2019. 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 2020, accounting for 87.4% of total expenditures versus 82.7% in 2019. The major variances in expenses are explained under Key Financial Comparisons on page 36.

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 $113,261,000. The fund balance represented 48.6% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund increased by $1,826,000 in the current year, due to both an increase in property tax revenue and a decrease in bond principal and interest payments.

The Capital Improvements Bond Fund is a capital projects fund used by the District for the construction and preservation of capital facilities. The Capital Improvements Bond Fund's resources are bond proceeds, 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 $221,006,000. This amount will provide resources for the 2021 capital construction program. The fund balance represented 232.9% of the fund's expenditures. The fund balance decrease of $23,562,000 in the current year was primarily due to continued construction of capital projects and no issuance of general obligation bonds in 2020.

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 2020 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 2020 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 2020 General Corporate Fund budget and actual amounts is presented in the following schedule (in thousands of dollars):

	Budget		Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property and personal property replacement taxes	$ 283,403	$ 283,403	$ 281,933	$ (1,470)
Adjustment for working cash borrowing	(4,929)	(4,929)	(4,929)	—
Adjustment for estimated tax collections	—	—	(15,325)	(15,325)
Tax revenue available for current operations	278,474	278,474	261,679	(16,795)
User charges	43,000	43,000	45,902	2,902
Interest on investments	2,800	2,800	2,272	(528)
Tax increment financing distributions	19,225	19,225	18,520	(705)
Land rentals	23,000	23,000	24,336	1,336
Land sales	—	—	52	52
Claims and damage settlements	—	—	414	414
Other	6,620	6,620	5,899	(721)
Total revenues	373,119	373,119	359,074	(14,045)
Operating expenditures:				
Board of Commissioners	5,294	5,294	4,490	804
General Administration	29,712	29,462	17,397	12,065
Monitoring and Research	31,827	31,827	29,615	2,212
Procurement and Materials Management	9,945	10,195	8,622	1,573
Human Resources	61,448	61,198	51,144	10,054
Information Technology	18,492	18,742	15,694	3,048
Law	7,274	7,274	6,121	1,153
Finance	3,883	3,883	3,535	348
Engineering	25,911	25,911	22,869	3,042
Maintenance and Operations	204,415	204,415	187,156	17,259
Claims and judgments	34,395	34,395	2,652	31,743
Total expenditures	432,596	432,596	349,295	83,301
Revenues over (under) expenditures	(59,477)	(59,477)	9,779	69,256
Fund balance at beginning of year	163,989	163,989	155,574	(8,415)
Fund balance available for future use	(104,512)	(104,512)	—	104,512
Fund balance at beginning of year	59,477	59,477	155,574	96,097
Fund balance at end of the year	$ —	$ —	$ 165,353	$ 165,353

Actual revenues on a budgetary basis for 2020 in the General Corporate Fund totaled $359,074,000, or $14,045,000 less than budgeted revenues, a 3.8% variance. Property taxes and personal property replacement taxes were $16,795,000 less than the budget, due to the timing of collections. User charge receipts were $2,902,000 more than budgeted due to the timing of collections and a budgeted decrease in the user charge rates. Interest on investments was $528,000 less than budget. In response to poor economic conditions due to the COVID-19 pandemic, the Fed lowered the target range for the federal funds rate causing nearly all-time lows in fixed income investment earnings. Land rentals were $1,336,000 more than the budget, due to a continued effort to maximize the District's real estate portfolio.

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The 2020 General Corporate Fund final appropriation of $432,596,000 is the same as the original amount. Actual budgetary expenditures totaled $349,295,000, or 80.7%, of the total appropriation. The $83,301,000 excess of appropriations over actual expenditures was primarily due to claims and judgments costs being $31,743,000 less than appropriations, and positive variances in expenditures from all departments, most noticeably a $17,259,000 positive variance for Maintenance and Operations and a $10,054,000 positive variance for Human Resources. The District spent less than budgeted on health care expenses in 2020 due to the impact of COVID-19 on utilization of routine, non-emergency services, and elective surgeries. Expenditures for the Maintenance and Operations department were below appropriations largely due to the pandemic, which resulted in reduced staffing levels and strict social distancing protocols at all District Facilities. For instance, expenditures for Contract 20-611-11, Repairs and Alterations to Various Water Reclamation Facilities, the purpose of which is to procure labor hours of various skilled and unskilled trades, were approximately $3 million, or 47 percent, below the project’s adjusted budget.

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, 2020, amounted to $7,751,438,000. Reportable capital assets, net of accumulated depreciation, for 2020 as compared to 2019 are as follows (in thousands of dollars):

	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
Land	$ 144,020	$ 146,800	$ (2,780)	(1.9)%
Permanent easements	2,532	2,208	324	14.7
Buildings	6,429	6,614	(185)	(2.8)
Machinery and equipment	22,939	24,694	(1,755)	(7.1)
Computer software	396	657	(261)	(39.7)
Depreciable infrastructure	1,618,022	1,628,873	(10,851)	(0.7)
Modified infrastructure	5,473,203	5,470,518	2,685	—
Construction in progress	483,897	419,688	64,209	15.3
Total	$ 7,751,438	$ 7,700,052	$ 51,386	0.7 %

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

- Total capital asset additions exceeded retirements and depreciation by $51,386,000 in 2020.
- Construction in progress increased by $64,209,000 from 2019 to 2020. The increase was due to ongoing construction at various locations for stormwater, like Addison Creek and Melvina Ditch, and streambank improvements, as well as the water reclamation plants' new facilities, like the primary tanks at Stickney and the biofiltration odor system.
- The increase in the Modified Infrastructure is primarily due to the substantial completion of the Installation of Disc Filters at the Hanover Park water reclamation plant. The remainder of the increase is due to the residual costs of construction projects completed in the prior year being added directly to infrastructure.

In addition to the above, commitments totaling $234,877,000 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 Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. The Egan and O'Brien networks each had its most recent condition assessment completed in 2019. Kirie, Central (Stickney) and Waterways each had its most recent condition assessment completed in 2020. (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, 2020, totaled $4,212,152,000. The breakdown of this debt and changes from 2019 to 2020 are as follows (in thousands of dollars):

	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
Net bonds payable	$ 2,836,904	$ 2,956,178	$ (119,274)	(4.0)%
Bond anticipation notes	76,035	27,275	48,760	178.8
Claims payable	25,898	27,055	(1,157)	(4.3)
Compensated absences	23,771	19,653	4,118	21.0
Capital lease	30,401	33,257	(2,856)	(8.6)
Net pension liability	1,146,935	1,244,395	(97,460)	(7.8)
Net OPEB liability	72,208	133,186	(60,978)	(45.8)
Total	$ 4,212,152	$ 4,440,999	$ (228,847)	(5.2)%

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

- Net bonds payable decreased by $119,274,000 in 2020 as a result of the retirement of debt.
- Bond anticipation notes increased by $48,760,000 in 2020 due to the issuance of notes and increase in interest receivable.
- Claims payable decreased by $1,157,000 primarily due to a decrease in potential environmental remediation claims.

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- Compensated absences increased due to employees forgoing paid time off and personal travel during the COVID-19 pandemic. Carryover vacation hours will be used during the first and second quarter of 2021.
- A number of items factor into the changes in the Net pension liability. The $97,460,000 decrease in the liability is made up of several items, but most notable is the positive market performance, which resulted in Net Investment income of approximately $225 million. As the District chose to use the prior year for the Measurement date, these earnings were from 2019. 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 $164,054,703,895 for the 2019 property tax levy. At December 31, 2020, the District's statutory debt limit of $9,433,145,474 exceeded the applicable net debt amount of $2,758,307,000 by $6,674,838,474; 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, 2020.

Effective January 1, 2020, 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 2020 is $173,113,833 (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, 2020, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of $1,654,965,000 did not exceed the limitation of $5,495,832,580.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2020, 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	$ 242	$ —	$ 242
2009	600	600	—
2011	255	255	—
2014	182	154	28
2016	376	54	322
Total bonds outstanding at December 31, 2020	1,655	$ 1,063	$ 592
Remaining bond authorization at December 31, 2020	3,841		
Total bond authorization at December 31, 2020	$ 5,496		

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 for 2020 was negatively impacted by the COVID-19 pandemic along with the global economy. Despite stimulus checks from the government, closed businesses and high rates of unemployment caused people to spend less in 2020 than in past years. Consumer spending declined significantly in the second quarter of 2020 when the pandemic and resulting stay-at-home orders went into effect. The drop in demand during the second quarter was driven by decreases in spending on goods and services, like restaurants, in the spring when many businesses were closed. These factors caused the GDP to decrease 2.3 percent in 2020. GDP is expected to rise in 2021 as the nation continues to recover from the pandemic due to the re-opening of businesses and the administration of vaccines.

The equalized assessed valuation of the District has experienced a (0.38)% average growth rate over the last ten years although the 2019 equalized assessed valuation of $164,054,703,895 is 5% higher than the previous year and shows sustained growth for the fourth straight year. The growth in commercial, industrial, and residential sectors in both downtown Chicago and the suburbs during 2019 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.

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

Year ended December 31, 2020

A strong fund balance, along with an emphasis on controlling expenditures, should allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. The boundaries of the District encompass 91% of the land area of Cook County. The District is located in one of the strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division increased to a seasonally adjusted rate of 9.3% for 2020, up from 3.8% from 2019. Employment was significantly impacted by the COVID-19 pandemic as numerous businesses closed for months and the overall economy has not fully recovered.

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 2021. The total appropriation for the Corporate Fund in 2021 is $399.3 million, an increase of $1.1 million, or .28% from the 2020 Adjusted Budget. The 2021 tax levy for the Corporate Fund is $270.9 million, an increase of $4.4 million, or 1.7% , compared to the 2020 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 2021 is 15.56 cents, a decrease of 0.6 cent from 2020 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 2021 totals $110.0 million, a decrease of $6.3 million or 5.4% from the 2020 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 2021 is 3.04 cents, which is a decrease of 0.16 cents from 2020 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 2021 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 2020, the District received $43,839,700 in cash receipts for SRF projects and is expected to receive approximately $70,000,000 in 2021.

Construction Fund. The Construction Fund appropriation for 2021 totals $15,741,200, a decrease of $2,303,200 or 12.8% from the 2020 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2021 tax levy planned for the Construction Fund is $7,000,000, representing no change from the 2020 Adjusted Levy.

Capital Improvements Bond Fund. The 2021 appropriation for the Capital Improvements Bond Fund is $310,382,600, an increase of $65,835,200 or 26.9% from the 2020 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 $211,940,000 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 $65,835,200 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 2021 budget document.

A listing and description of proposed projects, and projects under construction scheduled for 2021, can be found in the Capital Budget (Section V) of the 2021 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 Comprehensive Annual 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 $142,400,000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. Total net position was $270,206,000 million as of December 31, 2020. The accumulated unfunded OPEB obligation was estimated at approximately $47,913,000.00 at December 31, 2020.

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

Target Funding Level:	100% maximum
Funding Period:	12 years
Funding Amount:	$5 million funding in each of the twelve years 2015 through 2026, with no further advance funding contribution required after 2026

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

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

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

Organized Labor. The District has seven collective bargaining agreements that cover sixteen unions and include approximately 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 2017 and were set to expire in 2020. However, a one year extension was negotiated with all of the bargaining units and this extension will expire in 2021.

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, 2020
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2020	2019	2020	2019	2020	2019
Assets and deferred outflows of resources						
Assets:						
Cash	$ 28,707	$ 7,449	$ 1,636	$ 1,641	$ 42,472	$ 39,914
Certificates of deposit	55,650	63,984	—	15,008	305	88,748
Investments (note 4)	178,467	172,490	89,659	70,391	181,430	134,292
Prepaid expenses	6,089	5,825	—	—	—	—
Taxes receivable, net (note 5)	264,366	252,901	230,821	234,517	—	—
Other receivables, net (note 5)	4,189	2,643	—	—	24,636	8,021
Due from other funds (note 12)	298	224	—	—	—	—
Restricted deposits	458	436	—	—	32,137	33,009
Inventories	36,143	35,056	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Total assets	574,367	541,008	322,116	321,557	280,980	303,984
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	$ 574,367	$ 541,008	$ 322,116	$ 321,557	$ 280,980	$ 303,984
Liabilities, deferred inflows of resources, and fund balances/net position						
Liabilities:						
Accounts payable and other liabilities (note 5)	$ 27,826	$ 27,047	$ —	$ —	$ 26,884	$ 25,456
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned Revenue (note 5)	8,807	9,513	—	—	32,137	33,009
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	36,633	36,560	—	—	59,021	58,465
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	239,241	226,589	208,855	210,122	—	—
Other unavailable revenue (note 5)	—	—	—	—	953	951
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	239,241	226,589	208,855	210,122	953	951
Fund balances:						
Nonspendable:						
Prepaid insurance	6,089	5,825	—	—	—	—
Inventories	36,143	35,056	—	—	—	—
Restricted for:						
Deposits	458	436	—	—	—	—
Working cash	279,364	284,425	—	—	—	—
Reserve claims	34,576	29,765	—	—	—	—
Debt service	—	—	113,261	111,435	—	—
Capital projects	—	—	—	—	61,924	77,335
Assigned	—	—	—	—	159,082	167,233
Unassigned (Deficit)	(58,137)	(77,648)	—	—	—	—
Total fund balances	298,493	277,859	113,261	111,435	221,006	244,568
Total liabilities, deferred inflows, and fund balances	$ 574,367	$ 541,008	$ 322,116	$ 321,557	$ 280,980	$ 303,984
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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	$ —	$ —	$ 3,210	$ 1,959	$ 76,025	$ 50,963	$ —	$ —	$ 76,025	$ 50,963
	—	—	11,026	27,745	66,981	195,485	—	—	66,981	195,485
	—	—	66,679	56,049	516,235	433,222	—	—	516,235	433,222
	—	—	—	74	6,089	5,899	—	—	6,089	5,899
	76,719	75,736	55,836	58,408	627,742	621,562	—	—	627,742	621,562
	—	—	746	1,061	29,571	11,725	—	—	29,571	11,725
	—	—	—	—	298	224	(298)	(224)	—	—
	—	—	—	—	32,595	33,445	—	—	32,595	33,445
	—	—	—	—	36,143	35,056	—	—	36,143	35,056
	—	—	—	—	—	—	6,103,652	6,039,214	6,103,652	6,039,214
	—	—	—	—	—	—	1,647,786	1,660,838	1,647,786	1,660,838
	76,719	75,736	137,497	145,296	1,391,679	1,387,581	7,751,140	7,699,828	9,142,819	9,087,409
	—	—	—	—	—	—	3,318	3,845	3,318	3,845
	—	—	—	—	—	—	326,512	369,064	326,512	369,064
	—	—	—	—	—	—	329,830	372,909	329,830	372,909
	$ 76,719	$ 75,736	$ 137,497	$ 145,296	$ 1,391,679	$ 1,387,581	$ 8,080,970	$ 8,072,737	$ 9,472,649	$ 9,460,318
	$ —	$ —	$ 9,127	$ 8,171	$ 63,837	$ 60,674	$ —	$ —	$ 63,837	$ 60,674
	13,648	13,859	—	—	13,648	13,859	94,204	73,587	107,852	87,446
	—	—	298	224	298	224	(298)	(224)	—	—
	—	—	—	—	—	—	16,473	17,476	16,473	17,476
	—	—	—	—	40,944	42,522	—	—	40,944	42,522
	—	—	—	—	—	—	76,891	153,710	76,891	153,710
	—	—	—	—	—	—	4,135,261	4,287,289	4,135,261	4,287,289
	13,648	13,859	9,425	8,395	118,727	117,279	4,322,531	4,531,838	4,441,258	4,649,117
	63,071	61,877	50,518	52,332	561,685	550,920	(561,685)	(550,920)	—	—
	—	—	—	—	953	951	(953)	(951)	—	—
	—	—	—	—	—	—	206,039	74,641	206,039	74,641
	63,071	61,877	50,518	52,332	562,638	551,871	(356,599)	(477,230)	206,039	74,641
	—	—	—	74	6,089	5,899	(6,089)	(5,899)		
	—	—	—	—	36,143	35,056	(36,143)	(35,056)		
	—	—	—	—	458	436	(458)	(436)		
	—	—	59,096	60,680	338,460	345,106	(338,460)	(345,106)		
	—	—	—	—	34,576	29,765	(34,576)	(29,765)		
	—	—	—	—	113,261	111,435	(113,261)	(111,435)		
	—	—	18,458	23,889	80,382	101,224	(80,382)	(101,224)		
	—	—	—	—	159,082	167,233	(159,082)	(167,233)		
	—	—	—	(74)	(58,137)	(77,723)	58,137	77,723		
	—	—	77,554	84,569	710,314	718,431	(710,314)	(718,431)		
	$ 76,719	$ 75,736	$ 137,497	$ 145,296	$ 1,391,679	$ 1,387,581				
Net position:										
Net investment in capital assets							5,035,623	4,950,141	5,035,623	4,950,141
Restricted for corporate working cash							279,364	284,425	279,364	284,425
Restricted for reserve claim							15,227	9,194	15,227	9,194
Restricted for debt service							305,643	304,084	305,643	304,084
Restricted for capital projects							66,728	57,835	66,728	57,835
Restricted for construction working cash							21,960	22,713	21,960	22,713
Restricted for stormwater working cash							37,136	37,967	37,136	37,967
Unrestricted (Deficit)							(936,329)	(929,799)	(936,329)	(929,799)
Total net position							$ 4,825,352	$ 4,736,560	$ 4,825,352	$ 4,736,560

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

Year ended December 31, 2020
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues						
General revenues:						
Property taxes	$ 251,808	$ 215,370	$ 231,221	$ 206,777	$ —	$ —
Personal property replacement tax	22,528	27,385	—	—	—	—
Interest on investments	2,802	6,843	635	2,708	3,647	6,540
Land sales	52	3,073	—	—	—	—
Tax increment financing distributions	18,520	10,345	—	—	—	—
Claims and damage settlements	44	415	—	—	1,119	47
Miscellaneous	3,810	4,981	29	52	2,126	2,359
Gain on sale of capital assets	—	—	—	—	—	—
Program revenues:						
Charges for services:						
User charges	47,216	48,526	—	—	—	—
Land rentals	25,044	24,827	—	—	—	—
Fees, forfeits, and penalties	2,541	2,628	—	—	—	—
Capital grants and contributions:						
Federal and state grants	207	77	—	—	13,414	17,875
Total revenues	374,572	344,470	231,885	209,537	20,306	26,821
Expenditures/Expenses						
Board of Commissioners	4,491	4,396	—	—	—	—
General Administration	17,417	16,923	—	—	—	—
Monitoring and Research	30,090	30,325	—	—	—	—
Procurement and Materials Management	5,996	5,705	—	—	—	—
Human Resources	51,079	53,668	—	—	—	—
Information Technology	15,117	15,585	—	—	—	—
Law	6,121	6,134	—	—	—	—
Finance	3,537	3,592	—	—	—	—
Engineering	22,876	23,528	—	—	—	—
Maintenance and Operations	188,562	190,950	—	—	—	—
Pension costs	—	—	—	—	—	—
OPEB costs	—	—	—	—	—	—
Claims and judgments	2,652	4,547	—	—	—	—
Construction costs	—	—	—	—	90,515	74,080
Loss on disposal of capital assets	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—
Debt service:						
Redemption of bonds and capital lease	—	—	120,079	123,307	2,856	2,722
Interest and bond issuance costs	—	—	112,942	115,017	1,533	1,668
Total expenditures/expenses	347,938	355,353	233,021	238,324	94,904	78,470
Revenues over (under) expenditures	26,634	(10,883)	(1,136)	(28,787)	(74,598)	(51,649)
Other financing sources (uses)						
Bond anticipation notes issued	—	—	—	—	62,399	30,289
Bond anticipation notes converted	—	—	—	—	14,231	113,912
Bond anticipation notes refunded	—	—	—	—	(14,231)	(113,912)
Transfers	(6,000)	4,200	2,962	5,772	(11,363)	(4,200)
Total other financing sources (uses)	(6,000)	4,200	2,962	5,772	51,036	26,089
Net change in fund balances	20,634	(6,683)	1,826	(23,015)	(23,562)	(25,560)
Change in net position	—	—	—	—	—	—
Fund balances/net position:						
Beginning of the year	277,859	284,542	111,435	134,450	244,568	270,128
End of the year	$ 298,493	$ 277,859	$ 113,261	$ 111,435	$ 221,006	$ 244,568

See accompanying notes to the basic financial statements.

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2b)		Statements of Activities	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
$ 68,232	$ 61,792	$ 57,298	$ 51,416	$ 608,559	$ 535,355	$ 9,571	$ 74,259	$ 618,130	$ 609,614
18,602	20,441	—	—	41,130	47,826	—	—	41,130	47,826
—	—	888	2,202	7,972	18,293	—	—	7,972	18,293
—	—	—	—	52	3,073	(52)	(3,073)	—	—
—	—	—	—	18,520	10,345	—	—	18,520	10,345
—	—	—	28	1,163	490	—	—	1,163	490
8	15	19	12	5,992	7,419	(16)	(84)	5,976	7,335
—	—	—	—	—	—	—	3,052	—	3,052
—	—	—	—	47,216	48,526	—	—	47,216	48,526
—	—	—	—	25,044	24,827	—	—	25,044	24,827
—	—	958	1,416	3,499	4,044	—	—	3,499	4,044
—	—	—	316	13,621	18,268	2	3	13,623	18,271
86,842	82,248	59,163	55,390	772,768	718,466	9,505	74,157	782,273	792,623
—	—	—	—	4,491	4,396	100	4	4,591	4,400
—	—	—	—	17,417	16,923	698	181	18,115	17,104
—	—	—	—	30,090	30,325	615	60	30,705	30,385
—	—	—	—	5,996	5,705	134	9	6,130	5,714
—	—	—	—	51,079	53,668	145	(83)	51,224	53,585
—	—	—	—	15,117	15,585	232	(51)	15,349	15,534
—	—	—	—	6,121	6,134	65	(183)	6,186	5,951
—	—	—	—	3,537	3,592	2	26	3,539	3,618
—	—	—	—	22,876	23,528	2,514	1,664	25,390	25,192
—	—	—	—	188,562	190,950	3,011	(109)	191,573	190,841
106,842	82,248	—	—	106,842	82,248	44,809	52,651	151,651	134,899
—	—	—	—	—	—	(9,874)	(3,146)	(9,874)	(3,146)
—	—	—	—	2,652	4,547	(1,157)	5,942	1,495	10,489
—	—	60,579	54,096	151,094	128,176	(66,452)	(63,184)	84,642	64,992
—	—	—	—	—	—	3	—	3	—
—	—	—	—	—	—	11,597	11,719	11,597	11,719
—	—	—	—	122,935	126,029	(122,935)	(126,029)	—	—
—	—	—	—	114,475	116,685	(13,310)	(11,520)	101,165	105,165
106,842	82,248	60,579	54,096	843,284	808,491	(149,803)	(132,049)	693,481	676,442
(20,000)	—	(1,416)	1,294	(70,516)	(90,025)	159,308	206,206		
—	—	—	—	62,399	30,289	(62,399)	(30,289)	—	—
—	—	—	—	14,231	113,912	(14,231)	(113,912)	—	—
—	—	—	—	(14,231)	(113,912)	14,231	113,912	—	—
20,000	—	(5,599)	(5,772)	—	—	—	—	—	—
20,000	—	(5,599)	(5,772)	62,399	30,289	(62,399)	(30,289)	—	—
—	—	(7,015)	(4,478)	(8,117)	(59,736)	8,117	59,736	88,792	116,181
—	—	—	—	—	—	88,792	116,181	88,792	116,181
—	—	84,569	89,047	718,431	778,167	—	—	4,736,560	4,620,379
$ —	$ —	$ 77,554	$ 84,569	$ 710,314	$ 718,431	$ —	$ —	$ 4,825,352	$ 4,736,560

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, 2020

(in thousands of dollars)

	Budget Original	Budget Final	Actual on Budgetary Basis	Actual Variance With Final Budget - Positive (Negative)
Revenues:				
Property taxes:				
Gross levy	$ 266,455	$ 266,455	$ 266,455	$ —
Allowance for uncollectible taxes	(9,326)	(9,326)	(9,326)	—
Net property tax levy	257,129	257,129	257,129	—
Property tax collections	7,274	7,274	5,804	(1,470)
Personal property replacement tax:				
Entitlement	19,000	19,000	19,000	—
Total tax revenue	283,403	283,403	281,933	(1,470)
Adjustment for working cash borrowing	(4,929)	(4,929)	(4,929)	—
Adjustment for estimated tax collections	—	—	(15,325)	(15,325)
Tax revenue available for current operation	278,474	278,474	261,679	(16,795)
Interest on investments	2,800	2,800	2,272	(528)
Land sales	—	—	52	52
Tax increment financing distributions	19,225	19,225	18,520	(705)
Miscellaneous	4,728	4,728	3,332	(1,396)
User charges	43,000	43,000	45,902	2,902
Land rentals	23,000	23,000	24,336	1,336
Claims and damage settlements	—	—	414	414
Fees, forfeits, and penalties	1,892	1,892	2,567	675
Total revenues	373,119	373,119	359,074	(14,045)
Expenditures:				
Board of Commissioners	5,294	5,294	4,490	804
General Administration	29,712	29,462	17,397	12,065
Monitoring and Research	31,827	31,827	29,615	2,212
Procurement and Materials Management	9,945	10,195	8,622	1,573
Human Resources	61,448	61,198	51,144	10,054
Information Technology	18,492	18,742	15,694	3,048
Law	7,274	7,274	6,121	1,153
Finance	3,883	3,883	3,535	348
Engineering	25,911	25,911	22,869	3,042
Maintenance and Operations	204,415	204,415	187,156	17,259
Claims and judgments	34,395	34,395	2,652	31,743
Total expenditures	432,596	432,596	349,295	83,301
Revenues over (under) expenditures	(59,477)	(59,477)	9,779	69,256
Fund balances at beginning of year	163,989	163,989	155,574	(8,415)
Fund balances available for future use	(104,512)	(104,512)	—	104,512
Fund balances at beginning of the year	59,477	59,477	155,574	96,097
Fund balances at end of year	$ —	$ —	$ 165,353	$ 165,353

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, 2020

(in thousands of dollars)

Retirement Fund	**Final Budget**	**Actual on Budgetary Basis**	**Actual Variance with Final Budget - Positive (Negative)**
Revenues:			
Property taxes	$ 69,061	$ 68,232	$ (829)
Personal property replacement tax	18,258	18,602	344
Miscellaneous	—	8	8
Equity transfer to Retirement Fund	20,000	20,000	—
Total revenue and equity transfer	107,319	106,842	(477)
Operating expenditures:			
Pension costs	107,319	106,842	477
Total expenditures	107,319	106,842	477
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, 2020
(with comparative amounts for prior year)

(in thousands of dollars)

	2020	2019
Assets		
Cash	$ 306	$ 243
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts)	88,127	87,319
Securities sold	40,176	38,456
Accrued interest and dividends	3,203	3,600
Accounts receivable	107	78
Total receivables	131,613	129,453
Investments at fair value		
Equities	389,989	546,409
U.S. Government and government agency obligations	93,678	91,857
Corporate and foreign government obligations	132,057	120,775
Fixed Income Mutual Funds	79,799	76,435
Mutual and exchange traded funds	281,217	245,035
Pooled funds - equities	460,934	250,571
Pooled funds - fixed income	164,604	165,735
Limited partnerships - real estate	62,993	66,190
Short-term investment funds	35,597	51,653
Total investments	1,769,044	1,655,342
Securities lending capital	6,842	12,776
Total assets	1,907,805	1,797,814
Liabilities		
Accounts payable	1,044	1,251
Due to broker	48,823	44,437
Securities lending collateral	6,842	12,776
Total liabilities	56,709	58,464
Net position restricted for pension and OPEB benefits	$ 1,851,096	$ 1,739,350

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, 2020
(with comparative amounts for prior year)

	(in thousands of dollars)	
	2020	**2019**
Additions:		
Contributions:		
Employer contributions	$ 124,082	$ 105,146
Employee contributions	20,982	21,182
Total contributions	145,064	126,328
Investment income:		
Net appreciation (depreciation) in fair value of investments	134,730	237,987
Interest and dividend income	26,627	31,379
Total investment income (loss)	161,357	269,366
Less investment expenses	(4,727)	(5,210)
Investment income (loss) net of expenses	156,630	264,156
Security lending activities:		
Security lending income	193	432
Borrower rebates	56	(105)
Bank fees	(49)	(72)
Net income from securities lending activities	200	255
Other	3	3
Total additions	301,897	390,742
Deductions:		
Annuities and benefits		
Employee annuitants	146,762	139,788
Retiree health care benefits	11,230	12,700
Surviving spouse annuitants	27,322	26,740
Child annuitants	122	137
Ordinary disability benefits	706	748
Duty disability benefits	84	67
Total annuities and benefits	186,226	180,180
Refunds of employee contributions	2,291	1,828
Administrative expenses	1,634	1,695
Total deductions	190,151	183,703
Net increase (decrease)	111,746	207,039
Net position restricted for pension and OPEB benefits		
Beginning of year	1,739,350	1,532,311
End of year	$ 1,851,096	$ 1,739,350

See accompanying notes to the basic financial statements

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NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the Basic Financial Statements

Metropolitan Water Reclamation District of Greater Chicago

Index to Notes

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020 are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Assets				
Cash	$ 28,707	$ 27,665	$ 93	$ 949
Certificates of deposit	55,650	701	45,193	9,756
Investments	178,467	111,473	44,078	22,916
Prepaid insurance	6,089	6,089	—	—
Receivables:				
Property taxes receivable	281,597	273,879	—	7,718
Allowance for uncollectible taxes	(17,231)	(16,750)	—	(481)
Taxes receivable, net	264,366	257,129	—	7,237
User charges	3,530	3,530	—	—
Miscellaneous	659	379	—	280
Due from Stormwater Management Fund	298	298	—	—
Restricted deposits	458	458	—	—
Inventories	36,143	36,143	—	—
Total assets	$ 574,367	$ 443,865	$ 89,364	$ 41,138
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable and other liabilities	$ 27,826	$ 27,813	$ —	$ 13
Unearned revenue	8,807	8,807	—	—
Due to corporate fund from corporate working cash	—	190,000	(190,000)	—
Total liabilities	36,633	226,620	(190,000)	13
Deferred inflows of resources:				
Unavailable tax revenue	239,241	232,692	—	6,549
Total deferred inflows of resources	239,241	232,692	—	6,549
Fund balances:				
Nonspendable:				
Prepaid insurance	6,089	6,089	—	—
Inventories	36,143	36,143	—	—
Restricted for:				
Deposits	458	458	—	—
Working cash	279,364	—	279,364	—
Reserve claims	34,576	—	—	34,576
Unassigned (Deficit)	(58,137)	(58,137)	—	—
Total fund balances	298,493	(15,447)	279,364	34,576
Total liabilities, deferred inflows and fund balances	$ 574,367	$ 443,865	$ 89,364	$ 41,138

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020, are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Revenues:				
Property taxes	$ 251,808	$ 244,649	$ —	$ 7,159
Personal property replacement tax	22,528	22,528	—	—
Total tax revenue	274,336	267,177	—	7,159
Interest on investments	2,802	1,560	939	303
Land sales	52	52	—	—
Tax increment financing distributions	18,520	18,520	—	—
Claims and damage settlements	44	44	—	—
Miscellaneous	3,810	3,809	—	1
User charges	47,216	47,216	—	—
Land rentals	25,044	25,044	—	—
Fees, forfeits and penalties	2,541	2,541	—	—
Federal and state grants	207	207	—	—
Total revenues	374,572	366,170	939	7,463
Operations:				
Board of Commissioners	4,491	4,491	—	—
General Administration	17,417	17,417	—	—
Monitoring and Research	30,090	30,090	—	—
Procurement and Materials Management	5,996	5,996	—	—
Human Resources	51,079	51,079	—	—
Information Technology	15,117	15,117	—	—
Law	6,121	6,121	—	—
Finance	3,537	3,537	—	—
Engineering	22,876	22,876	—	—
Maintenance and Operations	188,562	188,562	—	—
Claims and judgments	2,652	—	—	2,652
Total expenditures	347,938	345,286	—	2,652
Revenues over (under) expenditures	26,634	20,884	939	4,811
Other financing sources/(uses):				
Transfer in/(out)	(6,000)	—	(6,000)	—
Net Change in Fund balance	20,634	20,884	(5,061)	4,811
Fund balance at the beginning of year	277,859	(36,331)	284,425	29,765
Fund balance at the end of year	$ 298,493	$ (15,447)	$ 279,364	$ 34,576

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, 2020, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Assets			
Cash	$ 1,650	$ 1,489	$ 161
Certificates of deposit	7,922	2,202	5,720
Investments	19,379	10,000	9,379
Receivables:			
Property taxes receivable	5,155	5,155	—
Allowance for uncollectible taxes	(393)	(393)	—
Taxes receivable, net	4,762	4,762	—
Miscellaneous	746	746	—
Total assets	$ 34,459	$ 19,199	$ 15,260
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 1,170	$ 1,170	$ —
Due to Construction Fund from Construction Working Cash	—	6,700	(6,700)
Total liabilities	1,170	7,870	(6,700)
Deferred inflows of resources:			
Unavailable tax revenue	4,303	4,303	—
Total deferred inflows of resources	4,303	4,303	—
Fund balances:			
Restricted for:			
Working cash	21,960	—	21,960
Construction	7,026	7,026	—
Total fund balances	28,986	7,026	21,960
Total liabilities, deferred inflows, and fund balances	$ 34,459	$ 19,199	$ 15,260

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Revenues:			
Property taxes	$ 6,834	$ 6,834	$ —
Total tax revenue	6,834	6,834	—
Interest on investments	344	97	247
Miscellaneous	13	13	—
Total revenues	7,191	6,944	247
Construction Costs:			
Contractual services	265	265	—
Machinery and equipment	920	920	—
Capital projects	6,486	6,486	—
Total expenditures	7,671	7,671	—
Revenues over (under) expenditures	(480)	(727)	247
Other financing sources (uses):			
Transfer in/out	(1,000)	—	(1,000)
Net Change in Fund balance	(1,480)	(727)	(753)
Fund balance at the beginning of year	30,466	7,753	22,713
Fund balance at the end of year	$ 28,986	$ 7,026	$ 21,960

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, 2020, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Assets			
Cash	$ 1,560	$ 1,311	$ 249
Certificates of deposit	3,104	—	3,104
Investments	47,300	40,017	7,283
Receivables:			
Property taxes receivable	54,463	54,463	—
Allowance for uncollectible taxes	(3,389)	(3,389)	—
Taxes receivable, net	51,074	51,074	—
Total assets	$ 103,038	$ 92,402	$ 10,636
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 7,957	$ 7,957	$ —
Due to Stormwater Management Fund from Stormwater Working Cash	298	26,798	(26,500)
Total liabilities	8,255	34,755	(26,500)
Deferred inflows of resources:			
Unavailable tax revenue	46,215	46,215	—
Total deferred inflows of resources	46,215	46,215	—
Fund balances:			
Restricted for:			
Working Cash	37,136	—	37,136
Capital projects	11,432	11,432	—
Total fund balances	48,568	11,432	37,136
Total liabilities, deferred inflows, and fund balances	$ 103,038	$ 92,402	$ 10,636

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Revenues:			
Property taxes	$ 50,464	$ 50,464	$ —
Total tax revenue	50,464	50,464	—
Interest on investments	544	375	169
Fees, forfeits, and penalties	958	958	—
Miscellaneous	6	6	—
Total revenues	51,972	51,803	169
Construction Costs:			
Personal services	9,910	9,910	—
Contractual services	4,853	4,853	—
Material and supplies	23	23	—
Capital projects	38,122	38,122	—
Total expenditures	52,908	52,908	—
Revenues over expenditures	(936)	(1,105)	169
Other financing (uses):			
Transfer in/(out)	(4,599)	(3,599)	(1,000)
Net Change in Fund balance	(5,535)	(4,704)	(831)
Fund balance at the beginning of year	54,103	16,136	37,967
Fund balance at end of year	$ 48,568	$ 11,432	$ 37,136

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

Notes to the Basic Financial Statements

Year ended December 31, 2020

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 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. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. (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, 2020, are liabilities for compensated absences of $3,426,000, due within one year, and $20,345,000 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, and issuance costs 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 $159,082,000 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 $726,058,000 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 -** 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 89, Accounting for Interest Cost Incurred before the End of a Construction Period
  - Statement No. 91, Conduit Debt Obligations
  - 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
  - Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

  The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87, which was postponed by one and a half years.

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020 (in thousands of dollars):

Total fund balances of governmental funds	$ 710,314
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	8,091,836
Accumulated depreciation/amortization	(340,398)
Capital assets, net	7,751,438
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	(23,771)
Claims and judgments	(25,898)
Capital lease	(30,401)
Bond anticipation notes	(76,035)
General obligation debt	(2,694,934)
Net OPEB liability	(72,208)
Net Pension liability	(1,146,935)
Due to Pension Trust Fund	(94,204)
Total long-term liabilities	(4,164,386)
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	(141,970)
Bond refunding transactions	3,318
Total bond premium and refunding transactions	(138,652)
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 2020 amount is:	
Accrued interest	(16,473)
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	561,685
Grants and rents	953
Deferred inflows for pension and OPEB related amounts	(206,039)
Adjustment to deferred inflows of resources	356,599
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	124,082
Deferred outflows for other pension and OPEB related amounts	202,430
Adjustment to deferred outflows of resources	326,512
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	298
Due to other funds	(298)
Total interfund	—
Total net position of governmental activities	$ 4,825,352

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, 2020 (in thousands of dollars):

Net change in fund balances of governmental funds	$ (8,117)
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	66,452
Depreciation expense-allocated to various departments	(3,398)
Depreciation/amortization expense-unallocated	(11,597)
Excess of construction and capital outlay costs over depreciation expense	51,457
Debt proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the Statements of Net Position. In the current period, debt proceeds and related items were:	
Bond anticipation notes proceeds	(62,399)
Debt proceeds total	(62,399)
Repayment of long-term debt is reported as an expenditure in the governmental funds, or as an other financing use in the case of refunding, but the repayment reduces the long-term liabilities in the Statements of Net Position. In the current year, the repayments consist of:	
Debt service principal retirement	122,935
Debt service principal retirement total	122,935
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	(4,118)
Change in claims and judgments	1,157
Change in bond interest	1,003
Change in bond anticipation notes interest	(592)
Amortization of bond issuance/refunding costs	(527)
Amortization of bond premium	13,426
Change in net pension liability	(44,809)
Change in net OPEB liability	9,874
Total additional expenses	(24,586)
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	(71)
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	9,571
Grant and rent adjustment	2
Total adjustments	9,573
Change in net position of governmental activities	$ 88,792

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	$ 9,779
Adjustment from Budget to GAAP for:	
Tax revenues	12,657
Cash basis other revenues	2,841
GAAP versus budgetary expenditure differences	(4,643)
Revenues and other sources (uses) over (under) expenditures on GAAP basis	$ 20,634

4. Deposits and Investments

Deposits
As of December 31, 2020, 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, 2020 (in thousands of dollars):

		Investment Maturities	
Investment Type	**Fair Value**	**Less Than 1 Year**	**1- 5 Years**
U.S. Agencies	$ 135,993	$ 135,993	$ —
Municipal Bonds	156,311	31,250	125,061
Illinois Trust Investment Pool	208,215	208,215	—
State Treasurer's Illinois Funds	44	44	—
U.S. Treasury Bills	14,999	14,999	—
Total Investments	$ 515,562	$ 390,501	$ 125,061

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 $673,000.

Interest Rate Risk

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

Credit Risk

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

Notes to the Basic Financial Statements

Year ended December 31, 2020

Credit ratings for the District's investments in debt securities as described by Standard & Poor's, Moody's and Fitch at December 31, 2020 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

Investment Type	Credit Ratings at 12/31/2020 S&P/Moody's/Fitch	% of Investment Type	% of Total Investments in Debt Securities
U.S. Agencies			
Federal Home Loan Banks (FHLB)	AA+/Aaa/NR	100.0%	26.4%
U.S. Treasury Bills	AA+/Aaa/AAA	100.0%	2.9%
Illinois Trust Local Government Investment Pool	AAAm/NR/NR	100.0%	40.5%
State Treasurer's Illinois Funds	AAAm/NR/NR	100.0%	0.0%
California State Health Facilities Finance Authority*	AA-/Aa3/AA-	11.5%	3.5%
New York City, New York*	AA/Aa2/AA-	9.6%	2.9%
New York State Urban Development Corporation*	NR/Aa2/AA+	9.0%	2.7%
Chicago Park District, Illinois*	AA-/NA/AA-	6.7%	2.0%
State of Louisiana*	AA-/Aa3/NR	5.2%	1.6%
New York State Dormitory Authority*	NR/Aa3/A+	5.0%	1.5%
Texas State Public Finance Authority*	AA+/Aa1/NR	4.8%	1.4%
Commonwealth of Massachusetts*	SP1+/MIG1/F1+	4.5%	1.4%
State of Wisconsin*	AA/Aa1/NR	4.2%	1.3%
State of Oregon Department of Transportation*	AAA/Aa1/AA+	3.6%	1.1%
State of Illinois*	BBB-/Baa3/BBB-	3.5%	1.1%
Anchorage, Alaska*	AAA/NR/AA+	3.1%	0.9%
Riverside County, California*	AA/A2/NR	2.9%	0.9%
Chicago Transit Authority*	AA/NR/NR	2.8%	0.8%
State of Mississippi*	AA/Aa2/AA	2.6%	0.8%
Illinois Sales Tax Securitization Corporation*	AA-/NR/AA-	2.6%	0.8%
Lansing Michigan Board of Water and Light*	AA-/Aa3/NR	2.4%	0.7%
Arlington, Texas*	AAA/Aa1/AAA	1.9%	0.6%
Dallas Texas Water and Sewer*	AAA/NR/AA+	1.9%	0.6%
Henrico County, Virginia*	AAA/Aaa/AAA	1.7%	0.5%
Pittsburgh, Pennsylvania*	AA+/NR/AA-	1.6%	0.5%
Louisiana Local Government Environmental*	AA/Aa3/AA	1.2%	0.4%
New York City Housing Development Corporation*	AA+/Aa2/NR	1.1%	0.3%
San Francisco California City and County*	AAA/Aaa/AA+	1.1%	0.3%
Long Island Power Authority*	A/A2/A	1.0%	0.3%
Milwaukee County, Wisconsin*	AA/Aa2/AA	0.8%	0.2%
Lubbock Texas Water*	AA-/NR/AA-	0.7%	0.2%
Louisiana State University and Agricultural College*	AA/A2/A+	0.6%	0.2%
Philadelphia Water and Wastewater*	A+/A1/A+	0.6%	0.2%
State of Michigan Building Authority*	NR/Aa2/AA-	0.4%	0.1%
Minnesota State Housing Finance Agency*	AA+/Aa1/NR	0.4%	0.1%
Tennessee Housing Development Agency*	AA+/Aa1/NR	0.4%	0.1%
Oklahoma City, Oklahoma*	AAA/Aaa/NR	0.3%	0.1%
Virginia Housing Development Authority*	AA+/Aa1/NR	0.3%	0.1%
			100.0%

* Municipal Bond
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, 2020 the District had no investments in commercial paper.

As of December 31, 2020, the following investments were greater than 5% of total investments (in thousands of dollars):

Investment	Fair Value
Illinois Trust Local Government Investment Pool	$ 208,215
Federal Home Loan Bank (FHLB)	135,993
	$ 344,208

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, 2020, 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, 2020, 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 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 41% domestic equities, 22% international equities, 27% fixed income and 10% core open-end real estate. During the year ended December 31, 2019, the Fund revised its investment policy to increase the core open-end real estate allocation from 5% to 10% while reducing the fixed income and equity allocations from 30% to 27% and 65% to 63%, respectively. There were no changes during the year ended December 31, 2020.

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, 2020, 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, 2020 (in thousands of dollars):

Type of Investment	Maturity	Fair Value	Percentage
U.S. Government and government agency obligations	<1 year	$ 18,440	19.7 %
	1-5 years	9,223	9.8
	5-10 years	22,588	24.1
	Over 10 years	43,427	46.4
		$ 93,678	100.0 %
Corporate and foreign government obligations	<1 year	375	0.3
	1-5 years	26,537	20.1
	5-10 years	42,595	32.2
	Over 10 years	62,550	47.4
		$ 132,057	100.0 %
Pooled funds - fixed income	5-10 years	$ 164,604	100.0 %
Short-term investment fund	<1 year	$ 28,783	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, 2020 (in thousands of dollars):

Investment Type	Fair Value	Percentage	Average Maturities (years)
Fixed Income Funds:			
Dodge & Cox Income Fund	$ 34,025	42.6%	9.2
Payden Core Bond Fund	11,249	14.1%	8.5
Western Asset Core Plus Bond Fund	34,525	43.3%	12.7
Total Fixed Income Funds	79,799		
Domestic Equity Funds:			
Fidelity 500 Index Fund	47,031		
Fidelity Contrafund	21,422		
Fidelity Mid Cap Index Fund	29,838		
Vanguard Small Cap Index Institutional	30,021		
Total Domestic Equity Funds	128,312		
International Equity Funds:			
Fidelity International Index Fund	42,180		
Vanguard Global Minimum Volatility	13,034		
Total International Equity Funds	55,214		
Money Market Funds	6,814		
Total Fair Value	$ 270,139		

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 investments at December 31, 2020 (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	$ 80,376	85.8 %
Not Rated	U.S. Government and Government Agency	13,302	14.2
		$ 93,678	100.0 %
AAA	Corporate and Foreign Government	7,598	5.8
AA	Corporate and Foreign Government	21,142	16.0
A	Corporate and Foreign Government	29,657	22.4
BBB	Corporate and Foreign Government	55,418	41.9
BB	Corporate and Foreign Government	2,182	1.7
B	Corporate and Foreign Government	1,317	1.0
CC	Corporate and Foreign Government	113	0.1
Not Rated	Corporate and Foreign Government	14,630	11.1
		$ 132,057	100.0 %
AAA	Pooled Funds - Fixed Income (2)	151,306	91.9
BB	Pooled Funds - Fixed Income	13,298	8.1
		$ 164,604	100.0 %
Not Rated	Short-Term Investment Fund	$ 28,783	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, 2020:

Credit Rating	Dodge & Cox Income Fund	Payden Core Bond Fund	Western Asset Core Plus Bond Fund
AAA	51.5 %	3.0 %	48.5 %
AA	5.2	47.0	5.1
A	8.5	8.0	16.0
BBB	24.4	26.0	18.6
BB	10.3	8.0	7.3
B	0.1	4.0	2.8
Below B	—	—	1.3
Not Rated	—	4.0	0.4
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 are in equities, fixed income and foreign cash. The Pension Trust Fund's exposure to foreign currency risk at December 31, 2020 was as follows:

Equities	Fair Value	%
Australian dollar	$ 7,026,187	1.8
British pound sterling	15,655,219	4.0
Danish krone	1,975,095	0.6
European euro	19,606,696	5.0
Hong Kong dollar	2,731,950	0.7
Israeli shekel	959,346	0.2
Japanese yen	23,956,829	6.1
New Zealand dollar	783,947	0.2
Norwegian krone	2,169,241	0.6
Singapore dollar	1,470,465	0.4
Swedish krona	5,850,037	1.5
Swiss franc	4,198,869	1.1
U.S. dollar	303,604,806	77.8
Total	$ 389,988,687	100.0 %

Corporate and Foreign Government Obligations	Fair Value	%
U.S. Dollar	132,056,474	100.0
Total	$ 132,056,474	100.0 %

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Year ended December 31, 2020

Short-Term Investment Funds	Fair Value	%
Australian dollar	$ 249,819	0.9
British pound sterling	53,723	0.2
Canadian dollar	60,225	0.2
Danish krone	70,172	0.2
European euro	183,889	0.6
Hong Kong dollar	106,944	0.4
Israeli shekel	11,269	0.0
Japanese yen	335,386	1.2
New Zealand dollar	9,858	0.0
Norwegian krone	47,797	0.2
Singapore dollar	75,407	0.3
South African rand	1	0.0
Swedish krona	230,760	0.8
Swiss franc	23,807	0.1
U.S. dollar	27,324,304	94.9
Total	$ 28,783,361	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, 2020, 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	$ 42,180
Vanguard Global Minimum Volatility	13,034
	$ 55,214

Securities Lending

State Statutes and the investment policy permit the 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 148 days for 2020; 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 4 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 2020, 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, 2020 is as follows:

Securities loaned - backed by cash collateral	
U.S. and international equities	$ 5,054,263
Agency/other securities	396,472
Corporate bonds	1,131,942
Total securities loaned - backed by cash collateral	6,582,677
Securities loaned - backed by non-cash collateral	
U.S. and international equities	22,978,516
Corporate bonds	672,606
Total securities loaned - backed by non-cash collateral	23,651,122
Total	$ 30,233,799

As of December 31, 2020, the fair value (carrying amount) of loaned securities was $30,233,799. As of December 31, 2020, the fair value (carrying amount) of cash collateral received by the Fund was $6,841,775. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2020, the fair value (carrying amount) of noncash collateral received by the Fund was $24,330,052.

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).

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, 2020 is shown in the following schedule (in thousands of dollars):

The District		**Fair Value Measurements Using**		
Investments Measured at Fair Value	**December 31, 2020**	**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	$ 135,993	$ —	$ 135,993	$ —
Municipal Bonds	156,311	—	156,311	—
U.S. Treasury Bills	14,999	—	14,999	—
Total Investments at Fair Value	$ 307,303	$ —	$ 307,303	$ —
Investments Not Measured at Fair Value				
Illinois Trust Investment Pool	208,215			
State Treasurer's Illinois Funds	44			
Total Investments	$ 515,562			

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, 2020. 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, 2020 (in thousands of dollars):

Pension Trust Fund		**Fair Value Measurements Using**		
	December 31, 2020	**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	$ 389,989	$ 389,989	$ —	$ —
U.S. Govt and Govt Agency Obligations	93,678	24,685	68,993	—
Corporate and Foreign Govt Obligations	132,057	—	132,057	—
Mutual and Exchange Traded Funds	97,691	97,691	—	—
Total investments by Fair Value Level	$ 713,415	$ 512,365	$ 201,050	$ —
Investments Measured at NAV	785,490			
Total Investments at Fair Value	$ 1,498,905			

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.

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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	$ 244,163	—	Daily	N/A
SSGA S&P Midcap Index Fund	63,968	—	Daily	N/A
SSGA MSCI ACWI Fund	152,803	—	Daily	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	151,306	—	Daily	N/A
Neuberger Berman High Income Fund	13,298	—	Monthly	N/A
Limited partnership - real estate (3)				
Trumbull Property Fund	62,993	—	Quarterly	60 days
Real estate investment trust (4)				
RREEF America REIT II	68,176	—	Quarterly	45 days
Short-term investment fund (5)				
BNY Melon EB Temporary Investment Fund	28,783	—	Daily	N/A
Total investments measured at NAV	$ 785,490			

(1) Pooled funds - equity - The investment objective of these investments is to track the performance of the S&P 500, S&P MidCap 500 and MSCI ACWI ex 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) Limited partnership - real estate - The partnership's investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

(4) Real estate investment trust - The Fund'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 using the NAV per share of the investments.

(5) Short-term investment - This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

The carrying amount of investments and fair value hierarchy of the OPEB Trust is shown in the following schedule as of December 31, 2020:

OPEB Trust		**Fair Value Measurements Using**		
Fair Value of Investments	**December 31, 2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Equity Funds	$ 128,312	$ 128,312	—	—
International Equity Funds	55,214	55,214	—	—
Domestic Fixed Income Funds	79,799	79,799	—	—
Money Market Funds	6,814	6,814	—	—
Total Fair Value of Investments	$ 270,139	$ 270,139	$ —	$ —

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, 2020 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, 2020:							
Property taxes:	$ 281,597	$ 246,253	$ —	$ 74,307	$ 59,618	$ 661,775	$ 661,775
Allowance for uncollectible taxes	(17,231)	(15,432)	—	(4,607)	(3,782)	(41,052)	(41,052)
Net property taxes	264,366	230,821	—	69,700	55,836	620,723	620,723
Personal property replacement tax	—	—	—	7,019	—	7,019	7,019
Total taxes receivable, net	264,366	230,821	—	76,719	55,836	627,742	627,742
Other receivables:							
User charges	3,530	—	—	—	—	3,530	3,530
State revolving fund loans	—	—	23,706	—	—	23,706	23,706
Miscellaneous	659	—	930	—	746	2,335	2,335
Total other receivables, net	4,189	—	24,636	—	746	29,571	29,571
Total net receivables at December 31, 2020	$ 268,555	$ 230,821	$ 24,636	$ 76,719	$ 56,582	$ 657,313	$ 657,313

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

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2020 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, 2020:								
Property tax revenue	$ 239,241	$ 208,855	$ —	$ 63,071	$ 50,518	$ 561,685	$ (561,685)	$ —
Other amounts:								
Grant revenue	—	—	953	—	—	953	(953)	—
Total deferred revenue at December 31, 2020	$ 239,241	$ 208,855	$ 953	$ 63,071	$ 50,518	$ 562,638	$ (562,638)	$ —

Payables

Payables reported as "Accounts payable and other liabilities" at December 31, 2020 in the governmental funds and government-wide financial statements are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve ments Bond	Retirement	Other Governm ental	Total Governm ental	Statement of Net Position
Accounts payable and other liabilities at December 31, 2020:							
Vouchers payable and other liabilities	$ 20,350	$ —	$ 26,884	$ —	$ 9,127	$ 56,361	$ 56,361
Accrued payroll and withholdings	7,140	—	—	—	—	7,140	7,140
Bid deposits	336	—	—	—	—	336	336
Total accounts payable and other liabilities as of December 31, 2020	$ 27,826	$ —	$ 26,884	$ —	$ 9,127	$ 63,837	$ 63,837

6. Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2020, are as follows (in thousands of dollars):

	Balances January 1, 2020	Additions	Retirements	Balances December 31, 2020
Governmental activities:				
Capital assets not depreciated/amortized:				
Land	$ 146,800	$ —	$ 2,780	$ 144,020
Permanent easements	2,208	324	—	2,532
Construction in progress	419,688	68,804	4,595	483,897
Infrastructure under modified approach	5,470,518	2,685	—	5,473,203
Total capital assets not depreciated/amortized	6,039,214	71,813	7,375	6,103,652
Capital assets depreciated/amortized:				
Buildings	13,226	—	—	13,226
Equipment	67,129	1,529	436	68,222
Computer software	7,629	—	—	7,629
Infrastructure and easements	1,898,622	485	—	1,899,107
Total capital assets being depreciated/amortized	1,986,606	2,014	436	1,988,184
Less accumulated depreciation/amortization:				
Buildings	6,612	185	—	6,797
Equipment	42,435	3,213	365	45,283
Computer software	6,972	261	—	7,233
Infrastructure and easements	269,749	11,336	—	281,085
Total accumulated depreciation/amortization	325,768	14,995	365	340,398
Total capital assets depreciated/amortized, net	1,660,838	(12,981)	71	1,647,786
Governmental activities capital assets, net	$ 7,700,052	$ 58,832	$ 7,446	$ 7,751,438

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 2020, was charged to the District's governmental functions as follows (in thousands of dollars):

Department	Amount
Board of Commissioners	$ 17
General Administration	204
Monitoring and Research	265
Procurement and Materials Management	15
Human Resources	17
Information Technology	44
Law	12
Finance	9
Engineering	2,079
Maintenance and Operations	736
Total allocated depreciation	3,398
Unallocated infrastructure depreciation	11,597
Total depreciation	$ 14,995

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, 2020, the District's average contribution rate was 40% of annual payroll. The District's actual contribution to the Retirement Fund was $107,852,000.

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 $124,630 in 2020 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees	
Employees or beneficiaries currently receiving benefits	2,483
Entitled but not yet receiving benefits	132
Active Employees	1,769
Total Members	4,384

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 96 has the information for obtaining those statements.

Notes to the Basic Financial Statements

Year ended December 31, 2020

Net Pension Liability and the Changes in the Net Pension Liability

The District's measurement date for GASB 68 is December 31, 2019. The Pension Plan has a measurement date of December 31, 2020. A copy of the Pension Plan Comprehensive Annual Financial Report for 2020 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, 2020 is $1,146,935,000, which is a decrease from the December 31, 2019 balance of $1,244,395,000.

(in thousands of dollars)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	$ (2,588,389)	$ 1,343,994	$ (1,244,395)
Service Cost	(33,039)	—	(33,039)
Interest	(183,916)	—	(183,916)
Difference between expected and actual experiences	(17,733)	—	(17,733)
Benefit payments	169,308	(169,308)	—
Contributions-employer	—	87,446	87,446
Contributions-employee	—	21,182	21,182
Net investment income	—	225,159	225,159
Administrative expenses	—	(1,642)	(1,642)
Other	—	3	3
Balances at December 31, 2020	$ (2,653,769)	$ 1,506,834	$ (1,146,935)

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

At December 31, 2020, 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 $107,852,000, 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
Balance as of December 31, 2019	$ 331,611	$ 65,931
Changes in Employer contribution subsequent to measurement date	20,406	—
Differences with regard to economic or demographic assumptions	17,732	—
Differences between expected and actual experience	(11,498)	(332)
Changes in assumptions	—	—
Current year amortization due to changes in assumptions	(5,932)	—
Difference between projected and actual earnings on pension plan investments	—	129,978
Current year amortization from difference between projected and actual earnings	(62,696)	(48,788)
Balance as of December 31, 2020	$ 289,623	$ 146,789

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:	
2021	$ 117,069
2022	10,588
2023	27,303
2024	(15,081)
2025	2,955
	$ 142,834

Actuarial Methods and Assumptions

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2019 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	2.5%
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, 2019 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 8.67% for the year ended December 31, 2020. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Notes to the Basic Financial Statements

Year ended December 31, 2020

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. The Pension Board's adopted target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic equity	41%	5.5%
International equity	22%	5.7%
Fixed income	27%	0.7%
Private real estate	10%	4.1%

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	$1,446,814	$1,146,935	$894,253

Payable to the Pension Plan and Pension Expense

At December 31, 2020, the District reported a payable of $107,852,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020. The pension expense for the year ended December 31, 2020 was $133,238,000.

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, 2020, the following employees were covered by the benefit terms:

Inactive Employees	
Inactive plan members currently receiving benefits	1,544
Beneficiaries of deceased plan members currently receiving benefits	434
Inactive plan members entitled to but not yet receiving benefits	37
Active Plan Members	1,817
Total Members	3,832

Benefits Provided

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

Eligibility for Insurance Coverage

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

Contributions

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

The retiree contribution rates are set based on prior year claims incurred and become effective July 1st each year. The retiree contribution rate utilized 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%, projected to be in 2021.

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

Notes to the Basic Financial Statements

Year ended December 31, 2020

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, 2019 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	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	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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.79%. 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, 2019.
- The measurement period for the OPEB expense is January 1 , 2019 to December 31, 2019.
- The reporting period is January 1, 2020 through December 31, 2020.
- The District's Net OPEB Liability was measured as of December 31, 2019.

Actuarial Assumptions

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

Inflation	2.5%
Salary Increases	4.3 - 7.0%
Discount rate	6.5%
Investment Rate of Return	6.5%
Initial Healthcare trend rate	8.0%
Ultimate Healthcare trend rate	4.5%
Years to ultimate Healthcare rate	6

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, 2019	$ 321,503	$ 188,317	$ 133,186
Changes for the Year:			
Service Cost	5,540	—	5,540
Interest	20,851	—	20,851
Differences between expected and actual experience	6,819	—	6,819
Changes of assumptions	(37,290)	—	(37,290)
Employer trust contributions	—	5,000	(5,000)
Pay-as-you-go contributions	—	12,700	(12,700)
Net Investment Income	—	39,251	(39,251)
Benefit payments	(12,700)	(12,700)	—
Administrative expense	—	(53)	53
Net Changes	(16,780)	44,198	(60,978)
Reporting Period Ending December 31, 2020	$ 304,723	$ 232,515	$ 72,208

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	$112,710	$72,208	$38,752

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	$34,930	$72,208	$117,401

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, 2020, the District recognized OPEB Expense of $6,356,000. On December 31, 2020, 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	$ 5,844	$ —
Changes of assumptions	—	31,963
Net difference between projected and actual earnings on OPEB Plan Investments	—	12,473
Employer contributions made subsequent to the measurement date	16,230	
Total	$ 22,074	$ 44,436

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, 2020

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:	
2021	$ 7,689
2022	7,689
2023	4,785
2024	9,723
2025	4,353
Thereafter	4,353

9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $2,676,000 at December 31, 2020. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $234,877,000 at December 31, 2020. State Revolving Fund Loan commitments of $94,206,000 at December 31, 2020, 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, 2020, 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 Illinois Environmental Protection Agency (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, Lemont, and Kirie WRPs. IEPA has recently issued a final permit for the Egan WRP and draft permits for the Kirie, Lemont, and Hanover Park WRPs 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 has previously been and presently is a party to several proposed class-action lawsuits pending in the Circuit Court of Cook County arising out of local sewer back-ups and overland flooding resulting in basement flooding. The District is also in receipt of flooding claims in which lawsuits have not yet been filed.

These lawsuits and claims are generally brought in tort or for constitutional or statutory violations. As of the date of this Comprehensive Annual Financial Report, the Circuit Court of Cook County and the Illinois Appellate Court of the First District have ruled in the District’s favor in every fully- adjudicated matter.

In one of the pending cases, 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. In late 2020, the Illinois Supreme Court affirmed the dismissal of all claims against the District in another pending case; however, the Plaintiffs in that case have indicated they plan to file an amended complaint with additional claims against the District.

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 2019 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 $44,500,000 and $62,900,000. 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 $12,800,000 in long-term debt is being recognized as of December 31, 2020, as an estimate of the potential contingent liability of the District. The amount of $13,800,000 in contingent liability was recognized as of December 31, 2019. This represents a decrease of $1,000,000 in the recognized contingent liability between December 31, 2019 and December 31, 2020. Of this $12,800,000, $6,500,000 is estimated to be the short-term (2021) liability and $6,300,000 is the estimated long-term (after 2021) 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, 2020, are listed below. There were increases in the Deductibles for Excess Liability and Property Insurance. There was a reduction in Limits for Property 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	$50,000,000
Deductible	$5,000,000
Deductible - Employers Liability	$5,000,000
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	$135,000

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	$50,000

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):

	2020	2019
Claims Payable at January 1	$ 27,055	$ 21,113
Claims incurred	$ 2,686	$ 4,547
Changes in prior years' claims estimate	$ (1,157)	$ 5,942
Claim payments	$ (2,686)	$ (4,547)
Claims Payable at December 31	$ 25,898	$ 27,055

11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2020 (in thousands of dollars):

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental long-term liabilities:					
Bonds and notes payable:					
General obligation debt	$ 1,799,425	$ —	$ (49,270)	$ 1,750,155	$ 50,565
Converted bond anticipation notes	1,001,357	14,231	(70,809)	944,779	72,181
Bond anticipation notes	27,275	62,991	(14,231)	76,035	—
Total bonds & notes payable	2,828,057	77,222	(134,310)	2,770,969	122,746
Other Bond Cost:					
Premium	155,396	—	(13,426)	141,970	13,426
Net bonds and notes payable	2,983,453	77,222	(147,736)	2,912,939	136,172
Other liabilities:					
Claims and judgments	27,055	—	(1,157)	25,898	14,393
Compensated absences	19,653	4,124	(6)	23,771	2,956
Capital lease (note 14)	33,257	—	(2,856)	30,401	2,996
Net OPEB liability (note 8)	133,186		(60,978)	72,208	—
Net pension liability, (note 7)	1,244,395	236,331	(333,791)	1,146,935	—
Total governmental long-term liabilities	$ 4,440,999	$ 317,677	$ (546,524)	$ 4,212,152	$ 156,517

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, 2020, 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 (2.000-5.720%) (Issued 08/09 to 7/16)	Refunding (2.00-5.00%) (Issued 03/07 to 7/16)	State Revolving Funds Series (0.0-2.905%) (Issued 06/96 to 07/16)	Total Principal	Total Interest
2021	$ 15,065	$ 35,500	$ 72,181	$ 122,746	$ 109,380
2022	11,605	40,350	72,401	124,356	105,532
2023	22,515	29,670	72,606	124,791	101,560
2024	23,570	30,920	71,072	125,562	97,559
2025	22,270	34,840	68,583	125,693	93,497
2026-2030	151,990	190,520	315,326	657,836	405,747
2031-2035	376,105	230,015	193,507	799,627	270,043
2036-2040	408,075	—	79,103	487,178	85,855
2041-2045	127,145	—	—	127,145	20,085
	$ 1,158,340	$ 591,815	$ 944,779	$ 2,694,934	$ 1,289,258

Alternate Revenue Bonds

Bond proceeds of $50.0 million 2016 Tax Series E bonds, $50.0 million 2014 Tax Series B bonds and $3.0 million IEPA Series 14P bonds are used to fund a portion of the Stormwater Management Program projects. The pledge of the Stormwater Management Fund tax levy will remain until their final maturities in December 2045. The District has covenanted in the Series 2016E, 2014B and 14P Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2016E, 2014B and 14O 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, 2020, is $171,356,000 as shown below (in thousands of dollars).

Issue	Pledged Revenue Collected	Debt Service Principal	Expenditures Interest	Total Remaining
2016 Tax Series E	$ 7,500	$ 45,190	$ 33,298	$ 78,488
2014 Tax Series B	18,481	50,000	39,462	89,462
State Revolving Funds - IEPA Series 14O	189	2,911	495	3,406
Total	$ 26,170	$ 98,101	$ 73,255	$ 171,356

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.

Notes to the Basic Financial Statements

Year ended December 31, 2020

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.

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.

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.

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.

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 2016 in the amount of $500,000,000 for Capital Improvement Bonds, 2016 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:

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

In 2012, the District authorized the issuance of $300,000,000 of Capital Improvement Bonds, 2012 IEPA Series, for capital improvements related to sewage treatment works and flood control facilities. The terms and conditions are similar to the 2014 IEPA Series. Under this authority, the IEPA has subsequently approved the following loan amounts:

2015	$ 12,800,000
2014	$ 70,900,000
2013	$ 194,900,000
2012	$ 15,000,000

State Revolving Fund (SRF) Loan proceeds of $62,399,000 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 $62,399,000 and interest of $591,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $62,990,000.

The converted bond anticipation notes, a reduction of long-term debt, of $14,231,000 in 2020 represented the sum of converted bond anticipation note principal of $14,097,000 and interest in the amount of $134,000.

2020 Bond Issues and adjustments to existing issues under the IEPA 2012, 2014 and 2016 authority included:

- July 2020 – The District issued $266,000 of Capital Improvement Bonds - IEPA Series 12G, through the conversion of the sum of bond anticipation note principal of $262,000 and interest of $4,000 with maturity dates from January 1, 2021 to January 1, 2038. Interest on the bonds accrues at a rate of 1.93%, payable January 1 and July 1.

- July 2020 – The District issued $264,000 of Capital Improvement Bonds - IEPA Series 12M, through the conversion of the sum of bond anticipation note principal of $259,000 and interest of $5,000 with maturity dates from January 1, 2021 to July 1, 2037. Interest on the bonds accrues at a rate of 2.21%, payable January 1 and July 1.

- July 2020 – The District issued $1,073,000 of Capital Improvement Bonds - IEPA Series 14D, through the conversion of the sum of bond anticipation note principal of $1,058,000 and interest of $15,000 with maturity dates from January 1, 2021 to January 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2020 – The District issued $145,000 of Capital Improvement Bonds - IEPA Series 14E, through the conversion of the sum of bond anticipation note principal of $143,000 and interest of $2,000 with maturity dates from January 1, 2021 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2020 – The District issued $633,000 of Capital Improvement Bonds - IEPA Series 14G, through the conversion of the sum of bond anticipation note principal of $629,000 and interest of $4,000 with maturity dates from January 1, 2021 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2020 – The District issued $1,291,000 of Capital Improvement Bonds - IEPA Series 14I, through the conversion of the sum of bond anticipation note principal of $1,273,000 and interest of $18,000 with maturity dates from January 1, 2021 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

- July 2020 – The District issued $399,000 of Capital Improvement Bonds - IEPA Series 14J, through the conversion of the sum of bond anticipation note principal of $392,000 and interest of $7,000 with maturity dates from January 1, 2021 to January 1, 2036. Interest on the bonds accrues at a rate of 2.21%, payable January 1 and July 1.

- July 2020 – The District issued $414,000 of Capital Improvement Bonds - IEPA Series 14P, through the conversion of the sum of bond anticipation note principal of $410,000 and interest of $4,000 with maturity dates from January 1, 2021 to July 1, 2038. Interest on the bonds accrues at a rate of 1.56%, payable January 1 and July 1.

- July 2020 – The District issued $1,805,000 of Capital Improvement Bonds - IEPA Series 14Q, through the conversion of the sum of bond anticipation note principal of $1,781,000 and interest of $24,000 with maturity dates from January 1, 2021 to January 1, 2040. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.

- July 2020 – The District issued $1,924,000 of Capital Improvement Bonds - IEPA Series 16B, through the conversion of the sum of bond anticipation note principal of $1,912,000 and interest of $12,000 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 2020 – The District issued $5,732,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion of the sum of bond anticipation note principal of $5,694,000 and interest of $38,000 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 2020 – The District issued $285,000 of Capital Improvement Bonds - IEPA Series 16K, through the conversion of the sum of bond anticipation note principal of $284,000 and interest of $1,000 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 $76,035,000 at December 31, 2020. Of the bond anticipation notes outstanding at December 31, 2020, $3,971,000 will be financed through IEPA Series 2012 bonds, $34,354,000 will be financed through IEPA Series 2014 bonds, and the remaining $37,709,000 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.

Notes to the Basic Financial Statements

Year ended December 31, 2020

Refunding Transactions
The District had no outstanding defeased obligations at December 31, 2020.

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, 2020, are as follows (in thousands of dollars):

	Interfund Receivables	Interfund Payables
General Corporate Fund	$ 298	$ —
Capital Projects Funds:		
Stormwater Management Fund (Nonmajor Fund)	—	298
	$ 298	$ 298

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of $13,648,000 at December 31, 2020, 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 2020 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	$ —	$ 5,962	$ —	$ —	$ (5,962)	$ —
Pension funding	(6,000)	(3,000)	(9,000)	20,000	(1,000)	(1,000)
Fund projects with shared costs	—	—	(2,363)	—	2,363	—
Total transfers	$ (6,000)	$ 2,962	$ (11,363)	$ 20,000	$ (4,599)	$ (1,000)

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 2020, the District incurred expenses of approximately $2,856,000 for principal and $1,534,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2020, 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
2021	$ 2,996	$ 1,394	$ 4,390
2022	3,143	1,247	4,390
2023	3,297	1,093	4,390
2024	3,459	931	4,390
2025	3,628	761	4,389
2026-2030	13,878	1,203	15,081
Total Minimum Lease Payments	$ 30,401	$ 6,629	$ 37,030

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, 2020 (in thousands of dollars):

2021	$ 18,891
2022	18,768
2023	18,662
2024	18,343
2025	18,205
Later Years	453,042
Total Minimum Future Rental Income	$ 545,911

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, and 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 5.836%. The District is entitled to terminate the agreement or recover all payments if Boeing defaults on their commitments. The 2020 taxes abated totaled $128,300.

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 $14,406,000 in reduced property taxes.

APPENDIX B

CAPITAL IMPROVEMENTS PROGRAM

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APPENDIX B

CAPITAL IMPROVEMENTS PROGRAM

OVERVIEW

The District currently serves the City of Chicago and 128 other municipalities encompassing an area of approximately 882.1 square miles. In carrying out its responsibilities, the District collects and treats wastewater from a population equivalent of about 10.35 million people; this includes domestic wastewater from approximately 5.25 million people, a commercial and industrial equivalent of approximately 4.5 million people, and a combined sewer overflow equivalent of approximately 0.6 million people. Its operating facilities are estimated to have a present-day replacement cost of $45.1 billion.

Treated wastewater, along with runoff from rainfall, enters the rivers and streams of the Cook County area, waterways that serve as headwaters of the Illinois waterway system. Stringent water quality standards imposed by the Federal and State governments require that wastewater treatment result in unpolluted streams for the residents of Cook, DuPage and Will Counties, and other downstream communities. Each of the District's Water Reclamation Plants operates under a National Pollutant Discharge Elimination System (NPDES) permit issued by the IEPA. All of the District's Water Reclamation Plants are in compliance with their NPDES permit. In order to maintain compliance, the District's facilities are continuously rehabilitated and upgraded to provide cost effective collection and treatment.

The District's Capital Improvements Program consists of those projects identified as necessary to assure safe and uninterrupted operation of its facilities, meet existing and new statutory and regulatory requirements, and increase efficiency through facility upgrades and modernization. The District anticipates constructing its Capital Improvements Program projects with funding from the Illinois EPA State Revolving Fund, the Army Corps of Engineers, Stormwater Management Fund tax levy collections, and the District's bonding authority. A description of the major elements in the Capital Improvements Program follows, together with the estimated cost of projects identified to date (based upon current price levels).

COLLECTION SYSTEM

In order to collect wastewater from local sewer systems for conveyance to its water reclamation plants, the District has constructed 23 pumping stations and 560 miles of intercepting sewers and force mains ranging in size from 6 inches to 27 feet in diameter.

In 2013 the District replaced the existing Interceptor Inspection and Rehabilitation Program with the new Collections Asset Management Plan (CAMP). The intent of CAMP is to move the District from a prescriptive inspection and rehabilitation program, in which efforts are often expended on repeatedly inspecting sewers with little downside risk, into a risk based asset management system where the most at risk infrastructure is consistently given priority and resources are optimally allocated. The plan includes complete adoption of industry wide inspection standards published by the National Association of Sewer Service Companies, adoption of additional and more efficient inspection technologies, and the prioritization of sewer inspection and rehabilitation based on a risk register tailored to the District's infrastructure.

Within the next five years, award of construction projects with a cost of approximately $91.1 million is currently anticipated for collection system improvements.

Water Reclamation Plant Expansions and System Improvements

The District has a total secondary treatment capacity of approximately 2 billion gallons per day. The Capital Improvements Program includes projects for enhancements at all of the District's Water Reclamation Plants. Typically studies are conducted to determine future needs when facilities are operating near or at capacity, or when new facilities are anticipated to be required as a result of pending regulations. Award of construction projects with a cost of approximately $118.1 million is currently anticipated for Water Reclamation Plant upgrades, within the next five years. This figure includes several projects at the Stickney, Calumet and O'Brien Water Reclamation Plants that have already been identified and added to the program as a result of the ongoing studies. Some major initiatives are highlighted below.

The Engineering Department, working with the M&O and M&R Departments, has modified the existing biological processes to enhance phosphorus uptake in order to meet upcoming NPDES phosphorus effluent limits at the Stickney WRP. Also, a contract to test side stream enhanced biological phosphorus removal (S2EBPR) in one aeration battery at the Calumet Water Reclamation Plant has been completed. This process uses return activated sludge (RAS) fermentation for a portion of the RAS and reintroduces the fermented RAS back into the aeration battery. This will allow the District to quantify the maximum potential of the existing carbon sources to fully utilize existing infrastructure to maximize biological phosphorus removal. A full scale S2EBPR is under design for one battery at the O'Brien WRP for award in 2022. Additionally chemical addition projects are under design for the Stickney and Calumet Water Reclamation Plants for awards in 2021 and 2022.

Biosolids Management

Improved wastewater treatment and greater plant efficiency will result in the District's collection of increased quantities of biosolids. The effective handling of biosolids is a major program of the District. Projects have been identified to improve biosolids management and have been incorporated in the Capital Improvements Program. Within the next five years, award of construction projects with a cost of approximately $107.6 million is currently anticipated for biosolids management improvements.

Tunnel and Reservoir Plan (TARP)

The District's Board of Commissioners adopted the Tunnel and Reservoir Plan (TARP) in 1972 as a comprehensive pollution and flood control program for its 375 square mile combined sewer area. This area includes part or all of 52 communities including the City of Chicago. The primary goals of TARP are as follows: protect Lake Michigan – the area's primary source of drinking water – from polluted backflows; clean up the area's waterways; and provide an outlet for floodwaters in order to reduce basement sewage flooding. TARP was adopted after years of studies conducted through the Flood Control Coordinating Committee (FCCC). The members of the FCCC represented the State of Illinois, Cook County, the City of Chicago, and the District.

Prior to the startup of TARP, combined sewer overflow (CSO), a mix of raw sewage and stormwater runoff, discharged to the waterways approximately 100 times a year. During periods of heavy rain, the pollution effect of the CSO was equivalent to a polluted wastewater load from a population of about 4.5 million people. The discharge exceeded the capacity of local sewers and waterways and resulted in basement and street flooding in the area and, during the heaviest rains, backflows to Lake Michigan.

TARP Tunnel System. The TARP Tunnel System is comprised of the Upper Des Plaines, Des Plaines, Mainstream and Calumet tunnel systems and the Mainstream and Calumet TARP pumping stations. The TARP tunnel system eliminates about 85% of the pollution load attributable to CSOs by capturing and storing the most polluted fractions until they can be treated in the District's Water Reclamation Plants.

TARP Reservoirs. Three reservoirs will provide storage for additional sewage and stormwater runoff flows captured by the TARP tunnel system. The three Chicago Underflow Plan reservoirs – Gloria Alitto Majewski, Thornton, and McCook – will provide 15.2 billion gallons of flood control storage when completed. The Majewski Reservoir was completed in 1998. The Thornton Reservoir, which has a capacity of 7.9 billion gallons, became operational on November 25, 2015. Stage 1 of the McCook Reservoir became operational in December 2017, providing the initial 3.5 billion gallons of capacity, with another 6.5 billion gallons planned to be completed in 2029 as part of Stage 2. The combined total cost for all three reservoirs is estimated at $1.5 billion, with the Corps and the District providing approximately $540 million and $940 million, respectively. Continuing design and construction projects with a cost to the District of approximately $95.7 million is currently anticipated for TARP reservoir construction over the next five years.

STORMWATER MANAGEMENT

The District undertakes regional and local stormwater management projects under its Stormwater Management Program. Regional flood control and streambank stabilization projects were identified under Detailed Watershed Plans (DWPs), completed in 2010. These projects address regional waterway overbank flooding and streambank erosion concerns. Projects given the highest priority for implementation are streambank stabilization projects which address streambank erosion posing an imminent threat to public safety and/or structures. Flood control projects address regional flooding issues through traditional measures, such as stormwater detention reservoirs, levees, and conveyance improvements. Design and construction of many DWP projects approved by the Board of Commissioners have been completed with others ongoing, including Streambank Stabilization Projects on Melvina Ditch and the Calumet Union Drainage Ditch.

In 2014, the State Legislature expanded the authorities of the District's stormwater management legislation to allow the District to assist in addressing local drainage and flooding problems, and to acquire flood-prone property from property owners on a voluntary basis. These legislative changes form the basis of the District's Stormwater Partnership Program. Through this partnership program, the District provides assistance in the form of funding, engineering, or other assistance to be defined through negotiations between the District and the involved entities. Since 2014, the District has solicited applications from local communities and other governmental organizations for Local Stormwater and Flood-Prone Property Acquisition (FPPA) projects, and has assisted numerous municipalities, townships, in addressing flooding throughout Cook County. These partnerships allow the District to leverage funding and other resources to alleviate flooding beyond what could be accomplished alone. Applications for the District's Stormwater Partnership Program were again solicited from local communities and agencies in 2021 to identify opportunities to assist in addressing flooding issues through Local Stormwater and FPPA projects.

In addition to assisting local communities with design and construction of local stormwater projects and green infrastructure, the District conducted five Stormwater Master Plan pilot studies between 2015 and 2017 to begin putting together a Cook County green and gray infrastructure plan that will better protect the communities against severe weather events. The goal of these pilot studies was to identify solutions to 100-year flooding of structures and basement backups which involve green and gray infrastructure located in publicly and privately-owned properties. Due to the success of these pilot studies, additional stormwater master plans were approved for development and currently ongoing.

For circumstances where a flood control project is not feasible, the District has developed a Flood-Prone Property Acquisition Program, and since 2015 had partnered with several municipalities and the Cook County Land Bank Authority to acquire flood-prone properties, remove the structures on the acquired properties and place deed restrictions requiring the properties to remain as open space into perpetuity. The municipalities own the acquired properties and perform all required maintenance. In 2021, the District selected five (5) additional FPPA projects.

The District established a Green Infrastructure Partnership Program (GIPP) in 2014 seeking to increase the acceptance and investment of green infrastructure throughout Cook County through numerous partnerships. The GIPP focuses on engineered systems that capture and manage precipitation where it falls rather than it traveling through conventional stormwater systems. By addressing the increase of impervious area due to land development, green infrastructure can reduce combined sewer discharges, localized flooding, and other stormwater impacts, including basement backups. Green infrastructure includes natural systems which use vegetation, such as bioswales and rain gardens, to manage rainfall. Green infrastructure also includes manufactured solutions such as rain barrels, permeable pavement and rain water harvesting. In 2014, the District partnered with the Chicago Public Schools (CPS) and the Chicago Department of Water Management (CDWM) to incorporate green infrastructure at four elementary schools under a program known as Space to Grow. The projects serve to educate the public on the importance of stormwater management and the multiple benefits of green infrastructure. The success of this initial project led the District, CPSS, and CDWM to partner on 30 additional schools that will be completed by 2022. In 2017, the District introduced the first annual GIPP Call for Projects to scale its investment into green infrastructure. The program seeks to partner with local communities and public agencies throughout Cook County to fund and build green infrastructure projects. Projects are prioritized on their ability to capture and store water (measured as design retention capacity), flood risk, and structures benefitted by the green infrastructure improvements amongst other criteria. District and a partnering agency execute an intergovernmental agreement to facilitate the project, with long-term maintenance responsibilities assigned to the partnering agency. In 2017, 2018, and 2019, 20 projects were selected each year for a total of 60 green infrastructure partnerships. In June of 2020, another call for projects was issued, with 32 applications submitted and 16 selected for partnerships with the District. Another 32 project applications were submitted in 2021, which are being reviewed for District support.

Presently, the capital cost for the Phase I, Phase II, Flood-Prone Property Acquisitions and Green Infrastructure projects over the next five years is estimated to be \$153.5 million of which \$23.7 million will be funded by the Capital Improvement Bond Fund and the remaining \$129.8 million from the Stormwater Management Levy.

REPLACEMENT OF FACILITIES

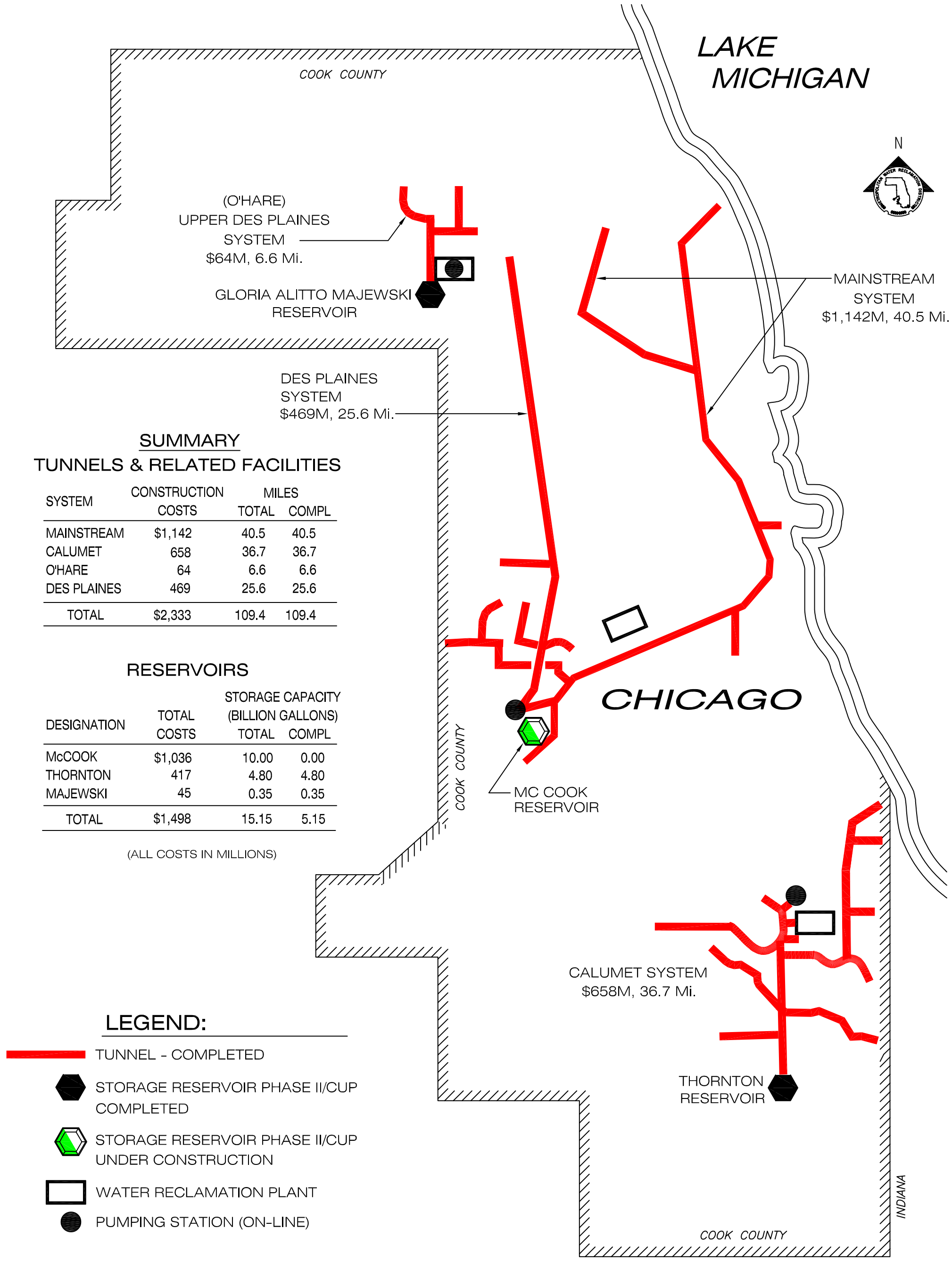
Many of the District's plants and interceptors were placed in service over 50 years ago. In order to maintain continuous operations, the District has maintained a capital improvement plan to replace physically deteriorating facilities through major rehabilitation, alteration or expansion. Costs for all projects identified for replacement facilities are approximately \$221.3 million over the next five years.

MEANS OF FINANCING

The only USEPA grant funding available to the District in recent years has been limited to Congressional earmarks for District TARP projects, which are no longer available. Most of the funding of the District's planned improvements of its plants and continued construction of TARP facilities is expected to be accomplished through State Revolving Fund Loans (*"SRF Loans"*) and the issuance of bonds by the District. The District funding needed to complete the components of the Capital Improvements Program being funded over the course of the next five years is approximately \$787.3 million.

CAPITAL IMPROVEMENTS PROGRAM OVER THE NEXT FIVE-YEAR PERIOD	DISTRICT BONDS* (MILLIONS)
Intercepting Sewers	\$ 91.1
Water Reclamation Plant Expansions & Improvements	118.1
Biosolids Management	107.6
Tunnel & Reservoir Plan CUP (District Portion)	95.7
Stormwater Management	153.5
Replacement of Facilities	221.3
TOTAL	\$ 787.3

*Source: 2022 Draft Budget Book



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	STORAGE CAPACITY (BILLION GALLONS) COMPL
McCOOK	$1,036	10.00	0.00
THORNTON	417	4.80	4.80
MAJEWSKI	45	0.35	0.35
TOTAL	$1,498	15.15	5.15

(ALL COSTS IN MILLIONS)

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APPENDIX C

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

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PENSION BENEFITS

GENERAL

The District provides funding for the Metropolitan Water Reclamation District Retirement Fund (the *"Retirement Fund"*), which is established by and administered under Article 1 and Article 13 of the Illinois Pension Code (the *"Pension Code"*). At the direction of the Retirement Fund Board of Trustees (the "*Retirement Board*"), the Retirement Fund's mission is to provide earned benefits to the Retirement Fund membership with excellent customer service and to preserve the fiscal integrity and financial stability of the Retirement Fund.

The Retirement Fund is governed by the seven-member Retirement Board. The Retirement Board is composed of four member-elected trustees and three appointed trustees, one of whom is a retiree. The Retirement Board is authorized by the Pension Code to make investments, receive required contributions, pay benefits, hire staff and consultants, and perform all functions necessary for the operation of the Retirement Fund. The Pension Code may be amended only by the Illinois General Assembly.

As of December 31, 2020, the end of the Retirement Fund's most recent fiscal year, the Retirement Fund had a total membership of 4,384, consisting of 1,769 active employees, 2,483 retirees and beneficiaries currently receiving benefits, and 132 inactive employees entitled to benefits or a refund of contributions.

The Retirement Fund is a single-employer, defined benefit public employee retirement system. "Single-employer" refers to the fact that there is a single plan sponsor, in this case, the District. "Defined benefit" refers to the fact that the Retirement Fund pays an earned, periodic benefit to retired employees and survivors in an amount determined at the time of retirement. The amount of the benefit is determined pursuant to a statutory formula based on the employee's service credits and salary. Eligible retired employees receive the defined benefit with certain benefits to eligible spouses and children that survive the death of the employee.

To fund the benefits to be paid by the Retirement Fund, both employees and the District make contributions to the Retirement Fund. Employees contribute a fixed percentage of their annual salary and the District contributes the higher of the amount derived from the Pension Code or the District's Funding Policy adopted in October 2014. See "DETERMINATION OF EMPLOYER CONTRIBUTIONS."

Beginning in 2015, District employees in service prior to January 1, 2011 (Tier 1), contribute 12.0% of their salary to the Retirement Fund. District employees in service after January 1, 2011 (Tier 2), contribute 9.0% of their salary to the Retirement Fund**.**

Section 5 of Article XIII of the Illinois Constitution provides that "[m]embership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." The eligible benefits accrue throughout the time a member is employed by the District or by the Retirement Fund. Although benefits accrue during employment, certain age and service requirements must be achieved for an employee to be eligible for a defined benefit payment upon retirement from the District.

The Retirement Board manages the investments of the Retirement Fund. The Retirement Fund's investment authority is established by and subject to the provisions of the Pension Code. The Retirement Board invests the Retirement Fund's assets in accordance with a "prudent person" rule and the Retirement Fund's formal investment policy, which requires members of the Retirement Board, as fiduciaries, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation. In carrying out this duty, the Retirement Board, with the assistance of their investment consultant and staff, appoints and monitors investment managers to manage the investment assets of the Retirement Fund. Such investment managers, acting as fiduciaries, are granted discretionary authority to manage the Retirement Fund's assets in accordance with the investment guidelines of their mandate. Additional information regarding Retirement Fund investments may be found on the Retirement Fund's website at www.mwrdrf.org, but the content of such website is not incorporated into this Official Statement by reference. See also "EXHIBIT A—Report of the Consulting Actuary on the District Retirement Fund" to this Appendix (the *"Actuary's Report"*). Table 1 provides information on the investment returns experienced by the Retirement Fund for the period 2011 through 2020.

TABLE 1 – INVESTMENT RATES OF RETURN, 2011-2020

YEAR	INVESTMENT RETURN*
2011	-0.3%
2012	11.9%
2013	21.7%
2014	6.7%
2015	-0.2%
2016	9.5%
2017	15.6%
2018	-7.5%
2019	18.3%
2020	9.2%
5-YR. ANNUAL RETURN	8.7%
10-YR ANNUAL RETURN	8.2%

Source: The Retirement Fund.
* Time-weighted rates of return net of investment expense.

DETERMINATION OF EMPLOYER CONTRIBUTIONS

Under the Pension Code, the District's contributions to fund the Retirement Fund are determined pursuant to an annual statutory formula (the "*Pension Levy*"). The District's contributions to the Retirement Fund are generated primarily through the levy and collection of the Pension Levy. Beginning in fiscal year 2013, the Pension Code requires that the District annually levy the Pension Levy at the rate which, when extended, will produce a sum that will (i) be sufficient to meet the Actuarially Determined Contribution Requirement, but (ii) not exceed an amount equal (the *"Contribution Limitation"*) to the total employee contributions two years prior multiplied by 4.19 (the *"Multiplier"*). The *"Actuarially Determined Contribution Requirement"* or *"ADC"* is the amount equal to the District's Normal Cost (as hereinafter defined) plus the annual amount necessary to amortize the unfunded liability of the Retirement Fund to a Funded Ratio (as hereinafter defined) of 90% by the year 2050 as a level percent of payroll.

On October 2, 2014, the District Board of Commissioners approved a funding policy (the *"Funding Policy"*) with a goal to contribute annually to the Retirement Fund an amount that, over time, will increase the Funded Ratio of the Retirement Fund to 100% by the year 2050. The Funding Policy, which was developed by the District in conjunction with the Retirement Fund, was designed to better provide for the long-term financial health of the Retirement Fund while balancing the interests of employees, retirees, taxpayers and the District. The Funding Policy establishes maximum contribution amounts equal to the maximum contribution allowed by the Pension Code and minimum contribution levels that are intended to exceed the minimum contribution required by the Pension Code. The following chart shows an example projection for the next 10 years of the minimum District contributions required by the Pension Code, the minimum District contributions described in the Funding Policy, and the maximum District contributions described in the Funding Policy for each year.

TABLE 2 – PROJECTION OF EMPLOYER CONTRIBUTION UNDER DISTRICT'S FUNDING POLICY
($ in Millions)

YEAR	MINIMUM CONTRIBUTION AMOUNT UNDER PENSION CODE(1)	ACTUARIALLY DETERMINED CONTRIBUTION(2)	CONTRIBUTION UNDER DISTRICT FUNDING POLICY	CONTRIBUTION IN EXCESS OF ADC	PERCENTAGE BY WHICH FUNDING POLICY CONTRIBUTION EXCEEDS ADC
2021	$ 61.5	$ 76.8	$ 88.8	$12.0	115.63%
2022	61.9	77.7	87.9	10.2	113.13%
2023	63.3	79.6	87.3	7.7	109.67%
2024	62.3	79.1	88.2	9.1	111.50%
2025	62.9	80.4	89.3	8.9	111.07%
2026	63.8	81.9	90.2	8.3	110.13%
2027	64.8	83.4	90.9	7.5	108.99%
2028	65.8	85.1	91.7	6.6	107.76%
2029	66.9	86.9	92.5	5.6	106.44%
2030	68.2	88.9	93.2	4.3	104.84%
Total	$641.4	$819.8	$900.0	$80.2	109.78%

Source: Foster & Foster, Naperville, Illinois. Foster & Foster serves as consulting actuary to the Retirement Fund. These projections are based on the legislative structure in place as of the date of this Official Statement and assume no changes to such legislative structure.
(1) Minimum Contribution amount is based on the 90% funding target per the Illinois Pension Code.
(2) Actuarially Determined Contribution amount is based on the Funding Policy target of a 100% funded ratio by 2050.

The projections shown in the chart above are based upon numerous variables that are subject to change and are forward-looking statements regarding future events. No assurance can be given that these assumptions underlying such projections will be realized or that actual events will not cause material changes to the projections shown.

THE ACTUARIAL VALUATION

General

The actuary for the Retirement Fund annually produces a report, called the *"Actuarial Valuation,"* which (i) determines the amount to be contributed by the District to the Retirement Fund pursuant to the Pension Code and the District's Funding Policy, (ii) measures the financial position of the Retirement Fund, and (iii) discloses certain information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board (*"GASB"*), as described below. In the Actuarial Valuation, the Retirement Fund's actuary employs demographic data (such as employee age, salary and service credits), economic assumptions (such as estimated salary and interest rates), and decrement assumptions (such as employee turnover, mortality and retirement rates) to produce the information required by the GASB Standards. The Retirement Fund Actuarial Valuations are publicly available and may be obtained from the Retirement Fund, and more recent Actuarial Valuations are available on the Retirement Fund's website, www.mwrdrf.org; *provided, however,* that the content of these reports and such website is not incorporated by reference herein.

GASB Standards

For the Retirement Fund's fiscal years prior to and including the fiscal year ended December 31, 2013, the applicable GASB financial reporting standards were GASB Statement No. 25 (*"GASB 25"*) and GASB Statement No. 27 (*"GASB 27"* and, together with GASB 25, the *"Prior GASB Standards"*). The Prior GASB Standards required the determination of an "Annual Required Contribution" (referred to herein as the *"Actuarially Required Contribution"*) which was such pronouncement's method for calculating the annual amounts needed to fully fund the Retirement Fund, though the Actuarially Required Contribution was a financial reporting requirement and not a funding requirement, and the calculation of pension funding statistics such as the UAAL, the Funded Ratio and the Net Pension Obligation or Asset. The Prior GASB Standards also provided for variety in the actuarial methods that could be used to make calculations in Actuarial Valuations.

The Actuarially Required Contribution consisted of (1) the Normal Cost, the same being the portion of the present value of pension plan benefits allocated to the valuation year by the actuarial cost method, and (2) an amortized portion of any UAAL.

Pursuant to the Prior GASB Standards, the *"Actuarial Accrued Liability,"* or the actuary's calculation of the present value of the benefits owed to members of the Retirement Fund, was calculated using an actuarial cost method and the demographic data, economic assumptions and decrement assumptions discussed under "—General" above. The "*Actuarial Value of Assets"* reflected the value of the investments and other assets held by the Retirement Fund. Various methods existed under the Prior GASB Standards for calculating the Actuarial Value of Assets and the Actuarial Accrued Liability. For a discussion of the methods and assumptions used to calculate the Retirement Fund's Actuarial Accrued Liability and Actuarial Value of Assets under GASB 25, see "—Actuarial Methods" and "—Actuarial Assumptions" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability was referred to as the *"Unfunded Actuarial Accrued Liability"* or *"UAAL."* The UAAL represented the present value of benefits attributed to past service that are in excess of plan assets. In addition, the actuary computed the *"Funded Ratio,"* which was the Actuarial Value of Assets divided by the Actuarial Accrued Liability, expressed as a percentage. The Funded Ratio and the UAAL provide one way of measuring the financial health of a pension plan. An increasing UAAL or a decreasing Funded Ratio from year to year signaled a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liability without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing UAAL or an increasing Funded Ratio indicated an improvement in the financial health of a pension plan because such a change reflects the closing of the gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due.

Beginning with the fiscal year ended December 31, 2014, GASB 25 was replaced with GASB Statement No. 67 (*"GASB 67"*), and GASB 27 was replaced with GASB Statement No. 68 beginning with the fiscal year ending December 31, 2015 (*"GASB 68"* and, together with GASB 67, the *"New GASB Standards"*). Whereas the Prior GASB Standards established standards related to the funding of pension plans, the New GASB Standards provide standards related solely to financial reporting and accounting. The statistics calculated pursuant to the New GASB Standards differ from those required by the Prior GASB Standards. Specifically, the New GASB Standards require calculation and disclosure of a *"Net Pension Liability,"* which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the *"Total Pension Liability"*) and the fair market value of the pension plan's assets (referred to as the *"Fiduciary Net Position"*). These concepts are related to, but differ in some respects, from the concepts of Actuarial Accrued Liability, Actuarial Value of Assets, and UAAL as set forth under the Prior GASB Standards. The differences between the Prior GASB Standards statistics and the New GASB Standards generally exist (i) because the Fiduciary Net Position is calculated at fair market value (as opposed to the Asset Smoothing Method) and (ii) because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

In addition, the New GASB Standards use a *"Discount Rate"* in calculating the Total Pension Liability which may differ from the investment rate of return used in calculating the Actuarial Accrued Liability under the Prior GASB Standards. The Discount Rate, which is used to discount projected benefit payments to their actuarial present values, may be a blended rate comprised of (1) a long-term expected rate of return on the Retirement Fund's investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of the Retirement Fund are not expected to be sufficient to pay the projected benefits of such Retirement Fund, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

Finally, the New GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the Retirement Fund and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the District (beginning with the fiscal year ended December 31, 2015. In addition, the New GASB Standards require an expense (the *"Pension Expense"*) to be recognized on the District's income statement. The recognition of the Net Pension Liability and the Pension Expense do not measure the manner in which the Retirement Fund is funded and therefore do not conflict with the funding methods established pursuant to the Pension Code for the Retirement Fund.

Because the District contributes to the Retirement Fund in accordance with the Pension Code and the District's Funding Policy, and not in accordance with the GASB Standards, the GASB Standards will not impact the contributions made by the District without legislative action.

Actuarial Methods

The Retirement Fund's actuary employs a variety of actuarial methods to arrive at the pension reporting statistics required by the GASB Standards. Certain of these methods are discussed in the following sections.

Actuarial Value of Assets

Under the applicable provisions of the Pension Code, the Actuarial Value of Assets is calculated by recognizing investment gains and losses on such assets equally over a five-year period. This method of valuation is called the *"Asset Smoothing Method."* Under the Asset Smoothing Method, the Retirement Fund will recognize in the current year 20% of the investment gain or loss realized in each of the previous four years. The goal of the Asset Smoothing Method is to prevent extreme fluctuations in the Actuarial Value of Assets, the UAAL and the Funded Ratio that may otherwise occur because of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that does not reflect the actual value of pension plan assets at the time of measurement. As a result, presenting the Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

Under GASB Standards, the Fiduciary Net Position is equal to the fair market value of a pension plan's assets as of the date of determination. As such, the Asset Smoothing Method does not apply to the determination of the Fiduciary Net Position under the GASB Standards.

Table 3 provides a comparison of the Retirement Fund's assets on a fair value basis and after application of the Asset Smoothing Method.

TABLE 3 – ASSET SMOOTHED VALUE OF ASSETS VS. FAIR VALUE OF NET ASSETS(1)

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS	FAIR VALUE OF NET ASSETS	ACTUARIAL VALUE AS A PERCENTAGE OF FAIR VALUE
2011	$1,097,397	$1,021,471	107.43%
2012	1,076,740	1,092,403	98.57%
2013	1,188,504	1,298,614	91.52%
2014	1,263,287	1,337,796	94.43%
2015	1,307,982	1,286,653	101.66%
2016	1,372,362	1,352,598	101.46%
2017	1,456,196	1,501,794	96.96%
2018	1,470,309	1,343,994	109.40%
2019	1,489,266	1,506,834	98.83%
2020	1,556,056	1,580,890	98.43%

Source: The Retirement Fund.
(1) In thousands of dollars.

Actuarial Accrued Liability

To develop the Actuarial Accrued Liability under the Pension Code and the Total Pension Liability under the GASB Standards, the actuary applies an actuarial cost method to allocate the total value of benefits to past, present and future periods of employee service. The Retirement Fund uses the entry age normal actuarial cost method (the *"Entry Age Normal Method"*) with costs allocated based on earnings. The Entry Age Normal Method is the only allowable actuarial cost method under the New GASB Standards.

Under the Entry Age Normal Method, the present value of the projected pension of each member is assumed to be funded by annual installments, equal to a level percent of the member's earnings for each year between entry age and assumed exit age. The Normal Cost, as calculated under the Pension Code, for the member for the current year is equal to the portion of the value so determined, assigned to the current year. Therefore, the "Normal Cost" for the fund for the year is the sum of the normal costs of all active members.

The Actuarial Accrued Liability, under the Pension Code, and the Total Pension Liability, under the GASB Standards, is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date or, in other words, for past service. This value changes as the member's salary and years of service change, and as some members leave and are replaced by new members. Future normal cost is the portion of the present value of benefits assigned to future years of service and is assumed to be funded annually.

Actuarial Assumptions

The Retirement Fund's actuaries use a variety of assumptions to make the calculations required by the Pension Code, and GASB Standards. The assumptions used by the Retirement Fund are based on the experience study of the Retirement Fund conducted in September 2018 and were formally adopted by the Retirement Board upon recommendation by the Retirement Fund's actuary effective December 31, 2018. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Fund. Variances between the assumptions and actual results may cause increases or decreases in the statistics calculated pursuant to the Prior GASB Standards or the New GASB Standards.

Additional information on the Retirement Fund's actuarial assumptions is available in the Retirement Fund's Actuarial Valuation. Certain of the Retirement Fund's actuarial assumptions in the current year's Actuarial Valuation are as follows:

- Mortality Rates Healthy and Disabled Lives - RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA), with female rates are adjusted by a factor of 1.04 and male rates are unadjusted;

- Salary increases were assumed to be between 3.50% and 7.00% per year based on years of service;

- The investment rate of return was assumed to be 7.25% per year compounded annually;

- 76% of participants were assumed to be married; and

- Spouses of male employees were assumed to be four years younger than the employee and spouses of female employees were assumed to be four years older than the employee.

FUNDED STATUS OF THE RETIREMENT FUND

The Pension Code requires that the District fund the Retirement Fund through the levy, collection and contribution of the Pension Levy.

In each year, the District has contributed to the Retirement Fund in accordance with the requirements of the Pension Code and the District's Funding Policy. With the District making the maximum contribution, the Retirement Fund's Funded Ratio (calculated based on actuarial value) has grown to 57.3% from 52.2% ten years ago. The amount of the UAAL is in large part due to the Contribution Limitation in the provisions of the Pension Code prior to 2013, which limited the Pension Levy to an amount insufficient to fully fund the Retirement Fund to the amount of the Actuarially Determined Contribution. Higher Funded Ratios are attributed to the District's Funding Policy and strong investment returns achieved by the Retirement Board.

Table 4 provides information on the Actuarially Determined Contribution, the District's actual contributions in accordance with the Pension Code and the District's Funding Policy, the percentage of the Actuarially Determined Contribution made in each year and the Multiplier that would have been necessary in each year to contribute the Actuarially Determined Contribution.

TABLE 4 – HISTORY OF CONTRIBUTIONS[(1)]

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION[(2)]	ACTUAL EMPLOYER CONTRIBUTION[(3)]	PERCENTAGE OF ACTUARIALLY DETERMINED CONTRIBUTION CONTRIBUTED	ESTIMATED MULTIPLIER NECESSARY TO MATCH ACTUARIALLY DETERMINED CONTRIBUTION[(3)(4)]
2011	$69,393	37,379	53.87%	4.42
2012	74,829	65,098	87.00	2.82
2013	74,774	92,944	124.30	2.98
2014	69,924	73,906	105.69	3.94
2015	62,604	71,041	113.48	3.71
2016	64,596	80,260	124.25	3.40
2017	65,728	89,858	136.71	3.07
2018	64,989	87,167	134.13	3.12
2019	74,280	87,446	117.73	3.56
2020	77,392	107,852	139.36	2.73

Sources: The Retirement Fund.
(1) In thousands of dollars.
(2) For fiscal years prior to 2015, the Actuarially Determined Contribution amounts are the Actuarially Required Contribution amounts determined according to prior GASB Standards. For fiscal years 2015-2020 the Actuarially Determined Contribution amount is the actuarially determined amount according to the Funding Policy.
(3) In 2012, 2013, 2014 and 2020, the Fund received from the District special contributions from interest on District moneys of $30.0 million, $30.0 million, $12.0 million and $20.0 million, respectively. These contributions reduced the tax multiple needed to fully fund the ARC from 4.71 to 2.82 in 2012 from 4.97 to 2.98 in 2013, from 4.75 to 3.94 in 2014 and 3.68 to 2.73 in 2020.
(4) Please see "RETIREMENT FUND—Determination of Employer Contributions" for information regarding the statutory limits on the multiplier.

As of the end of fiscal year 2020, the Retirement Fund had an UAAL of approximately $1,158 million on an actuarial basis (using the Asset Smoothing Method) and $1,133 million on a fair value basis. The respective Funded Ratios are 57.3% and 58.2%.

Under the Act, if authorized by a two-thirds vote of the Board, the District may transfer interest on any moneys into the Retirement Fund. Pursuant to an amendment to the Act effective January 1, 2022, if authorized by a two-thirds vote of the Board, the District may also transfer into the Retirement Fund revenue from any lawfully available source. The District's 2021 Budget authorized a District employer contribution of $98.1 million, $88.1 million of which was contributed into the Retirement Fund in 2021. This represented 113.83% of the actuarially determined contribution for that fiscal year.

The Executive Director's recommendations for the 2022 Budget propose a District employer contribution of $118.754 million (including within it $10 million of the fiscal year 2021 authorization not eligible for contribution until the effective date of the amendment to the Act described above). If approved by the Board, this would represent 154.63% of the actuarially determined contribution for fiscal year 2022. No assurance can be given that the final 2022 Budget approved by the Board will authorize the contribution amount contained in the Executive Director's recommendations.

The tables on the following pages summarize the current financial condition and the funding progress of the Retirement Fund.

TABLE 5 – FINANCIAL CONDITION OF THE RETIREMENT FUND
FISCAL YEARS 2011-2020
($ IN THOUSANDS)

FISCAL YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Net Assets (Fair Value)	$1,092,648	$1,021,471	$1,092,403	$1,298,614	$1,337,796	$ 1,286,653	$ 1,352,598	$ 1,501,794	$ 1,343,994	$ 1,506,834
Income										
- Employee Contributions	15,032	14,714	16,891	18,975	21,385	20,831	20,840	21,033	21,182	20,982
- Employer Contributions	37,379	65,098	92,944	73,906	71,041	80,260	89,858	87,167	87,447	107,852
- Investment Income(1)	(1,710)	115,537	225,550	81,600	(1,428)	113,152	194,476	(103,313)	224,905	123,900
- Miscellaneous Income(2)	334	789	552	5	29	541	349	322	257	202
Total	$ 51,035	$ 196,138	$ 335,937	$ 174,486	$ 91,027	$ 214,784	$ 305,523	$ 5,209	$ 333,791	$ 252,936
Expenditures										
- Benefits	118,102	122,714	127,206	132,914	139,161	145,325	152,153	159,561	167,481	174,996
- Refunds	2,711	1,195	1,129	984	1,349	2,011	2,560	1,762	1,828	2,291
- Administration	1,399	1,297	1,391	1,407	1,660	1,503	1,614	1,685	1,642	1,593
Total	$ 122,212	$ 125,206	$ 129,726	$ 135,305	$ 142,170	$ 148,839	$ 156,327	$ 163,009	$ 170,951	$ 178,880
Ending Net Assets (Fair Value)	$1,021,471	$1,092,403	$1,298,614	$1,337,795	$1,286,653	$1,352,598	$1,501,794	$1,343,994	$1,506,834	$1,580,890
Actuarial Value of Assets(3)	$1,097,397	$1,076,740	$1,188,504	$1,263,287	$1,307,982	$1,372,362	$1,456,196	$1,470,309	$1,489,266	$1,556,056
Actuarial Accrued Liabilities	$2,101,319	$2,136,508	$2,194,912	$2,296,439	$2,371,031	$2,443,292	$2,497,890	$2,601,164	$2,666,222	$2,714,192
UAAL (Fair Value)(4)	$1,079,848	$1,044,105	$ 896,298	$958,644	$1,084,379	$1,090,694	$ 996,096	$1,257,170	$1,159,388	$1,133,302
UAAL (Actuarial Value)(3)	$1,003,922	$1,059,768	$1,006,408	$1,033,152	$1,063,049	$1,070,930	$1,041,694	$1,130,855	$1,176,956	$1,158,136
Funded Ratio (Fair Value)(4)	48.6%	51.1%	59.2%	58.3%	54.3%	55.4%	60.1%	51.7%	56.5%	58.2%
Funded Ratio (Actuarial Value)(3)	52.2%	50.4%	54.1%	55.0%	55.2%	56.2%	58.3%	56.5%	55.9%	57.3%

Source: The Retirement Fund (Comprehensive Annual Financial Reports of the Retirement Fund),
Table may not add up due to rounding. For additional information, see the Actuarial Valuation.

(1) Investment income is shown net of fees and expenses.
(2) Includes income from the Retirement Fund's securities lending program, and miscellaneous income. For more information, see Note 8 to the Financial Statements in the Comprehensive Annual Financial Report of the Retirement Fund for the fiscal year ended December 31, 2020.
(3) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "Actuarial Methods—Actuarial Value of Assets" above.
(4) Calculated using net assets

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TABLE 6 – SCHEDULE OF FUNDING STATUS
FISCAL YEARS 2011-2020
($ IN THOUSANDS)

FISCAL YEAR	ACTUARIAL ACCRUED LIABILITY	ACTUARIAL VALUE OF ASSETS(1)	FAIR VALUE OF NET ASSETS	UAAL (ACTUARIAL)(2)	UAAL (FAIR VALUE)(3)	FUNDED RATIO (ACTUARIAL)(2)	FUNDED RATIO (FAIR VALUE)(3)	PAYROLL	UAAL TO PAYROLL (ACTUARIAL)(2)	UAAL TO PAYROLL (FAIR VALUE)(3)
2011	$2,101,319	$1,097,397	$1,021,471	$1,003,922	$1,079,848	52.2%	48.6%	$164,275	611.1%	657.3%
2012	2,136,508	1,076,740	1,092,403	1,059,768	1,044,106	50.4%	51.1%	163,817	646.9%	637.4%
2013	2,194,912	1,188,504	1,298,614	1,006,408	896,298	54.1%	59.2%	169,376	594.2%	529.2%
2014	2,296,439	1,263,287	1,337,796	1,033,152	958,643	55.0%	58.3%	176,184	586.4%	544.1%
2015	2,371,031	1,307,982	1,286,653	1,063,049	1,084,379	55.2%	54.3%	177,507	597.9%	609.9%
2016	2,443,292	1,372,362	1,352,598	1,070,930	1,090,694	56.2%	55.4%	182,640	586.4%	597.2%
2017	2,497,890	1,456,196	1,501,794	1,041,694	996,096	58.3%	60.1%	184,385	565.0%	540.2%
2018	2,601,164	1,470,309	1,343,994	1,130,855	1,257,170	56.5%	51.7%	187,850	602.0%	669.2%
2019	2,666,221	1,489,266	1,506,834	1,176,955	1,159,387	55.9%	56.5%	189,961	619.6%	610.3%
2020	2,714,192	1,556,056	1,580,890	1,158,136	1,133,302	57.3%	58.2%	188,073	615.8%	602.6%

Source: The Comprehensive Annual Financial Reports of the Retirement Fund for the fiscal years ending December 31, 2011 through December 31, 2020, and the Actuarial Valuation of the Retirement Fund for the fiscal year ended December 31, 2020. For additional information, see the Actuary's Report.

(1) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "Actuarial Methods—Actuarial Value of Assets" above.
(2) For purposes of this column, "Actuarial" refers to the fact that the calculation was made using the Actuarial Value of Assets.
(3) For purposes of this column, "Fair Value" refers to the fact that the calculation was made using the Fair Value of Net Assets

A variety of factors impact the Retirement Fund's UAAL and Funded Ratio. Increases in member salary and benefits, a lower return on investment than that assumed by the Fund actuary, and insufficient contributions when compared to the Normal Cost, plus interest will all cause an increase in the UAAL and a decrease in the Funded Ratio. Conversely, decreases in member salary and benefits, a higher return on investment than assumed, and employer contributions in excess of Normal Cost, plus interest, will decrease the UAAL and increase the Funded Ratio. In addition, changes in actuarial assumptions and certain other factors will have an impact on the UAAL and the Funded Ratio. The causes of the change in the UAAL for the fiscal years ended December 31, 2011 through December 31, 2020, are set forth in Table 7 below.

TABLE 7 – COMPONENTS OF CHANGE IN UNFUNDED ACTUARIAL LIABILITY[(1)]

FISCAL YEAR	SALARY INCREASES/ (DECREASES)	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS (HIGHER)/LOWER THAN NORMAL COST PLUS INTEREST	LEGISLATIVE AMENDMENTS	CHANGES IN ACTUARIAL ASSUMPTIONS/ METHODS	OTHER FACTORS	TOTAL CHANGE IN UNFUNDED LIABILITY
2011	$(25,335)	$71,035	$49,402	-	-	$23,735	$118,837
2012	(23,146)	58,585	31,301	-	$7,171	(18,065)	55,846
2013	(6,368)	(48,964)	3,396	-	-	(1,423)	(53,360)
2014	(5,667)	(26,867)	16,960	-	32,495	9,823	26,744
2015	(3,201)	3,056	17,071	-	(4,471)	12,972	29,898
2016	(844)	(15,961)	9,554	-	-	15,131	7,881
2017	(11,576)	(27,925)	155	-	-	10,111	(29,235)
2018	(7,369)	40,260	540	-	37,439	18,920	89,791
2019	(4,517)	23,072	4,872	-	-	22,674	46,100
2020	(6,559)	(10,494)	(13,371)	-	-	11,594	(18,819)

Source: The Retirement Fund. Totals may not add up due to rounding.
(1) In thousands of dollars.

Net Pension Liability and Discount Rate

GASB Standards require the calculation of the Net Pension Liability, which is the difference between the Total Pension Liability and the Fiduciary Net Position. Furthermore, the Discount Rate is the blended rate at which the Retirement Fund's actuary discounts projected benefit payments to their actuarial present values. The following tables present information on the Net Pension Liability and the components thereof and the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

TABLE 8– NET PENSION LIABILITY

($ IN THOUSANDS)

	TOTAL PENSION LIABILITY	PLAN NET POSITION	NET PENSION LIABILITY	PLAN NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
2014	$2,285,096	$1,337,796	$ 947,300	58.54%
2015	2,359,766	1,286,653	1,073,113	54.52
2016	2,432,163	1,352,598	1,079,565	55.61
2017	2,486,868	1,501,794	985,074	60.39
2018	2,588,389	1,343,994	1,244,395	51.92
2019	2,653,769	1,506,834	1,146,935	56.78
2020	2,701,762	1,580,891	1,121,071	58.51

Source: The Actuarial Valuation of the Retirement Fund for the fiscal year ended December 31, 2020.

TABLE 9 – SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% DECREASE	CURRENT	1% INCREASE
2014			
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	$1,217,729,913	$947,299,960	$720,078,909
2015			
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	$1,349,610,381	$1,073,112,829	$840,620,797
2016			
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	$1,361,928,929	$1,079,565,058	$841,925,382
2017			
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	$1,269,993,791	$985,074,131	$745,011,954
2018			
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability	$1,539,876,439	$1,244,395,035	$995,556,421
2019			
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability	$1,446,814,051	$1,146,934,744	$894,253,229
2020			
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability	$1,422,861,759	$1,121,071,432	$866,595,596

Source: The Actuarial Valuation of the Retirement Fund for the fiscal year ended December 31, 2020.

RECENT LEGISLATIVE CHANGES

No recent legislative changes, 2015 through 2020, have a material impact on the financial position of the Retirement Fund.

PROJECTION OF FUNDED STATUS

Table 10 provides a projection, prepared by the Fund actuary, of the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL and the Funded Ratio through fiscal year 2030.

TABLE 10 – PROJECTION OF FUTURE FUNDING STATUS(1)

FISCAL YEAR	ACTUARIAL ACCRUED LIABILITY (a)	ACTUARIAL VALUE OF ASSETS(2) (b)	UNFUNDED ACCRUED ACTUARIAL LIABILITIES (UAAL) (a-b)	FUNDED RATIO (b/a)
2021	$2,753.3	$1,598.5	$1,154.8	58.1%
2022	2,791.8	1,621.2	1,170.6	58.1%
2023	2,827.9	1,683.5	1,144.4	59.5%
2024	2,861.3	1,716.5	1,144.8	60.0%
2025	2,892.1	1,744.6	1,147.5	60.3%
2026	2,920.4	1,771.3	1,149.1	60.7%
2027	2,946.0	1,796.4	1,149.6	61.0%
2028	2,968.8	1,819.9	1,148.9	61.3%
2029	2,988.7	1,841.3	1,147.4	61.6%
2030	3,005.5	1,861.0	1,144.5	61.9%

Source: (1) Foster & Foster, Naperville, Illinois. Foster & Foster serves as consulting actuary to the Retirement Fund. In millions of dollars. These projections are based on the legislative structure in place as of the date of this Official Statement and assume no changes to such legislative structure.
(2) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "Actuarial Methods—*Actuarial Value of Assets*" above.

The projections in Table 10 are based upon numerous variables that are subject to change and are forward-looking statements regarding future events based on the Retirement Fund's actuarial assumptions assuming that there are no changes to the current legislative structure. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented.

As shown in Table 10, the Retirement Fund's actuary projects that the Retirement Fund's Funded Ratio will be 61.9% at the end of fiscal year 2030.

DIVERSION OF STATE PAYMENTS TO THE RETIREMENT FUND UNDER P.A. 099-0008

Public Act 99-0008 (*"P.A. 99-8"*) allows the State Comptroller to divert State payments intended for the District to the Retirement Fund if the District fails to transmit the statutorily required contribution by December 31st of the year in which such contribution is due. To cause the State to redirect such funds upon a failure by the District to make the required contribution, the Retirement Fund must provide the District with notice and then must certify to the State Comptroller the amount of the delinquent payments. Upon such a certification, the State Comptroller must deduct and remit to the Retirement Fund the certified amounts from payments of State funds to the District. P.A. 99-8 provides that the amount to be deducted from these State funds may not exceed the amount of the delinquent payments certified to the State Comptroller by the Retirement Fund. To date, the District has paid the annual required contributions in full and on time.

SOURCE OF INFORMATION

The information contained herein relies on information produced by the Retirement Fund, their independent accountants and its independent actuaries (the *"Source Information"*). The information presented herein is presented based on the Source Information. The District has not independently verified the Source Information and makes no representations nor expresses any opinion as to the accuracy of the Source Information.

The Annual Financial Reports and the Actuarial Valuations of the Retirement Fund for the fiscal years ending December 31, 2011 through December 31, 2020, may be obtained by contacting the Retirement Fund. Most of these reports are also available on the Retirement Fund's website at www.mwrdrf.org; *provided, however,* that the content of these reports and such website is not incorporated by reference herein.

Additional information on the Retirement Fund is available in the Actuary's Valuation.

OTHER POST EMPLOYMENT BENEFITS

The Metropolitan Water Reclamation District's Retiree Health Care Plan (the *"OPEB Plan"*) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The OPEB Plan, which is administered by the District, allows employees who retire and meet certain eligibility requirements to continue medical and prescription drug coverage as a participant in the OPEB Plan. 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 post-employment health care benefits and coverage for retirees is provided for life. As of December 31, 2019, the date of the most recent actuarial valuation, there were 1,817 active employees and 2,015 retirees and beneficiaries receiving health care coverage.

The funding of the OPEB Plan is accomplished in two parts. The District (i) pays the current year's retiree health care claim payments and insurance premiums from operating funds of the District on a pay-as-you-go basis, and (ii) contributes an advance funding amount to the OPEB Trust Fund (as defined below). The OPEB Trust Fund was established to advance fund benefits provided under the OPEB Plan. Currently, benefit payments and premiums are not paid from the OPEB Trust Fund, as described below.

In 2007, the District established the Metropolitan Water Reclamation District Retiree Health Care Trust (the *"OPEB Trust Fund"*) and adopted a funding policy (the *"OPEB Funding Policy"*) that is meant to (i) improve the District's financial position by reducing the amount of future employer 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. The OPEB Trust Fund is considered a component unit of the District and, as such, is included in the District's financial statements as a retiree health care trust fund.

Through September 30, 2021, $147,400,000 has been contributed by the District to the OPEB Trust Fund. The OPEB Advance Funding Policy was amended by the Board of Commissioners on October 2, 2014. The amended funding policy changed the Target Funding Level from 50% to 100%; Remaining Advance Funding Period from 50 years to 12 years; and Funding Amount of $5 million to be contributed in each of the twelve years 2015 through 2026. No further advance funding contributions will be required after 2026. Pursuant to Section 9.6d of the Act, the Board has discretionary authority to determine contribution amounts to be paid by the District into the OPEB Trust Fund.

It is projected that the OPEB Trust Fund will begin to pay claims in 2027 using the investment redemptions of the funding contributions made by the District. While there are no legal restrictions on utilizing the assets in the OPEB Trust Fund to pay benefits claims by the District until 2027, all benefit claim payments prior to that date are anticipated to be paid directly by the District on a pay-as-you-go basis from operating funds of the District.

As of December 31, 2020 (based on a roll-forward calculation from the most recent actuarial valuation date), the funded ratio for the OPEB Plan was 85.0% and the unfunded actuarial accrued liability was $47,913,000. The funded ratio is the ratio of actuarial value of assets to the actuarial liability and is a measure of the ability of the OPEB Plan to pay all future benefits from the assets held in the OPEB Trust Fund. Additional information pertaining to the other post-employment benefits is contained in Note 8 to the Basic Financial Statements attached hereto as APPENDIX A.

The annual financial report of the OPEB Trust Fund for the fiscal years ending December 31, 2007 through December 31, 2020 may be obtained by contacting the District and are also available on the District's website at www.mwrd.org; *provided, however,* that the content of such reports and website is not incorporated by reference herein.

EXHIBIT A
REPORT OF THE CONSULTING ACTUARY ON THE DISTRICT RETIREMENT FUND

The Metropolitan Water Reclamation District of Greater Chicago (the *"District"*) has a contributory retirement fund (the "*Retirement Fund*") which provides coverage for all District employees, Commissioners who elect to participate, and Retirement Fund employees. The total number of covered employees in active service at the end of 2020 was 1,769, while the total number receiving benefits was 2,483.

The Retirement Fund is financed by employee and District contributions. Both are determined by Article 13 of the Illinois Pension Code (40 Illinois Compiled Statutes Act 5). District contributions may be higher than required by law in accordance with the District's Funding Policy, adopted in October 2014. The employee contribution rate is a fixed percentage of pensionable salary depending on Tier participation. Historically, the District contribution has been capped to a multiple of the employee contributions made two years prior.

On August 3, 2012, the Governor signed Public Act 97-0894 into law. This law, which went into effect in the 2013 fiscal year, increased the employer contribution multiple from 2.19 to the lesser of 4.19 multiplied by the employee contributions two years prior or a defined Actuarially Determined Contribution (ADC). Employee contributions were also increased for employees in service prior to January 1, 2011 (Tier 1) by 1% per year for three years, starting with the first pay period occurring in 2013 and capping at 12% in 2015. The Tier 1 employee contribution rate will revert to 9% the first pay period paid on or after the date when the funded ratio of the Retirement Fund is determined to have reached the 90% funding goal.

Effective August 27, 2014 the District implemented a policy of contributing an amount equal to 4.19 multiplied by the employee contributions two years prior until the Retirement Fund reaches a funded ratio of 100%.

The actuarial funding method used is the Entry Age Normal Method. The Entry Age Normal Method is an immediate gain valuation method. This means that any deviation of plan experience from the actuarial assumptions is reflected immediately in the Unfunded Liability.

This Entry Age Normal Method assigns to each year of employment a constant percentage of an employee's salary, called the Current Service Cost, sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, mortality, and pension fund investment earnings, since the actual pension can only be known at the time of retirement. These are called actuarial assumptions and reflect long range expectations of the plan on an ongoing or permanent basis. An annual review of these assumptions is conducted and appropriate changes are made when required.

The "Accrued Liability" of a pension fund at any point in time is the accumulated value of all Current Service Costs which should have been paid to that time for active employees plus full prospective cost of pensions for all retired employees. The extent that the actual pension fund assets are less than the Accrued Liability is called the "Unfunded Liability."

Under Prior GASB Standards (GASB No. 25), an amount of money is required each year to amortize the Unfunded Liability over a span of thirty years. This amount is called the 30-Year Amortization of the Unfunded Liability. The total Actuarial Required Contribution (ARC) to a pension fund (financed by the employee and employer) is equal to the Current Service Cost plus 30-Year Amortization of the Unfunded Liability as a level percent of payroll.

For fiscal years 2013 and later, Section 13-503 of the Illinois Pension Code specifies that actual contributions to the Retirement Fund are compared to an Actuarially Determined Contribution ("*ADC*"). Contributions higher than the ADC reflects the District contributing more than projected to meet the funding requirements of the Illinois Pension Code. The ADC equals the Current Service Cost plus a Supplemental Cost (the annual amount to amortize the Unfunded Liability by 2050).

The required contribution amounts and rates contained in the report herein reflect the Prior GASB Standards (a 30-year amortization of the Unfunded Liability) for amounts before fiscal year 2015 and reflect the Actuarially Determined Contribution (based on a supplemental amortization cost to fund the Unfunded Liability by 2050) for fiscal years 2015 and later.

In 2020, District contributions to the Fund amounted to 139.4% of the actuarially determined contribution amount.

FINANCIAL POSITION

YEAR END	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS(1)	INVESTMENT INCOME (2)	TOTAL INCOME
2011	$15,031,961	$37,379,137	$3,012,778	$55,423,876
2012	14,714,496	65,097,835	121,081,385	200,893,716
2013	16,890,798	92,944,381	231,567,647	341,402,826
2014	18,974,954	73,906,168	87,504,592	180,385,714
2015	21,385,212	71,041,361	4,143,814	96,570,387
2016	20,830,779	80,259,713	118,306,730	219,397,222
2017	20,839,829	89,858,224	199,445,312	310,143,365
2018	21,032,601	87,167,339	(97,717,715)	10,482,225
2019	21,182,425	87,446,476	230,494,663	339,123,564
2020	20,982,056	107,852,191	128,773,718	257,067,965

YEAR END	BENEFITS	ADMINISTRATIVE AND INVESTMENT EXPENSES	REFUNDS	TOTAL(3)	INCOME LESS PAYOUTS(4)	RETURN ON INVESTED ASSETS(5)
2011	$118,102,369	$5,787,836	$2,711,115	$126,601,320	$(71,177,444)	(0.3)%
2012	122,713,908	6,052,080	1,195,737	129,961,725	70,931,991	11.9
2013	127,205,981	6,856,698	1,128,922	135,191,601	206,211,225	21.7
2014	132,913,502	7,306,073	984,343	141,203,918	39,181,796	6.7
2015	139,160,911	7,202,753	1,348,845	147,712,509	(51,142,122)	(0.2)
2016	145,325,385	6,116,322	2,010,630	153,452,337	65,944,885	9.5
2017	152,152,914	6,234,729	2,560,129	160,947,772	149,195,593	15.6
2018	159,561,047	6,958,411	1,762,475	168,281,933	(157,799,708)	(7.5)
2019	167,480,736	6,974,934	1,827,884	176,283,554	162,840,010	18.3
2020	174,996,453	6,264,304	2,290,858	183,551,615	74,056,350	8.7

(1) Net Tax Levy and Miscellaneous Income.
(2) Includes realized net gain/loss on sale and exchange of bonds and stocks, securities lending income and other miscellaneous income. Not shown net of fees and expenses.
(3) Includes Pensions, Benefits, Refunds and Administrative Expenses.
(4) Does not include Prior Years Tax Adjustments.
(5) Computed on assets shown, less taxes receivable and cash.

Distribution of Cash and Security Holdings

Year	Cash	Federal Government Securities	State and Local Government Securities	Corporate Stocks and Bonds	Short Term	Convertible Securities	Other Bonds
2011	0.0%	0.0%	0.0%	98.2%	1.8%	0.0%	0.0%
2012	0.0	2.2	0.0	95.1	2.7	0.0	0.0
2013	0.0	1.7	0.0	94.1	4.2	0.0	0.0
2014	0.0	4.8	0.0	92.3	2.7	0.2	0.0
2015	0.0	5.2	0.0	91.5	3.3	0.0	0.0
2016	0.0	7.1	0.0	90.4	2.5	0.0	0.0
2017	0.0	6.7	0.0	91.1	2.2	0.0	0.0
2018	0.0	7.3	0.0	86.4	1.2	0.0	5.1
2019	0.0	6.4	0.0	83.0	3.1	0.0	7.5
2020	0.0	6.3	0.0	83.1	1.9	0.0	8.8

Schedule of Funding Status

Year	Accrued Liability(1)	Assets at Actuarial Value(2)	Funded Ratio	Unfunded Accrued Liability	Payroll at Year End	Unfunded Accrued % Payroll (Surplus)
2011	$2,101,319,098	$1,097,397,206	52.2%	$1,003,921,892	$164,275,424	611%
2012	2,136,508,223	1,076,740,164	50.4	1,059,768,059	163,816,934	647
2013	2,194,911,693	1,188,503,716	54.1	1,006,407,977	169,375,857	594
2014(a)	2,296,438,698	1,263,287,068	55.0	1,033,151,630	176,183,941	586
2015(b)	2,371,031,195	1,307,982,039	55.2	1,063,049,156	177,792,309	598
2016	2,443,291,644	1,372,361,950	56.2	1,070,929,694	182,640,163	586
2017	2,497,890,179	1,456,195,876	58.3	1,041,694,303	184,385,188	565
2018(a)	2,601,163,632	1,470,308,639	56.5	1,130,854,993	187,849,708	602
2019	2,666,221,630	1,489,266,144	55.9	1,176,955,486	189,961,010	620
2020	2,714,192,284	1,556,056,167	57.3	1,158,136,117	188,072,970	616

(a) Change in actuarial assumptions.
(b) Change in actuarial methods.
(1) 2010 – 2013 results are based on 7.75% interest and 5.0% salary scale. Results for 2014-2017 and later are based on 7.50% interest and a salary scale that varies based on service. Results for 2018 and later are based on 7.25% interest and salary increases and decrement rates based on a September 28, 2018 experience study.
(2) All asset values shown here reflect the smoothed actuarial assets.

In the Schedule of Funding Status, analysis of the dollar amount of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the retirement system. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, a smaller percentage indicates a stronger retirement system.

Prioritized Solvency Test

The prioritized solvency test is another means of checking a system's progress under its funding program. In a short-term solvency test, the plan's present assets (cash and investments) are compared with actuarial accrued liabilities classified into the following categories: (1) liability for active member contributions on deposit; (2) liability for future benefits to present retired lives; and (3) liability for the employer financed portion of service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing the obligation for active member contributions on deposit (present value 1) and the present value of future benefits to present retired lives (present value 2) will be fully covered by present assets (except in rare circumstances). In addition, the present value of credited projected benefits for present active members (present value 3) will be partially covered by the remainder of present assets. Generally, if the system has been using a level cost financing, the funded portion of present value will increase over time.

	Aggregate Accrued Liabilities For:				Portion (%) of Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)				
Valuation Date 12/31	Active Member Contributions	Retirees and Beneficiaries	Active Members (ER Financed Portion)	Actuarial Asset Values[a]	(1)	(2)	(3)
2011	$199,015,897	$1,433,294,765	$469,008,436	$1,097,397,206	100%	63%	0%
2012[b]	213,323,414	1,431,829,221	491,355,588	1,076,740,164	100	60	0
2013	223,354,127	1,463,856,177	507,701,389	1,188,503,716	100	66	0
2014[b]	231,430,077	1,541,326,692	422,154,924	1,263,287,068	100	67	0
2015[c]	236,967,954	1,616,195,435	517,867,805	1,307,982,039	100	66	0
2016	244,239,334	1,676,732,070	522,320,240	1,372,361,950	100	67	0
2017	247,730,731	1,745,598,298	504,561,150	1,456,195,876	100	69	0
2018[b]	251,845,144	1,843,563,888	505,754,600	1,470,308,639	100	66	0
2019	251,719,321	1,929,940,867	484,561,442	1,489,266,144	100	64	0
2020	249,921,777	2,013,763,878	450,506,629	1,556,056,167	100	65	0

(a) Assets at 5-year smoothed market value.
(b) Change in actuarial assumptions.
(c) Change in actuarial method.

Actuarial Requirements

Beginning with the 2015 fiscal year, the total required Actuarially Determined Contribution to the Fund (financed by the employee and the District) is equal to the Current Service Cost plus an amount to amortize the Unfunded Liability over a period ending in 2050. Prior to the December 31, 2014 valuation, the contribution amounts reflected a 30-year amortization period in accordance with the Prior GASB Statements (GASB No. 25).

For the year 2020 the District contributed $107,852,191 or 57.35% of December 31, 2020 pensionable payroll. For 2020, employee contributions were $20,982,056 or 11.05% of December 31, 2020 pensionable payroll. The corresponding total actuarially determined contribution, consisting of the Current Service Cost plus the amount to amortize the Unfunded Liability over a period ending in 2050 was 41.15% of December 31, 2020 pensionable payroll.

As the District tax levy is expressed as a multiple of the total salary deductions made two years prior, the District is effectively contributing a level annual percentage of payroll.

Year	Total Actuarially Determined Contribution Rate	Actual Contribution		Deficiency (Excess) in Annual Contribution
		Employer	Employee	
2011	48.77%	21.42%	8.62%	18.73%
2012[(a)]	54.54	39.62	8.96	5.96
2013	55.62	56.74	10.31	(11.43)
2014[(a)]	52.18	43.63	10.90	(2.65)
2015[(b)]	47.28	40.32	12.14	(5.18)
2016	47.98	45.14	11.72	(8.88)
2017	47.52	49.20	11.41	(13.09)
2018	46.67	47.27	11.41	(12.01)
2019[(a)]	50.86	46.55	11.28	(6.97)
2020	51.93	56.78	11.05	(15.90)
2021	51.93	47.19 Est	11.07 Est	(6.33) Est

(a) Change in actuarial assumptions.
(b) Change in actuarial method.
Note: The actuarially determined contribution rate for 2011 through 2014 is calculated as the normal cost plus 30-year amortization of the unfunded liability according to GASB 25. For contributions determined for 2015 and thereafter, GASB 25 no longer applies. The reported required actuarial contribution is based on the actuarially determined contribution according to state statute: normal cost plus an amount to amortize the unfunded accrued liability by 2050 (a 30-year amortization for 2020).

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution[(1)]	Tax Levy[(2)]	Employer Special Contribution	Total Employer Contribution	Percent of ADC Contributed By Employer
2011	$69,393,171	$34,362,000		$37,379,134	53.87%
2012	74,828,844	34,761,000	$30,000,000	65,097,835	87.00
2013	74,774,148	62,984,000	30,000,000	92,944,381	124.30
2014	69,924,438	61,654,000	12,000,000	73,906,168	105.69
2015	62,603,576	70,772,000		71,041,361	113.48
2016	64,596,066	79,505,000		80,259,713	124.25
2017	65,727,912	89,604,000		89,858,224	136.71
2018	64,988,583	87,281,000		87,167,339	134.13
2019	74,279,999	87,319,000		87,446,476	117.73
2020	77,392,414	88,127,000	$20,000,000	107,852,191	139.36

(1) The actuarially determined contribution for 2011 through 2014 is calculated as the normal cost plus 30-year amortization of the unfunded liability according to GASB 25. For contributions determined for 2015 and thereafter, GASB 25 no longer applies. The reported required actuarial contribution is based on the actuarially determined contribution according to state statute: normal cost plus an amount to amortize the unfunded accrued liability by 2050 (a 30-year amortization for 2020).
(2) Tax levy.

ACTUARIAL ASSUMPTIONS AND COST METHOD

The actuarial assumptions used for the 2018, 2019 and 2020 actuarial valuations were based on our experience analysis of the fund for the five-year period 2013 through 2017.

The major actuarial assumptions used for these valuations are summarized below:

- *Investment return:* 7.25% per year, compounded annually.

- *Salary increase:* Tables of rates based on service.

- *Retirement Rates:* Rates of retirement for each age from 50 to 75, based on the recent experience of the fund.

- *Termination Rates:* Termination rates, varying by age and length of service, based on the recent experience of the fund.

- *Mortality Rates:* RP-2000 Combined Healthy Mortality Table, with Generational mortality improvements (Scale AA) for healthy lives. Female rates are adjusted by a factor of 1.04 and male rates are unadjusted

- *Payroll growth assumptions*: 3.00%

In our opinion, the actuarial assumptions used for the valuation are reasonable, in the aggregate, considering the Retirement Fund's experience and future expectations and represent our best estimate of anticipated experience.

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APPENDIX D

DEMOGRAPHIC AND ECONOMIC INFORMATION

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APPENDIX D

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and economic developments provide context for understanding the setting within which the District's financial activities take place. This appendix provides material for analyzing that setting.

POPULATION 1980 – 2020

YEAR	UNITED STATES	STATE OF ILLINOIS	COOK COUNTY
1980	226,545,805	11,427,409	5,253,655
1990	248,709,873	11,430,602	5,105,067
2000	281,421,906	12,419,293	5,376,741
2010	308,745,538	12,830,632	5,198,716
2020	329,933,229	12,587,530	5,275,541

Source: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

POPULATION OF THE STATE OF ILLINOIS AND COOK COUNTY - 2011 – 2020

YEAR	COOK COUNTY	STATE OF ILLINOIS
2011	5,214,988	12,858,725
2012	5,232,340	12,873,763
2013	5,246,635	12,890,552
2014	5,246,456	12,880,580
2015	5,244,088	12,859,585
2016	5,254,675	12,821,709
2017	5,252,875	12,779,893
2018	5,239,351	12,724,685
2019	5,219,780	12,667,017
2020	5,275,541	12,587,530

Source: U.S. Department of Commerce, Bureau of Economic Analysis, except 2020 Cook County population information, which is a U.S. Census Bureau estimate.

PER CAPITA INCOME
COOK COUNTY
2010-2019

YEAR	POPULATION	PERSONAL INCOME (IN $1,000S)	PER CAPITA PERSONAL INCOME
2019	5,150,233	$336,341,911	$65,306
2018	5,171,960	328,088,258	63,436
2017	5,200,821	309,151,571	59,443
2016	5,224,272	298,699,521	57,175
2015	5,244,088	296,518,776	56,543
2014	5,254,675	281,725,817	53,614
2013	5,252,875	261,762,525	49,832
2012	5,239,351	254,025,111	48,484
2011	5,219,780	239,238,102	45,833
2010	5,199,016	229,542,774	44,151

Source: U.S. Department of Commerce, Bureau of Economic Analysis
.

TOTAL EMPLOYMENT IN COOK COUNTY - 2011 – 2020
(as of December 1)

YEAR	NUMBER EMPLOYED
2011	2,380,043
2012	2,413,924
2013	2,463,282
2014	2,512,521
2015	2,575,697
2016	2,590,236
2017	2,604,224
2018	2,625,264
2019	2,636,486
2020	2,376,956

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Average Weekly Wage
2011-2020

Year	Cook County	State of Illinois	United States of America
2011	$1,122	$1,013	$955
2012	1,099	945	906
2013	1,155	951	899
2014	1,209	1,011	871
2015	1,267	1,146	1,082
2016	1,250	1,122	1,067
2017	1,283	1,151	1,109
2018	1,335	1,189	1,144
2019	1,369	1,221	1,185
2020	1,571	1,378	1,339

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Unemployment Rates
Last Ten Fiscal Years

Year	Cook County	State of Illinois	United States of America
2011	10.4%	9.8%	8.9%
2012	8.9%	8.7%	8.1%
2013	9.1%	8.3%	6.7%
2014	7.0%	6.2%	5.6%
2015	6.2%	6.0%	5.5%
2016	6.2%	4.9%	4.7%
2017	6.0%	4.4%	4.1%
2018	3.9%	4.4%	3.9%
2019	3.2%	3.3%	3.6%
2020(1)	9.4%	7.9%	6.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Represents the average unemployment rate experienced during the year.
(1) Increase in unemployment rates primarily attributable to the effect of the COVID-19 pandemic.

PRINCIPAL EMPLOYERS

2020 to 2011 Comparison

	2020[1]			2011[2]		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT[3]	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Advocate Aurora Health	26,335	1	1.06%			
Northwestern Memorial Healthcare	21,999	2	0.89%			
University of Chicago	18,732	3	0.75%			
Walmart Inc.	16,711	4	0.67%			
Amazon.com Inc	16,610	5	0.67%			
Amita Health	14,282	6	0.58%			
JPMorgan Chase & Co	13,750	7	0.55%	7,993	1	0.77%
Walgreens Boots Alliance Inc	13,377	8	0.54%	4,429	7	0.43%
United Continental Holdings Inc.	11,059	9	0.45%	6,366	2	0.62%
Jewel-Osco	10,754	10	0.43%	4,799	5	0.46%
Northern Trust				5,485	3	0.53%
Accenture LLP				5,014	4	0.48%
Bank of America Nt.				4,557	6	0.44%
CVS Corporation				4,159	8	0.40%
ABM Janitorial Midwest, INC				3,629	9	0.35%
Ford Motor Company				3,410	10	0.33%

(1) Source: Crain's Chicago Business as of 2/22/21.
(2) Source: City of Chicago Comprehensive Annual Financial Report 2011.
(3) Source: Bureau of Labor Statistics data used in calculation of Total County Employment.

PRINCIPAL PROPERTY TAXPAYERS
2020 and 2011
(in thousands of dollars)

		2020			2011		
Taxpayer[(1)]	Type of Business	Equalized Assessed Value[(2)]	Rank	Percentage of Total Equalized Assessed Value	Equalized Assessed Value[(2)]	Rank	Percentage of Total Equalized Assessed Value
Willis Tower	Retail & Office	$ 561,677	1	0.32%	$ 445,589	1	0.29%
One Prudential Plaza	Office	315,893	2	0.18	272,345	3	0.18
Blue Cross Blue Shield Tower	Office	314,458	3	0.18	206,343	7	0.14
CBRE (150 N. Riverside)	Office	308,831	4	0.18	-	-	-
601 W Companies LLC (Aon Center)	Office	288,604	5	0.17	302,124	2	0.20
Merchandise Mart	Retail & Office	261,224	6	0.15	-	-	-
300 LaSalle LLC	Retail & Office	259,586	7	0.15	-	-	-
470 Merchandise Mart	Retail & Office	259,550	8	0.15	-	-	-
Franklin Center (227 Monroe Street LLC)	Office	259,137	9	0.15	197,944	9	0.13
KBS Reit III (500 W. Madison)	Office	252,970	10	0.15	-	-	-
Northwestern Memorial Hospital	Hospital	-	-	-	243,609	4	0.16
Woodfield Retax Adm.	Retail & Office	-	-	-	210,393	5	0.14
Water Tower LLC	Retail & Office	-	-	-	207,942	6	0.14
JP Morgan Chase Bank (ICG Inc.)	Financial Services	-	-	-	204,229	8	0.13
Hines 70 W Madison LP	Retail & Office	-	-	-	197,183	10	0.13
		$3,081,930		1.67%	$ 2,478,701		1.64%

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

(1) The taxpayers set forth below are believed to be the largest taxpayers in the County. Many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

(2) The total Equalized Assessed Valuation (in thousands of dollars) was $173,853,470 in 2020 and $152,069,052 in 2011.

NON-FARM EMPLOYMENT BY MAJOR INDUSTRY SECTOR

	Chicago-Naperville-Arlington Heights[(1)]		United States	
Sector	**Employees (in 1,000s)**	**Percentage of Total Employment**	**Employees (in 1,000s)**	**Percentage of Total Employment**
Mining and Logging	1.3	0.04%	647	0.44%
Construction	135.9	3.79%	7,643	5.20%
Manufacturing	268.4	7.48%	12,492	8.51%
Trade, transportation, and utilities	724.6	20.20%	27,314	18.60%
Information	63.1	1.76%	2,771	1.89%
Financial Activities	275.5	7.68%	8,899	6.06 %
Professional and business services	683.3	19.05%	21,175	14.41%
Education and health services	576.3	16.06%	23,341	15.89%
Leisure and hospitality	312.7	8.72%	15,798	10.78%
Government	396.1	11.04%	20,985	14.29%
Other Services and unclassified	150.3	4.18%	5,791	3.93%
Total	3,587.5	100.00%	146,856	100.00%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Data for both is as of August 2021 .

(1) The Chicago-Naperville-Arlington Heights, IL Metropolitan Division includes Cook, DuPage, Grundy, Kendall, McHenry, and Will Counties in Illinois

COMPARATIVE ANNUAL COST OF WASTEWATER SERVICES
(2010-2019)

YEAR	THE DISTRICT[1]	MIDWEST[2]	NATIONAL[2]
2010	$175	$353	$381
2011	181	369	399
2012	190	377	412
2013	208	397	435
2014	222	426	448
2015	234	417	452
2016	227	390	479
2017	228	446	502
2018	238	422	503
2019	231	477	512

Source: NACWA Cost of Clean Water Index, 2010 – 2019, except for information regarding the District which was calculated by the District based on information available from the County Clerk.

(1) Represents the average cost of wastewater services for a house located in Cook County, Illinois with an equalized assessed valuation of $200,000.

(2) Represents the average annual cost paid for wastewater services for a single family residence in the respective geographic area, USEPA Region 5.

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APPENDIX E

FORMS OF OPINIONS OF CO-BOND COUNSEL

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Appendix E

2021A Bonds

[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date]

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $113,935,000 principal amount of General Obligation Limited Tax Capital Improvement Bonds, 2021 Series A (Green Bonds) (the "Bonds") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-010 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: "An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $125,000,000 General Obligation Limited Tax Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago" (the "Bond Ordinance"), and the Series 2021A Bond Order dated November 16, 2021.

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds mature on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2027	$ 2,435,000	5.00%
2028	4,980,000	5.00
2029	17,410,000	5.00
2030	9,865,000	5.00
2031	10,810,000	5.00
2032	12,910,000	5.00
2038	4,885,000	5.00
2039	1,595,000	5.00
2040	2,040,000	5.00
2041	2,935,000	5.00
2046	19,880,000	4.00
2051	24,190,000	4.00

The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in such principal amounts and from such maturities as the District shall determine and by lot within a single maturity, on December 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing in the years 2046 and 2051 are subject to mandatory redemption, in part and by lot, on December l of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

2046 Bonds		2051 Bonds	
Year	Principal Amount	Year	Principal Amount
2042	$3,670,000	2047	$4,465,000
2043	3,815,000	2048	4,645,000
2044	3,970,000	2049	4,830,000
2045	4,130,000	2050	5,025,000
2046	4,295,000	2051	5,225,000

The Bonds are "limited bonds" as defined in the Local Government Debt Reform Act, which are payable from the "debt service extension base" of the District as defined in the Property Tax Extension Limitation Law, 35 Illinois Compiled Statutes 200/18-185 through 18-245.

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount by provisions of the Property Tax Extension Limitation Law. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The District has covenanted in the Bond Ordinance to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

2021B BONDS

[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date]

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $30,000,000 principal amount of General Obligation Unlimited Tax Capital Improvement Bonds, 2021 Series B (Green Bonds) (the "Bonds") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-011 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: "An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $30,000,000 General Obligation Unlimited Tax Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago" (the "Bond Ordinance") and the Series 2021B Bond Order dated November 16, 2021.

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds bear interest from their date at the rate of five percent (5.00%) per annum payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year. The Bonds mature on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2033	$ 19,500,000	5.00%
2035	3,865,000	5.00
2036	6,635,000	5.00

The Bonds are subject to redemption prior to maturity at the option of the District, in such principal amounts and from such maturities as the District shall determine and by lot within a single maturity, on December 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The District has covenanted in the Bond Ordinance to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

2021C BONDS

[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date]

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $166,180,000 principal amount of General Obligation Limited Tax Refunding Bonds, 2021 Series C (the "Bonds") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, the Sanitary District Refunding Bond Act, 70 Illinois Compiled Statutes 3005, and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-012 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: "An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $225,000,000 General Obligation Limited Tax Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago" (the "Bond Ordinance") and the Series 2021C Bond Order dated November 16, 2021.

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds bear interest from their date at the rate of five percent (5.00%) per annum payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year. The Bonds mature on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2022	$ 9,595,000	5.00%
2023	20,290,000	5.00
2024	20,090,000	5.00
2025	16,695,000	5.00
2026	7,080,000	5.00
2027	2,420,000	5.00
2028	2,540,000	5.00
2029	12,665,000	5.00
2030	25,055,000	5.00
2031	39,750,000	5.00
2032	10,000,000	5.00

The Bonds maturing on December 1, 2032 are subject to redemption prior to maturity at the option of the District, in such principal amount as the District shall determine, as a whole, or in part by lot, on December 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds are "limited bonds" as defined in the Local Government Debt Reform Act, which are payable from the "debt service extension base" of the District as defined in the Property Tax Extension Limitation Law, 35 Illinois Compiled Statutes 200/18-185 through 18-245.

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount by provisions of the Property Tax Extension Limitation Law. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The District has covenanted in the Bond Ordinance to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

2021D BONDS

[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date]

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $31,555,000 principal amount of General Obligation Unlimited Tax Refunding Bonds, 2021 Series D (the "Bonds") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, the Sanitary District Refunding Bond Act, 70 Illinois Compiled Statutes 3005, and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-013 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: "An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $175,000,000 General Obligation Unlimited Tax Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago" (the "Bond Ordinance") and the Series 2021D Bond Order dated November 16, 2021.

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds bear interest from their date at the rate of five percent (5.00%) per annum payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year. The Bonds mature (without option of prior redemption) on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2029	$ 6,810,000	5.00%
2030	10,300,000	5.00
2031	14,445,000	5.00

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The District has covenanted in the Bond Ordinance to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

2021E BONDS

[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $112,485,000 principal amount of General Obligation Unlimited Tax Refunding Bonds, 2021 Taxable Series E (the “Bonds”) of the Metropolitan Water Reclamation District of Greater Chicago (the “District”), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, the Sanitary District Refunding Bond Act, 70 Illinois Compiled Statues 3005 and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-013 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: “An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $175,000,000 General Obligation Unlimited Tax Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago” (the “Bond Ordinance”) and the Series 2021E Bond Order dated November 16, 2021 (the “Bond Order”).

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds mature on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2026	$ 4,270,000	1.615%
2027	16,315,000	1.818
2028	14,565,000	2.018
2029	4,890,000	2.134
2032	50,780,000	2.534
2033	21,665,000	2.684

The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in such principal amounts and from such maturities as the District shall determine and pro-rata within a single maturity, on December 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Each maturity of the Bonds is also subject to redemption prior to maturity at the option of the District, as a whole, or in part and pro-rata, at any time at the applicable Make Whole Redemption Price determined in accordance with the Bond Ordinance and the Bond Order.

Interest on the Bonds is includable in gross income for Federal income tax purposes. Interest on the Bonds is not exempt from Illinois income taxes.

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Very truly yours,

2021F BONDS
[Letterhead of Co-Bond Counsel]

[To Be Dated the Closing Date]

The Board of Commissioners of the
Metropolitan Water Reclamation District of Greater Chicago

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $45,845,000 principal amount of General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source), 2021 Taxable Series F (the "Bonds") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), a sanitary district and a body politic and corporate of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of the Metropolitan Water Reclamation District Act, 70 Illinois Compiled Statutes 2605, and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number O21-014 adopted by the Board of Commissioners of the District on November 4, 2021, and entitled: "An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $65,000,000 General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago (the "Bond Ordinance") and the Series 2021F Bond Order dated November 16, 2021 (the "Bond Order").

The Bonds are "alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act. The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 7, 2021. The Bonds mature on December 1, in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 in each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2022	$ 925,000	0.570%
2023	915,000	0.720
2024	920,000	1.122
2025	2,165,000	1.415
2026	2,195,000	1.615
2027	2,230,000	1.818
2028	2,270,000	2.018
2029	2,315,000	2.134
2030	2,365,000	2.234
2031	2,415,000	2.334
2032	2,475,000	2.534
2033	2,535,000	2.684
2034	2,605,000	2.784
2035	2,675,000	2.884
2036	2,755,000	2.984
2041	14,085,000	3.060

The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in such principal amounts and from such maturities as the District shall determine and pro-rata within a single maturity, on December 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Each maturity of the Bonds is also subject to redemption prior to maturity at the option of the District, as a whole, or in part pro-rata, at any time at the applicable Make Whole Redemption Price determined in accordance with the Bond Ordinance and the Bond Order.

The Bonds maturing in the year 2041 are subject to mandatory redemption, in part and pro-rata, on December 1 of the years and in the respective principal amounts set forth in the following table, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

2041 Bonds	
Year	Principal Amount
2037	$ 2,840,000
2038	2,925,000
2039	3,015,000
2040	3,105,000
2041	2,200,000

Interest on the Bonds is includable in gross income for Federal income tax purposes. Interest on the Bonds is not exempt from Illinois income taxes.

In our opinion, the Bonds are valid and legally binding general obligations of the Metropolitan Water Reclamation District of Greater Chicago, and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Very truly yours,

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds (b) bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org (such websites are not incorporated herein by such reference).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, Bond Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT

In reading this Official Statement it should be understood that, while the Bonds are in the Book-Entry System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds; however, all rights of ownership must be exercised through DTC and the book-entry system.

The District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants of DTC will distribute to the Beneficial Owners of the Bonds (i) payment of principal of or interest on the Bonds (ii) confirmations of their ownership interests in the Bonds or (iii) other notices sent to DTC or Cede & Co., its partnership nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The District does not have any responsibility or obligation to DTC, the Direct Participants or Indirect Participants of DTC or the Beneficial Owners with respect to (1) the accuracy of any records maintain by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any Beneficial owner in respect of the principal amount of or interest on Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Resolution; or (4) any consent given or other action taken by DTC as owner of the Bonds.

APPENDIX G

SCHEDULE OF REFUNDED BONDS

GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS, LIMITED TAX SERIES B OF JULY, 2011

Original Principal Amount:	$270,000,000
Dated:	July 27, 2011
Redemption Date:	December 17, 2021

YEAR (DECEMBER 1)	COUPON	AMOUNT ($) REFUNDED BONDS OUTSTANDING	AMOUNT ($) REFUNDED
2022	3.125%	$595,000	$595,000
2022	5.000	6,985,000	6,985,000
2023	5.000	18,300,000	18,300,000
2024	5.000	18,000,000	18,000,000
2025	5.000	14,500,000	14,500,000
2026	5.000	4,775,000	4,775,000
2029	5.000	10,000,000	10,000,000
2030	5.000	45,000,000	45,000,000
2031	5.000	45,850,000	45,850,000
2032	5.000	40,000,000	40,000,000

GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS, UNLIMITED TAX SERIES C OF JULY, 2011

Original Principal Amount:	$100,000,000
Dated:	July 27, 2011
Redemption Date:	December 17, 2021

YEAR (DECEMBER 1)	COUPON	AMOUNT ($) REFUNDED BONDS OUTSTANDING	AMOUNT ($) REFUNDED
2029	5.000%	$10,000,000	$10,000,000
2030	5.000	10,000,000	10,000,000
2031	4.125	865,000	865,000
2031	5.000	20,635,000	20,635,000

GENERAL OBLIGATION UNLIMITED TAX CAPITAL IMPROVEMENT BONDS, 2014 SERIES A (GREEN BONDS

Original Principal Amount:	$100,000,000
Dated:	January 6, 2015
Redemption Date:	December 1, 2024

YEAR (DECEMBER 1)	COUPON	AMOUNT ($) REFUNDED BONDS OUTSTANDING	AMOUNT ($) REFUNDED
2039	5.000%	$14,700,000	$14,700,000
2040	5.000	15,435,000	15,435,000
2041	5.000	16,210,000	16,210,000
2042	5.000	17,020,000	17,020,000
2043	5.000	17,870,000	17,870,000
2044	5.000	18,765,000	18,765,000

GENERAL OBLIGATION UNLIMITED TAX BONDS (ALTERNATE REVENUE SOURCE), 2014 SERIES B (GREEN BONDS)

Original Principal Amount:	$50,000,000
Dated:	January 6, 2015
Redemption Date:	December 1, 2024

YEAR (DECEMBER 1)	COUPON	AMOUNT ($) REFUNDED BONDS OUTSTANDING	AMOUNT ($) REFUNDED
2025	5.000%	$1,235,000	$1,235,000
2026	5.000	1,295,000	1,295,000
2027	5.000	1,360,000	1,360,000
2028	5.000	1,425,000	1,425,000
2029	5.000	1,500,000	1,500,000
2030	5.000	1,575,000	1,575,000
2031	5.000	1,650,000	1,650,000
2032	5.000	1,735,000	1,735,000
2033	5.000	1,820,000	1,820,000
2034	5.000	1,910,000	1,910,000
2035	5.000	2,005,000	2,005,000
2036	5.000	2,110,000	2,110,000
2037	5.000	2,215,000	2,215,000
2038	5.000	2,325,000	2,325,000
2039	5.000	2,440,000	2,440,000
2040	5.000	2,560,000	2,560,000
2041	5.000	2,690,000	2,690,000
2042	5.000	2,825,000	2,825,000
2043	5.000	2,965,000	2,965,000
2044	5.000	3,115,000	3,115,000

AWARDS & ACHIEVEMENTS RECOGNITION

Metropolitan Water Reclamation District of Greater Chicago

Multi-Year Awards

1975-2019
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting/Comprehensive Annual Financial Report

1993-2019
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for Retirement Fund's Comprehensive Annual Financial Report

1985-2020
Government Finance Officers Association of the United States and Canada
Award for Distinguished Budget Presentation

2007-2019
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 Comprehensive Annual 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 27 consecutive years of full compliance for Calumet Water Reclamation Plant
Platinum Award for 22 consecutive years of full compliance for Lemont Water Reclamation Plant
Platinum Award for 14 consecutive years of full compliance for James C. Kirie Water Reclamation Plant
Platinum Award for 13 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant
Platinum Award for 11 consecutive years of full compliance for Hanover Park Water Reclamation Plant.

2003-2019
National Institute of Governmental Purchasing
Outstanding Agency Accreditation Achievement Award

Individual Year Awards (partial listing)

2017
American Council of Engineering Companies of Illinois
Special Achievement Water Resources Award
for the Wescott Park Stormwater Storage Facility Project in the Village of Northbrook

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

Illinois Water Environment Association
Mariyana Spyropoulos, President, is the recipient of the annual Public Official of the Year award.
The Public Official of the Year award is presented to an elected or appointed public official
who has made a documented significant contribution in the areas of clean water legislation, public policy,
government service, or another area of public prominence that resulted in improvements to the water environment.

Interstate Mining Compact Commission
Kenes C. Bowling National Mine Reclamation Award for the McCook Reservoir

Water Environment Federation
Project Excellence Award for the Nutrient Recovery Facility at the Stickney Water Reclamation Plant
Water Quality Improvement Award for the Calumet Tunnel and Reservoir Plan
Schroepfer Innovative Facility Design Medal for the Calumet Tunnel and Reservoir Plan

Metropolitan Water Reclamation District of Greater Chicago

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

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

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO • GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS, 2021 SERIES A AND UNLIMITED SERIES B (GREEN BONDS), GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, 2021 SERIES C AND UNLIMITED SERIES D, GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS, 2021 TAXABLE SERIES E AND (ALTERNATE REVENUE SOURCE) SERIES F

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