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

Chicago, Illinois

As of and for the year ended
December 31, 2022

Prepared by the Finance Department
JACQUELINE TORRES, Clerk/Director of Finance

Incorporated May 29, 1889

TABLE OF CONTENTS

I. INTRODUCTORY SECTION	Exhibit	Page
Board of Commissioners and Principal Officers		7
Organization Chart		8
President's Annual Message		9
Awards and Achievements Recognition		14
Certificate of Achievement for Excellence in Financial Reporting		16
Clerk/Director of Finance Letter of Transmittal		17
Statement of Responsibility		29
II. FINANCIAL SECTION		
Independent Auditors' Report		32
Management's Discussion and Analysis (MD&A) - Unaudited		36
Basic Financial Statements		
Combined Fund/Government-wide Financial Statements		
Governmental Funds Balance Sheets / Statements of Net Position - December 31, 2022 (with comparative amounts for prior year)	A-1	56
Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/ Statements of Activities - year ended December 31, 2022 (with comparative amounts for prior year)	A-2	58
Fund Financial Statements		
General Corporate Fund		
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - year ended December 31, 2022	A-3	60
Retirement Fund		
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - year ended December 31, 2022	A-4	61
Pension and Other Post Employment Benefits Trust Funds		
Statements of Fiduciary Net Position - December 31, 2022 (with comparative amounts for prior year)	A-5	62
Statements of Changes in Fiduciary Net Position - year ended December 31, 2022 (with comparative amounts for prior year)	A-6	63
Notes to the Basic Financial Statements		65
Required Supplementary Information (RSI) Other Than MD&A - Unaudited		
Modified Approach for Eligible Infrastructure Assets		122
Schedule of Changes in the District's Net Pension Liability and Related Ratios		128
Schedule of District Contributions - Pension		130
Schedule of Changes in the District's Net OPEB Liability and Related Ratios		132
Schedule of District Contributions - OPEB		134
Other Supplementary Information		
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheets - Nonmajor Governmental Funds - December 31, 2022 (with comparative amounts for prior year)	B-1	136

	Exhibit	Page
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - year ended December 31, 2022 (with comparative amounts for prior year)	B-2	137
General Corporate Fund-Corporate and Reserve Claim Divisions		
Schedule of Appropriations and Expenditures on a Budgetary Basis - year ended December 31, 2022	C-1	140
Schedule of Expenditures by Type - GAAP Basis - year ended December 31, 2022 (with comparative amounts for prior year)	C-2	150
Debt Service Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Including Comparison of Budget and Actual on Budgetary Basis - year ended December 31, 2022	D-1	154
Capital Projects Funds		
Schedule of Appropriations and Expenditures on Budgetary Basis - year ended December 31, 2022	E-1	156
Trust Funds		
Pension and Other Post Employment Trust Funds - Combining Statements of Fiduciary Net Position December 31, 2022 (with comparative amounts for prior year)	F-1	160
Pension and Other Post Employment Trust Funds - Combining Statements of Changes in Fiduciary Net Position - year ended December 31, 2022 (with comparative amounts for prior year)	F-2	161
III. STATISTICAL AND DEMOGRAPHICS SECTION - UNAUDITED		
Net Position by Component	I-1	166
Changes in Net Position	I-2	168
Fund Balances: Government Funds	I-3	170
Changes in Fund Balances: Government Funds	I-4	172
Equalized Assessed Value, Direct Tax Rate and Estimated Actual Value of Taxable Property	I-5	174
District Direct Property Tax Rates, Overlapping Property Tax Rates of Major Local Governments, and District's Tax Levies by Fund	I-6	175
Principal Property Taxpayers	I-7	176
Property Tax Levies and Collections	I-8	177
User Charge Rates	I-9	178
Ratios of Total General Bonded Debt and Net Bonded Debt Outstanding	I-10	180
Estimate of Direct and Overlapping Debt	I-11	181
Computation of Statutory Debt Margin	I-12	182
Demographic and Economic Statistics	I-13	184
Principal Employers	I-14	185
Budgeted Positions by Fund/Department	I-15	186
Operating Indicators	I-16	187
Capital Asset Statistics	I-17	188
IV. SINGLE AUDIT SECTION		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		190
Independent Auditors’ Report on the Schedule of Expenditures of Federal Awards		192
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		194
Schedule of Expenditures of Federal Awards - year ended December 31, 2022		198
Notes to Schedule of Expenditures of Federal Awards - year ended December 31, 2022		200
Schedule of Findings and Questioned Costs		204

I.
INTRODUCTORY SECTION

A view of the Des Plaines River from the newly opened canoe and kayak launch.

Page intentionally left blank

Metropolitan Water Reclamation District of Greater Chicago

Board of Commissioners and Principal Officers

as of May 12, 2023

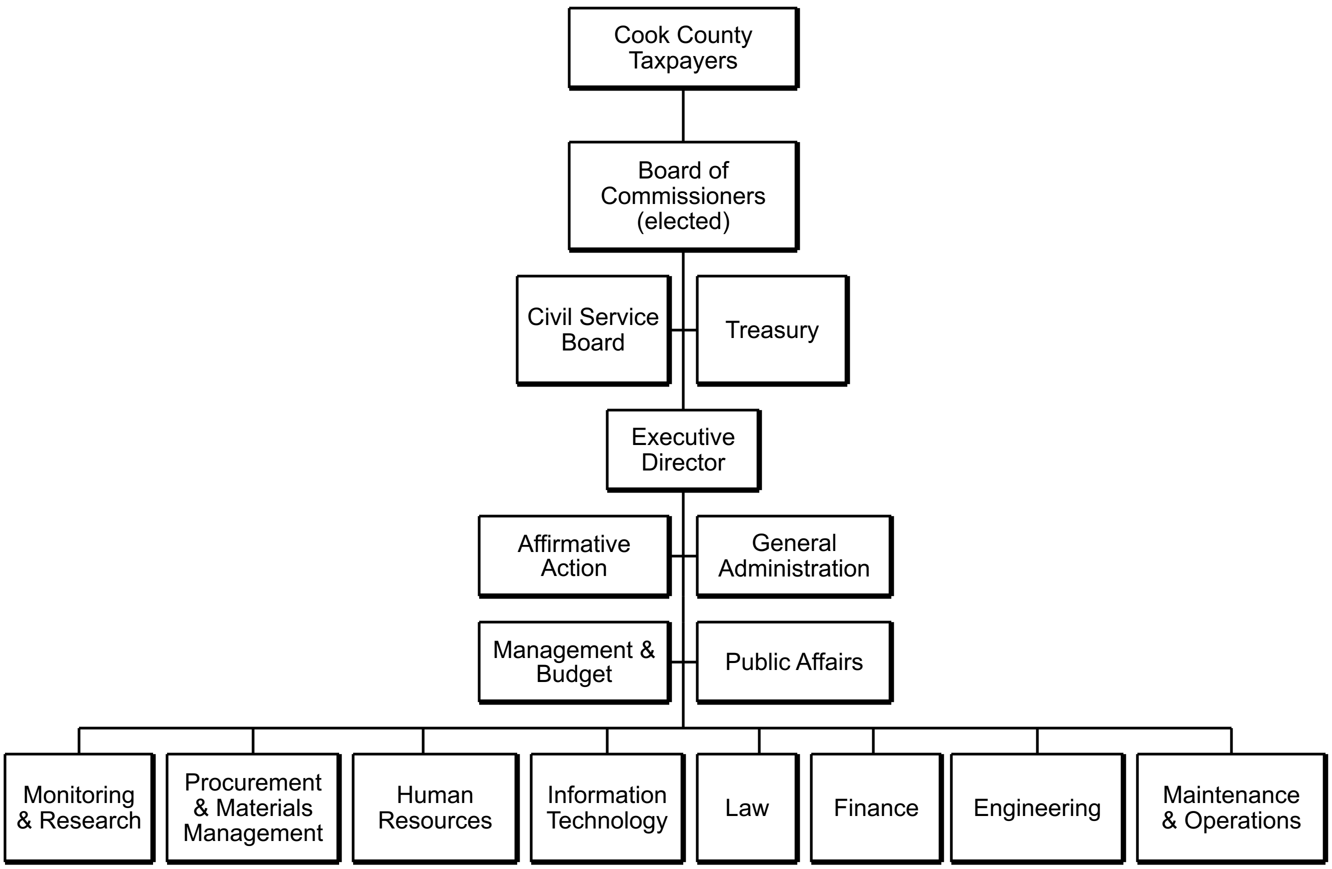
Board of Commissioners:
Honorable Kari K. Steele, President
Honorable Kimberly Neely Du Buclet, Vice President
Honorable Marcelino Garcia, Chairman, Committee on Finance
Honorable Yumeka Brown
Honorable Cameron Davis
Honorable Patricia Theresa Flynn
Honorable Daniel Pogorzelski
Honorable Eira L. Corral Sepúlveda
Honorable Mariyana T. Spyropoulos

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

Main Office
100 East Erie Street
Chicago, Illinois 60611

Metropolitan Water Reclamation District of Greater Chicago

Organization Chart



1,972 Budgeted
Positions in 2022

Metropolitan Water Reclamation District of Greater Chicago

President's Annual Message
2022: A Year in Review

Our 133-year history at the Metropolitan Water Reclamation District of Greater Chicago (MWRD) has served us and the health and environment of our region well. But it is our present work that will command a healthier tomorrow. In 2022, we celebrated many of these past contributions and reflected on how we will continue to maintain a tradition of excellent service and clean water innovations.

We entered the second year of our ambitious Strategic Plan in 2022 and the third year of a global pandemic. Through all the adversity, triumph, change and resolve of the year, we celebrated many major milestones. This year we marked the 100th anniversary of our Calumet Water Reclamation Plant and the Cal-Sag Channel, the 50th anniversary of our illustrious Tunnel and Reservoir Plan (TARP), and the 50th anniversary of the landmark Clean Water Act.

We paused to commemorate these milestones throughout the year, but they are not merely anniversaries. These achievements highlight a continuation of what we are striving to accomplish today. The year allowed us the opportunity to evaluate the impact these chapters have made on our work and the difference each has made on the quality of life for our citizens. These pivotal moments influenced our work and remain a hallmark of our daily mission to protect and improve our water environment and serve the more than 5 million residents of Cook County. We have improved our water resources to a point not imagined a century ago, and now we have set out a new legacy of protecting our water environment for another century.

Kari K. Steele

Kari K. Steele
President of the Board of Commissioners

Achieving highest standards

Despite a pandemic, climate change, torrential rainstorms, pollution, urban runoff and more than 400 billion gallons of wastewater each year, our staff continue to meet our mission -- and stringent federal permits. All seven of our Water Reclamation Plants (WRP) met 100 percent compliance of National Pollutant Discharge Elimination System (NPDES) permits to earn Platinum Peak Performance Awards from the National Association of Clean Water Agencies. Calumet WRP extended its streak of full compliance to 30 consecutive years.

Focusing on Maintenance and Operations

Our seven water reclamation plants are the backbone of our organization. In 2022, we upgraded air mains, installed new tanks and diffusers on aeration tanks, built railroad tracks, enhanced lighting systems, constructed odor control facilities, introduced an experimental algae pilot reactor, and researched sidestream enhanced biological phosphorus removal. Each of these elements allows our plants to operate more efficiently and effectively to achieve greater outcomes.

Protecting the Calumet Region for 100 Years

We recognized this century of service, innovation and ingenuity during our 10th Annual Sustainability Summit held at the Ford Calumet Environmental Center at Big Marsh Park on October 21 where we highlighted the 100th Anniversary of the Calumet WRP and Cal-Sag Channel and blazed a new trail of history by installing our first Community Partnership Council (CPC). The Calumet CPC will engage with nearby communities to provide feedback on our efforts to be a good neighbor. The Sustainability Summit was held in person for the first time in three years, growing the MWRD's network of community leaders, water professionals and environmental experts to educate and engage partners and stakeholders on how they can sustainably manage water and recover resources effectively. We honored the Village of Alsip and the Chicago Region Trees Initiative for revitalizing an asphalt lot into a fertile and attractive space using MWRD EQ Biosolids Compost. We also honored the Village of Elmwood Park and the Village of Brookfield with Sustainable Landscaping Awards for green infrastructure installations that help manage stormwater while improving public spaces.

Awards earned

Our staff earned their share of awards in 2022. The American Society of Civil Engineers Illinois Section honored us with the 2022 Sustainability in Civil Engineering Achievement Award for the Buffalo Creek Reservoir expansion project. Peoples Gas honored us at its 2022 Energy Forum with an Energy Efficiency Award for our $26-million heat exchanger system upgrade at the Calumet WRP digester complex. By exploring and embracing new and innovative water reclamation systems, we are taking control of our energy future and moving towards our next technological adventure as the utility of the future. We removed six boilers and replaced them with new energy-efficient heat exchangers and piping infrastructure. This will allow staff to manage the heat process more efficiently, reduce our carbon footprint and save taxpayer money by cutting down maintenance and energy costs. In June, the Friends of the Chicago River honored us with the Chicago River Blue Award for our work on the Natalie Creek Flood Control Project, where we reduced flooding for more than 200 structures and protected residents of Midlothian and Oak Forest from rising waters.

In March, the Illinois Association for Floodplain and Stormwater Management (IAFSM) selected the MWRD to receive the 2022 award for Stormwater Management during its annual conference. The award recognizes floodplain managers, individuals, groups, consultants, or agencies who improved stormwater management or reduced urban flood risks through creative engineering, regulatory measures, or other approaches. I congratulate all staff associated with these awards and thank them for their dedicated service to the Metropolitan Water Reclamation District of Greater Chicago.

Spreading Resiliency across Cook County

We have utilized a wide range of strategies to address stormwater and flooding through proper watershed regulations, watershed planning and both local and regional projects. These projects have included massive flood control reservoirs, miles of stream improvements, underground detention, permeable parking lots, alleys, and schoolyards, and the removal of thousands of yards of debris from local streams. Between regional flood control projects and local stormwater partnerships, the MWRD has developed a capital improvement plan resulting in 229 projects worth $758 million in stormwater management investments aimed at flood reduction to protect more than 17,000 structures. We have completed 12 more green infrastructure projects this year, bringing the total green infrastructure projects completed to 54 since I became President in 2019. These green infrastructure projects will have the capacity to retain more than 8.2 million gallons of stormwater volume per rain event.

Groundbreakings & Ribbon-cuttings

We started and completed many stormwater projects throughout Cook County. In 2022, we completed the Arrowhead Lake Flood Control project in the Forest Preserves of Cook County to protect Palos Heights residents. We joined our partners from Mount Prospect and the River Trails Park District to unveil our second park improvement project designed to address stormwater management and mitigate local flooding, this time at Aspen Trails Park. This park is now home to a new playground and park amenities above new relief sewers and an underground storage system that accommodates about 5.5 million gallons of water.

We constructed streambank stabilization projects on Melvina Ditch in Oak Lawn and Chicago Ridge and along the Calumet Union Drainage Ditch. We broke ground on the Crestwood Flood Control Project, 1st Avenue Flood Control Project between Roosevelt and Cermak Roads in Proviso Township, and a new diversion channel in Robbins as part of the highly anticipated Robbins Stormwater Park and Midlothian Creek Restoration projects that will remove 94 structures from the floodplain. Funding for the Robbins project was made possible by securing $12 million from the Army Corps of Engineers as reimbursement for Thornton Reservoir work.

Work neared completion on the Melvina Ditch Reservoir and Addison Creek Reservoir, and we are set to begin phase two of the project with Addison Creek Channel improvements to benefit six communities from flooding. In July, we joined project partners and local leaders in Buffalo Grove and Wheeling to cut the ribbon on the Buffalo Creek Reservoir Expansion in the Lake County Forest Preserve District (LCFPD). This project stores an additional 58.6 million gallons of water and provides more than 2,000 structures along Buffalo Creek and the main stem of the Des Plaines River with some form of flood reduction benefit. This also incorporated LCFPD's planned improvements and other aesthetic and environmental enhancements.

We selected seven new green infrastructure projects to pursue while completing new green alleys, green intersections and four new permeable schoolyards through our Space to Grow® partnership. This brings our grand total to 34 schoolyard transformations across the Chicago Public Schools since 2014, retaining 6.5 million gallons of water per rain event. We are currently looking for partners to bring a similar program to our surrounding suburban school districts.

Strong Finances

We could not manage this amount of wastewater, stormwater, and associated projects without a clean bill of fiscal health. In August, S&P Global (S&P) upgraded our credit rating from AA to AA+ with a stable outlook. S&P's upgraded rating reflects our comprehensive operational management policies, extremely strong liquidity, and affordable rates that provide ample rate capacity for our capital improvement program. Moody's Investor Service in October also affirmed its rating on MWRD bonds at Aa2 with a stable outlook. In May, the Government Finance Officers Association of the United States and Canada (GFOA) awarded the MWRD with the Distinguished Budget Presentation Award for the 2021 Budget and Certificates of Achievement for Excellence in Financial Reporting to the MWRD, the MWRD Retirement Fund and the MWRD Retiree Health Care Trust for the Fiscal Year 2020 Annual Reports. We have received the Distinguished Budget Presentation Award for 37 consecutive years and the Certificate of Achievement for Excellence in Financial Reporting for 46 consecutive years, placing the MWRD in the top two percent of governments receiving a consecutive award.

Promoting Diversity, Equity, and Inclusion

In 2022, we completed a disparity study that will guide our Affirmative Action Ordinance and diversity goals. Once adopted, the revised ordinance will better serve minority-owned and women-owned enterprises to participate as vendors with the MWRD. This year we created and staffed two dedicated environmental justice positions. We held both in-person and virtual vendor outreach fairs and hosted business roundtables for the African American, LatinX and LGBTQIA+ communities. In June, we held our inaugural Juneteenth holiday celebration at Stickney WRP to celebrate the occasion and educate MWRD employees on its history and purpose, while also promoting our work in diversity and inclusion. For the first time, Juneteenth became a full-paid and federal holiday. Promoting diversity in our workforce has always been a primary goal for me since coming to the Metropolitan Water Reclamation District. I am proud to say that in the last 12 months minority applicants received 46 percent of our new appointments and 46 percent of our promotional opportunities. Additionally, as a result of the 2021-2025 Strategic Plan, the MWRD's core values were expanded to include the values of equity and diversity in addition to excellence, respect, innovation, safety, and accountability.

2021-2025 Strategic Plan

Since the Strategic Plan was adopted in June 2021, staff have been collecting data to measure progress and are pursuing established goals. A data hub was added to our website, EQ Biosolids Compost utilization was expanded, a Calumet Water Reclamation Plant Community Partnership Council was implemented and legislative authority to issue up to $600 million of pension obligation bonds was received. We have accomplished much and look forward to achieving more successful measures.

TARP at 50

Fifty years ago in October, the MWRD formally adopted the Tunnel and Reservoir Plan (TARP) to reduce the worsening flooding and pollution problem caused by combined sewer overflows, and in the process, protect regional waterways and Lake Michigan. After 50 years of service and protection, we estimate that the 110 miles of tunnels and three reservoirs have captured more than 1 trillion gallons of combined sewage. The monumental scale of TARP illustrates our commitment to protecting the water environment and communities in the Chicago region. Yet, we have more work to accomplish. In 2022, excavation continued on Stage 2 of the McCook Reservoir. We also completed the Des Plaines Inflow Tunnel and Thorn Creek Connection tunnel, ending our lease at the Thornton Transitional Reservoir to now divert Thorn Creek overbank flooding to the Thornton Composite Reservoir to protect communities in the south suburbs.

Nutrient Loss Reduction

Our clean water initiatives are not confined to our service area. Thanks to a collaboration to capture nutrients led by the Illinois Nutrient Loss Reduction Strategy, we are contributing to cleaner waterways in the Illinois River, Upper Mississippi River and Gulf of Mexico. Scientists with the National Oceanic and Atmospheric Administration reported in 2022 that the "dead zone," or hypoxic zone, in the Gulf of Mexico decreased in size. The MWRD has implemented various nutrient removal activities at our WRPs, such as advancing biological phosphorus removal, building the world's largest nutrient recovery facility at the Stickney WRP, and studying how growing and harvesting algae can also help recover nutrients. As a result, the MWRD has lowered its nutrient discharge to local waterways allowing all seven of our Water Reclamation Plants to meet 100% compliance of National Pollutant Discharge Elimination System permits to earn Platinum Peak Performance Awards from the National Association of Clean Water Agencies. In June, we joined the Illinois Farm Bureau, Fulton County Farm Bureau and Cook County Farm Bureau to continue our tradition of hosting an annual Field Day in Fulton County, collaborating with farmers on how to capture, recycle and reduce nutrients.

COVID-19 Sewage Surveillance

For the third year, we continued to play a key role in research to address the COVID-19 pandemic through wastewater-based epidemiology and sewage surveillance. We provided raw sewage samples for the Illinois Department of Public Health and Chicago Department of Public Health to our research partners at the Discovery Partners Institute each week from all seven of our WRPs. We also contributed twice weekly sampling from Egan and Kirie WRP as part of the U.S. Centers for Disease Control and Prevention National Wastewater Surveillance System. The samples are studied for virus particles and variants and shed new light on how COVID-19 spread in communities might be detected in sewers. In 2022, we transitioned from creating the foundation and methods through academic research to the implementation of programs through our local public health departments. This critical sampling, analysis and research is giving our public health departments new tools to address COVID-19 and opens the door to the potential of sewage surveillance that can also aid in our knowledge of influenza, monkeypox, opioids, polio, and other viruses.

Departure of Three Commissioners

As we close 2022, we say farewell and job well done to integral members of our MWRD family. Vice President Barbara J. McGowan and Commissioner Josina Morita participated in their last Board of Commissioners meeting on November 17 while Commissioner Chakena D. Perry's last Board meeting was December 1. Vice President McGowan closes out 24 years of dedicated service as a Commissioner and eight years as a Commissioner's Aide for a total of 33 years. She was the first African American Vice President at the MWRD; she served as the first interim African American female President in December 2012 and December 2014; and she is the third longest serving Commissioner in the MWRD's history. We owe much to her for her guidance and trailblazing determination to make the MWRD what it is today - a diverse, resilient, committed and thriving workplace. All three have made a lasting imprint on the MWRD, and the Board of Commissioners and the MWRD will not be the same without them.

Conclusion

As we remain diligent, focused, and determined in our efforts to protect our waterways, I must stress that there is no end to the impact of our essential work. Entering another year removed from the height of the COVID-19 pandemic, we look forward with confidence in continuing to build a legacy of sustained protection for our water environment in 2023. Thank you to the residents of Cook County who have entrusted me, our Board of Commissioners, and our staff to carry out this extremely important work on their behalf. I am honored to serve and appreciate the confidence of our Board of Commissioners and staff.

Page intentionally left blank

Multi-Year Awards

1975-2021
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting/Annual Comprehensive Financial Report

1993-2021
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for Retirement Fund's Annual Comprehensive Financial Report

1985-2022
Government Finance Officers Association of the United States and Canada
Award for Distinguished Budget Presentation

2007-2021
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for the Retiree Health Care Trust Fund's Annual Comprehensive Financial Report

National Association of Clean Water Agencies, formerly known as Association of Metropolitan Sewerage Agencies
NACWA Award for Compliance with National Pollutant Discharge Elimination System
Platinum Award for 30 consecutive years of full compliance for Calumet Water Reclamation Plant
Platinum Award for 25 consecutive years of full compliance for Lemont Water Reclamation Plant
Platinum Award for 17 consecutive years of full compliance for James C. Kirie Water Reclamation Plant
Platinum Award for 16 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant
Platinum Award for 14 consecutive years of full compliance for Hanover Park Water Reclamation Plant
Platinum Award for 8 consecutive years of full compliance for John E. Egan Water Reclamation Plant
Gold Award for Stickney Water Reclamation Plant

2003-2022
National Institute of Governmental Purchasing
Outstanding Agency Accreditation Achievement Award

Individual Year Awards (partial listing)

2019
Environmental Systems Research Institute
Special Achievement in Geographic Information System (SAG) Award

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

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

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

2020
Algae Biomass Organization
Innovation Collaboration of the Year Award

2020 (continued)
Funders Network
Partners for Places Award for Space To Grow: Greening Chicago Schoolyards

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

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

2021
Chicago Metropolitan Agency for Planning
CMAP Regional Excellence Award in the category of Regional Resilience: Buffalo Creek Reservoir

Illinois Association for Floodplain and Stormwater Management
Stormwater Management Award

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

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

Water Environment Federation
Public Official Award to Mariyana Spyropoulos

2022
American Society of Civil Engineers - Illinois Section
Sustainability in Civil Engineering Achievement Award for the Buffalo Creek Reservoir Expansion Project

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

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

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

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

Water Research Foundation
Outstanding Subscriber Award for Applied Research

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District of Greater Chicago, Illinois

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago
100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

Jacqueline Torres
Clerk/Director of Finance

312.751.6500 f: 312.894.1104
jacqueline.torres@mwrd.org

May 12, 2023

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

The Annual Comprehensive Financial Report, of which this transmittal letter is a component, has been prepared in accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.13, for the fiscal year ended December 31, 2022. This statute requires that the Clerk/Director of Finance prepare and publish the financial statements and any other data necessary to reflect the true financial condition and operations of the Metropolitan Water Reclamation District of Greater Chicago (the District) within six months of the close of each fiscal year.

The Annual Comprehensive Financial Report's basic financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB). In accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.12, the District's basic financial statements for the period ended December 31, 2022, have been subject to an audit by independent accountants. The unmodified opinion of Baker Tilly US, LLP has been included in the Financial Section of this report.

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

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

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

MISSION STATEMENT

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

BACKGROUND

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

The multi-award winning Metropolitan Water Reclamation District of Greater Chicago is headed by the Board of Commissioners who determine its policies. (Seated L to R) Vice President Kimberly Neely Du Buclet, President Kari K. Steele and Chairman of Finance Marcelino Garcia (Standing L to R) Cameron Davis, Mariyana T. Spyropoulos, Patricia Theresa Flynn, Eira L. Corral Sepúlveda, Yumeka Brown and Daniel Pogorzelski.

The District operates primarily within the boundaries of Cook County. Although the District exercises no direct control over wastewater collection and transmission systems maintained by cities, towns, and villages in Cook County, it does control municipal sewer construction by permits in suburban Cook County. Furthermore, the District provides the main sewer lines for the collection of wastewater from local sewer systems together with the treatment and disposal thereof. Combined sewage and stormwater runoff is stored, treated, and released using District facilities. The District owns and operates 7 water reclamation plants (WRP) and 23 pumping stations that treat an average of 1.1 billion gallons of wastewater each day. The District controls approximately 76.1 miles of navigable waterways that serve as headwaters of the Illinois Waterway system. Stringent federal and state standards require that the District's wastewater treatment processes keep the waterways free of pollution. The District monitors industries in Cook County to assure that hazardous substances not suitable for a sewer are disposed of in an environmentally responsible way that complies with applicable laws.

REPORTING ENTITY

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

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

Improve Water Quality

In 2022, the District cost-effectively collected and treated approximately 434.4 billion gallons of wastewater from businesses and homes and captured stormwater runoff from its service area. Our performance for treating this wastewater approaches 100 percent compliance with all applicable effluent standards at all water reclamation plants. The District has begun planning, design, and construction of additional facilities required to comply with new Phosphorus effluent permit limits at our seven Water Reclamation Plants. The permit compliance dates become effective at various times throughout an eight-year period.

Provide Stormwater Management

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

The District has made significant investments in developing over 220 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 17,000 homes, businesses and critical infrastructure. Below are several examples of projects under construction or completed in 2022.

- Addison Creek Reservoir and Channel Improvements Projects
- Streambank Stabilization Project on Melvina Ditch
- Flood Control Project in the Vicinity of 135th Street and Central Avenue

Construction of the Addison Creek Reservoir Project in Bellwood will be completed in early 2023. The project will create a 196-million-gallon reservoir which includes a control structure, inlet structure, spillway and pumping station. In spring 2023, the District will begin construction of the Addison Creek Channel Improvements Project in the communities of Northlake, Stone Park, Melrose Park, Bellwood, Westchester and Broadview. Preparations were made for the channel improvements project when the District demolished 16 residential structures and 13 mobile home trailers on a portion of the site in spring 2022 under an advanced contract. The channel improvements will include a mix of natural design, gabion baskets, soldier pile walls, concrete, riprap, articulated concrete blocks, vegetation clearing and removal of three bridges. When completed, the Addison Creek Reservoir and Channel Improvement projects will reduce flooding to approximately 2,200 structures along Addison Creek.

In 2022, the District completed construction of a streambank stabilization project along Melvina Ditch in Oak Lawn and Chicago Ridge. The project stabilized approximately 2,500 linear feet of stream using a pre-cast modular block retaining wall system and riprap armoring. The remaining portion was enclosed in a new 170-foot long culvert south of 95th Street. Adjacent streambanks were restored with native seed, shrubs and trees. In total, the project protects access to 29 homes and 5 multi-family buildings on Nashville Avenue, 2 commercial units, and the Chicago Ridge Mall driveway.

The Flood Control Project in the vicinity of 135th Street and Central Avenue in Crestwood is currently under construction and expected be complete by mid-2023. The project includes the installation of new storm sewers and a junction structure along 135th Street from Central Avenue to the Crestwood Drainage Ditch; improving conveyance along the Crestwood Drainage Ditch channel from 135th Street to Cal-Sag Road; adding capacity to the existing pipe culverts under Cal-Sag Road; and improving the detention basin and associated outlet on the Nathan Hale School property adjacent to the Crestwood Drainage Ditch, north of 135th Street. The project provides flood relief for 82 homes, businesses and other buildings and provides flood protection from the 100-year-rain event

On October 3, 2013, the District's Board of Commissioners adopted the Watershed Management Ordinance (WMO), which replaced the Sewer Permit Ordinance and established uniform, minimum, county-wide stormwater management regulations for new development and redevelopment in Cook County. Components regulated under the WMO include drainage and detention, volume control, floodplain management, isolated wetland protection, riparian environment protection, and soil erosion and sediment control. The WMO became effective on May 1, 2014. The stormwater management regulations of the WMO serve to prevent the flooding situation in Cook County from worsening through development or redevelopment. Over 3,000 WMO permits have been issued to date. Since the development of the WMO, the District has conducted numerous training events in addition to presenting at various seminars and conferences hosted by professional organizations.

Provide flood protection with Tunnel and Reservoir Plan and Green Infrastructure

The primary goals of TARP are as follows: protect Lake Michigan, the area's primary source of drinking water from polluted backflows; eliminate waterway pollution caused by combined sewer overflows (CSOs); and provide an outlet for flood waters to reduce basement sewage backups. Phase I of TARP consists of 109.4 miles of deep rock tunnels designed to capture 2.3 billion gallons of the first flush of sewage contaminated stormwater from combined sewers which had previously flowed into the area waterways.

The flood control segment of TARP, Phase 2, consists of three storage reservoirs to serve as outlets for the Phase 1 tunnels and contain the CSOs until they can be cleaned at the water reclamation plants. The three reservoirs - Gloria Alitto Majewski, Thornton, and McCook - will provide 15.2 billion combined gallons of storage for CSOs that otherwise would spill into local waterways, degrading the water quality and causing flooding. The Gloria Alitto Majewski Reservoir, the smallest of the three, was completed in 1998 and has prevented over 7.8 billion gallons of CSO from entering the waterways and mitigated over $652 million in flood damages, through the end of 2022. The Thornton Composite Reservoir became operational in 2015 and, through the end of 2022, more than 24.1 billion gallons have been captured during 138 fill events. The first stage of the McCook Reservoir was completed in 2017 and the second stage will be completed in 2029. Through the end of 2022, more than 98.9 billion gallons have been captured by the first stage reservoir during 197 fill events. The McCook Reservoir is projected to bring $143 million per year in flood reduction benefits to its residents when fully completed. The combined engineering, construction and land rights cost for all three reservoirs is estimated at $1.5 billion, with the Corps and the District providing approximately $550 million and $950 million, respectively.

The District and the U.S. Department of Justice entered into a consent decree in 2014. The consent decree provides an enforceable schedule for implementing the District's Tunnel and Reservoir Plan, which will result in a significant decrease in the volume of water discharged to the waterways from combined sewer overflows in Cook County, along with dramatically reducing the potential for flooding. Appendix E of the consent decree is designed to foster the use of green infrastructure controls to reduce the amount of stormwater that flows into the sewer systems during a storm and required the District to develop a Green Infrastructure Program Plan, which was approved by the

Environmental Protection Agency in 2015. In 2014, the District partnered with Chicago Public Schools system (CPS) and the Chicago Department of Water Management (CDWM) to incorporate stormwater retention at four elementary schools while reconstructing substandard playgrounds under a program known as Space to Grow. The projects serve to educate the public on the importance of stormwater management and the value of green infrastructure to reduce basement backup flooding. The success of this project led the District, CPS, and CDWM to agree to partner on 30 more schools from 2015 through 2022. All parties are working towards a new agreement for additional schools in the upcoming years.

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

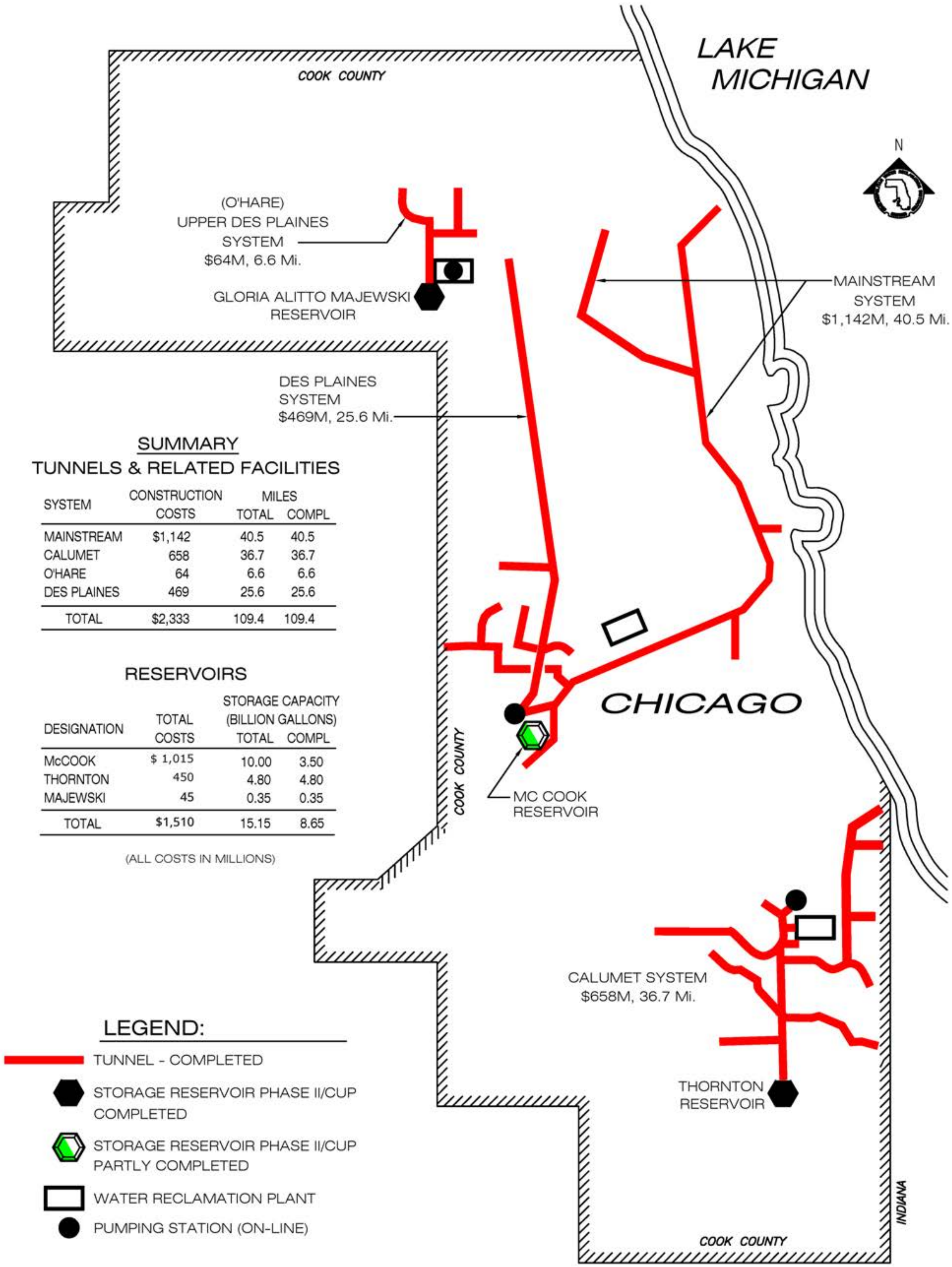
MWRD engineers surveyed excavation progress on the Thorn Creek Connection Tunnel in June. The 22-foot diameter tunnel will convey excess stormwater from Thorn Creek to the MWRD's Thornton Composite Reservoir.

From 2017 to 2022, the District solicited information from Cook County communities and other governmental organizations for additional green infrastructure partnership opportunities. Based on the project submittals received, the District has agreed to partner on an additional 89 green infrastructure projects to be constructed within its service area so far. Projects completed in 2021 include those located in Chicago's 10th Ward, Oak Park, Bartlett, Harwood Heights, and Lyons. In 2022, The District assisted the communities of Maywood, Bellwood, Glenview, Elmwood Park, Park Ridge, Skokie, Countryside, Des Plaines, and the Forest Preserves District of Cook County to successfully complete green infrastructure installations within their service areas. To date, the District has worked to construct more than 13,000,000 gallons of design retention capacity (DRC) throughout its service area.

Maintenance of Facilities and Infrastructure

The District owns and operates 7 water reclamation plants, 560 miles of intercepting sewers and force mains, 109.4 miles of TARP tunnels, 23 pumping stations, 35 flood control reservoirs, and 3 TARP reservoirs. Through preventative maintenance management, modernization, rehabilitation, and planned replacement, the District will ensure the long-term reliability and cost-effectiveness of operations. To aid planning and prioritize projects for both near term and long term, the District implemented procedures for project vetting and Long-Term Capital Plan evaluation.

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



SUMMARY
TUNNELS & RELATED FACILITIES

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

RESERVOIRS

DESIGNATION	TOTAL COSTS	STORAGE CAPACITY (BILLION GALLONS) TOTAL	COMPL
McCOOK	$ 1,015	10.00	3.50
THORNTON	450	4.80	4.80
MAJEWSKI	45	0.35	0.35
TOTAL	$1,510	15.15	8.65

(ALL COSTS IN MILLIONS)

TUNNEL AND RESERVOIR PLAN PROJECT STATUS

RESOURCE RECOVERY

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

Phosphorus

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

In fulfillment of the special provisions of the O'Brien Water Reclamation Plant's (OWRP) NPDES permit, the District has created an Algae Research Facility at the OWRP. This facility carries out research on treatment technologies using algae to recover phosphorus from the wastewater. Algae treatment technology has several advantages over the traditional chemical precipitation approach including the ability to recover and reuse the phosphorus, the ability to generate revenue through sale of the harvested algae as a raw material for sustainable commodity products, sequestration of atmospheric carbon dioxide, and use of natural energy from sunlight. The District's research group completed a study of a technology called the revolving alga biofilm reactor (RAB), that cultivates algae to recover nutrients. The study showed promising results, so the District proceeded to install a larger RAB unit that would be considered a "full-scale module," with the goal of testing the nutrient uptake performance of the unit on plant effluent. The full-scale module was installed in 2018, then rebuilt with improved design features in late 2019. The District's research group is conducting studies to determine the performance of the unit on nutrient uptake, algae biomass production, performance with and without artificial augmentation, and the effects of seasonal variations on performance. In 2020, the research team in collaboration with the National Renewable Energy Laboratory (NREL) received a $240,000 grant from the Department of Energy to conduct further research that aims to characterize algae, including cyanobacteria, from the District's ongoing pilot studies using RAB technology to remove and recover nutrients from wastewater at the OWRP, with a goal of demonstrating enhanced phosphorus removal with RAB, using native and laboratory-developed non-genetically modified (non-GMO) cyanobacteria. Currently, NREL is working to develop algal strains and few of the hyper-accumulative strains were tested at the OWRP in 2021. Results from these pilot studies will be used to inform the projected performance, life-cycle costs, and design criteria for what a full-scale installation at OWRP would entail. A design project was awarded to a consultant in late 2022 to design a new aeration battery (Battery E) with return activated sludge (RAS) fermentation at OWRP. RAS fermentation will enhance biological phosphorous removal. An existing design project to install a RAS fermenter in Battery D is nearly complete, and advertising and award of that project is anticipated in 2023.

In 2022, two projects were awarded by the Engineering Department to provide chemical phosphorous removal. The Chemical Addition Backup System at Stickney WRP, awarded in March, will supplement the biological phosphorous removal currently in place, and allow the plant to meet the 0.5 mg/L NPDES limit under all conditions, even if influent loading spikes. This project has a completion date in September of 2023. Design work to install mixers in the Battery B Aeration Tanks to improve biological phosphorous removal is currently underway.

The Chemical Phosphorous Removal Facility at the Calumet WRP, awarded in August, will utilize ferric chloride to remove phosphorous to the NPDES limits by February 2024. Additional experimental work to determine the most economically effective method of biologically removing phosphorous from the Calumet influent stream, conducted by the District's M&R Department, will continue.

MWRD Principal Environmental Scientist Kuldip Kumar, who has been working with algae harvesting to recover nutrients for nearly a decade, stands outside a new pilot algae reactor at the Stickney Water Reclamation Plant.

Biosolids

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

Water

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

Energy

The anaerobic digesters at the Stickney, Calumet, Egan, and Hanover Park Water Reclamation Plants (WRPs) produce biogas as a natural byproduct of the digestion process. Biogas contains methane gas, which is currently used as fuel for the WRPs boilers and the biosolids pelletizer at the Stickney WRP. The Stickney WRP currently utilizes nearly all of the biogas it produces. Once the new Westside primary settling tanks are fully online, the Stickney WRP is projected to have an increase in biogas production, and solutions to optimize utilization are being evaluated. Substantial Completion was granted for the Digester Sludge Heating System Upgrades and Boiler Removal project at the Calumet WRP. This project replaced six gas-fired hot water boilers in the digester clusters with steam to hot water converters, allowing full use of the recently installed central boiler facility at that plant while decreasing natural gas utilization and increasing safety for personnel and equipment. A request for proposal for a combined heat and power system that operates using biogas at the Egan WRP will readvertise in early 2023 and is anticipated to be operational by 2025. A new boiler system designed to optimize the use of biogas at the Hanover Park WRP was awarded in late 2021. Construction is currently ongoing and is anticipated to be completed by 2024. Energy efficient turbo blowers to reduce energy consumption have been installed at the Hanover Park and Lemont WRP. Other initiatives that are currently being examined for further reduction of energy consumption include improving aeration efficiency and replacing end-of-life, obsolete de-watering centrifuge equipment with modern, energy efficient equipment. The District is looking to maximize internal use of biogas, market electrical capacity at Lockport to maximize return on investment, and optimize the aeration processes to further reduce energy consumption.

BUDGET PROCESS

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

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

ECONOMIC BASE OUTLOOK

The District's 2022 economic base is influenced by the global pandemic and resultant economic volatility. A strong fund balance, along with an emphasis on controlling expenditures, will aid in overcoming the period of economic uncertainty and will allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. The District's service area is sizable, encompassing 98 percent of the assessed valuation of Cook County. The Equalized Assessed Valuation (EAV) of the District increased 1.1 percent from 2020 to 2021, showing sustained growth for the eighth straight year. The District operates a fiscally sound organization, maintaining a AAA bond rating with Fitch Ratings and has been upgraded to a AA+ bond rating with Standard & Poor's. Our finances are managed in a prudent manner, as evidenced by our excellent bond ratings, healthy fund balance, and continuing efforts to manage costs. To ensure that the District's finances remain healthy, projects are prioritized to ensure the best use of current funding, project base budget targets are used to assure funding above the base is tied to strategic initiatives, and resources are managed to ensure financial stability targets are met.

FINANCIAL POLICIES

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

In order to protect the strong financial position of the District, ensure uninterrupted services, and stabilize annual tax levies, the Board of Commissioners adopted the following policies on December 21, 2006 to enhance and maintain budgetary fund balances. The General Corporate Fund policy was amended on December 10, 2009. The Bond Redemption & Interest Funds Investment Income policy was amended on November 3, 2011. The Stormwater Management Fund policy was adopted on December 10, 2009 and amended on November 3, 2011 and December 17, 2015.

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

U.S. Senators. Tammy Duckworth and Dick Durbin and the MWRD are collaborating to protect water quality and mitigate flooding in four selected communities. The senators joined MWRD President Kari K. Steele and the MWRD Board of Commissioners and local leaders in March to announce the water resiliency efforts that will benefit Stone Park, Harvey, Riverdale and Dolton. The $1.5 million investment will help the MWRD reduce flooding of homes and environmental contamination in these four disproportionately impacted municipalities. (Front row, L-R): MWRD President Kari K. Steele, City of Harvey Mayor Christopher Clark, U.S. Senator Tammy Duckworth, and U.S. Senator Dick Durbin. (Back row, L-R): MWRD Commissioner Marcelino Garcia, MWRD Commissioner Chakena D. Perry, MWRD Vice President Barbara McGowan, MWRD Commissioner Eira L. Corral Sepúlveda and MWRD Commissioner Kimberly Du Buclet.

General Corporate Fund

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

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

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

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

Bond Redemption & Interest Funds Investment Income (Debt Service Fund)
Fund balances in the Bond Redemption & Interest Funds that might accumulate due to investment income will be identified and used to abate Bond Redemption & Interest property tax levies or for other corporate purposes. These abatements appropriately reduce property tax levies by the amount earned on invested balances above what is necessary for paying principal and interest due over the following 12 months, while still maintaining appropriate fund balances and when not required for other corporate purposes. This policy and the subsequent tax abatements will assist in compliance with the Board of Commissioners' overall tax levy policy, which is not to exceed a five percent increase over the prior year, excluding the Stormwater Management Fund tax levy.

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

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

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

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

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

Retirement Fund
The District's Board of Commissioners adopted a Funding Policy recommended by the Retirement Fund Board of Trustees to ensure the long-term financial health of the pension program while balancing the interests of the employees, retirees, taxpayers, and the District. Progress toward the funding goal is determined in part by an actuarial projection to be performed by the Fund's actuary every three years. This triennial projection will calculate a consistent multiple through the year 2050 that (1) satisfies the statutory requirements every year and (2) achieves a

funded ratio of 100% by 2050. The projection multiple will serve as a guide for determining employer contributions until the next projection is performed and the funded ratio calculated each year by the Fund actuary will serve as a benchmark to determine the progress toward the funding goal.

OPEB Trust

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Water Reclamation District of Greater Chicago for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. The Metropolitan Water Reclamation District has achieved this prestigious award for 47 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The District has been presented with the award for Distinguished Budget Presentation by the GFOA for the annual budget for the year beginning January 1, 2022. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, financial plan, communications medium, and operations guide. The award, which is valid for a one year period only, has been received for 38 consecutive years.

ACKNOWLEDGMENTS

Preparation of this report reflects the combined efforts of the dedicated professional personnel of the operating and support departments. Their expertise, enthusiasm, and unswerving focus on excellence are gratefully acknowledged. The general citizenry, in our opinion, may fully rely on the 2022 Annual Comprehensive Financial Report as a fair and accurate presentation, in all material aspects, of the financial position and operational results of the Metropolitan Water Reclamation District of Greater Chicago.

Respectively submitted,

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

May 12, 2023

STATEMENT OF RESPONSIBILITY

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

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

- The statements fairly present the financial position and changes in financial position of the Metropolitan Water Reclamation District of Greater Chicago, and its component units, for the fiscal year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America; and
- The statements contain no untrue statement of material facts; and
- There are no omissions of material fact(s).

Kari K. Steele
Kari K. Steele
President

Brian Perkovich
Brian Perkovich
Executive Director

Jacqueline Torres
Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

Page intentionally left blank

II. FINANCIAL SECTION

The MWRD conducted prescribed burns in various locations throughout the Buffalo Creek Reservoir and nature preserve on March 21. Prescribed burns are necessary every few years to control invasive (non-native) plant species growth, prevent build-up of dead vegetation, encourage new native species plant growth and to add valuable nutrients to the soil. MWRD commissioners, staff and partners celebrated the opening of the Buffalo Creek Reservoir expansion with a ribbon cutting in July.

bakertilly

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of December 31, 2022 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Retirement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Metropolitan Water Reclamation District Retirement Fund, which represents 77 percent, 80 percent, and 148 percent, respectively, of the assets/deferred outflows of resources, fund balance/net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Metropolitan Water Reclamation District Retirement Fund are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Metropolitan Water Reclamation District Retirement Fund and Retiree Health Care Trust Fund were not audited in accordance with *Government Auditing Standards.*

Emphasis of Matter

As discussed in Note 16, the District adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Accordingly, the accounting changes have been retroactively applied to the prior period presented. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information for the year ended December 31, 2022 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, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated May 17, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The Other Supplementary Information for the year ended December 31, 2021 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 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information in our report dated May 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
May 12, 2023

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

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

2022 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is $5,378,457,000. This is attributed to the District's positive balance of $5,275,501,000 in net investment in capital assets.
- The District's government-wide net position increased by $335,513,000. This is mainly attributable to the $138.3 million increase in net investment in capital assets as a direct result from the 2021 bond sale proceeds, and decreases in both the OPEB and Pension liability of approximately $122.3 million. General obligation debt also decreased due to annual debt payments in addition to the District advantageously prepaying approximately $43 million of the outstanding state revolving fund loans for future favorable interest savings.
- The District's combined fund balances for its governmental funds at December 31, 2022 totaled $893,523,000, a decrease of $62,764,000 from the prior year. The decrease is primarily attributable to $102.5 million decrease in property tax revenue, a $70.4 million increase in PPRT revenue, and departmental expenses increasing almost $20 million from the prior year. The decrease in the property tax revenue is a result of the late collections from Cook County due to their delays in the abatement process and installation of a new computer system. The District collected these funds in early 2023. Beginning in 2021 PPRT for the state of Illinois began to perform above expectations and have continued to perform at an elevated level.
- The District's government-wide liabilities decreased by $278,276,000 in 2022. The decrease can be attributed to decreases in both the pension and OPEB liabilities totaling $122.3 million, a decrease in bonds payable and premiums of $139.8 million

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are provided to give readers a long-term overview of the District's finances, similar to a private-sector business. Government-wide statements consist of the Statements of Net Position and Statements of Activities, and are prepared using the accrual basis of accounting and the economic resources (long-term) measurement focus. They include all the District's governmental activities; there are no business-type activities. The fiduciary funds' resources are restricted for employee pensions and other post-employment benefits and are not available to support the operations of the District. The fiduciary funds are not reported in the government-wide financial statements. Due to the implementation of GASB 68 *Accounting and Financial Reporting For Pensions* and GASB 75 *Accounting and Financial Reporting For Postemployment Benefits other than pensions* (OPEB) the District recognizes the assets and liabilities for Pension and OPEB.

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

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

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

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

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

Reconciliation of governmental fund financial statements to government-wide financial statements. 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. Personal Property Replacement Tax (PPRT) provides income tax revenue from corporations, partnerships, and invested capital of public utilities. PPRT is an economically sensitive revenue that began to recover from pandemic-related disruptions in 2021 resulting in an increase of $70.4 million from the prior year. Timing of collections is significant when looking at governmental funds versus the statement of activities property tax revenue. Although in the governmental funds the property taxes decreased due to late collections of property taxes, the governmental fund tax revenues increased by $89,061,000 in the District's Statement of Activities, as shown on page 41. Since property taxes are accrued to the extent they are measurable and available to satisfy liabilities within sixty days of year end, late collections were properly accrued to the current year causing a large swing between the governmental funds and the statement of activities. Changes in levies also contributed to the increase with Corporate Fund levies increasing by $12.7 million and Stormwater Management Fund increasing by $5 million from the prior year. PPRT is expected to continue to increase, albeit at a slower rate.

Program revenue. User Charge revenues decreased $3,252,000 as shown on page 43. User charge revenue is another economically sensitive revenue that decreased $1.252 million from the lagging effects of the pandemic on user activity. Another $2 million is attributable to rate decreases. Land rental revenues increased $8,214,000 due to new agreements at higher rental rates and higher Consumer Price Index. Due to new reporting requirements governed by the implementation of GASB 87, $13.3 million was reclassified as amortized deferred lease revenue.

Interest on Investments. The decrease in interest income of $9,053,000, as shown on page 41, was a direct result of global financial instability. Unrealized losses of $19.5 million were recorded to adjust investments to fair market value.

Construction costs. The decrease in construction costs of $20,571,000, as shown on page 41, is mainly attributable to several large construction projects reaching substantial completion. These projects include 19-157-3P Installation of Mechanical Mixers, 17-134-3MR Odor Control Facilities, 17-140-3P Digester Rehabilitation and Gas Piping Replacement, 18-277-3M Digester Sludge Heating System Upgrades and Boiler Removal, 13-248-5F Streambank Stabilization on Melvina Ditch, and 18-803-32 Rehabilitation of Gravity Concentration Tank.

Pension costs. The pension cost decreased $14,469,000, as seen on page 41. A portion of the annual pension expense is the contributions to the Pension Trust Fund based on the property tax levied. The remainder of the pension expense includes employee service cost, interest, differences between expected and actual investments, and administrative expenses. The current year decrease is primarily attributed to the $18 million decrease in amortization of the difference between projected and actual earnings. Other positive minor fluctuations in the remaining GASB 68 pension expense net to the overall decrease. A detailed table of these additional items can be found in Note 7, Pension Plan.

Claims and judgments. The $8,957,000 increase in claims and judgments expense, on page 41, is due to a prior year decrease in environmental remediation costs that is no longer applicable net with an increase in construction claims and an increase in health claims incurred.

Employee costs. The District's employee-related expenditures, on page 43 consist of employee base salaries and overtime pay, employee benefits, including social security, Medicare, health, dental and life insurance, tuition, training, mileage, and other travel expenses. The District's employee-related expenditures are the largest single cost of the General Corporate Fund, comprising 62.5% of the total outlays for 2022. The 2.5% increase in employee costs of $5,857,000, is the net result of an increase of $5.6 million in salaries due to filling a portion of the vacant positions that existed throughout 2021 plus an increase of $2 million in healthcare costs. As the District dealt with COVID-19 social distancing mandates, the exam and hiring process halted in 2020 leaving a number of vacant positions. Exams and hiring slowly returned to pre-COVID-19 schedules during 2021, but the backlog of positions to fill was sizable. An increase in healthcare costs was also COVID-19 related, as employees returned to scheduling routine, non-emergency services and elective surgeries.

Energy Costs. Energy costs in the General Corporate Fund increased by $5,070,000 or 13.9%, as shown on page 43. Energy costs are made up of electricity and natural gas. The increase was due to a higher electrical energy supply rate in 2022. Changes in operational factors at the water reclamation plants cause variations in the electricity and natural gas accounts. The weather plays an especially large role in determining operational requirements and conditions. Additionally, the District participates in a reverse electricity auction to ensure the best available market price and manage electricity costs.

Chemical costs and Materials, parts, and supplies costs. Chemical costs in the General Corporate Fund increased $1,308,000 and materials, parts, and supplies costs increased $880,000, as shown on page 43. Both increases were due largely to inflation and supply chain disruptions. The Bureau of Labor Statistics released Consumer Price Index inflation data for 2022 of 7.6%. This was the highest inflationary percentage increase in decades, and is evident in the rising costs of a number of supplies and commodities. Chemical costs will continue to increase as the District adheres to regulatory requirements for phosphorous and nitrogen. The new regulatory limits at Stickney were effective in August 2021, and the deadline for Calumet was the first quarter of 2022.

Repairs to structures. Costs for repairs to structures increased $4,551,000 in the General Corporate Fund, as shown on page 43, due to an increase of several contracts including an upgrade of distributed control systems at Stickney and O'Brien WRP, the installation of gas monitoring equipment at Calumet, 20-635-11, and the application of protective coatings on final tanks at Calumet.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2022 and 2021, is presented in the following schedule (in thousands of dollars):

	2022	2021*	Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other assets	$ 2,009,532	$ 1,949,575	$ 59,957	3.1 %
Capital assets	7,855,252	7,794,086	61,166	0.8
Total assets	9,864,784	9,743,661	121,123	1.2
Deferred Outflows of Resources:				
Loss on prior debt refunding	—	3	(3)	(100.0)
Deferred amounts related to pension	186,004	150,133	35,871	23.9
Total deferred outflows of resources	186,004	150,136	35,868	23.9
Liabilities:				
Current liabilities	225,669	210,186	15,483	7.4
Long-term liabilities:				
Due within one year	185,062	224,640	(39,578)	(17.6)
Due in more than one year	3,759,919	4,014,100	(254,181)	(6.3)
Total Long-term liabilities	3,944,981	4,238,740	(293,759)	(6.9)
Total liabilities	4,170,650	4,448,926	(278,276)	(6.3)
Deferred Inflows of Resources:				
Deferred inflows related to leases	329,230	326,620	2,610	0.8
Deferred inflows for other pension and OPEB amounts	172,451	75,307	97,144	129.0
Total deferred inflows of resources	501,681	401,927	99,754	24.8
Net Position:				
Net investment in capital assets	5,275,501	5,137,179	138,322	2.7
Restricted	777,326	752,479	24,847	3.3
Unrestricted (Deficit)	(674,370)	(846,714)	172,344	(20.4)
Total net position	$ 5,378,457	$ 5,042,944	$ 335,513	6.7 %

*2021 has been restated to reflect the implementation of GASB 87

The above schedule reports that the District’s net position totaled $5,378,457,000 at December 31, 2022, 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, $5,275,501,000, 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 $777,326,000 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 $674,370,000.

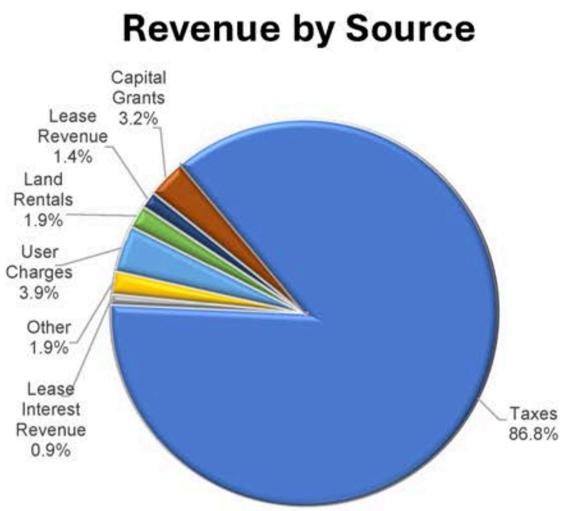
A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2022 and 2021 is presented in the following schedule (in thousands of dollars):

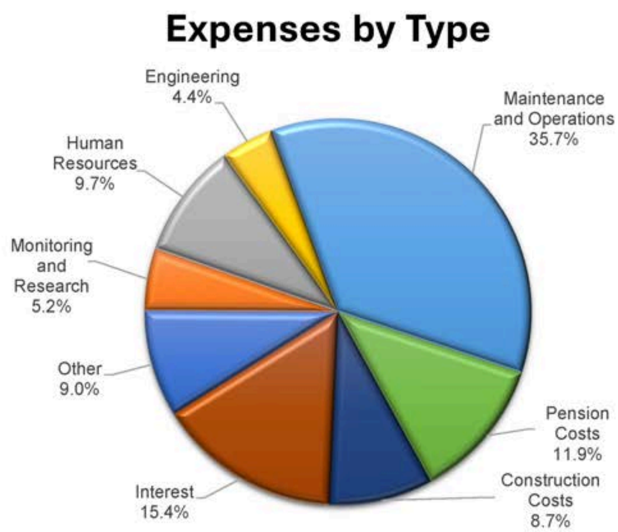
	2022	2021*	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
General Revenues:				
Taxes	$ 802,536	$ 713,475	$ 89,061	12.5 %
Interest	(8,278)	775	(9,053)	(1,168.1)
Lease interest revenue	8,005	8,003	2	—
Other	21,179	23,872	(2,693)	(11.3)
Program Revenues:				
User charges	35,937	39,189	(3,252)	(8.3)
Land rentals	17,402	9,188	8,214	89.4
Lease revenue	13,311	12,927	384	3.0
Fees, forfeits, and penalties	4,627	4,207	420	10.0
Capital grants	29,375	11,808	17,567	148.8
Total revenues	924,094	823,444	100,650	12.2
Expenses				
Board of Commissioners	4,384	4,044	340	8.4
General Administration	17,664	16,960	704	4.2
Monitoring and Research	30,607	30,026	581	1.9
Procurement and Materials Management	6,109	5,930	179	3.0
Human Resources	57,191	53,914	3,277	6.1
Information Technology	18,097	15,652	2,445	15.6
Law	6,999	6,453	546	8.5
Finance	3,652	3,260	392	12.0
Engineering	25,591	23,655	1,936	8.2
Maintenance and Operations	210,462	195,781	14,681	7.5
Pension costs	69,796	84,265	(14,469)	(17.2)
OPEB Trust Fund costs	(21,948)	(16,452)	(5,496)	33.4
Claims and judgments	6,362	(2,595)	8,957	(345.2)
Construction costs	51,497	72,068	(20,571)	(28.5)
Loss on disposal of capital assets	84	—	84	100.0
Unallocated depreciation	11,559	11,654	(95)	(0.8)
Redemption of bonds	—	(3)	3	(100.0)
Interest	90,475	101,240	(10,765)	(10.6)
Total expenses	588,581	605,852	(17,271)	(2.9)
Increase in net position	335,513	217,592	117,921	54.2
Total net position, beginning of year, as restated	5,042,944	4,825,352	217,592	4.5
Total net position, end of year	$ 5,378,457	$ 5,042,944	$ 335,513	6.7 %

*2021 has been restated to reflect the implementation of GASB 87

Total revenues increased by $100,650,000 in 2022, or 12.2% from the prior year, and total expenses decreased by $17,271,000 in 2022, or 2.9%. The major reasons for the variances are detailed under Key Financial Comparisons on page 38.

The following charts show the major sources of revenue and expenses for the year ended December 31, 2022:





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 2022, 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 $893,523,000, a decrease of $62,764,000 or 6.6% from 2021. A total of $43,455,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $636,566,000, assigned fund balances totaled $156,319,000, and the remaining fund balance of $57,183,000 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 $418,201,000. The fund balance represented 109.2% 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 $52,788,000 from 2021. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note 1b on pages 66-72.

The General Corporate Fund ended the year with an unassigned fund balance of $57,183,000 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, 2022 and 2021 is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Revenue Schedule

	2022		2021			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Revenues:						
Property taxes	$ 241,727	51.9 %	$ 279,554	65.2 %	$ (37,827)	(13.5)%
Personal property replacement tax	126,312	27.1	53,173	12.4	73,139	137.5
Total tax revenue	368,039	79.0	332,727	77.6	35,312	10.6
Interest on investments	(336)	—	1,294	0.3	(1,630)	(126.0)
Lease interest revenue	8,005	1.7	8,003	1.9	2	—
Tax increment financing distributions	15,455	3.3	18,125	4.2	(2,670)	(14.7)
Claims and damage settlements	137	—	23	—	114	495.7
User charges	35,937	7.7	39,189	9.1	(3,252)	(8.3)
Land rentals	17,402	3.8	9,188	2.1	8,214	89.4
Lease revenue	13,311	2.9	12,927	3.0	384	3.0
Fees, forfeits, and penalties	3,356	0.7	3,238	0.8	118	3.6
Federal and state grants	208	—	331	0.1	(123)	(37.2)
Miscellaneous	4,074	0.9	3,606	0.9	468	13.0
Total revenues	$ 465,588	100.0 %	$ 428,651	100.0 %	$ 36,937	8.6 %

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, lease interest and revenue, rental income, and tax increment financing distributions. In 2022, General Corporate Fund revenues totaled $465,588,000, an increase of $36,937,000, or 8.6%, from 2021. The major variances in revenues are explained under Key Financial Comparisons on page 38.

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2022 and 2021, is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Expenditures Schedule

	2022		2021			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Expenditures:						
Employee Cost	$ 238,889	62.5 %	$ 233,032	64.4 %	$ 5,857	2.5 %
Energy Cost	41,443	10.8	36,373	10.1	5,070	13.9
Chemicals	11,766	3.1	10,458	2.8	1,308	12.5
Solids & waste disposal	17,761	4.6	16,751	4.7	1,010	6.0
Repairs to structures/equipment	26,719	7.0	22,168	6.2	4,551	20.5
Materials, parts, & supplies	14,350	3.7	13,470	3.7	880	6.5
Insurance	4,072	1.1	3,583	1.0	489	13.6
Professional services	4,656	1.2	4,152	1.1	504	12.1
Claims and judgments	4,335	1.1	4,276	1.2	59	1.4
Other	18,809	4.9	17,468	4.8	1,341	7.7
Total expenditures	$ 382,800	100.0 %	$ 361,731	100.0 %	$ 21,069	5.8 %

In 2022, General Corporate Fund expenditures totaled $382,800,000, an increase of $21,069,000, or 5.8%, from 2021. 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 2022. The major variances in expenses are explained under Key Financial Comparisons on page 38.

Other Major Funds. The District's Debt Service Fund accounts for property tax revenues and interest earnings used for the payment of principal and interest on bonded debt. The Debt Service Fund's fund balance at the end of the current fiscal year totaled $96,919,000. The fund balance represented 34.5% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund decreased by $33,389,000 in the current year, due to a decrease in property tax revenue caused by the delayed receipt of taxes from Cook County net with an increase in debt payments. Debt payments increased due to an increase in outstanding debt from the prior year bond sale as well as the prepayment of State Revolving Fund loans.

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 $289,884,000. This amount will provide resources for the 2023 capital construction program. The fund balance represented 350.7% of the fund's expenditures. The fund balance decrease of $88,992,000 in the current year was primarily due to negative investment earnings, a transfer of assets to fund the prepayment of SRF loans resulting in a reduction in future interest payments, and no bonds issued in 2022.

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 2022 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 2022 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 2022 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	$ 323,819	$ 323,819	$ 322,225	$ (1,594)
Adjustment for working cash borrowing	(6,343)	(6,343)	(6,343)	—
Adjustment for estimated tax collections	—	—	19,342	19,342
Tax revenue available for current operations	317,476	317,476	335,224	17,748
User charges	38,000	38,000	37,201	(799)
Interest on investments	666	666	3,901	3,235
Tax increment financing distributions	14,800	14,800	15,456	656
Land rentals	25,000	25,000	27,352	2,352
Land sales	—	—	377	377
Claims and damage settlements	—	—	115	115
Other	6,231	6,231	7,301	1,070
Total revenues	402,173	402,173	426,927	24,754
Operating expenditures:				
Board of Commissioners	5,501	5,501	4,242	1,259
General Administration	21,854	21,854	17,501	4,353
Monitoring and Research	33,891	33,891	30,141	3,750
Procurement and Materials Management	10,976	10,976	9,451	1,525
Human Resources	64,163	64,163	57,506	6,657
Information Technology	22,520	22,520	18,838	3,682
Law	8,284	8,284	7,002	1,282
Finance	4,082	4,082	3,653	429
Engineering	27,675	27,675	23,263	4,412
Maintenance and Operations	239,555	239,555	209,801	29,754
Claims and judgments	44,465	44,465	4,543	39,922
Total expenditures	482,966	482,966	385,941	97,025
Revenues over (under) expenditures	(80,793)	(80,793)	40,986	121,779
Fund balance at beginning of year	216,027	216,027	226,829	10,802
Fund balance available for future use	(135,234)	(135,234)	—	135,234
Fund balance at beginning of year	80,793	80,793	226,829	146,036
Fund balance at end of the year	$ —	$ —	$ 267,815	$ 267,815

Actual revenues on a budgetary basis for 2022 in the General Corporate Fund totaled $426,927,000, or $24,754,000 more than budgeted revenues, a 6.2% variance. Property taxes and personal property replacement taxes (PPRT) were $17,748,000 more than the budget, due to collections of PPRT significantly higher than budgeted. PPRT is an economically sensitive revenue that overperformed in 2022. User charge receipts were $799,000 less than budgeted due to timing of collections and issuance of refunds. Interest on investments was $3,235,000 over budget. The District anticipated the all-time lows in fixed income investment earnings and budgeted interest income accordingly. Land rentals were $2,352,000 more than the budget, due to a continued effort to maximize the District's real estate portfolio.

The 2022 General Corporate Fund final appropriation of $482,966,000 is the same as the original amount. Actual budgetary expenditures totaled $385,941,000, or 79.9%, of the total appropriation. The $97,025,000 excess of appropriations over actual expenditures was primarily due to claims and judgments costs being $39,922,000 less than appropriations, and positive variances in expenditures from all departments, most noticeably a $29,754,000 positive variance for Maintenance and Operations and a $6,657,000 positive variance for Human Resources. The District, as already noted in the decrease in employee costs, page 38, experienced an increase in vacant positions from delayed testing and exams due to the COVID-19 pandemic. These vacancies continued throughout the District in 2022. Health plan expenditures for 2022 were below projections due to lower HMO and prescription drug claims on the active plan and lower retiree claims across the entire plan. The largest variance in Maintenance and Operations was attributable to the increase in electrical energy supply that was budgeted for accordingly; however, the actual increase was smaller than anticipated. The District also received ComEd's Carbon-Free Energy Resource Adjustment. Positive variances in Maintenance and Operations were due to fewer retirements than expected, purposeful increase in several department wide service contracts including upgrades to distributed control systems, and volatility in the chemical industry causing the District to anticipate steep increases.

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, 2022, amounted to $7,855,252,000. Reportable capital assets, net of accumulated depreciation, for 2022 as compared to 2021 are as follows (in thousands of dollars):

	2022	2021	Increase (Decrease)	Percent Increase (Decrease)
Land	$ 143,960	$ 144,020	$ (60)	— %
Permanent easements	2,763	2,737	26	0.9
Buildings	6,059	6,244	(185)	(3.0)
Machinery and equipment	21,504	21,365	139	0.7
Computer software	21	161	(140)	(87.0)
Depreciable infrastructure	1,595,184	1,606,603	(11,419)	(0.7)
Modified infrastructure	5,648,872	5,496,552	152,320	2.8
Construction in progress	436,889	516,404	(79,515)	(15.4)
Total	$ 7,855,252	$ 7,794,086	$ 61,166	0.8 %

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

- Total capital asset additions exceeded retirements and depreciation by $61,166,000 in 2022. The increase is primarily due to an increase in Modified infrastructure.
- Construction in progress (CIP) decreased by $79,515,000 in 2022 because several large projects were completed and moved to infrastructure. The decrease to CIP is partially offset by CIP additions resulting from various ongoing projects including the Decommissioning of the Thornton transitional reservoir, the McCook Reservoir Rock Wall Stabilization, and the Addison Creek reservoir expansion.
- The increase in the Modified Infrastructure is primarily due to the substantial completion of three large projects including the McCook reservoir Des Plaines inflow tunnel, Buffalo Creek reservoir expansion, and the installation of mechanical mixers at the Stickney water reclamation plant. The remainder of the increase

is due to the residual costs of construction projects substantially completed in the prior year being added directly to infrastructure.

In addition to the above, commitments totaling $271,137,000 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 Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2020. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2021. Egan and O'Brien each had its most recent condition assessment completed in 2022. (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, 2022, totaled $3,944,981,000. The breakdown of this debt and changes from 2021 to 2022 are as follows (in thousands of dollars):

	2022	2021	Increase (Decrease)	Percent Increase (Decrease)
Net bonds payable	$ 2,816,854	$ 2,956,682	$ (139,828)	(4.7)%
Bond anticipation notes	18,942	47,964	(29,022)	(60.5)
Claims payable	21,054	19,027	2,027	10.7
Compensated absences	17,205	18,677	(1,472)	(7.9)
Financed purchase liability	24,262	27,405	(3,143)	(11.5)
Net pension liability	1,020,180	1,121,072	(100,892)	(9.0)
Net OPEB liability	26,484	47,913	(21,429)	(44.7)
Total	$ 3,944,981	$ 4,238,740	$ (293,759)	(6.9)%

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

- Net bonds payable decreased by $139,828,000 in 2022 as a result of the prepayment of SRF loans for $43,000,000 and the typically scheduled bond payments throughout 2022.
- Bond anticipation notes decreased by $29,022,000 in 2022 due to the conversion of bond anticipation notes to bonds.
- Claims payable increased by $2,027,000 due to an increase in estimated construction claims, and increases in both environmental remediation claims and incurred but not reported health claims.
- Compensated absences decreased as employees use of earned vacation time returned to pre-COVID-19 pandemic.
- A number of items factor into the changes in the net pension liability. The $100,892,000 decrease in the liability is made up of several items, but most notable is positive market performance, which resulted in net investment income of approximately $220,000,000. As the District chose to use the prior year for the Measurement date, these earnings were from 2021. 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 $172,735,190,000 for the 2021 property tax levy. At December 31, 2022, the District's statutory debt limit of $9,932,273,000 exceeded the applicable net debt amount of $2,656,405,000 by $7,275,868,000; therefore, the District is in compliance.

The Illinois Compiled Statutes provide authorization for the funding of the District Capital Improvement Program by the issuance of non-referendum capital improvement bonds. 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, 2022.

Effective January 1, 2022, 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 2022 is $184,314,298 (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, 2022, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of $1,662,335,000 did not exceed the limitation of $5,786,628,853.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2022, 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	$ 194	$ —	$ 194
2009	600	600	—
2014	50	50	—
2016	374	52	322
2021	445	144	301
Total bonds outstanding at December 31, 2022	1,663	$ 846	$ 817
Remaining bond authorization at December 31, 2022	4,124		
Total bond authorization at December 31, 2022	$ 5,787		

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 continued to grow throughout 2022, although not at the pace of the prior year due to historically high inflation and rising interest rates. The economy continued to recover from the pandemic in 2022. Inflation remains elevated and the Fed continued to raise the federal funds rate in the first quarter of 2023.

The equalized assessed valuation of the District has experienced a 1.65% average growth rate over the last ten years although the 2021 equalized assessed valuation of $172,735,189,631 is 1% higher than the previous year and shows sustained growth for the fifth straight year. The Cook County Assessor is responsible for all taxable real property within Cook County except for railroad property and pollution control facilities, which are assessed directly by the State of Illinois.

The equalized assessed valuation of real estate property is determined in Cook County based on market values of real estate, reduced by a classification factor determined by property use, and then multiplied by the State of Illinois equalization factor. The statutory objective is to value property at 33 1/3 percent of estimated fair market value. The equalized assessed property valuation of the District is very important due to the primary reliance of the District on the property tax to fund current operations and future capital programs.

A strong fund balance, along with an emphasis on controlling expenditures, should allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. The boundaries of the District encompass 91% of the land area of Cook County. The District is located in one of the strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division decreased to a seasonally adjusted average rate of 4.6% for 2022, down from 6.2% from 2021. Employment was significantly impacted by the COVID-19 pandemic in the past two years, but has substantially 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 2023. The total appropriation for the Corporate Fund in 2023 is $475.1 million, an increase of $36.6 million, or 7.7% from the 2022 Adjusted Budget. The 2023 tax levy for the Corporate Fund is $292.9 million, an increase of $8.4 million, or 3.0% , compared to the 2022 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 2023 is 15.68 cents, representing no change from 2022 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 2023 totals $129.0 million, an increase of $32.0 million or 33.0% from the 2022 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 2023 is 2.81 cents, which is a decrease of 0.39 cents from 2022 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 2023 project awards, land acquisition, support, future projects, and projects under construction, with a total cost of approximately $0.9 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 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 2022, the District received $22,835,500 in cash receipts for SRF projects and is expected to receive approximately $50,000,000 in 2023.

Construction Fund. The Construction Fund appropriation for 2023 totals $51,500,400, an increase of $31,568,400 or 158.4% from the 2022 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2023 tax levy planned for the Construction Fund is $7,000,000, representing no change from the 2022 Adjusted Levy.

Capital Improvements Bond Fund. The 2023 appropriation for the Capital Improvements Bond Fund is $374,610,900, an increase of $80,667,400 or 27.4% from the 2022 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 $343,400,000 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 $80,667,400 reflects the pattern in the award of major projects. An appropriation for the open value of existing contracts is also carried forward from the prior year.

The remaining appropriation for this fund will provide for studies, services, and supplies to support District design and administration of proposed and ongoing construction activity, including the TARP reservoirs. A comprehensive narrative, exhibits detailing our entire Capital program, a listing and description of proposed projects, and projects under construction scheduled for 2023, can be found in the Capital Budget (Section V) of the 2023 Budget document.

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

In 2006, the District proposed state legislation to give authority to establish an OPEB trust. Public Act 95-394 became effective on August 23, 2007. Since inception, the District has budgeted and transferred a total of $152,400,000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. The net OPEB liability was $26,484,000 million as of the measurement date December 31, 2021. The net OPEB liability was estimated at approximately $88,280,000 at December 31, 2022.

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 2021 and are set to expire in 2024.

Retirement Fund. On August 3, 2012, Governor Quinn signed House Bill 4513, now Public Act 97-0894, into law. The tax multiple, which is limited by state statute, was increased in 2013 from 2.19 to the amount sufficient to meet the Fund's actuarially determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. The employee contributions for Tier 1 employees (those hired before January 1, 2011) increased 1% each year for 3 years beginning January 1, 2013, increasing the contribution rate from 9% to 12%. The employee contributions will remain at 12% until the funded ratio reaches 90% then the contribution rate will be reduced to 9%.

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

REQUESTS FOR ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund 2022	General Corporate Fund 2021	Debt Service Fund 2022	Debt Service Fund 2021	Capital Improvement Bond Funds 2022	Capital Improvement Bond Funds 2021
Assets and deferred outflows of resources		(as restated)				
Assets:						
Cash	$ 19,860	$ 147,976	$ 7,064	$ 1,337	$ 20,941	$ 57,880
Certificates of deposit	24,348	16,883	—	5,000	1,802	10,310
Investments (note 4)	300,868	159,460	36,281	89,856	280,148	325,587
Prepaid expenses	7,177	6,766	—	—	—	—
Taxes receivable, net (note 5)	345,711	268,638	284,251	231,933	—	—
Lease receivable (note 14)	333,054	327,227	—	—	—	—
Other receivables, net (note 5)	3,299	4,337	—	15	9,278	3,752
Due from other funds (note 12)	371	351	—	—	—	—
Restricted deposits	318	480	—	—	29,764	31,790
Inventories	36,274	34,141	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Total assets	1,071,280	966,259	327,596	328,141	341,933	429,319
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	$ 1,071,280	$ 966,259	$ 327,596	$ 328,141	$ 341,933	$ 429,319
Liabilities, deferred inflows of resources, and fund balances/net position						
Liabilities:						
Accounts payable and other liabilities (note 5)	$ 39,693	$ 34,781	$ —	$ —	$ 21,332	$ 17,700
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned revenue	2,375	10,280	—	—	29,764	31,790
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	42,068	45,061	—	—	51,096	49,490
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	281,781	229,165	230,677	197,833	—	—
Deferred inflows related to leases	329,230	326,620	—	—	—	—
Other unavailable revenue (note 5)	—	—	—	—	953	953
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	611,011	555,785	230,677	197,833	953	953
Fund balances:						
Nonspendable (note 1t.)	43,451	40,907	—	—	—	—
Restricted for (note 1t.)	317,567	318,272	96,919	130,308	133,565	196,416
Assigned	—	—	—	—	156,319	182,460
Unassigned (Deficit)	57,183	6,234	—	—	—	—
Total fund balances	418,201	365,413	96,919	130,308	289,884	378,876
Total liabilities, deferred inflows, and fund balances	$ 1,071,280	$ 966,259	$ 327,596	$ 328,141	$ 341,933	$ 429,319
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 2022	Retirement Fund 2021	Other Governmental / Nonmajor Funds 2022	Other Governmental / Nonmajor Funds 2021	Total Governmental Funds 2022	Total Governmental Funds 2021 (as restated)	Adjustments (Note 2a) 2022	Adjustments (Note 2a) 2021	Statements of Net Position 2022	Statements of Net Position 2021 (as restated)
$ —	$ —	$ 3,867	$ 9,729	$ 51,732	$ 216,922	$ —	$ —	$ 51,732	$ 216,922
—	—	21,316	10,310	47,466	42,503	—	—	47,466	42,503
—	—	62,974	63,276	680,271	638,179	—	—	680,271	638,179
—	—	4	4	7,181	6,770	—	—	7,181	6,770
104,128	84,313	76,010	57,829	810,100	642,713	—	—	810,100	642,713
—	—	—	—	333,054	327,227	—	—	333,054	327,227
—	—	795	746	13,372	8,850	—	—	13,372	8,850
—	—	—	—	371	351	(371)	(351)	—	—
—	—	—	—	30,082	32,270	—	—	30,082	32,270
—	—	—	—	36,274	34,141	—	—	36,274	34,141
—	—	—	—	—	—	6,232,484	6,159,713	6,232,484	6,159,713
—	—	—	—	—	—	1,622,768	1,634,373	1,622,768	1,634,373
104,128	84,313	164,966	141,894	2,009,903	1,949,926	7,854,881	7,793,735	9,864,784	9,743,661
—	—	—	—	—	—	—	3	—	3
—	—	—	—	—	—	186,004	150,133	186,004	150,133
—	—	—	—	—	—	186,004	150,136	186,004	150,136
$ 104,128	$ 84,313	$ 164,966	$ 141,894	$ 2,009,903	$ 1,949,926	$ 8,040,885	$ 7,943,871	$10,050,788	$ 9,893,797
$ —	$ —	$ 13,422	$ 10,529	$ 74,447	$ 63,010	$ —	$ —	$ 74,447	$ 63,010
34,596	24,436	—	—	34,596	24,436	69,081	64,368	103,677	88,804
—	—	371	351	371	351	(371)	(351)	—	—
—	—	—	—	—	—	15,406	16,302	15,406	16,302
—	—	—	—	32,139	42,070	—	—	32,139	42,070
—	—	—	—	—	—	185,062	224,640	185,062	224,640
—	—	—	—	—	—	3,759,919	4,014,100	3,759,919	4,014,100
34,596	24,436	13,793	10,880	141,553	129,867	4,029,097	4,319,059	4,170,650	4,448,926
69,532	59,877	62,654	49,324	644,644	536,199	(644,644)	(536,199)	—	—
—	—	—	—	329,230	326,620	—	—	329,230	326,620
—	—	—	—	953	953	(953)	(953)	—	—
—	—	—	—	—	—	172,451	75,307	172,451	75,307
69,532	59,877	62,654	49,324	974,827	863,772	(473,146)	(461,845)	501,681	401,927
—	—	4	4	43,455	40,911	(43,455)	(40,911)		
—	—	88,515	81,686	636,566	726,682	(636,566)	(726,682)		
—	—	—	—	156,319	182,460	(156,319)	(182,460)		
—	—	—	—	57,183	6,234	(57,183)	(6,234)		
—	—	88,519	81,690	893,523	956,287	(893,523)	(956,287)		
$ 104,128	$ 84,313	$ 164,966	$ 141,894	$ 2,009,903	$ 1,949,926				

Net position:	Adjustments 2022	Adjustments 2021	Statements of Net Position 2022	Statements of Net Position 2021
Net investment in capital assets	5,275,501	5,137,179	5,275,501	5,137,179
Restricted for corporate working cash	276,836	279,816	276,836	279,816
Restricted for reserve claim	26,597	25,122	26,597	25,122
Restricted for debt service	312,190	311,839	312,190	311,839
Restricted for capital projects	103,098	76,612	103,098	76,612
Restricted for construction working cash	21,742	21,943	21,742	21,943
Restricted for stormwater working cash	36,863	37,147	36,863	37,147
Unrestricted (Deficit)	(674,370)	(846,714)	(674,370)	(846,714)
Total net position	$ 5,378,457	$ 5,042,944	$ 5,378,457	$ 5,042,944

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

Year ended December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2022	2021	2022	2021	2022	2021
Revenues		(as restated)				
General revenues:						
Property taxes	$ 241,727	$ 279,554	$ 201,608	$ 243,142	$ —	$ —
Personal property replacement tax	126,312	53,173	—	—	—	—
Interest on investments	(336)	1,294	1,013	52	(9,299)	(605)
Lease interest revenue	8,005	8,003	—	—	—	—
Tax increment financing distributions	15,455	18,125	—	—	—	—
Claims and damage settlements	137	23	—	—	27	117
Miscellaneous	4,074	3,606	3	3	1,948	2,095
Gain on sale of capital assets	—	—	—	—	—	—
Program revenues:						
Charges for services:						
User charges	35,937	39,189	—	—	—	—
Land rentals	17,402	9,188	—	—	—	—
Lease revenue	13,311	12,927	—	—	—	—
Fees, forfeits, and penalties	3,356	3,238	—	—	—	—
Capital grants and contributions:						
Federal and state grants	208	331	—	—	14,771	11,477
Total revenues	465,588	428,651	202,624	243,197	7,447	13,084
Expenditures/Expenses						
Board of Commissioners	4,392	4,099	—	—	—	—
General Administration	17,460	17,055	—	—	—	—
Monitoring and Research	30,792	30,416	—	—	—	—
Procurement and Materials Management	6,088	6,037	—	—	—	—
Human Resources	57,199	54,116	—	—	—	—
Information Technology	18,056	15,761	—	—	—	—
Law	7,003	6,441	—	—	—	—
Finance	3,655	3,331	—	—	—	—
Engineering	23,284	22,681	—	—	—	—
Maintenance and Operations	210,536	197,518	—	—	—	—
Pension costs	—	—	—	—	—	—
OPEB costs	—	—	—	—	—	—
Claims and judgments	4,335	4,276	—	—	—	—
Construction costs	—	—	—	—	78,259	77,943
Loss on disposal of capital assets	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—
Debt service:						
Redemption of bonds and capital lease	—	—	173,934	122,746	3,143	2,993
Interest and bond issuance costs	—	—	107,212	110,126	1,247	1,694
Total expenditures/expenses	382,800	361,731	281,146	232,872	82,649	82,630
Revenues over (under) expenditures	82,788	66,920	(78,522)	10,325	(75,202)	(69,546)
Other financing sources (uses)						
Payment to escrow agent for refunded bonds	—	—	—	(404,037)	—	—
Bond anticipation notes issued	—	—	—	—	22,175	44,634
Bond anticipation notes converted	—	—	—	—	51,687	73,700
Bond anticipation notes refunded	—	—	—	—	(51,687)	(73,700)
Refunding bonds issued	—	—	—	356,065	—	—
General obligation bonds issued	—	—	—	—	—	143,935
Premium on bonds issued	—	—	—	48,733	—	38,847
Transfers	(30,000)	—	45,133	5,961	(35,965)	—
Total other financing sources (uses)	(30,000)	—	45,133	6,722	(13,790)	227,416
Net change in fund balances	52,788	66,920	(33,389)	17,047	(88,992)	157,870
Change in net position	—	—	—	—	—	—
Fund balances/net position:						
Beginning of the year, as restated	365,413	298,493	130,308	113,261	378,876	221,006
End of the year	$ 418,201	$ 365,413	$ 96,919	$ 130,308	$ 289,884	$ 378,876

See accompanying notes to the basic financial statements.

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2b)		Statements of Activities	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
					(as restated)				(as restated)
$ 61,013	$ 73,440	$ 50,262	$ 60,932	$ 554,610	$ 657,068	$ 98,790	$ (22,292)	$ 653,400	$ 634,776
22,824	25,526	—	—	149,136	78,699	—	—	149,136	78,699
—	—	344	34	(8,278)	775	—	—	(8,278)	775
—	—	—	—	8,005	8,003	—	—	8,005	8,003
—	—	—	—	15,455	18,125	—	—	15,455	18,125
—	—	5	—	169	140	—	—	169	140
1	—	50	112	6,076	5,816	(521)	(415)	5,555	5,401
—	—	—	—	—	—	—	206	—	206
—	—	—	—	35,937	39,189	—	—	35,937	39,189
—	—	—	—	17,402	9,188	—	—	17,402	9,188
—	—	—	—	13,311	12,927	—	—	13,311	12,927
—	—	1,271	969	4,627	4,207	—	—	4,627	4,207
—	—	14,396	—	29,375	11,808	—	—	29,375	11,808
83,838	98,966	66,328	62,047	825,825	845,945	98,269	(22,501)	924,094	823,444
—	—	—	—	4,392	4,099	(8)	(55)	4,384	4,044
—	—	—	—	17,460	17,055	204	(95)	17,664	16,960
—	—	—	—	30,792	30,416	(185)	(390)	30,607	30,026
—	—	—	—	6,088	6,037	21	(107)	6,109	5,930
—	—	—	—	57,199	54,116	(8)	(202)	57,191	53,914
—	—	—	—	18,056	15,761	41	(109)	18,097	15,652
—	—	—	—	7,003	6,441	(4)	12	6,999	6,453
—	—	—	—	3,655	3,331	(3)	(71)	3,652	3,260
—	—	—	—	23,284	22,681	2,307	974	25,591	23,655
—	—	—	—	210,536	197,518	(74)	(1,737)	210,462	195,781
113,838	98,966	—	—	113,838	98,966	(44,042)	(14,701)	69,796	84,265
—	—	—	—	—	—	(21,948)	(16,452)	(21,948)	(16,452)
—	—	—	—	4,335	4,276	2,027	(6,871)	6,362	(2,595)
—	—	50,331	51,950	128,590	129,893	(77,093)	(57,825)	51,497	72,068
—	—	—	—	—	—	84	—	84	—
—	—	—	—	—	—	11,559	11,654	11,559	11,654
—	—	—	—	177,077	125,739	(177,077)	(125,742)	—	(3)
—	—	—	—	108,459	111,820	(17,984)	(10,580)	90,475	101,240
113,838	98,966	50,331	51,950	910,764	828,149	(322,183)	(222,297)	588,581	605,852
(30,000)	—	15,997	10,097	(84,939)	17,796	420,452	199,796		
—	—	—	—	—	(404,037)	—	404,037	—	—
—	—	—	—	22,175	44,634	(22,175)	(44,634)	—	—
—	—	—	—	51,687	73,700	(51,687)	(73,700)	—	—
—	—	—	—	(51,687)	(73,700)	51,687	73,700	—	—
—	—	—	—	—	356,065	—	(356,065)	—	—
—	—	—	—	—	143,935	—	(143,935)	—	—
—	—	—	—	—	87,580	—	(87,580)	—	—
30,000	—	(9,168)	(5,961)	—	—	—	—	—	—
30,000	—	(9,168)	(5,961)	22,175	228,177	(22,175)	(228,177)	—	—
—	—	6,829	4,136	(62,764)	245,973	62,764	(245,973)		
—	—	—	—	—	—	335,513	217,592		
—	—	81,690	77,554	956,287	710,314	—	—	5,042,944	4,825,352
$ —	$ —	$ 88,519	$ 81,690	$ 893,523	$ 956,287	$ —	$ —	$ 5,378,457	$ 5,042,944

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, 2022

(in thousands of dollars)

	Budget		Actual on Budgetary Basis	Actual Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Gross levy	$ 284,500	$ 284,500	$ 284,500	$ —
Allowance for uncollectible taxes	(9,958)	(9,958)	(9,958)	—
Net property tax levy	274,542	274,542	274,542	—
Property tax collections	7,277	7,277	5,683	(1,594)
Personal property replacement tax:				
Entitlement	42,000	42,000	42,000	—
Total tax revenue	323,819	323,819	322,225	(1,594)
Adjustment for working cash borrowing	(6,343)	(6,343)	(6,343)	—
Adjustment for estimated tax collections	—	—	19,342	19,342
Tax revenue available for current operation	317,476	317,476	335,224	17,748
Interest on investments	666	666	3,901	3,235
Land sales	—	—	377	377
Tax increment financing distributions	14,800	14,800	15,456	656
Miscellaneous	2,088	2,088	4,246	2,158
User charges	38,000	38,000	37,201	(799)
Land rentals	25,000	25,000	27,352	2,352
Claims and damage settlements	—	—	115	115
Fees, forfeits, and penalties	4,143	4,143	3,055	(1,088)
Total revenues	402,173	402,173	426,927	24,754
Expenditures:				
Board of Commissioners	5,501	5,501	4,242	1,259
General Administration	21,854	21,854	17,501	4,353
Monitoring and Research	33,891	33,891	30,141	3,750
Procurement and Materials Management	10,976	10,976	9,451	1,525
Human Resources	64,163	64,163	57,506	6,657
Information Technology	22,520	22,520	18,838	3,682
Law	8,284	8,284	7,002	1,282
Finance	4,082	4,082	3,653	429
Engineering	27,675	27,675	23,263	4,412
Maintenance and Operations	239,555	239,555	209,801	29,754
Claims and judgments	44,465	44,465	4,543	39,922
Total expenditures	482,966	482,966	385,941	97,025
Revenues over (under) expenditures	(80,793)	(80,793)	40,986	121,779
Fund balances at beginning of year	216,027	216,027	226,829	10,802
Fund balances available for future use	(135,234)	(135,234)	—	135,234
Fund balances at beginning of the year	80,793	80,793	226,829	146,036
Fund balances at end of year	$ —	$ —	$ 267,815	$ 267,815

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, 2022

(in thousands of dollars)

Retirement Fund	**Original and Final Budget**	**Actual on Budgetary Basis**	**Actual Variance with Final Budget - Positive (Negative)**
Revenues:			
Property taxes	$ 70,196	$ 55,118	$ (15,078)
Personal property replacement tax	18,558	18,558	—
Miscellaneous	—	1	1
Equity transfer to Retirement Fund	30,000	30,000	—
Total revenue and equity transfer	118,754	103,677	(15,077)
Operating expenditures:			
Pension costs	118,754	103,677	15,077
Total expenditures	118,754	103,677	15,077
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, 2022
(with comparative amounts for prior year)

(in thousands of dollars)

	2022	2021
Assets		
Cash	$ 356	$ 322
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts)	103,536	88,754
Securities sold	1,048	1,071
Accrued interest and dividends	4,094	3,477
Accounts receivable	87	92
Total receivables	108,765	93,394
Investments at fair value		
Equities	319,090	425,508
U.S. Government and government agency obligations	110,559	102,415
Corporate and foreign government obligations	100,661	122,142
Fixed Income Mutual Funds	90,210	86,355
Mutual and exchange traded funds	232,027	304,950
Pooled funds - equities	428,980	573,795
Pooled funds - fixed income	129,372	158,608
Real estate funds	144,437	147,346
Short-term investment funds	44,560	35,644
Total investments	1,599,896	1,956,763
Securities lending capital	8,840	11,615
Total assets	1,717,857	2,062,094
Liabilities		
Accounts payable	1,051	1,244
Due to broker	6,163	13,893
Securities lending collateral	8,840	11,615
Total liabilities	16,054	26,752
Net position restricted for pension	$ 1,437,655	$ 1,724,179
Net position restricted for OPEB	$ 264,148	$ 311,163

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, 2022
(with comparative amounts for prior year)

	(in thousands of dollars)	
	2022	**2021**
Additions:		
Contributions:		
Employer contributions	$ 134,178	$ 103,468
Employee contributions	21,177	20,630
Total contributions	155,355	124,098
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	(307,545)	234,885
Interest and dividend income	27,558	26,902
Total investment income (loss)	(279,987)	261,787
Less investment expenses	(4,510)	(5,107)
Investment income (loss) net of expenses	(284,497)	256,680
Security lending activities:		
Security lending income	226	78
Borrower rebates	(128)	42
Bank fees	(20)	(24)
Net income from securities lending activities	78	96
Other	7	5
Total additions	(129,057)	380,879
Deductions:		
Annuities and benefits		
Employee annuitants	157,310	152,683
Retiree health care benefits	10,719	9,664
Surviving spouse annuitants	30,830	29,215
Child annuitants	112	126
Ordinary disability benefits	1,030	764
Duty disability benefits	62	69
Total annuities and benefits	200,063	192,521
Refunds of employee contributions	2,239	2,283
Administrative expenses	2,180	1,829
Total deductions	204,482	196,633
Net increase (decrease)	(333,539)	184,246
Net position restricted for pension and OPEB benefits		
Beginning of year	2,035,342	1,851,096
End of year	$ 1,701,803	$ 2,035,342

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

Index to Notes

Note **Page Number**

1. Summary of Significant Accounting Policies 66
   a. Financial Reporting Entity 66
   b. Government-wide and Fund Financial Statements 66
   c. Basis of Accounting and Measurement Focus 72
   d. Budgeting (Appropriations) 73
   e. Deposits with Escrow Agent 74
   f. Certificates of Deposit 74
   g. Investments 75
   h. Inventory 75
   i. Prepaid Assets 75
   j. Restricted Deposits 75
   k. Interfund Transactions 75
   l. Capital Assets 75
   m. Compensated Absences 76
   n. Deferred Outflows/Inflows of Resources 77
   o. Unearned Revenue 77
   p. Leases 77
   q. Long-Term Obligations 77
   r. Pensions 77
   s. Postemployment Benefits Other Than Pensions (OPEB) 77
   t. Fund Balances 77
   u. Net Position 78
   v. User Charge 79
   w. Comparative Data 79
   x. Use of Estimates 79
   y. New Accounting Pronouncements 79
2. Reconciliation of Fund and Government-wide Financial Statements 80
   a. Reconciliation of Total Fund Balances to Total Net Position 80
   b. Reconciliation of the Change in Fund Balances to the Change in Net Position 81
3. Reconciliation of Budgetary Basis Accounting to GAAP Basis Accounting 82
4. Deposits and Investments 82
5. Receivables, Deferred Inflows of Resources and Payables 94
6. Capital Assets 96
7. Pension Plan 97
8. OPEB - Other Post-Employment Benefits 102
9. Commitments and Rebatable Arbitrage Earnings 106
10. Risk Management and Claims 107
11. Long-Term Debt 110
12. Interfund Transactions 117
13. Property Tax Extension Limitation Law 117
14. Leases 118
15. Tax Abatements 119
16. Restatement for Implementation of GASB 87 120

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, 2022 are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Assets				
Cash	$ 19,860	$ 17,471	$ 373	$ 2,016
Certificates of deposit	24,348	12,719	1,908	9,721
Investments	300,868	207,280	66,555	27,033
Prepaid insurance	7,177	7,177	—	—
Receivables:				
Property taxes receivable	363,636	354,263	—	9,373
Allowance for uncollectible taxes	(17,925)	(17,461)	—	(464)
Taxes receivable, net	345,711	336,802	—	8,909
Lease receivable	333,054	333,054	—	—
User charges	248	248	—	—
Miscellaneous	3,051	2,771	—	280
Due from Stormwater Management Fund	371	371	—	—
Restricted deposits	318	318	—	—
Inventories	36,274	36,274	—	—
Total assets	$ 1,071,280	$ 954,485	$ 68,836	$ 47,959
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable and other liabilities	$ 39,693	$ 39,385	$ —	$ 308
Unearned revenue	2,375	2,375	—	—
Due to corporate fund from corporate working cash	—	208,000	(208,000)	—
Total liabilities	42,068	249,760	(208,000)	308
Deferred inflows of resources:				
Unavailable tax revenue	281,781	274,543	—	7,238
Deferred inflows related to leases	329,230	329,230	—	—
Total deferred inflows of resources	611,011	603,773	—	7,238
Fund balances:				
Nonspendable:				
Prepaid insurance	7,177	7,177	—	—
Inventories	36,274	36,274	—	—
Restricted for:				
Deposits	318	318	—	—
Working cash	276,836	—	276,836	—
Reserve claims	40,413	—	—	40,413
Unassigned (Deficit)	57,183	57,183	—	—
Total fund balances	418,201	100,952	276,836	40,413
Total liabilities, deferred inflows and fund balances	$ 1,071,280	$ 954,485	$ 68,836	$ 47,959

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, 2022, are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Revenues:				
Property taxes	$ 241,727	$ 235,436	$ —	$ 6,291
Personal property replacement tax	126,312	126,312	—	—
Total tax revenue	368,039	361,748	—	6,291
Interest on investments	(336)	2,163	(2,980)	481
Lease interest revenue	8,005	8,005	—	—
Tax increment financing distributions	15,455	15,455	—	—
Claims and damage settlements	137	137	—	—
Miscellaneous	4,074	4,074	—	—
User charges	35,937	35,937	—	—
Land rentals	17,402	17,402	—	—
Lease revenue	13,311	13,311	—	—
Fees, forfeits and penalties	3,356	3,356	—	—
Federal and state grants	208	208	—	—
Total revenues	465,588	461,796	(2,980)	6,772
Operations:				
Board of Commissioners	4,392	4,392	—	—
General Administration	17,460	17,460	—	—
Monitoring and Research	30,792	30,792	—	—
Procurement and Materials Management	6,088	6,088	—	—
Human Resources	57,199	57,199	—	—
Information Technology	18,056	18,056	—	—
Law	7,003	7,003	—	—
Finance	3,655	3,655	—	—
Engineering	23,284	23,284	—	—
Maintenance and Operations	210,536	210,536	—	—
Claims and judgments	4,335	—	—	4,335
Total expenditures	382,800	378,465	—	4,335
Revenues over (under) expenditures	82,788	83,331	(2,980)	2,437
Other financing sources/(uses):				
Transfer in/(out)	(30,000)	(30,000)	—	—
Net Change in Fund balance	52,788	53,331	(2,980)	2,437
Fund balance at the beginning of year, as restated	365,413	47,621	279,816	37,976
Fund balance at the end of year	$ 418,201	$ 100,952	$ 276,836	$ 40,413

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, 2022, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Assets			
Cash	$ 1,665	$ 1,120	$ 545
Certificates of deposit	10,207	6,005	4,202
Investments	15,320	5,025	10,295
Receivables:			
Property taxes receivable	8,748	8,748	—
Allowance for uncollectible taxes	(433)	(433)	—
Taxes receivable, net	8,315	8,315	—
Miscellaneous	745	745	—
Total assets	$ 36,252	$ 21,210	$ 15,042
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 1,252	$ 1,252	$ —
Due to Construction Fund from Construction Working Cash	—	6,700	(6,700)
Total liabilities	1,252	7,952	(6,700)
Deferred inflows of resources:			
Unavailable tax revenue	6,755	6,755	—
Total deferred inflows of resources	6,755	6,755	—
Fund balances:			
Restricted for:			
Working cash	21,742	—	21,742
Construction	6,503	6,503	—
Total fund balances	28,245	6,503	21,742
Total liabilities, deferred inflows, and fund balances	$ 36,252	$ 21,210	$ 15,042

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, 2022, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Revenues:			
Property taxes	$ 5,871	$ 5,871	$ —
Interest on investments	(34)	167	(201)
Claim and damage settlements	5	5	—
Total revenues	5,842	6,043	(201)
Construction Costs:			
Contractual services	912	912	—
Machinery and equipment	222	222	—
Capital projects	5,407	5,407	—
Total expenditures	6,541	6,541	—
Net Change in Fund balance	(699)	(498)	(201)
Fund balance at the beginning of year	28,944	7,001	21,943
Fund balance at the end of year	$ 28,245	$ 6,503	$ 21,742

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, 2022, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Assets			
Cash	$ 2,202	$ 2,059	$ 143
Certificates of deposit	11,109	11,009	100
Investments	47,654	42,234	5,420
Prepaid insurance	4	4	—
Receivables:			
Property taxes receivable	71,144	71,144	—
Allowance for uncollectible taxes	(3,449)	(3,449)	—
Taxes receivable, net	67,695	67,695	—
Other receivables	50	50	—
Total assets	$ 128,714	$ 123,051	$ 5,663
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 12,170	$ 12,170	$ —
Due to Stormwater Management Fund from Stormwater Working Cash	371	31,571	(31,200)
Total liabilities	12,541	43,741	(31,200)
Deferred inflows of resources:			
Unavailable tax revenue	55,899	55,899	—
Total deferred inflows of resources	55,899	55,899	—
Fund balances:			
Nonspendable:			
Prepaid insurance	4	4	—
Restricted for:			
Working Cash	36,863	—	36,863
Capital projects	23,407	23,407	—
Total fund balances	60,274	23,411	36,863
Total liabilities, deferred inflows, and fund balances	$ 128,714	$ 123,051	$ 5,663

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, 2022, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Revenues:			
Property taxes	$ 44,391	$ 44,391	$ —
Interest on investments	378	662	(284)
Fees, forfeits, and penalties	1,271	1,271	—
Grant revenue	14,396	14,396	—
Miscellaneous	50	50	—
Total revenues	60,486	60,770	(284)
Construction Costs:			
Personal services	10,900	10,900	—
Contractual services	3,385	3,385	—
Material and supplies	162	162	—
Capital projects	29,343	29,343	—
Total expenditures	43,790	43,790	—
Revenues over (under) expenditures	16,696	16,980	(284)
Other financing (uses):			
Transfer in/(out)	(9,168)	(9,168)	—
Net Change in Fund balance	7,528	7,812	(284)
Fund balance at the beginning of year	52,746	15,599	37,147
Fund balance at end of year	$ 60,274	$ 23,411	$ 36,863

In addition, the District reports the following fiduciary funds:

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

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

c. Basis of Accounting and Measurement Focus

Government-wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the period of related cash flows. Property taxes

are recognized in the year of levy and personal property replacement taxes are recognized in the year earned. Grants and similar items are recognized as revenue in the fiscal year that all eligibility requirements have been met.

Governmental Fund Financial Statements
The District's governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available to finance operations. Expenditures are recognized in the period in which the fund liability is incurred except for principal and interest on long-term debt, compensated absences, claims, judgments, and arbitrage, which are recognized when due and payable.

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

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

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

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

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

(1) After the first half of the fiscal year, the Budget Office holds a meeting with departmental budget representatives to discuss policy and procedures for budget preparation that begins in July. Instructions are distributed to departments, together with guidelines from the Executive Director, which indicate the direction the Budget should follow for the coming fiscal year. The basic forms are returned to the Budget Office and a general summary is prepared for the Executive Director, who conducts departmental hearings in August.

(2) A revenue meeting is conducted by the Executive Director, Administrative Services Officer, and Budget Officer, along with those departments responsible for revenue items. Available resources used to finance the Budget are analyzed at this meeting.

(3) When departmental estimates are approved and final decisions are made, a Budget Message is prepared and the proposals of the Executive Director become the initial budget document. After departmental requests are finalized, the Executive Director's Budget Recommendations are published within 15

days. The Executive Director's Budget Recommendations are published and presented to the Board in October. At all times, the Budget figures are balanced between revenues and expenditures.

(4) The Board holds a study session on the Capital Improvement Program in October.

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

(6) At the conclusion of these hearings, the Committee on Budget and Employment recommends the preparation of a second document, a supplement to the Executive Director's Budget Recommendations called the "Tentative Budget," which incorporates changes approved at the hearings. Once printed, this is placed on public display, along with the Executive Director's Budget Recommendations, for a minimum of 10 days. An advertisement is published in a general circulation newspaper announcing the availability of the Tentative Budget for inspection at the main office of the District, and specifying the time and date of the public hearing.

(7) At least one public hearing is held between 10 and 20 days after the Budget has been made available for public inspection. All interested individuals and groups are invited to participate.

(8) After the public hearing, the Committee on Budget and Employment presents the Tentative Budget, which includes revisions and the approved Appropriation and Tax Levy Ordinances, to the Board for adoption. This action must take place before January 1.

(9) The Budget, as adopted by the Board, can be amended once at the next Regular Meeting of the Board. No amendment, however, can be requested before a minimum of 5 days after the Budget has been adopted. Amendments for contracts and/or services not received before December 31 must be re-appropriated in the new Budget and are included through this amendment process.

(10) The final budget document "As Adopted and Amended" is produced, and an abbreviated version, known as the "short form" is published in a newspaper of general circulation before January 20 of the fiscal year.

(11) Budget implementation begins on January 1. The Finance Department and Budget Office provide control of appropriations and ensure that all expenditures are made in accordance with budget specifications. The manual entitled "Budget Code Book" is published in conformance with the Adopted Budget and is used to administer, control, and account for the Budget.

(12) Supplemental appropriations can be made for the appropriation of revenues from federal or state grants, loans, bond issues, and emergencies. The Executive Director is authorized to transfer appropriations between line items within an object class of expenditure within a department. After March 1 of each fiscal year, transfers of appropriations between objects of expenditures or between departments must be presented for approval to the Board in accordance with applicable statutes.

(13) The Board can authorize, by a two-thirds majority, the transfer of accumulated investment income between funds and the transfer of assets among the Working Cash Funds.

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

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

g. Investments of the Governmental Funds are reported at fair value plus accrued interest. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses and changes in fund balances.

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

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

h. Inventory, consisting mainly of materials, supplies, and repair parts which maintain and extend the life of the District's treatment facilities, is reported on the Balance Sheet of the General Corporate Fund and the government-wide Statements of Net Position. The District maintains a perpetual record-keeping system and uses a moving-average method, based on cost, for pricing its storeroom inventories. Materials, supplies, and repair parts are recorded as expenditures/expenses when consumed.

i. Prepaid Assets represent services the District has paid for but has not received the full benefit. Prepaids are recorded as expenditures/expenses when consumed.

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

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

k. Interfund Transactions represent governmental fund transactions for the following: a) loans between funds reported as due to/due from other funds; b) reimbursements between funds reported in the fund financials as expenditures in the reimbursing fund and a corresponding reduction in expenditures in the reimbursed fund; and c) transfers between funds. All interfund transactions are eliminated in the government-wide financial statements. See Note 12 for further disclosure of interfund transactions.

l. Capital Assets including land (and land improvements), buildings, equipment, computer software, infrastructure, acquired easements, and construction in progress are recorded at historical cost or estimated historical cost in the government-wide financial statements. Interest costs are not capitalized. Infrastructure assets include the District's sewers, water reclamation plants (WRP), waterway assets, TARP deep tunnels, and drop shafts. The thresholds for reporting capital assets are as follows:

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

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

Buildings and land improvements	80 years
Infrastructure (TARP deep tunnels and drop shafts only)	200 years
Equipment	6-50 years
Computer software	5 years
Easements	5 years

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

In compliance with Governmental Accounting Standards Board (GASB) Statement 34, existing infrastructure assets accounted for with the modified approach are not reported in the government-wide financial statements until an initial condition assessment is completed for the assets' network. Currently, all the District's WRPs infrastructure assets are reported as infrastructure under the modified approach in the government-wide financial statements. Condition assessments of eligible infrastructure assets must be completed at least every three years following the initial assessments. The Kirie, Central (Stickney), Hanover, O'Brien, Egan, Calumet, Lemont WRPs, and Waterways had their initial condition assessments completed between 2002 and 2006. The Egan and O'Brien networks each had its most recent condition assessment completed in 2022. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2021. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2020. (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, 2022, are liabilities for compensated absences of $1,472,000, due within one year, and $15,733,000 due in more than one year.

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

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. Leases - A lease is defined as a contract that conveys control of the right to use another entity's non-financial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The District recognizes a lease receivable and deferred inflow of resources for these leases over the threshold of $100,000. Any lease under the threshold is excluded from amortization.

q. Long-Term Obligations - Long-term debt and other long-term obligations are reported in the government-wide Statements of Net Position. Bond premiums are reported with bonds payable and amortized over the life of the bonds, using a method which approximates the effective interest method, in the government-wide financial statements. In addition, the refunding transaction cost, representing the excess of the amount required to refund debt over the book value of the old debt, is reported as a deferred outflow of resources and amortized over the shorter of the life of the old debt or new debt in the government-wide financial statements.

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

r. 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.

s. 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.

t. 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 $156,319,000 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.

Fund balances for the year ended December 31, 2022, are as follows (in thousands of dollars):

	General Corporate Fund	Debt Service Fund	Capital Improvements Bond Fund	Other Governmental / Nonmajor Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Prepaid insurance	$ 7,177	$ —	$ —	$ 4	$ 7,181
Inventories	36,274	—	—	—	36,274
Restricted for					
Deposits	318	—	—	—	318
Working cash	276,836	—	—	58,605	335,441
Reserve claims	40,413	—	—	—	40,413
Debt service	—	96,919	—	—	96,919
Capital projects	—	—	133,565	29,910	163,475
Assigned	—	—	156,319	—	156,319
Unassigned (Deficit)	57,183	—	—	—	57,183
Total fund balances	$ 418,201	$ 96,919	$ 289,884	$ 88,519	$ 893,523

u. 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 $777,326,000 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."

v. 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.

w. 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.

x. 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.

y. New Accounting Pronouncements - The District implemented GASB Statement No. 87, Leases. The purpose of this statement is to require recognition of certain lease assets and liabilities for leases and recognize inflows or outflows of resources based on payment provisions in the contract. The District is primarily a lessor and has accordingly recognized a lease receivable and a deferred inflow of resources.

The District implemented GASB Statement No. 92, Omnibus 2020. Implementing the standard enhances comparability of accounting and financial reporting requirements.

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

- Statement No. 94, Public Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription Based Information Technology Arrangements
- Statement No. 99, Omnibus 2022
- Statement No. 100, Accounting Changes and Error Corrections
- Statement No. 101, Compensated Absences

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, 2022 (in thousands of dollars):

Total fund balances of governmental funds	$ 893,523
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	8,223,838
Accumulated depreciation/amortization	(368,586)
Capital assets, net	7,855,252
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	(17,205)
Claims and judgments	(21,054)
Financed purchase	(24,262)
Bond anticipation notes	(18,942)
General obligation debt	(2,637,381)
Net OPEB liability	(26,484)
Net Pension liability	(1,020,180)
Due to Pension Trust Fund	(69,081)
Total long-term liabilities	(3,834,589)
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	(179,473)
Total bond premium and refunding transactions	(179,473)
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 2022 amount is:	
Accrued interest	(15,406)
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	644,644
Grants and rents	953
Deferred inflows for pension and OPEB related amounts	(172,451)
Adjustment to deferred inflows of resources	473,146
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	134,178
Deferred outflows for other pension and OPEB related amounts	51,826
Adjustment to deferred outflows of resources	186,004
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	371
Due to other funds	(371)
Total interfund	—
Total net position of governmental activities	$ 5,378,457

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, 2022 (in thousands of dollars):

Net change in fund balances of governmental funds	$ (62,764)
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	77,093
Depreciation expense-allocated to various departments	(3,763)
Depreciation/amortization expense-unallocated	(11,559)
Excess of construction and capital outlay costs over depreciation expense	61,771
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	(22,175)
Debt proceeds total	(22,175)
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	177,077
Debt service principal retirement total	177,077
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	1,472
Change in claims and judgments	(2,027)
Change in bond interest	896
Change in bond anticipation notes interest	(490)
Amortization of bond issuance/refunding costs	(3)
Amortization of bond premium	17,581
Change in net pension liability	44,042
Change in net OPEB liability	21,948
Total additional expenses	83,419
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	(605)
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	98,790
Total adjustments	98,790
Change in net position of governmental activities	$ 335,513

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	$ 40,986
Adjustment from Budget to GAAP for:	
Tax revenues	32,815
Cash basis other revenues	5,846
GAAP versus budgetary expenditures and other uses differences	(26,859)
Revenues and other sources (uses) over (under) expenditures on GAAP basis	$ 52,788

4. Deposits and Investments

Deposits
As of December 31, 2022, 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, 2022 (in thousands of dollars):

		Investment Maturities	
Investment Type	**Fair Value**	**Less Than 1 Year**	**1- 5 Years**
U.S. Agencies	$ 185,430	$ 63,694	$ 121,736
Municipal Bonds	159,464	70,888	88,576
Commercial Paper	49,487	49,487	—
Illinois Trust Investment Pool	265,126	265,126	—
State Treasurer's Illinois Funds	1	1	—
U.S. Treasury Bills	20,000	20,000	—
Total Investments	$ 679,508	$ 469,196	$ 210,312

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 $762,000.

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

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

Credit ratings for the District's investments in debt securities as described by Standard & Poor's, Moody's and Fitch at December 31, 2022 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

Investment Type	Credit Ratings at 12/31/2022 S&P/Moody's/Fitch/KBRA	% of Total Investments in Debt Securities
U.S. Agencies		
Federal Home Loan Banks (FHLB)	AA+/Aaa/NR	27.3%
U.S. Treasury Bills	AA+/Aaa/AAA	2.9%
Illinois Trust Investment Pool	AAAm/NR/NR	39.0%
State Treasurer's Illinois Funds	AAAm/NR/NR	0.0%
Commercial Paper	A-1/P-1/F1	7.3%
Municipal Bonds	AAA to BBB+/Aaa to Baa1/ AAA to A/AAA to AA	23.5%
		100.0%

NR - Not Rated

Concentration of Credit Risk
The District's goal is to limit the amount that can be invested in commercial paper to one-third of the District's total investments, and no more than 20% of the amount invested in commercial paper can be invested in any one entity. As of December 31, 2022 the fair value of commercial paper represented 6.8% of the District's total investments, including certificates of deposit.

As of December 31, 2022, the following investments were greater than 5% of total investments (in thousands of dollars):

Investment	Fair Value
Illinois Trust Investment Pool	$ 265,126
Federal Home Loan Bank (FHLB)	185,430
	$ 450,556

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, 2022, 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, 2022, the Trust had no exposure to custodial credit risk since all investments were registered or held in the Trust's name.

Trust Fund Investments

The Illinois Statutes prescribe the "prudent person rule" as the Pension Trust Fund's investment authority, effective August 31, 2007. This rule requires the Fund to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for the Fund's investment managers which are included within their respective Investment Management Agreements. The Fund's adopted asset allocation policy is 38% domestic equities, 20% non-U.S. equities, 5% global equity volatility, 27% fixed income and 10% core open-end real estate. During the year ended December 31, 2021, the Fund revised its investment policy; there were no revisions in the prior year.

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

At December 31, 2022, 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, 2022 (in thousands of dollars):

Type of Investment	Maturity	Fair Value	Percentage
U.S. Government and government agency obligations	<1 year	$ 1,074	1.0 %
	1-5 years	20,217	18.3
	5-10 years	5,839	5.3
	Over 10 years	83,429	75.4
		$ 110,559	100.0 %
Corporate and foreign government obligations	<1 year	816	0.8
	1-5 years	19,229	19.1
	5-10 years	33,717	33.5
	Over 10 years	46,899	46.6
		$ 100,661	100.0 %
Pooled funds - fixed income	5-10 years	$ 129,372	100.0 %
Short-term investment fund	<1 year	$ 35,883	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, 2022 (in thousands of dollars):

Investment Type	Fair Value	Percentage	Average Maturities (years)
Fixed Income Funds:			
Dodge & Cox Income Fund	$ 40,249	44.6%	10.8
Payden Core Bond Fund	12,911	14.3%	9.0
Western Asset Core Plus Bond Fund	37,050	41.1%	13.5
Total Fixed Income Funds	90,210	100	
Domestic Equity Funds:			
Ariel Fund Class I	12,253		
Fidelity 500 Index Fund	44,471		
Fidelity Contrafund	16,367		
Fidelity Mid Cap Index Fund	19,163		
Vanguard Small Cap Index Institutional	19,604		
Total Domestic Equity Funds	111,858		
International Equity Funds:			
Fidelity International Index Fund	38,998		
Vanguard Global Minimum Volatility	14,295		
Total International Equity Funds	53,293		
Money Market Funds	8,677		
Total Fair Value	$ 264,038		

Credit Risk

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

The following table presents a summarization of the credit quality ratings of the holdings within the Pension Trust investments at December 31, 2022 (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	$ 107,714	97.4 %
Not Rated	U.S. Government and Government Agency	2,845	2.6
		$ 110,559	100.0 %
AAA	Corporate and Foreign Government	7,693	7.6
AA	Corporate and Foreign Government	18,462	18.4
A	Corporate and Foreign Government	20,662	20.6
BBB	Corporate and Foreign Government	35,247	35.0
BB	Corporate and Foreign Government	2,355	2.3
B	Corporate and Foreign Government	2,155	2.1
Not Rated	Corporate and Foreign Government	14,087	14.0
		$ 100,661	100.0 %
AAA	Pooled Funds - Fixed Income	129,372	100.0
		$ 129,372	100.0 %
Not Rated	Short-Term Investment Fund	$ 35,883	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, 2022:

Credit Rating	Dodge & Cox Income Fund	Payden Core Bond Fund	Western Asset Core Plus Bond Fund
AAA	48.1 %	64.0 %	44.4 %
AA	5.7	3.0	5.9
A	6.1	10.0	14.9
BBB	29.4	18.0	22.4
BB	9.1	—	7.1
B	1.5	—	3.8
Below B	0.1	—	1.5
Not Rated	—	5.0	—
Total	100.0 %	100.0 %	100.0 %

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

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

Foreign Currency Risk

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency denominated investments held by the Pension Trust Fund are in equities, fixed income and foreign cash. The Fund's exposure to foreign currency risk at December 31, 2022 was as follows (in thousands of dollars):

Equities	**Fair Value**	**%**
Australian dollar	$ 747	0.2
Brazilian real	1,498	0.5
British pound sterling	15,471	4.9
Canadian dollar	8,463	2.7
Danish krone	1,913	0.6
European euro	20,533	6.4
Hong Kong dollar	4,214	1.3
Indonesian rupiah	1,106	0.4
Israeli shekel	645	0.2
Japanese yen	17,829	5.6
Malaysian ringgit	1,384	0.4
Mexican peso	1,072	0.3
New Taiwan dollar	1,078	0.3
New Zealand dollar	16	0.0
Norwegian krone	1,803	0.6
Philippine peso	120	0.0
Polish zloty	1,500	0.5
Singapore dollar	3,276	1.0
South Korean won	2,433	0.8
Swedish krona	2,613	0.8
Swiss franc	4,611	1.4
Thailand baht	626	0.2
U.S. dollar	226,139	70.9
Total	$ 319,090	100.0 %

Short-Term Investment Funds	**Fair Value**	**%**
Australian dollar	$ 135	0.4
British pound sterling	136	0.4
Canadian dollar	34	0.1
Danish krone	61	0.2
European euro	161	0.4
Hong Kong dollar	70	0.2
Israeli shekel	19	0.1
Japanese yen	610	1.7
New Zealand dollar	166	0.4
Norwegian krone	253	0.7
Singapore dollar	74	0.2
Swedish krona	249	0.7

Swiss franc	24	0.1
U.S. dollar	33,891	94.4
Total	$ 35,883	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, 2022, 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	$ 38,998
Vanguard Global Minimum Volatility	14,295
	$ 53,293

When-Issued Transactions
The Fund may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Fund enters into a commitment to purchase the security, the transaction is recorded at the purchase price which equals fair value. The value at delivery may be more or less than the purchase price. No interest accrues to the Fund until delivery and payment takes place. As of December 31, 2022, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately $2,845,000.

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

The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 133 days for 2022; however, all securities loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 3 days.

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

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

During 2022, 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, 2022 is as follows (in thousands of dollars):

Securities loaned - backed by cash collateral	
U.S. and international equities	$ 7,195
U.S. Government and government agency obligations	186
Corporate bonds	1,094
Total securities loaned - backed by cash collateral	8,475
Securities loaned - backed by non-cash collateral	
U.S. and international equities	7,231
Corporate bonds	1,668
Total securities loaned - backed by non-cash collateral	8,899
Total	$ 17,374

As of December 31, 2022, the fair value (carrying amount) of loaned securities was $17,374,000. As of December 31, 2022, the fair value (carrying amount) of cash collateral received by the Fund was $8,475,000. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2022, the fair value (carrying amount) of noncash collateral received by the Fund was $8,899,000.

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

Fair Market Value Measurements

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

Investment valuations are as of December 31, 2022. The values of the District's investments may have changed significantly after year end as the result of investment markets.

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

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

Level 2 Quoted prices for similar assets or liabilities in active markets, inactive markets, or using other significant inputs which are observable either directly or indirectly. Includes U.S.

Government and government agency obligations, non-U.S. Government obligations, mortgage-backed securities, asset backed securities, and corporate bonds and notes that are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads, or market corroborated inputs.

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

The carrying amount of investments and fair value hierarchy at December 31, 2022 is shown in the following schedule (in thousands of dollars):

The District		Fair Value Measurements Using		
Investments Measured at Fair Value	**December 31, 2022**	**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	$ 185,430	$ —	$ 185,430	$ —
Municipal Bonds	159,464	—	159,464	—
Commercial Paper	49,487	—	49,487	—
U.S. Treasury Bills	20,000	—	20,000	—
Total Investments at Fair Value	$ 414,381	$ —	$ 414,381	$ —
Investments Not Measured at Fair Value				
Illinois Trust Investment Pool	265,126			
State Treasurer's Illinois Funds	1			
Total Investments	$ 679,508			

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, 2022. 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, 2022 (in thousands of dollars):

Pension Trust Fund		**Fair Value Measurements Using**		
	December 31, 2022	**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	$ 319,090	$ 319,090	$ —	$ —
U.S. Govt and Govt Agency Obligations	110,559	46,571	63,988	—
Corporate and Foreign Govt Obligations	100,661	—	100,661	—
Mutual and Exchange Traded Funds	66,876	66,876		—
Total investments by Fair Value Level	$ 597,186	$ 432,537	$ 164,649	$ —
Investments Measured at NAV	738,672			
Total Investments at Fair Value	$ 1,335,858			

Level 1 Measurements

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

Level 2 Measurements

U.S. Government and government agency obligations and corporate and foreign government obligations are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager’s best estimates.

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

Pension Trust Fund

Investments Measured at NAV	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Eligible)**	**Redemption Notice Period**
Pooled funds - equity (1)				
SSGA S&P 500 Flagship Fund	$ 197,305	—	Daily	N/A
SSGA S&P Midcap Index Fund	53,568	—	Daily	N/A
SSGA MSCI ACWI Fund	118,829	—	Daily	N/A
SSGA Russell 1000 Growth Index Fund	59,278	—	Daily	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	129,372	—	Daily	N/A
Neuberger Berman High Income Fund	—	—	Monthly	N/A
Real estate funds (3)				
Trumbull Property Fund	52,771	—	Quarterly	60 days
RREEF America REIT II	91,666	—	Quarterly	45 days
Short-term investment fund (4)				
BNY Melon EB Temporary Investment Fund	35,883	—	Daily	N/A
Total investments measured at NAV	$ 738,672			

(1) Pooled funds - equity - The investment objective of these investments is to track the performance of the S&P 500, S&P MidCap 500, MSCI ACWI ex USA and Russell 1000 Growth USA indexes over the long term. The fair value of the investments in these funds has been determined using the NAV per share of the investments.
(2) Pooled funds - fixed income - The investment objective of the U.S. Aggregate Bond Index is to track the performance of the Barclays U.S. Aggregate Bond Index over the long term. The investment objective of the High Income Fund is to achieve an attractive total return of income and capital appreciation by investing primarily in high yield fixed income securities and bank loan interests, including secured and unsecured bank loans. The fair value of the investments in these funds has been determined using the NAV per share of the investments.
(3) Real estate funds - The Trumbull Property Fund’s investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The RREEF America REIT II’s investment objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return. The fair value of the investments in these funds has been determined by periodic investment manager appraisals which determine the NAV of the investment.
(4) Short-term investment - This investment’s objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

Derivatives

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

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

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

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

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

At December 31, 2022, the Fund's assets and liabilities included the following forward foreign currency exchange contract balances which are included in due from broker and due to broker:

Forward Foreign Currency Exchange Contract receivables	$ 5,831
Forward Foreign Currency Exchange Contract payables	$ 5,851

The carrying amount of investments and fair value hierarchy of the OPEB Trust is shown in the following schedule as of December 31, 2022:

OPEB Trust		Fair Value Measurements Using		
Fair Value of Investments	**December 31, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Equity Funds	$ 111,858	$ 111,858	—	—
International Equity Funds	53,293	53,293	—	—
Domestic Fixed Income Funds	90,210	90,210	—	—
Money Market Funds	8,677	8,677	—	—
Total Fair Value of Investments	$ 264,038	$ 264,038	$ —	$ —

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, 2022 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 Improvements Bond	Retirement	Other Governmental	Total Governmental	Statement of Net Position
Receivables at December 31, 2022:							
Property taxes:	$ 363,636	$ 299,073	$ —	$ 90,221	$ 79,892	$ 832,822	$ 832,822
Allowance for uncollectible taxes	(17,925)	(14,822)	—	(4,476)	(3,882)	(41,105)	(41,105)
Net property taxes	345,711	284,251	—	85,745	76,010	791,717	791,717
Personal property replacement tax	—	—	—	18,383	—	18,383	18,383
Total taxes receivable, net	345,711	284,251	—	104,128	76,010	810,100	810,100
Lease receivable (note 14)	333,054	—	—	—	—	333,054	333,054
Other receivables:							
User charges	248	—	—	—	—	248	248
State revolving fund loans	—	—	7,490	—	—	7,490	7,490
Miscellaneous	3,051	—	1,788	—	795	5,634	5,634
Total other receivables, net	3,299	—	9,278	—	795	13,372	13,372
Total net receivables at December 31, 2022	$ 682,064	$ 284,251	$ 9,278	$ 104,128	$ 76,805	$1,156,526	$1,156,526

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

Deferred Inflows of Resources

Unavailable tax revenue is reported in the Governmental Funds Balance Sheets in connection with receivables for property taxes that are not considered to be available to liquidate liabilities of the current period. Deferred inflows of resources related to leases are reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position in compliance with Statement 87 of the Governmental Accounting Standards Board. Other unavailable revenue is reported in the Governmental Funds Balance Sheets for the federal subsidy accrual relating to the direct reimbursement for the District's Build America Bonds. A summary of unavailable revenue as of December 31, 2022 is as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improvements Bond	Retirement	Other Governmental	Total Governmental	Adjustments	Statement of Net Position
Deferred inflows of resources at December 31, 2022:								
Property tax revenue	$ 281,781	$ 230,677	$ —	$ 69,532	$ 62,654	$ 644,644	$ (644,644)	$ —
Deferred inflows related to leases	329,230	—	—	—	—	329,230	—	329,230
Other amounts:								
Grant revenue	—	—	953	—	—	953	(953)	—
Total deferred revenue at December 31, 2022	$ 611,011	$ 230,677	$ 953	$ 69,532	$ 62,654	$ 974,827	$ (645,597)	$ 329,230

Payables

Payables reported as "Accounts payable and other liabilities" at December 31, 2022 in the governmental funds and government-wide financial statements are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improvements Bond	Retirement	Other Governmental	Total Governmental	Statement of Net Position
Accounts payable and other liabilities at December 31, 2022:							
Vouchers payable and other liabilities	$ 31,033	$ —	$ 21,332	$ —	$ 13,422	$ 65,787	$ 65,787
Accrued payroll and withholdings	8,269	—	—	—	—	8,269	8,269
Bid deposits	391	—	—	—	—	391	391
Total accounts payable and other liabilities as of December 31, 2022	$ 39,693	$ —	$ 21,332	$ —	$ 13,422	$ 74,447	$ 74,447

6. Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2022, are as follows (in thousands of dollars):

	Balances January 1, 2022	Additions	Retirements	Balances December 31, 2022
Governmental activities:				
Capital assets not depreciated/amortized:				
Land	$ 144,020	$ —	$ 60	$ 143,960
Permanent easements	2,737	26	—	2,763
Construction in progress	516,404	75,908	155,423	436,889
Infrastructure under modified approach	5,496,552	153,398	1,078	5,648,872
Total capital assets not depreciated/amortized	6,159,713	229,332	156,561	6,232,484
Capital assets depreciated/amortized:				
Buildings	13,226	—	—	13,226
Equipment	68,591	4,262	1,461	71,392
Computer software	7,629	—	—	7,629
Infrastructure and easements	1,899,107	—	—	1,899,107
Total capital assets being depreciated/amortized	1,988,553	4,262	1,461	1,991,354
Less accumulated depreciation/amortization:				
Buildings	6,982	185	—	7,167
Equipment	47,226	3,578	916	49,888
Computer software	7,468	140	—	7,608
Infrastructure and easements	292,504	11,419	—	303,923
Total accumulated depreciation/amortization	354,180	15,322	916	368,586
Total capital assets depreciated/amortized, net	1,634,373	(11,060)	545	1,622,768
Governmental activities capital assets, net	$ 7,794,086	$ 218,272	$ 157,106	$ 7,855,252

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 2022, was charged to the District's governmental functions as follows (in thousands of dollars):

Department	Amount
Board of Commissioners	$ 16
General Administration	265
Monitoring and Research	229
Procurement and Materials Management	16
Human Resources	18
Information Technology	70
Law	12
Finance	11
Engineering	2,484
Maintenance and Operations	642
Total allocated depreciation	3,763
Unallocated infrastructure depreciation	11,559
Total depreciation	$ 15,322

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, 2022, the District's contribution was 60.53% of covered payroll. The District's actual contribution to the Retirement Fund was $118,459,000.

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 $130,166 in 2022 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees	
Employees or beneficiaries currently receiving benefits	2,480
Entitled but not yet receiving benefits	131
Active Employees	1,747
Total Members	4,358

Basis of Accounting

The Pension Plan's financial statements are prepared using the accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Fund financial report. Page 97 has the information for obtaining those statements.

Net Pension Liability and the Changes in the Net Pension Liability

The District's measurement date for GASB 68 is December 31, 2021. The Pension Plan has a measurement date of December 31, 2022. A copy of the Pension Plan Annual Comprehensive Financial Report for 2022 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, 2022 is $1,020,180,000, which is a decrease from the December 31, 2021 balance of $1,121,072,000.

(in thousands of dollars)	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at December 31, 2021	$ (2,701,962)	$ 1,580,890	$ (1,121,072)
Service Cost	(31,574)	—	(31,574)
Interest	(191,470)	—	(191,470)
Difference between expected and actual experiences	(4,492)	—	(4,492)
Benefit payments	185,139	(185,139)	—
Contributions-employer	—	88,804	88,804
Contributions-employee	—	20,630	20,630
Net investment income	—	220,777	220,777
Administrative expenses	—	(1,788)	(1,788)
Other	—	5	5
Balances at December 31, 2022	$ (2,744,359)	$ 1,724,179	$ (1,020,180)

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

At December 31, 2022, 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 $118,459,000, will be recognized as a reduction of the net pension liability in subsequent fiscal period rather than current fiscal period. Differences between expected and actual experience, changes in assumptions and net differences between projected and actual experience amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between actual and expected experience	$ 19,698	$ 332
Changes in assumptions	11,864	—
Employer contribution subsequent to measurement date	118,459	—
Net difference between projected and actual earnings on pension plan investments	—	106,452
Total	$ 150,021	$ 106,784

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:	
2023	$ 3,683
2024	(38,702)
2025	(20,665)
2026	(20,287)
2027	749
	$ (75,222)

Actuarial Methods and Assumptions

The District's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2021 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2021 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 14.50% for the year ended December 31, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Allocation and Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of December 31, 2022, as provided by Marquette Associates, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US equity	38%	4.9%
Non-US equity	20%	5.3%
Global equity	5%	4.8%
Fixed income	27%	1.5%
Real Estate Funds	10%	4.6%
Total	100%	

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return of 7.25% was applied to all periods of projected benefit payments to determine the pension liability.

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

	1% Decrease 6.25%	Current Discount Rate of 7.25%	1% Increase 8.25%
Net Pension Liability	$1,323,688	$1,020,180	$764,018

Payable to the Pension Plan and Pension Expense

At December 31, 2022, the District reported a payable of $103,677,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022. The actuarially calculated pension expense for the year ended December 31, 2022 was $79,360,000.

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, 2022, the following employees were covered by the benefit terms:

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

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

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

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

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

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

Investment Policy

The Long-Term Expected Rate of Return on OPEB Plan investments is determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Broad Fixed Income	20.0 %	4.9 %
Core Plus Fixed Income	15.0	5.8
Large Cap Core Equity	17.5	6.8
Large Cap Growth Equity	7.5	6.8
Mid Cap Core Equity	7.5	7.3
Small Cap Value Equity	5.0	7.7
Small Cap Core Equity	7.5	7.9
Global Low Volatility	5.0	6.8
Non US Large Cap Core Equity	15.0	7.5
Total	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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (16.4)%. 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, 2021.
- The measurement period for the OPEB expense is January 1, 2021 to December 31, 2021.
- The reporting period is January 1, 2022 through December 31, 2022.
- The District's Net OPEB Liability was measured as of December 31, 2021.

Actuarial Assumptions
The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021 using the following actuarial assumptions:

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

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

The information included in the report is based on the actuarial valuation performed as of December 31, 2021. 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, 2023.

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, 2021	$ 318,118	$ 270,205	$ 47,913
Changes for the Year:			
Service Cost	5,105	—	5,105
Interest	20,700	—	20,700
Differences between expected and actual experience	(15,706)	—	(15,706)
Changes of assumptions	19,094	—	19,094
Employer trust contributions	—	5,000	(5,000)
Pay-as-you-go contributions	—	9,664	(9,664)
Net Investment Income	—	35,999	(35,999)
Benefit payments	(9,664)	(9,664)	—
Administrative expense	—	(41)	41
Net Changes	19,529	40,958	(21,429)
Reporting Period Ending December 31, 2022	$ 337,647	$ 311,163	$ 26,484

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	$ 72,996	$ 26,484	$ (11,841)

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	$ (14,999)	$ 26,484	$ 76,491

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, 2022, the District recognized OPEB Expense/(Revenue) of $(6,229). On December 31, 2022, 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	$ 3,896	$ 13,463
Changes of assumptions	16,367	21,309
Net difference between projected and actual earnings on OPEB Plan Investments	—	30,896
Employer contributions made subsequent to the measurement date	15,719	—
Total	$ 35,982	$ 65,668

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, 2022.

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:	
2023	$ (11,448)
2024	(16,386)
2025	(11,016)
2026	(7,524)
2027	484
Thereafter	484

9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $4,789,000 at December 31, 2022. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $271,137,000 at December 31, 2022. State Revolving Fund Loan commitments of $122,206,000 at December 31, 2022, 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, 2022, the District has no arbitrage rebate liability.

National Pollutant Discharge Elimination System
NPDES Permits. The District operates its water reclamation plants (the "WRPs") in accordance with National Pollutant Discharge Elimination System ("NPDES") permits issued by the IEPA. Pursuant to negotiated conditions in the District's NPDES permits for its Stickney, Calumet, and O'Brien WRPs, the District is required to fund a study on phosphorus in the area waterways. If the study identifies problems caused by phosphorus levels in the water, the District must commission a plan to address those problems. Such a plan would potentially require the District to significantly reduce phosphorus levels in the effluent of its WRPs, and the costs of doing so could be substantial.

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

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

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

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

These suits are filed against the District and other taxing bodies on a yearly basis. Presently, the District is defending rate objection lawsuits for the 2010 through 2021 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 $30,000,000 and $43,900,000. 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 $7,050,000 in long-term debt is being recognized as of December 31, 2022, as an estimate of the potential contingent liability of the District. The amount of $6,300,000 in contingent liability was recognized as of

December 31, 2021. This represents an increase of $750,000 in the recognized contingent liability between December 31, 2021 and December 31, 2022. Of this $7,050,000, $750,000 is estimated to be the short-term (2023) liability and $6,300,000 is the estimated long-term (after 2023) 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, 2022, are listed below. There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

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

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

	2022	2021
Claims Payable at January 1	$ 19,027	$ 25,898
Claims incurred	$ 4,231	$ 4,276
Changes in prior years' claims estimate	$ 2,027	$ (6,871)
Claim payments	$ (4,231)	$ (4,276)
Claims Payable at December 31	$ 21,054	$ 19,027

11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2022 (in thousands of dollars):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Governmental long-term liabilities:					
Bonds and notes payable:					
General obligation debt	$ 1,813,330	$ —	$ (54,895)	$ 1,758,435	$ 55,090
Converted bond anticipation notes	946,298	51,687	(119,039)	878,946	79,112
Bond anticipation notes	47,964	22,665	(51,687)	18,942	—
Total bonds & notes payable	2,807,592	74,352	(225,621)	2,656,323	134,202
Other Bond Cost:					
Premium	197,054	—	(17,581)	179,473	17,578
Net bonds and notes payable	3,004,646	74,352	(243,202)	2,835,796	151,780
Other liabilities:					
Claims and judgments	19,027	2,716	(689)	21,054	28,513
Compensated absences	18,677	—	(1,472)	17,205	1,472
Financed purchase	27,405	—	(3,143)	24,262	3,297
Net OPEB liability (note 8)	47,913	19,529	(40,958)	26,484	—
Net pension liability, (note 7)	1,121,072	229,324	(330,216)	1,020,180	—
Total governmental long-term liabilities	$ 4,238,740	$ 325,921	$ (619,680)	$ 3,944,981	$ 185,062

Liabilities for the Bonds and Bond Anticipation Notes are paid from the Debt Service Fund. Liabilities for Compensated Absences are primarily paid from the General Corporate and Stormwater Management Funds. Most claims resulting from construction projects are paid from either the Capital Improvements Bond or the Construction Funds, while all other claims are paid from the Reserve Claim Fund accounts in the General Corporate Fund. The Financed purchase liability is paid from the Capital Improvement Bond Fund. The Corporate Fund has provided $5,000,000 annual contributions to fund the Retiree Health Care Trust. Pension liabilities are funded by the Retirement Fund with an additional contribution from the Corporate Fund in 2022 of $30,000,000. The Metropolitan Water Reclamation District Retirement Fund was established to provide retirement, death, and disability benefits for covered employees of the District.

As of December 31, 2022, the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

Bonds Payable Maturity Table

Maturing	Capital Improvement & Alternate Revenue Bond Series (2.00-5.72%) (Issued 08/09 to 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
2023	$ 52,889	$ 90,318	$ 94,857	$ 134,202	$ 103,862
2024	54,045	88,869	91,920	135,204	99,629
2025	54,731	88,078	88,094	135,578	95,325
2026	62,105	81,424	84,469	137,013	90,985
2027	70,148	85,979	82,469	151,931	86,664
2028-2032	309,226	517,260	331,142	801,814	355,815
2033-2037	675,658	193,223	160,640	843,077	186,445
2038-2042	183,001	12,073	55,023	218,297	31,799
2043-2047	72,258	—	—	60,540	11,719
2048-2052	21,736	—	—	19,725	2,011
	$ 1,555,797	$ 1,157,224	$ 988,614	$ 2,637,381	$ 1,064,254

Alternate Revenue Bonds

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

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

The pledge of the Stormwater Management Fund tax levy will remain until their final scheduled maturities in December 2045. The District has covenanted in the Series 2021F, 2016E, 2014B, 14O and 14R Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2021F, 2016E, 2014B, 14O and 14R Bonds, and the provision of not less than an additional .25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2022, is $193,945,000 as shown below (in thousands of dollars).

Issue	Pledged Revenue Collected	Debt Service Principal	Debt Service Interest	Total Remaining
2021 Refunding Taxable Series F	$ 2,033	$ 44,920	$ 13,707	$ 58,627
2016 Tax Series E	13,625	48,875	34,462	83,337
2014 Tax Series B	22,985	2,305	163	2,468
State Revolving Funds - IEPA Series 14O	568	2,694	406	3,100
State Revolving Funds - IEPA Series 14R	2,089	39,018	7,395	46,413
Total	$ 41,300	$ 137,812	$ 56,133	$ 193,945

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

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

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

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

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

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

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

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

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

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

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

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

2015 Bond Issues

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

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

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 $91,845,000 in General Obligation Refunding Bonds, Unlimited Tax Series B, at a premium of $17,462,417. The bonds have an interest rate of 5.25%, payable on December 1 and June 1, and maturity dates from 2034 to 2035. The bonds were issued to refund $100,000,000 of outstanding principal, plus accrued interest, of 2006 Unlimited Tax Series.

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

Capital Improvement Bonds, IEPA Series

The District has adopted bond ordinances authorizing issuance of its general obligation bonds to the Illinois Environmental Protection Agency (IEPA). The most recent such authorization was pursuant to a bond ordinance adopted in calendar year 2021 in the amount of $420,000,000 for Capital Improvement Bonds, 2021 IEPA Series. The IEPA approves various capital improvements related to sewage treatment works and flood control facilities for funding from the State Water Pollution Control Revolving Loan Fund (SRF). Once a project has been approved, the State offers the District a loan from the State's Revolving Loan Fund, which the District incorporates into the form of the bond which is issued to the IEPA (the Loan/Bond). When work on the project begins, the District pays the contractor. The District receives a corresponding amount of advance on the Loan/Bond from the IEPA. This form of loan is commonly referred to as a drawdown loan. The advances continue on the Loan/Bond until the project is completed or the amount of the loan fully advances, whichever occurs first.

In general, within two years of the first advance on a Loan/Bond, the IEPA promulgates a repayment schedule on such Loan/Bond. The repayment schedules call for level payments of principal and interest, collectively, over a 20 year period beginning within six months of the date the repayment schedule is promulgated. Under this authority, the IEPA has approved the following loan amounts:

2022	$	60,900,000
2021	$	13,800,000

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

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

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

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

State Revolving Fund (SRF) Loan proceeds of $22,175,000 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 $22,175,000 and interest of $491,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $22,666,000.

The converted bond anticipation notes, a reduction of long-term debt, of $51,687,000 in 2022 represented the sum of converted bond anticipation note principal of $50,842,000 and interest in the amount of $845,000.

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

- July 2022 – The District issued $523,000 of Capital Improvement Bonds - IEPA Series 12F, through the conversion of the sum of bond anticipation note principal of $514,000 and interest of $9,000 with maturity dates from January 1, 2023 to January 1, 2032. Interest on the bonds accrues at a rate of 1.93%, payable January 1 and July 1.

- July 2022 – The District issued $1,381,000 of Capital Improvement Bonds - IEPA Series 14E, through the conversion of the sum of bond anticipation note principal of $1,365,000 and interest of $16,000 with maturity dates from January 1, 2023 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.
- July 2022 – The District issued $200,000 of Capital Improvement Bonds - IEPA Series 14I, through the conversion of the sum of bond anticipation note principal of $198,000 and interest of $2,000 with maturity dates from January 1, 2023 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.
- July 2022 – The District issued $63,000 of Capital Improvement Bonds - IEPA Series 14O, through the conversion of the sum of bond anticipation note principal of $62,000 and interest of $1,000 with maturity dates from January 1, 2023 to July 1, 2038. Interest on the bonds accrues at a rate of 1.75%, payable January 1 and July 1.
- July 2022 – The District issued $109,000 of Capital Improvement Bonds - IEPA Series 14Q, through the conversion of the sum of bond anticipation note principal of $108,000 and interest of $1,000 with maturity dates from January 1, 2023 to January 1, 2040. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.
- July 2022 – The District issued $5,657,000 of Capital Improvement Bonds - IEPA Series 14R, through the conversion of the sum of bond anticipation note principal of $5,576,000 and interest of $81,000 with maturity dates from January 1, 2023 to July 1, 2041. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.
- July 2022 – The District issued $322,000 of Capital Improvement Bonds - IEPA Series 16B, through the conversion of the sum of bond anticipation note principal of $320,000 and interest of $2,000 with maturity dates from January 1, 2023 to July 1, 2040. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.
- July 2022 – The District issued $3,398,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion of the sum of bond anticipation note principal of $3,354,000 and interest of $44,000 with maturity dates from January 1, 2023 to July 1, 2039. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.
- July 2022 – The District issued $5,736,000 of Capital Improvement Bonds - IEPA Series 16G, through the conversion of the sum of bond anticipation note principal of $5,665,000 and interest of $71,000 with maturity dates from January 1, 2023 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2022 – The District issued $3,268,000 of Capital Improvement Bonds - IEPA Series 16H, through the conversion of the sum of bond anticipation note principal of $3,228,000 and interest of $40,000 with maturity dates from January 1, 2023 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2022 – The District issued $22,393,000 of Capital Improvement Bonds - IEPA Series 16I, through the conversion of the sum of bond anticipation note principal of $21,904,000 and interest of $489,000 with maturity dates from January 1, 2023 to July 1, 2042. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2022 – The District issued $42,000 of Capital Improvement Bonds - IEPA Series 16K, through the conversion of the sum of bond anticipation note principal of $41,000 and interest of $1,000 with maturity dates from January 1, 2023 to July 1, 2040. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.

- July 2022 – The District issued $8,595,000 of Capital Improvement Bonds - IEPA Series 16P, through the conversion of the sum of bond anticipation note principal of $8,507,000 and interest of $88,000 with maturity dates from January 1, 2023 to January 1, 2042. Interest on the bonds accrues at a rate of 1.35%, 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 $18,942,000 at December 31, 2022. Of the bond anticipation notes outstanding at December 31, 2022, $242,000 will be financed through IEPA Series 2014 bonds, $14,024,000 will be financed through IEPA Series 2016 bonds, and the remaining $4,677,000 will be financed through IEPA series 2021 bonds. None of these outstanding bond anticipation notes are expected to be repaid within the next year; therefore, the notes are reported as part of long-term debt.

Financed Purchase
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 financed purchase 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 financed purchase are estimated at $83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. During 2022, the District incurred expenses of approximately $3,143,000 for principal and $1,247,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2022, the future principal and interest payments for the biosolids facility are shown below (in thousands of dollars):

Financed Purchase Maturity Table

Maturing	Total Principal	Total Interest	Total Payments
2023	$ 3,297	$ 1,093	$ 4,390
2024	3,459	931	4,390
2025	3,629	761	4,390
2026	3,807	583	4,390
2027	3,993	396	4,389
2028-2032	6,078	224	6,302
Total Payments	$ 24,263	$ 3,988	$ 28,251

Refunding Transactions
In prior years, the District defeased certain bond obligations by placing the proceeds of new bonds in trust to provide for all future debt service requirements of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the accompanying financial statements, as the District defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transactions. Bonds outstanding in the amount of $154,831,000 were considered defeased at December 31, 2022.

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, 2022, are as follows (in thousands of dollars):

	Interfund	
	Receivables	**Payables**
General Corporate Fund	$ 371	$ —
Capital Projects Funds:		
Stormwater Management Fund (Nonmajor Fund)	—	371
	$ 371	$ 371

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of $34,596,000 at December 31, 2022, 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 2022 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**
Alternate Revenue bond funding	$ —	$ 9,168	$ —	$ —	$ (9,168)
Pension funding	(30,000)	—	—	30,000	—
Fund projects with shared costs	—	35,965	(35,965)	—	—
Total transfers	$ (30,000)	$ 45,133	$ (35,965)	$ 30,000	$ (9,168)

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

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

Short-term leases have a maximum possible term of 12 months at commencement and revenue is recognized upon receipt of lease payments. The following table is a summary of the minimum future rentals for all leases with annual rents of under $100,000 or duration of 12 months or less at December 31, 2022 (in thousands of dollars):

	Rental
2023	$ 2,544
2024	2,507
2025	2,456
2026	2,442
2027	2,246
Later Years	46,246
Total Minimum Future Rental Income	$ 58,441

Lease Rentals - GASB87 Implementation

Lease agreements greater than 12 months and annual rents of $100,000 or more are subject to GASB Statement 87 reporting. Following the adoption of Statement No. 87 of the Governmental Accounting Standards Board (GASB87), the District began capitalizing future revenue streams from agreements with annual rents of $100,000 and above and non-cancellable duration of over 12 months. As of December 31, 2022, the District was the lessor in 61 such rental agreements with a net present value of $333,054,000. Variable lease payments based on usage and CPI-based increases have been excluded.

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

	Principal	Interest
2023	11,094	8,072
2024	10,389	7,855
2025	10,611	7,633
2026	10,473	7,406
2027	10,273	7,175
2028-2032	53,656	32,254
2033-2037	59,824	25,673
2038-2042	55,135	18,711
2043-2047	40,304	12,444
2048-2052	27,595	8,036
2053-2057	11,249	5,173
2058-2062	4,815	4,101
2063-2067	2,204	3,655
2068-2072	2,522	3,338
2073+	22,910	16,109
Total Projected Revenue	$ 333,054	$ 167,635

For the reporting period there were no lease agreements subject to GASB87 reporting where the District was a lessee.

15. Tax Abatements

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

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 $16,752,000 in reduced property taxes.

16. Restatement for Implementation of GASB 87

The District's net position has been restated as of January 1, 2021 due to comparative presentation; however there was no impact on fund balance or net position as of January 1, 2021. The impacts of the restatement are limited to adjustments at December 31, 2021. The restatement is a result of the implementation of GASB Statement No. 87, "Leases". The restatement is to record the effect of the lease receivable and deferred inflows of resources related to leases. The effect of the restatement on fiscal year 2021 included with this report is shown below (in thousands of dollars):

	General Corporate Fund	Governmental Activities 2021
Fund balance/Net position end of year, as previously reported	$ 362,055	$ 5,039,586
Implementation of GASB Statement 87		
Lease receivable	327,227	327,227
Accrued interest on leases	2,751	2,751
Deferred inflows related to leases	(326,620)	(326,620)
Fund balance/Net position end of year, as restated	$ 365,413	$ 5,042,944

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

Modified Approach for Eligible Infrastructure Assets

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

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

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

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

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

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

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

Condition assessments of each network will continue at least every three years following the initial assessment. The Egan and O'Brien networks were re-assessed in 2022, the Hanover, Calumet and Lemont networks were re-assessed in 2021, and the Kirie, Central (Stickney) and Waterways networks were re-assessed in 2020.

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

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Condition Assessment Ratings					
Kirie WRP Network					
Subsequent assessment - 2014	3	3	3	NA	NA
Subsequent assessment - 2017	3	3	3	NA	NA
Subsequent assessment - 2020	3	3	3	NA	NA
Hanover WRP Network					
Subsequent assessment - 2015	2	3	3	NA	3
Subsequent assessment - 2018	3	3	3	NA	3
Subsequent assessment - 2021	3	3	3	NA	3
Egan WRP Network					
Subsequent assessment - 2016	3	3	2	NA	NA
Subsequent assessment - 2019	2	2	3	NA	NA
Subsequent assessment - 2022	3	3	2	NA	NA
O'Brien WRP Network					
Subsequent assessment - 2016	3	3	3	NA	NA
Subsequent assessment - 2019	3	3	3	NA	NA
Subsequent assessment - 2022	3	3	3	NA	NA
Central (Stickney) WRP Network					
Subsequent assessment - 2014	3	3	3	NA	3
Subsequent assessment - 2017	3	3	3	NA	3
Subsequent assessment - 2020	3	3	3	3	3
Waterways WRP Network					
Subsequent assessment - 2014	NA	NA	NA	3	NA
Subsequent assessment - 2017	NA	NA	NA	3	NA
Subsequent assessment - 2020	NA	NA	NA	3	NA
Calumet WRP Network					
Subsequent assessment - 2015	3	2	3	NA	2
Subsequent assessment - 2018	3	3	3	NA	2
Subsequent assessment - 2021	3	3	4	NA	3
Lemont WRP Network					
Subsequent assessment - 2015	3	3	3	NA	NA
Subsequent assessment - 2018	3	3	3	2	NA
Subsequent assessment - 2021	3	3	3	1	NA
Maintenance/Preservation Costs					
Kirie WRP Network					
Estimated 2022	$ 498,400	$ 1,158,200	$ —	$ —	$ —
Actual 2022	487,080	1,055,782	—	—	—
Estimated 2021	486,600	1,262,100	—	—	—
Actual 2021	460,452	1,312,502	—	—	—
Estimated 2020	478,900	1,138,600	—	—	—
Actual 2020	416,201	1,091,639	—	—	—
Estimated 2019	11,167,600	1,092,700	—	—	—
Actual 2019	353,344	420,042	—	—	—
Estimated 2018	3,779,701	400,101	—	—	—
Actual 2018	807,689	452,100	494	129	—

	Collection Processes System		Treatment Processes System		Solids Processing System		Flood and Pollution Control System		Solids Drying/ Utilization System
Hanover WRP Network									
Estimated 2022	$	136,600	$	960,000	$	230,900	$	—	$ 35,100
Actual 2022		148,859		792,300		224,253		—	36,546
Estimated 2021		134,400		653,300		225,900		—	54,100
Actual 2021		134,744		819,512		207,816		—	52,735
Estimated 2020		132,600		639,700		222,900		—	33,700
Actual 2020		138,319		655,069		201,948		—	34,507
Estimated 2019		132,900		652,400		2,212,000		—	34,600
Actual 2019		100,568		244,058		205,085		—	32,640
Estimated 2018		94,100		443,113		212,500		—	33,700
Actual 2018		102,473		307,110		206,225		—	34,262
Egan WRP Network									
Estimated 2022	$	563,400	$	2,025,400	$	461,000	$	21,600	$ —
Actual 2022		569,106		1,770,773		404,637		16,308	—
Estimated 2021		552,500		1,939,200		481,600		20,100	—
Actual 2021		561,771		1,727,658		395,571		19,541	—
Estimated 2020		544,400		1,759,600		519,400		19,900	—
Actual 2020		547,128		1,614,523		414,731		20,189	—
Estimated 2019		553,200		2,713,000		801,400		37,900	—
Actual 2019		412,022		530,868		268,381		21,420	—
Estimated 2018		392,053		1,539,717		891,011		37,075	—
Actual 2018		333,327		542,917		467,280		20,227	—
O'Brien WRP Network									
Estimated 2022	$	3,337,100	$	8,478,000	$	471,300	$	98,200	$ 147,100
Actual 2022		3,257,392		7,029,892		433,350		100,154	172,635
Estimated 2021		2,987,600		8,087,800		467,300		87,000	122,200
Actual 2021		2,922,375		6,816,575		465,593		89,232	124,247
Estimated 2020		3,091,800		6,645,900		448,700		86,200	121,000
Actual 2020		3,140,813		5,220,331		403,891		84,191	119,142
Estimated 2019		2,617,400		5,414,200		552,400		84,900	—
Actual 2019		1,726,147		1,620,486		313,227		63,983	—
Estimated 2018		1,598,100		12,148,400		15,337,600		670,037	—
Actual 2018		1,700,911		1,637,026		298,797		640,049	—
Central (Stickney) WRP Network									
Estimated 2022	$	8,345,200	$	17,018,100	$	8,231,200	$	907,000	$ 2,177,400
Actual 2022		8,616,402		13,087,287		8,376,716		960,629	2,338,668
Estimated 2021		8,390,700		12,172,900		8,850,500		937,500	1,906,500
Actual 2021		8,685,117		10,199,961		8,638,393		738,899	2,114,523
Estimated 2020		7,931,500		11,200,500		8,712,900		661,300	1,353,100
Actual 2020		4,829,598		5,666,894		5,889,724		541,268	1,076,269
Estimated 2019		8,181,200		17,042,400		37,639,300		645,600	1,331,400
Actual 2019		5,972,992		3,763,578		6,850,985		1,017,789	1,075,340
Estimated 2018		36,068,365		15,186,927		5,006,400		1,775,374	508,100
Actual 2018		9,850,199		14,761,309		1,272,868		945,043	396,154

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Waterways WRP Network					
Estimated 2022	$ —	$ 51,000	$ —	$ 483,100	$ —
Actual 2022	64,288	25,950	—	423,723	—
Estimated 2021	—	—	—	647,600	—
Actual 2021	18,914	14,296	68	498,591	—
Estimated 2020	—	—	—	1,076,269	—
Actual 2020	—	—	—	404,255	—
Estimated 2019	—	—	—	7,872,800	—
Actual 2019	—	—	—	1,872,589	—
Estimated 2018	—	—	—	17,406,595	—
Actual 2018	—	—	—	2,763,017	—
Calumet WRP Network					
Estimated 2022	$ 3,998,100	$ 9,596,900	$ 1,951,800	$ 398,100	$ 534,100
Actual 2022	4,173,375	9,019,757	2,053,689	347,111	600,678
Estimated 2021	3,901,800	8,688,300	1,907,700	310,200	525,500
Actual 2021	3,688,963	8,212,250	1,936,793	254,234	578,115
Estimated 2020	3,529,000	8,964,600	1,887,400	238,400	518,200
Actual 2020	3,427,086	6,638,053	1,811,008	227,383	535,586
Estimated 2019	4,933,600	5,485,300	1,239,300	175,100	538,900
Actual 2019	3,478,800	2,137,143	1,009,331	178,033	130,634
Estimated 2018	4,834,200	4,005,602	795,600	161,200	103,600
Actual 2018	3,081,864	3,166,505	1,053,258	186,323	126,643
Lemont WRP Network					
Estimated 2022	$ —	$ 10,300	$ —	$ —	$ —
Actual 2022	3,345	40,141	—	10,663	—
Estimated 2021	—	197,300	—	—	—
Actual 2021	226	182,413	—	4,356	—
Estimated 2020	—	10,300	—	—	—
Actual 2020	—	9,204	—	—	—
Estimated 2019	8,446	10,300	—	—	—
Actual 2019	—	22,812	—	—	—
Estimated 2018	—	10,800	—	—	—
Actual 2018	540	3,468	—	—	—

Page intentionally left blank

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

	2022	2021	2020
Total pension liability:			
Service cost	$ 31,574	$ 32,592	$ 33,039
Interest	191,470	188,334	183,916
Differences between expected and actual experience	4,492	4,554	17,733
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(185,139)	(177,287)	(169,308)
Net change in total pension liability	42,397	48,193	65,380
Total pension liability - beginning	2,701,962	2,653,769	2,588,389
Total pension liability - ending	2,744,359	2,701,962	2,653,769
Plan fiduciary net position:			
Contributions - employer	88,804	107,852	87,446
Contributions - employee	20,630	20,982	21,182
Net investment income	220,777	124,099	225,159
Benefit payments, including refunds of employee contributions	(185,139)	(177,287)	(169,308)
Administrative expense	(1,788)	(1,593)	(1,642)
Other	5	3	3
Net change in plan fiduciary net position	143,289	74,056	162,840
Plan fiduciary net position - beginning	1,580,890	1,506,834	1,343,994
Plan fiduciary net position - ending	1,724,179	1,580,890	1,506,834
Net pension liability - ending	$ 1,020,180	$ 1,121,072	$ 1,146,935
Plan fiduciary net position as a percentage of the total pension liability	62.83 %	58.51 %	56.78 %
Covered payroll	$ 187,213	$ 188,073	$ 189,961
Net pension liability as a percentage of covered payroll	544.93 %	596.08 %	603.77 %

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

2019	2018	2017	2016	2015
$ 32,213	$ 32,370	$ 32,058	$ 32,228	$ 31,602
182,881	179,038	173,861	168,530	163,338
12,158	(1,991)	13,814	14,422	10,861
35,593	—	—	—	—
(161,324)	(154,713)	(147,336)	(140,509)	(133,898)
101,521	54,704	72,397	74,671	71,903
2,486,867	2,432,163	2,359,766	2,285,095	2,213,192
2,588,388	2,486,867	2,432,163	2,359,766	2,285,095
87,167	89,858	80,259	71,041	73,906
21,033	20,840	20,831	21,385	18,975
(103,006)	194,822	113,586	(1,428)	81,601
(161,324)	(154,713)	(147,336)	(140,509)	(133,898)
(1,685)	(1,614)	(1,503)	(1,660)	(1,407)
15	3	107	29	4
(157,800)	149,196	65,944	(51,142)	39,181
1,501,793	1,352,597	1,286,653	1,337,795	1,298,614
1,343,993	1,501,793	1,352,597	1,286,653	1,337,795
$ 1,244,395	$ 985,074	$ 1,079,566	$ 1,073,113	$ 947,300
51.92 %	60.39 %	55.61 %	54.52 %	58.54 %
$ 187,850	$ 184,385	$ 182,640	$ 177,792	$ 176,184
662.44 %	534.25 %	591.09 %	603.58 %	537.68 %

Schedule of District Contributions - Pension
Last Ten Years
(in thousands of dollars)

Year	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered-employee Payroll
2022	$ 76,680	$ 118,459	$ (41,779)	$ 195,714	60.53%
2021	76,841	88,804	(11,963)	187,213	47.43%
2020	77,392	107,852	(30,460)	188,073	57.35%
2019	74,280	87,446	(13,166)	189,961	46.03%
2018	64,989	87,167	(22,178)	187,850	46.40%
2017	65,728	89,858	(24,130)	184,385	48.73%
2016	64,596	80,259	(15,663)	182,640	43.94%
2015	62,603	71,041	(8,438)	177,792	39.96%
2014	64,478	73,906	(9,428)	176,184	41.95%
2013	68,414	92,944	(24,530)	169,376	54.87%

Notes to the Schedule of District Contributions

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

Methods and Assumptions used to determine the ADC:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay. Prior to 2013, 30 year open amortization. From the 2013 ADC calculation, closed to 2050.
Remaining amortization period	28
Asset valuation method	5 years smoothed value
Investment rate of return	7.25%
Inflation	2.5%
Salary increases	Varies by service
Payroll growth	3.00%
Termination rates	Termination rates vary by age and gender.
Mortality rates	Healthy and Disabled Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted.
Retirement rates	Retirement rates are based on a 2018 experience study and vary by age
Disability rates	Disability rates vary by age.

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

Page intentionally left blank

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

	12/31/2022	12/31/2021	12/31/2020
Reporting period ending	12/31/2022	12/31/2021	12/31/2020
Measurement date	12/31/2021	12/31/2020	12/31/2019
Total OPEB liability:			
Service cost	$ 5,105	$ 4,861	$ 5,540
Interest	20,700	19,764	20,851
Differences between expected and actual experience	(15,706)	—	6,819
Changes of assumptions	19,094	—	(37,290)
Benefit payments	(9,664)	(11,230)	(12,700)
Net change in total OPEB liability	19,529	13,395	(16,780)
Total OPEB liability - beginning	318,118	304,723	321,503
Total OPEB liability - ending	337,647	318,118	304,723
Plan fiduciary net position:			
Employer trust contribution	5,000	5,000	5,000
Pay-as-you-go contributions	9,664	11,230	12,700
Net investment income	35,999	32,732	39,251
Benefit payments	(9,664)	(11,230)	(12,700)
Administrative expense	(41)	(42)	(53)
Net change in plan fiduciary net position	40,958	37,690	44,198
Plan fiduciary net position - beginning	270,205	232,515	188,317
Plan fiduciary net position - ending	311,163	270,205	232,515
Net OPEB liability - ending	$ 26,484	$ 47,913	$ 72,208
Plan fiduciary net position as a percentage of the total OPEB liability	92.16%	84.94%	76.30%
Covered payroll	$ 180,199	$ 191,262	$ 182,154
District's net OPEB liability as a percentage of covered payroll	14.70%	25.05%	39.64%

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

Actuarial valuations are required to be completed every two years. The most recent actuarial valuation was completed as of December 31, 2021.

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

12/31/2019 12/31/2018	12/31/2018 12/31/2017
$ 5,315	$ 5,098
20,012	19,260
—	—
—	—
(12,571)	(13,431)
12,756	10,927
308,747	297,820
321,503	308,747
5,000	5,000
12,571	13,431
(11,841)	25,392
(12,571)	(13,431)
(42)	(37)
(6,883)	30,355
195,200	164,845
188,317	195,200
$ 133,186	$ 113,547
58.57%	63.22%
$ 192,662	$ 184,807
69.13%	61.44%

Schedule of District Contributions - OPEB
Last Ten Years
(in thousands of dollars)

Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	$ 9,825	$ 15,719	$ (5,894)	$ 189,209	8.31%
2021	6,299	14,664	(8,365)	180,199	8.14%
2020	8,641	16,230	(7,589)	191,262	8.49%
2019	9,586	17,700	(8,114)	182,154	9.72%
2018	11,507	17,571	(6,064)	192,662	9.12%
2017	11,507	18,431	(6,924)	184,807	9.97%
2016	12,472	19,917	(7,445)	183,120	10.88%
2015	12,472	18,317	(5,845)	176,757	10.36%
2014	13,212	33,717	(20,505)	169,909	19.84%
2013	13,212	33,835	(20,623)	164,005	20.63%

Notes to the Schedule of District Contributions

Valuation Date: The District's actuarially determined contribution (ADC) is calculated as of December 31, 2022.

Methods and Assumptions used to determine the ADC:

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

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

CONSTRUCTION FUND

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

STORMWATER MANAGEMENT FUND

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

Exhibit B-1
Combining Balance Sheets - Nonmajor Governmental Funds

December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Assets						
Cash	$ 1,665	$ 3,089	$ 2,202	$ 6,640	$ 3,867	$ 9,729
Certificates of deposit	10,207	207	11,109	10,103	21,316	10,310
Investments	15,320	24,845	47,654	38,431	62,974	63,276
Prepaid insurance	—	—	4	4	4	4
Taxes receivable, net	8,315	6,755	67,695	51,074	76,010	57,829
Other receivable	745	746	50	—	795	746
Total assets	$ 36,252	$ 35,642	$ 128,714	$ 106,252	$ 164,966	$ 141,894
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and other liabilities	$ 1,252	$ 936	$ 12,170	$ 9,593	$ 13,422	$ 10,529
Due to other funds	—	—	371	351	371	351
Total liabilities	1,252	936	12,541	9,944	13,793	10,880
Deferred inflows of resources:						
Unavailable tax revenue	6,755	5,762	55,899	43,562	62,654	49,324
Total deferred inflows of resources	6,755	5,762	55,899	43,562	62,654	49,324
Fund balances:						
Nonspendable:						
Prepaid insurance	—	—	4	4	4	4
Restricted for:						
Working Cash	21,742	21,943	36,863	37,147	58,605	59,090
Capital projects	6,503	7,001	23,407	15,595	29,910	22,596
Total fund balances	28,245	28,944	60,274	52,746	88,519	81,690
Total liabilities, deferred inflows, and fund balances	$ 36,252	$ 35,642	$ 128,714	$ 106,252	$ 164,966	$ 141,894

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

Year ended December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2022	2021	2022	2021	2022	2021
Revenues						
Revenues:						
Property taxes	$ 5,871	$ 7,169	$ 44,391	$ 53,763	$ 50,262	$ 60,932
Interest on investments	(34)	(7)	378	41	344	34
Grant revenue	—	—	14,396	—	14,396	—
Fees, forfeits and penalties	—	—	1,271	969	1,271	969
Claims and damage settlements	5	—	—	—	5	—
Miscellaneous	—	—	50	112	50	112
Total revenues	5,842	7,162	60,486	54,885	66,328	62,047
Expenditures						
Current Operations:						
Construction costs	6,541	7,204	43,790	44,746	50,331	51,950
Total expenditures	6,541	7,204	43,790	44,746	50,331	51,950
Revenues over (under) expenditures	(699)	(42)	16,696	10,139	15,997	10,097
Other financing sources (uses):						
Transfer out to Debt Service Fund	—	—	(9,168)	(5,961)	(9,168)	(5,961)
Total other financing sources (uses)	—	—	(9,168)	(5,961)	(9,168)	(5,961)
Net change in fund balance	(699)	(42)	7,528	4,178	6,829	4,136
Fund balances						
Beginning of the year	28,944	28,986	52,746	48,568	81,690	77,554
End of the year	$ 28,245	$ 28,944	$ 60,274	$ 52,746	$ 88,519	$ 81,690

Page intentionally left blank

GENERAL CORPORATE FUND

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

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

Year ended December 31, 2022

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Board of Commissioners:					
Personal services					
Salaries of regular employees	$ 3,684	$ —	$ 3,684	$ 3,355	$ 329
Compensation plan adjustments	126	—	126	31	95
Social Security and Medicare contributions	94	—	94	66	28
Tuition and training payments	28	—	28	9	19
Personal services not otherwise classified	527	—	527	242	285
Total personal services	4,459	—	4,459	3,703	756
Contractual services					
Travel	24	—	24	7	17
Meals and lodging	33	—	33	11	22
Subscriptions and membership dues	28	—	28	28	—
Payment for professional services	928	—	928	487	441
Contractual services not otherwise classified	1	—	1	1	—
Total contractual services	1,014	—	1,014	534	480
Materials and supplies					
Office, printing, and photographic supplies	27	—	27	5	22
Books, maps, and charts	1	—	1	—	1
Total materials and supplies	28	—	28	5	23
Board of Commissioners total	5,501	—	5,501	4,242	1,259
General Administration:					
Personal services					
Salaries of regular employees	12,466	20	12,486	11,238	1,248
Compensation plan adjustments	1,285	(20)	1,265	1,240	25
Social Security and Medicare contributions	184	—	184	175	9
Tuition and training payments	54	—	54	26	28
Total personal services	13,989	—	13,989	12,679	1,310
Contractual services					
Travel	14	—	14	8	6
Meals and lodging	24	—	24	24	—
Postage, freight, and delivery charges	86	—	86	71	15
Compensation for personally owned autos	4	1	5	4	1
Motor vehicle operating services	68	—	68	65	3
Reprographic services	161	(51)	110	15	95
Electrical energy	372	—	372	262	110
Natural gas	24	15	39	33	6
Water and water services	7	—	7	5	2
Communication services	3	—	3	3	—
Subscriptions and membership dues	885	35	920	913	7
Rental charges	70	—	70	62	8
Advertising	12	—	12	10	2
Administration building operation	1,297	—	1,297	1,232	65

(in thousands of dollars)

Corporate Division	**Budget Amounts** Original	Net Transfer	Final	**Actual Amounts**	**Actual Variance with Final Budget - Positive (Negative)**
General Administration (continued):					
Administration building operation annex	$ 837	$ —	$ 837	$ 613	$ 224
Intergovernmental agreements	100	—	100	77	23
Payment for professional services	734	—	734	242	492
Contractual services not otherwise classified	211	—	211	95	116
Repairs to buildings	374	—	374	11	363
Repairs to office furniture and equipment	70	—	70	45	25
Computer software maintenance	375	—	375	—	375
Communication equipment maintenance	18	—	18	18	—
Repairs to vehicle equipment	442	—	442	349	93
Total contractual services	6,188	—	6,188	4,157	2,031
Materials and supplies					
Electrical parts and supplies	9	—	9	6	3
Plumbing accessories and supplies	8	—	8	6	2
Hardware	16	—	16	14	2
Office, printing, and photographic supplies	123	9	132	111	21
Cleaning supplies	1	1	2	2	—
Wearing apparel	35	(1)	34	22	12
Books, maps, and charts	1	—	1	—	1
Computer supplies	25	(9)	16	2	14
Materials and supplies not otherwise classified	67	—	67	42	25
Total materials and supplies	285	—	285	205	80
Machinery and equipment					
Office furniture and equipment	22	—	22	21	1
Computer equipment	20	—	20	—	20
Vehicle equipment	1,250	—	1,250	439	811
Machinery and equipment not otherwise classified	100	—	100	—	100
Total machinery and equipment	1,392	—	1,392	460	932
General Administration total	21,854	—	21,854	17,501	4,353
Monitoring and Research:					
Personal services					
Salaries of regular employees	29,385	40	29,425	26,772	2,653
Compensation plan adjustments	912	(40)	872	701	171
Social Security and Medicare contributions	433	—	433	382	51
Tuition and training payments	71	—	71	44	27
Total personal services	30,801	—	30,801	27,899	2,902
Contractual services					
Travel	23	—	23	11	12
Meals and lodging	45	—	45	29	16
Postage, freight, and delivery charges	7	—	7	4	3
Compensation for personally owned autos	27	—	27	20	7
Motor vehicle operating services	—	1	1	—	1

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

Year ended December 31, 2022

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Monitoring and Research (continued):					
Intergovernmental agreements	$ 50	$ —	$ 50	$ 50	$ —
Governmental services charges	17	—	17	17	—
Payment for professional services	753	—	753	537	216
Preliminary Engineering reports and studies	20	—	20	19	1
Contractual services not otherwise classified	239	(2)	237	122	115
Repairs to marine equipment	36	—	36	26	10
Computer software maintenance	29	1	30	29	1
Repairs to testing and laboratory equipment	348	—	348	290	58
Total contractual services	1,594	—	1,594	1,154	440
Materials and supplies					
Office, printing, and photographic supplies	27	—	27	22	5
Farming supplies	14	—	14	14	—
Laboratory testing supplies and small equipment	502	—	502	319	183
Wearing apparel	16	2	18	15	3
Books, maps, and charts	1	—	1	—	1
Fuel	17	1	18	16	2
Materials and supplies not otherwise classified	63	(3)	60	42	18
Total materials and supplies	640	—	640	428	212
Machinery and equipment					
Computer equipment	399	50	449	266	183
Testing and laboratory equipment	457	(50)	407	394	13
Total machinery and equipment	856	—	856	660	196
Monitoring and Research total	33,891	—	33,891	30,141	3,750
Procurement and Materials Management:					
Personal services					
Salaries of regular employees	5,948	(459)	5,489	5,237	252
Compensation plan adjustments	233	(41)	192	18	174
Social Security and Medicare contributions	92	—	92	74	18
Tuition and training payments	15	—	15	4	11
Total personal services	6,288	(500)	5,788	5,333	455
Contractual services					
Travel	1	—	1	—	1
Meals and lodging	1	(1)	—	—	—
Compensation for personally owned autos	1	—	1	—	1
Advertising	138	—	138	96	42
Payment for professional services	60	1	61	—	61
Repairs to buildings	29	(9)	20	3	17
Repairs to office furniture and equipment	2	—	2	1	1
Computer software maintenance	363	—	363	9	354
Communications equipment maintenance	1	—	1	—	1

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Procurement and Materials Management (continued):					
Repairs to vehicle equipment	$ 9	$ 9	$ 18	$ 16	$ 2
Total contractual services	605	—	605	125	480
Materials and supplies					
Metals	130	135	265	259	6
Electrical parts and supplies	329	125	454	379	75
Plumbing accessories and supplies	380	255	635	608	27
Hardware	84	—	84	75	9
Buildings, grounds, paving materials, and supplies	248	(5)	243	239	4
Fiber, paper and insulation materials	63	—	63	46	17
Paints, solvents, and related materials	51	(10)	41	26	15
Vehicle parts and supplies	13	20	33	33	—
Mechanical and repair parts	225	(10)	215	202	13
Office, printing, and photographic supplies	14	—	14	5	9
Laboratory testing supplies and small equipment	713	125	838	707	131
Cleaning supplies	291	24	315	305	10
Tools and supplies	122	(5)	117	101	16
Wearing apparel	362	(121)	241	173	68
Safety and medical supplies	75	—	75	52	23
Computer supplies	82	(35)	47	32	15
Fuel	385	(50)	335	313	22
Gas (in containers)	85	15	100	84	16
Communications supplies	9	—	9	5	4
Lubricants	257	87	344	335	9
Materials and supplies not otherwise classified	75	(50)	25	14	11
Total materials and supplies	3,993	500	4,493	3,993	500
Machinery and equipment					
Farming equipment	90	—	90	—	90
Total machinery and equipment	90	—	90	—	90
Procurement and Materials Management total	10,976	—	10,976	9,451	1,525
Human Resources:					
Personal services					
Salaries of regular employees	7,237	—	7,237	6,359	878
Compensation plan adjustments	259	—	259	140	119
Social Security and Medicare contributions	145	—	145	100	45
Employee claims	100	—	100	—	100
Tuition and training payments	841	—	841	381	460
Health and life insurance premiums	48,656	(65)	48,591	44,663	3,928
Personal services not otherwise classified	460	—	460	98	362
Total personal services	57,698	(65)	57,633	51,741	5,892
Contractual services					
Travel	4	—	4	3	1

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

Year ended December 31, 2022

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Human Resources (continued):					
Meals and lodging	$ 15	$ —	$ 15	$ 7	$ 8
Compensation for personally owned autos	1	—	1	—	1
Court reporting services	16	—	16	9	7
Medical services	529	(150)	379	120	259
Insurance premiums	4,222	150	4,372	4,371	1
Rental charges	27	—	27	17	10
Advertising	31	—	31	—	31
Payment for professional services	1,027	65	1,092	820	272
Contractual services not otherwise classified	83	—	83	23	60
Safety repairs services	160	—	160	118	42
Total contractual services	6,115	65	6,180	5,488	692
Materials and supplies					
Office, printing, and photographic supplies	28	—	28	10	18
Books, maps, and charts	1	—	1	—	1
Safety medical supplies	283	—	283	259	24
Materials and supplies not otherwise classified	8	—	8	8	—
Total materials and supplies	320	—	320	277	43
Machinery and equipment					
Computer equipment	30	—	30	—	30
Total machinery and equipment	30	—	30	—	30
Human Resources total	64,163	—	64,163	57,506	6,657
Information Technology:					
Personal services					
Salaries of regular employees	8,720	—	8,720	7,529	1,191
Compensation plan adjustments	246	—	246	42	204
Social Security and Medicare contributions	129	—	129	104	25
Tuition and training payments	35	—	35	21	14
Total personal services	9,130	—	9,130	7,696	1,434
Contractual services					
Travel	2	—	2	1	1
Meals and lodging	5	—	5	1	4
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	2	—	2	1	1
Communication services	2,523	—	2,523	1,929	594
Rental charges	100	—	100	85	15
Payment for professional services	1,578	(520)	1,058	349	709
Contractual services not otherwise classified	10	—	10	1	9
Computer equipment maintenance	675	50	725	592	133
Computer software maintenance	5,055	—	5,055	4,720	335
Communication equipment maintenance	798	—	798	693	105
Total contractual services	10,749	(470)	10,279	8,373	1,906

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Information Technology (continued):					
Materials and supplies					
Office, printing, and photographic supplies	$ 19	$ —	$ 19	$ 1	$ 18
Computer software	227	—	227	197	30
Computer supplies	955	470	1,425	1,274	151
Communication supplies	175	29	204	170	34
Total materials and supplies	1,376	499	1,875	1,642	233
Machinery and equipment					
Computer equipment	1,215	—	1,215	1,106	109
Communication equipment	50	(29)	21	21	—
Total machinery and equipment	1,265	(29)	1,236	1,127	109
Information Technology total	22,520	—	22,520	18,838	3,682
Law:					
Personal services					
Salaries of regular employees	5,791	—	5,791	5,464	327
Compensation plan adjustments	134	—	134	25	109
Social Security and Medicare contributions	85	—	85	77	8
Tuition and training payments	16	—	16	7	9
Total personal services	6,026	—	6,026	5,573	453
Contractual services					
Travel	5	—	5	2	3
Meals and lodging	14	—	14	7	7
Postage, freight, and delivery charges	1	1	2	1	1
Compensation for personally owned autos	5	(1)	4	2	2
Reprographic services	12	—	12	—	12
Court reporting services	27	10	37	30	7
Payment for professional services	1,231	(10)	1,221	556	665
Contractual services not otherwise classified	103	103	103	60	43
Waste material disposal charges	70	70	70	44	26
Safety repair services	8	—	8	5	3
Total contractual services	1,476	—	1,476	707	769
Materials and supplies					
Office, printing, and photographic supplies	6	—	6	2	4
Books, maps, and charts	13	—	13	12	1
Total materials and supplies	19	—	19	14	5
Fixed and other charges					
Taxes on real estate	763	—	763	708	55
Total fixed and other charges	763	—	763	708	55
Law total	8,284	—	8,284	7,002	1,282
Finance:					
Personal services					
Salaries of regular employees	3,355	—	3,355	3,195	160

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

Year ended December 31, 2022

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Finance (continued):					
Compensation plan adjustments	$ 115	$ —	$ 115	$ 28	$ 87
Social Security and Medicare contributions	50	—	50	45	5
Tuition and training payments	30	—	30	27	3
Total personal services	3,550	—	3,550	3,295	255
Contractual services					
Travel	10	—	10	3	7
Meals and lodging	12	—	12	7	5
Postage, freight, and delivery charges	1	—	1	—	1
Reprographic services	2	—	2	2	—
Court reporting services	50	—	50	31	19
Discount Lost	3	—	3	3	—
Payments for professional services	429	—	429	299	130
Contractual services not otherwise classified	3	—	3	1	2
Repairs to office furniture and equipment	6	—	6	6	—
Total contractual services	516	—	516	352	164
Materials and supplies					
Office, printing, and photographic supplies	15	—	15	6	9
Materials and supplies not otherwise classified	1	—	1	—	1
Total materials and supplies	16	—	16	6	10
Finance total	4,082	—	4,082	3,653	429
Engineering:					
Personal services					
Salaries of regular employees	24,219	—	24,219	20,760	3,459
Compensation plan adjustments	616	—	616	286	330
Social Security and Medicare contributions	357	—	357	292	65
Tuition and training payments	140	—	140	90	50
Total personal services	25,332	—	25,332	21,428	3,904
Contractual services					
Travel	14	—	14	5	9
Meals and lodging	24	—	24	10	14
Postage, freight, and delivery charges	1	—	1	—	1
Compensation for personally owned autos	8	—	8	1	7
Motor vehicle operating services	1	—	1	—	1
Reprographic services	3	—	3	3	—
Water and water services	4	—	4	5	(1)
Testing and inspection services	1,255	—	1,255	1,206	49
Rental charges	1	—	1	—	1
Payments for professional services	643	—	643	426	217
Contractual services not otherwise classified	5	—	5	—	5
Repairs to waterway facilities	100	—	100	40	60
Repairs to buildings	80	—	80	—	80

(in thousands of dollars)

Corporate Division	**Budget Amounts** Original	Net Transfer	Final	**Actual Amounts**	**Actual Variance with Final Budget - Positive (Negative)**
Engineering (continued):					
Repairs to office furniture and equipment	$ 7	$ —	$ 7	$ 4	$ 3
Repairs to testing and laboratory equipment	5	—	5	2	3
Repairs not otherwise classified	1	—	1	—	1
Total contractual services	2,152	—	2,152	1,702	450
Materials and supplies					
Office, printing, and photographic supplies	52	3	55	43	12
Tools and supplies	20	(3)	17	15	2
Books, maps, and charts	9	—	9	2	7
Computer software	42	—	42	40	2
Total materials and supplies	123	—	123	100	23
Machinery and equipment					
Materials and equipment not otherwise classified	15	—	15	—	15
Total machinery and equipment	68	—	68	33	35
Engineering total	27,675	—	27,675	23,263	4,412
Maintenance and Operations:					
Personal services					
Salaries of regular employees	95,836	648	96,484	93,733	2,751
Compensation plan adjustments	7,336	(655)	6,681	4,786	1,895
Social Security and Medicare contributions	1,489	—	1,489	1,380	109
Salaries of non-budgeted employees	5	7	12	5	7
Tuition and training payments	220	—	220	77	143
Total personal services	104,886	—	104,886	99,981	4,905
Contractual services					
Travel	26	—	26	4	22
Meals and lodging	75	—	75	48	27
Compensation for personally owned autos	121	—	121	73	48
Motor vehicle operating services	2	—	2	1	1
Electrical energy	50,562	(1,833)	48,729	37,719	11,010
Natural gas	3,994	—	3,994	3,430	564
Water and water services	1,907	—	1,907	1,605	302
Testing and inspection services	278	—	278	119	159
Rental charges	168	—	168	135	33
Governmental service charges	4,083	533	4,616	4,600	16
Maintenance of grounds and pavements	1,943	(482)	1,461	1,131	330
Payments for professional services	102	—	102	72	30
Contractual services not otherwise classified	677	(33)	644	546	98
Waste material disposal charges	13,204	350	13,554	12,491	1,063
Farming services	90	—	90	29	61
Sludge disposal	4,500	1,300	5,800	5,227	573
Repairs to collection facilities	4,138	372	4,510	3,524	986
Repairs to waterway facilities	483	(198)	285	100	185

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

Year ended December 31, 2022

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Maintenance and Operations (continued):					
Repairs to process facilities	$ 16,555	$ (893)	$ 15,662	$ 13,661	$ 2,001
Repairs to railroads	719	261	980	795	185
Repairs to buildings	1,533	35	1,568	725	843
Repairs to material handling and farm equipment	358	42	400	352	48
Safety repairs and services	414	19	433	359	74
Computer software maintenance	10	—	10	10	—
Repairs to vehicle equipment	193	—	193	77	116
Repairs not otherwise classified	23	—	23	2	21
Total contractual services	106,158	(527)	105,631	86,835	18,796
Materials and supplies					
Metals	31	2	33	28	5
Electrical parts and supplies	3,615	530	4,145	3,030	1,115
Plumbing accessories and supplies	756	100	856	612	244
Hardware	11	—	11	6	5
Buildings, grounds, paving materials, and supplies	159	—	159	109	50
Fiber, paper and insulation materials	5	—	5	5	—
Paints, solvents, and related materials	6	1	7	7	—
Vehicle parts and supplies	215	48	263	196	67
Mechanical repair parts	5,446	460	5,906	4,774	1,132
Manhole materials	70	—	70	—	70
Office, printing, and photographic supplies	64	6	70	57	13
Farming supplies	4	—	4	3	1
Processing chemicals	14,291	(328)	13,963	11,765	2,198
Laboratory testing supplies and small equipment	31	—	31	22	9
Cleaning supplies	7	—	7	4	3
Tools and supplies	274	(3)	271	216	55
Wearing apparel	4	—	4	1	3
Safety and medical supplies	55	(4)	51	25	26
Computer software	36	(26)	10	—	10
Computer supplies	40	—	40	18	22
Fuel	356	65	421	392	29
Communication supplies	15	(6)	9	3	6
Lubricants	42	20	62	52	10
Materials and supplies not otherwise classified	102	—	102	87	15
Total materials and supplies	25,635	865	26,500	21,412	5,088
Machinery and equipment					
Equipment for collection facilities	115	(20)	95	26	69
Equipment for waterway facilities	54	—	54	53	1
Equipment for process facilities	870	(102)	768	422	346
Farming equipment	330	20	350	350	—
Vehicle equipment	1,169	(214)	955	561	394
Materials and equipment not otherwise classified	338	(22)	316	161	155

(in thousands of dollars)

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Maintenance and Operations (continued):					
Total machinery and equipment	$ 2,876	$ (338)	$ 2,538	$ 1,573	$ 965
Maintenance and Operations total	239,555	—	239,555	209,801	29,754
Corporate Division Total					
Total all departments:					
Personal services	262,159	(565)	261,594	239,328	22,266
Contractual services	136,567	(932)	135,635	109,427	26,208
Materials and supplies	32,435	1,864	34,299	28,082	6,217
Machinery and equipment	6,577	(367)	6,210	3,853	2,357
Fixed and other charges	763	—	763	708	55
Total Corporate Division	438,501	—	438,501	381,398	57,103
Reserve Claim Division					
Employee claims	10,000	—	10,000	3,983	6,017
General claims and emergency repair and replacement cost over $10,000	34,465	—	34,465	560	33,905
Total Reserve Claim Division	44,465	—	44,465	4,543	39,922
Total General Corporate Fund	$ 482,966	$ —	$ 482,966	$ 385,941	$ 97,025

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

Year ended December 31, 2022
(with comparative amounts for prior year)

	(in thousands of dollars) 2022	2021	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2022
Personal services:					
Salaries and wages	$ 190,436	$ 186,995	$ 3,441	2%	50%
Employee health and life insurance premiums	44,663	42,630	2,033	5%	12%
Social Security and Medicare contributions	2,696	2,627	69	3%	1%
Tuition and training payments	686	467	219	47%	—%
Other	—	91	(91)	(100)%	—%
Total personal services	238,481	232,810	5,671	2%	63%
Contractual services:					
Electrical energy	37,980	33,665	4,315	13%	10%
Natural gas	3,463	2,708	755	28%	1%
Postage, freight, and delivery charges	77	66	11	17%	—%
Waste material disposal charges	12,535	12,262	273	2%	3%
Administration building operation	1,845	1,902	(57)	(3)%	1%
Communication services	1,932	2,098	(166)	(8)%	1%
Farming services	29	8	21	263%	—%
Court reporting services	70	51	19	37%	—%
Water and water services	1,615	1,646	(31)	(2)%	—%
Motor vehicle operating services	67	50	17	34%	—%
Employee travel and transportation	288	126	162	129%	—%
Medical services	120	96	24	25%	—%
Rental charges	300	276	24	9%	—%
Maintenance of grounds and pavements	1,131	1,569	(438)	(28)%	—%
Governmental service charges	4,617	3,857	760	20%	1%
Repairs to process facilities	13,661	9,659	4,002	41%	4%
Other repairs	13,058	12,509	549	4%	3%
Other contractual services	16,476	14,529	1,947	13%	4%
Total contractual services	109,264	97,077	12,187	13%	28%
Materials and supplies:					
Processing chemicals	11,766	10,458	1,308	13%	3%
Laboratory testing supplies	946	923	23	2%	—%
Mechanical repair parts	3,731	4,750	(1,019)	(21)%	1%
Fuels and lubricants	1,167	960	207	22%	—%
Electrical parts and supplies	3,351	2,511	840	33%	1%
Plumbing accessories and supplies	1,102	1,013	89	9%	—%
Office, printing, and photographic supplies	251	211	40	19%	—%
Buildings, grounds, paving materials, and supplies	331	298	33	11%	—%
Cleaning supplies	350	288	62	22%	—%
Metals	242	145	97	67%	—%
Computer supplies	711	513	198	39%	—%
Other materials and supplies	2,168	1,858	310	17%	1%
Total materials and supplies	26,116	23,928	2,188	9%	6%

(continued)

(in thousands of dollars)	2022	2021	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2022
Machinery and equipment:					
Vehicle equipment	$ 999	$ 963	$ 36	4%	—%
Testing and laboratory equipment	393	535	(142)	(27)%	—%
Equipment for collection facilities	15	25	(10)	(40)%	—%
Office furniture and equipment	21	—	21	—%	—%
Computer software	266	362	(96)	(27)%	—%
Communication equipment	21	—	21	—%	—%
Other machinery and equipment	2,181	1,061	1,120	106%	1%
Total machinery and equipment	3,896	2,946	950	32%	1%
Fixed other charges:					
Taxes on real estate	708	694	14	2%	—%
Total fixed other charges	708	694	14	2%	—%
Claims and judgments	4,335	4,276	59	1%	1%
Total expenditures	$ 382,800	$ 361,731	$ 21,069		99%

Page intentionally left blank

DEBT SERVICE FUND

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

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

Year ended December 31, 2022

(in thousands of dollars)

	Final Budget	Actual on Budgetary Basis	Actual Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	$ 240,915	$ 182,134	$ (58,781)
Total tax revenue	240,915	182,134	(58,781)
Interest on investments	151	999	848
Miscellaneous	—	3	3
Total revenues	241,066	183,136	(57,930)
Expenditures:			
Debt service	281,146	281,146	—
Revenues over (under) expenditures	(40,080)	(98,010)	(57,930)
Other financing sources (uses):			
Transfers from Capital Improvement Bond Fund	35,965	35,965	—
Transfers from Stormwater Fund	9,173	9,168	(5)
Total other financing sources (uses)	45,138	45,133	(5)
Net change in fund balances	5,058	(52,877)	(57,935)
Fund balances at beginning of year	149,925	158,668	8,743
Fund balances at end of the year	$ 154,983	$ 105,791	$ (49,192)

CAPITAL PROJECTS FUNDS

Construction Fund

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

Stormwater Management Fund

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

Capital Improvements Bond Fund

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

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

Year ended December 31, 2022

(in thousands of dollars)

	Budget Amounts				
	Original	Net Transfers	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Construction Fund:					
Contractual services					
Testing and Inspection Services	$ 225	$ —	$ 225	$ 140	$ 85
Intergovernmental Agreements	4,411	(472)	3,939	—	3,939
Payments for professional services	750	—	750	441	309
Preliminary engineering reports and studies	163	—	163	—	163
Professional engineering services for construction projects	—	472	472	471	1
Total contractual services	5,549	—	5,549	1,052	4,497
Capital Projects					
Process facility structures	1,000	2,279	3,279	475	2,804
Buildings	788	563	1,351	577	774
Preservation of collection facility structures	4,060	(1,806)	2,254	1,146	1,108
Preservation of waterway facility structures	263	(263)	—	—	—
Preservation of process facility structures	3,491	(370)	3,121	921	2,200
Preservation of buildings	2,177	—	2,177	1,475	702
Preservation capital projects not otherwise classified	2,604	(403)	2,201	814	1,387
Total capital projects	14,383	—	14,383	5,408	8,975
Construction Fund Summary:					
Contractual services	5,549	—	5,549	1,052	4,497
Capital projects	14,383	—	14,383	5,408	8,975
Construction Fund total	19,932	—	19,932	6,460	13,472
Stormwater Management Fund:					
Personal services					
Salaries of regular employees	10,639	—	10,639	9,663	976
Compensation plan adjustments	488	—	488	149	339
Social Security and Medicare contributions	156	—	156	138	18
Salaries of nonbudgeted employees	20	—	20	—	20
Tuition and training payments	91	—	91	39	52
Health and life insurance premiums	920	—	920	893	27
Total personal services	12,314	—	12,314	10,882	1,432
Contractual services					
Travel	6	—	6	4	2
Meals and lodging	16	—	16	12	4
Postage, freight and delivery charges	3	—	3	1	2
Compensation for personally owned autos	20	—	20	2	18
Motor vehicle operating services	3	—	3	—	3
Court reporting services	18	—	18	8	10

(continued)

(in thousands of dollars)

	Budget Amounts Original	Budget Amounts Net Transfers	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Stormwater Management Fund (continued):					
Subscriptions and membership dues	$ 21	$ —	$ 21	$ 18	$ 3
Rental charges	53	—	53	35	18
Intragovernmental agreements	33,047	(47)	33,000	14,833	18,167
Payments for professional services	800	—	800	200	600
Preliminary engineering reports and studies	2,569	157	2,726	1,413	1,313
Professional engineering services for construction projects	5,940	(110)	5,830	1,601	4,229
Contractual services not otherwise classified	422	—	422	172	250
Waste material disposal charges	60	—	60	30	30
Repairs to waterways facilities	3,005	—	3,005	2,881	124
Repairs Marine Equipment	66	—	66	46	20
Repair Office Furniture Equipment	6	—	6	2	4
Computer Software	2	—	2	—	2
Repairs Vehicle Equipment	5	—	5	—	5
Repairs not otherwise classified	2	—	2	—	2
Total contractual services	46,064	—	46,064	21,258	24,806
Materials and supplies					
Building and grounds materials and supplies	5	—	5	3	2
Office, printing, and photo supplies	15	—	15	5	10
Processing chemicals	5	—	5	—	5
Tools and supplies	12	—	12	6	6
Wearing apparel	10	—	10	6	4
Fuel	9	—	9	8	1
Materials and supplies not otherwise classified	510	—	510	129	381
Total materials and supplies	566	—	566	157	409
Machinery and equipment					
Vehicle equipment	510	—	510	501	9
Machinery and equipment not otherwise categorized	30	—	30	8	22
Total machinery and equipment	540	—	540	509	31
Capital Projects					
Waterways facilities structure	30,102	—	30,102	10,348	19,754
Capital projects not otherwise classified	100	—	100	—	100
Preservation of waterway facility structures	2,909	—	2,909	1,686	1,223
Total capital projects	33,111	—	33,111	12,034	21,077
Land					
Land	400	—	400	—	400
Total land	400	—	400	—	400

(continued)

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

Year ended December 31, 2022

(in thousands of dollars)

	Budget Amounts				Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfers	Final	Actual Amounts	
Stormwater Management Fund (continued):					
Fixed and other charges					
Right-of-Way Properties	$ 3,237	$ —	$ 3,237	$ 658	$ 2,579
Payments for easements	750	—	750	33	717
Total fixed and other charges	3,987	—	3,987	691	3,296
Stormwater Management Fund Summary:					
Personal services	12,314	—	12,314	10,882	1,432
Contractual services	46,064	—	46,064	21,258	24,806
Materials and supplies	566	—	566	157	409
Machinery and equipment	540	—	540	509	31
Capital projects	33,111	—	33,111	12,034	21,077
Land	400	—	400	—	400
Fixed and other charges	3,987	—	3,987	691	3,296
Stormwater Management Fund total	96,982	—	96,982	45,531	51,451
Capital Improvements Bond Fund Summary:					
Contractual services	17,050	(9,039)	8,011	2,292	5,719
Capital projects	275,944	(40,569)	235,375	75,339	160,036
Land	300	—	300	—	300
Fixed and other charges	650	4,390	5,040	4,396	644
Capital Improvements Bond Fund total *	293,944	(45,218)	248,726	82,027	166,699
Capital Projects Funds total	$ 410,858	$ (45,218)	$ 365,640	$ 134,018	$ 231,622

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

TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

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

December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2022	2021	2022	2021	2022	2021
Assets						
Cash	$ 356	$ 322	$ —	$ —	$ 356	$ 322
Receivables						
Employer contributions - taxes (net of allowance for uncollectible amounts)	103,536	88,754	—	—	103,536	88,754
Securities sold	1,048	1,071	—	—	1,048	1,071
Accrued interest and dividends	3,956	3,403	138	74	4,094	3,477
Accounts receivable	87	92	—	—	87	92
Total receivables	108,627	93,320	138	74	108,765	93,394
Investments at fair value						
Equities	319,090	425,508	—	—	319,090	425,508
U.S. Government and government agency obligations	110,559	102,415	—	—	110,559	102,415
Corporate and foreign government obligations	100,661	122,142	—	—	100,661	122,142
Fixed Income Mutual Funds	—	—	90,210	86,355	90,210	86,355
Mutual and exchange traded funds	66,876	89,718	165,151	215,232	232,027	304,950
Pooled funds - equities	428,980	573,795	—	—	428,980	573,795
Pooled funds - fixed income	129,372	158,608	—	—	129,372	158,608
Real estate funds	144,437	147,346	—	—	144,437	147,346
Short-term investment funds	35,883	26,128	8,677	9,516	44,560	35,644
Total investments	1,335,858	1,645,660	264,038	311,103	1,599,896	1,956,763
Securities lending capital	8,840	11,615	—	—	8,840	11,615
Total assets	1,453,681	1,750,917	264,176	311,177	1,717,857	2,062,094
Liabilities						
Accounts payable	1,023	1,230	28	14	1,051	1,244
Due to broker	6,163	13,893	—	—	6,163	13,893
Securities lending collateral	8,840	11,615	—	—	8,840	11,615
Total liabilities	16,026	26,738	28	14	16,054	26,752
Net position restricted for pension	$ 1,437,655	$ 1,724,179	—	—	$ 1,437,655	$ 1,724,179
Net position restricted for OPEB	—	—	$ 264,148	$ 311,163	$ 264,148	$ 311,163

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

Year ended December 31, 2022
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2022	2021	2022	2021	2022	2021
Additions:						
Contributions:						
Employer contributions	$ 118,459	$ 88,804	$ 15,719	$ 14,664	$ 134,178	$ 103,468
Employee contributions	21,177	20,630	—	—	21,177	20,630
Total contributions	139,636	109,434	15,719	14,664	155,355	124,098
Investment income (loss):						
Net appreciation (depreciation) in fair value of investments	(249,827)	204,280	(57,718)	30,605	(307,545)	234,885
Interest and dividend income	21,751	21,453	5,807	5,449	27,558	26,902
Total investment income (loss)	(228,076)	225,733	(51,911)	36,054	(279,987)	261,787
Less investment expenses	(4,451)	(5,052)	(59)	(55)	(4,510)	(5,107)
Investment income (loss) net of expenses	(232,527)	220,681	(51,970)	35,999	(284,497)	256,680
Security lending activities:						
Security lending income	226	78	—	—	226	78
Borrower rebates	(128)	42	—	—	(128)	42
Bank fees	(20)	(24)	—	—	(20)	(24)
Net income from securities lending activities	78	96	—	—	78	96
Other	7	5	—	—	7	5
Total additions	(92,806)	330,216	(36,251)	50,663	(129,057)	380,879
Deductions:						
Annuities and benefits						
Employee annuitants	157,310	152,683	—	—	157,310	152,683
Retiree health care benefits	—	—	10,719	9,664	10,719	9,664
Surviving spouse annuitants	30,830	29,215	—	—	30,830	29,215
Child annuitants	112	126	—	—	112	126
Ordinary disability benefits	1,030	764	—	—	1,030	764
Duty disability benefits	62	69	—	—	62	69
Total annuities and benefits	189,344	182,857	10,719	9,664	200,063	192,521
Refunds of employee contributions	2,239	2,283	—	—	2,239	2,283
Administrative expenses	2,135	1,788	45	41	2,180	1,829
Total deductions	193,718	186,928	10,764	9,705	204,482	196,633
Net increase (decrease)	(286,524)	143,288	(47,015)	40,958	(333,539)	184,246
Net position restricted for pension						
Beginning of year	1,724,179	1,580,891	—	—	1,724,179	1,580,891
End of year	$ 1,437,655	$ 1,724,179	$ —	$ —	$ 1,437,655	$ 1,724,179
Net position restricted for OPEB						
Beginning of year	—	—	311,163	270,205	311,163	270,205
End of year	$ —	$ —	$ 264,148	$ 311,163	$ 264,148	$ 311,163

Page intentionally left blank

III. STATISTICAL AND DEMOGRAPHICS SECTION

The Barbara J. McGowan Main Office Building was dedicated on Dec. 8 during a ceremony and plaque unveiling with family, dignitaries, MWRD commissioners and staff following the retirement of Vice President Barbara J. McGowan, who served on the MWRD Board of Commissioners from 1998 to 2022. Guests including Illinois Secretary of State Jesse White and Chicago Mayor Lori Lightfoot were on hand to give remarks honoring the vice president. The third longest serving Commissioner in the MWRD's history, Vice President McGowan retired following her last Board of Commissioners' meeting on Nov. 17. She was not only the first African American vice president at the MWRD but was also the first interim African American female president, serving in this capacity in 2012 and 2014.

Page intentionally left blank

Statistical and Demographics Section (Unaudited)

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

Contents	**Exhibits**
Financial Trends	**I-1 through I-4**
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	**I-5 through I-9**
These schedules contain information to help the reader assess the District's most significant local revenue sources, property taxes and user charges.	
Debt Capacity	**I-10 through I-12**
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	**I-13 and I-14**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	**I-15 through I-17**
These schedules contain service and infrastructure data to help the reader understand how the information in this financial report relates to the services the District provides and the activities it performs.	

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

Exhibit I-1
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	2022	2021 (1)	2020	2019
Net investment in capital assets (2)	$ 5,275,501	$ 5,137,179	$ 5,035,623	$ 4,950,141
Restricted				
Restricted for corporate working cash	276,836	279,816	279,364	284,425
Restricted for reserve claim	26,597	25,122	15,227	9,194
Restricted for debt service	312,190	311,839	305,643	304,084
Restricted for capital projects	103,098	76,612	66,728	57,835
Restricted for construction working cash	21,742	21,943	21,960	22,713
Restricted for stormwater working cash	36,863	37,147	37,136	37,967
Unrestricted (Deficit)	(674,370)	(846,714)	(936,329)	(929,799)
Total net position	$ 5,378,457	$ 5,042,944	$ 4,825,352	$ 4,736,560

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

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

2018	2017	2016	2015	2014	2013
$ 4,822,531	$ 4,710,123	$ 4,591,899	$ 4,630,463	$ 4,548,793	$ 4,506,950
282,055	280,437	279,390	278,852	278,148	276,894
11,728	9,976	2,128	6,499	7,764	9,861
299,106	318,646	318,575	310,383	305,375	278,970
53,443	32,067	75,762	—	15,457	28,886
22,395	22,204	22,070	21,947	21,833	21,644
37,698	37,509	37,384	37,216	37,035	37,690
(908,577)	(897,766)	(787,263)	(756,154)	(722,949)	4,037
$ 4,620,379	$ 4,513,196	$ 4,539,945	$ 4,529,206	$ 4,491,456	$ 5,164,932

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

(accrual basis of accounting)

(in thousands of dollars)

	2022	2021 (1)	2020	2019
Revenues				
General Revenues:				
Property taxes	$ 653,400	$ 634,776	$ 618,130	$ 609,614
Personal property replacement tax	149,136	78,699	41,130	47,826
Interest on investments	(8,278)	775	7,972	18,293
Lease interest revenue	8,005	8,003	—	—
Tax increment financing distributions	15,455	18,125	18,520	10,345
Claims and damage settlements	169	140	1,163	490
Miscellaneous	5,555	5,401	5,976	7,335
Gain on sale of capital assets	—	206	—	3,052
Total general revenues	823,442	746,125	692,891	696,955
Program Revenues:				
Charges for services				
User charges	35,937	39,189	47,216	48,526
Land rentals	17,402	9,188	25,044	24,827
Lease revenue	13,311	12,927	—	—
Fees, forfeits and penalties	4,627	4,207	3,499	4,044
Capital grants and contributions				
Federal grants	29,375	11,808	13,623	18,271
Total program revenues	100,652	77,319	89,382	95,668
Total revenues	924,094	823,444	782,273	792,623
Expenses				
Board of Commissioners	4,384	4,044	4,591	4,400
General Administration	17,664	16,960	18,115	17,104
Monitoring and Research	30,607	30,026	30,705	30,385
Procurement and Materials Management	6,109	5,930	6,130	5,714
Human Resources	57,191	53,914	51,224	53,585
Information Technology	18,097	15,652	15,349	15,534
Law	6,999	6,453	6,186	5,951
Finance	3,652	3,260	3,539	3,618
Engineering	25,591	23,655	25,390	25,192
Maintenance and Operations	210,462	195,781	191,573	190,841
Pension costs	69,796	84,265	151,651	134,899
OPEB Trust Fund costs *	(21,948)	(16,452)	(9,874)	(3,146)
Claims and judgments	6,362	(2,595)	1,495	10,489
Construction costs	51,497	72,068	84,642	64,992
Loss on sale of capital assets	84	—	3	—
Depreciation (unallocated)	11,559	11,654	11,597	11,719
Redemption of bonds	—	(3)	—	—
Interest on bonds	90,475	101,240	101,165	105,165
Total expenses	588,581	605,852	693,481	676,442
Change in Net Position	$ 335,513	$ 217,592	$ 88,792	$ 116,181

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

2018	2017	2016	2015	2014	2013
$ 599,224	$ 563,764	$ 556,648	$ 533,240	$ 526,851	$ 470,855
37,018	43,194	38,961	37,863	39,571	40,737
15,531	8,784	6,181	5,381	9,486	3,051
—	—	—	—	—	—
6,153	9,100	9,228	13,069	4,925	3,361
1,482	783	209	350	630	2,271
7,628	5,819	5,527	5,804	5,290	4,765
—	50	1,210	2,922	8	923
667,036	631,494	617,964	598,629	586,761	525,963
44,000	51,098	48,621	46,238	50,696	49,182
22,678	17,352	20,166	18,189	16,357	14,851
—	—	—	—	—	—
5,116	5,401	4,164	4,885	5,456	3,396
17,086	14,558	12,825	11,170	11,089	11,110
88,880	88,409	85,776	80,482	83,598	78,539
755,916	719,903	703,740	679,111	670,359	604,502
4,167	4,094	4,166	3,671	3,721	3,520
16,063	15,791	15,690	14,835	15,096	14,426
30,262	29,591	28,753	27,259	26,922	25,294
7,102	5,947	6,602	6,801	6,331	5,660
53,182	54,267	54,447	58,512	72,896	67,841
15,173	12,734	14,702	14,602	14,708	14,331
6,023	5,830	6,709	6,008	6,812	6,975
3,460	3,520	3,570	3,401	3,433	3,394
27,800	27,830	28,002	27,232	26,561	25,051
187,660	178,994	177,829	173,177	169,234	162,372
102,993	106,814	108,606	87,145	92,944	52,065
(6,955)	1,486	(7,008)	(5,408)	(19,449)	(19,567)
(4,059)	(2,662)	(8,548)	23,560	2,660	3,369
85,813	85,535	136,203	69,434	77,191	88,528
92	202	13	32	127	173
11,849	12,063	12,083	12,123	12,229	12,020
—	—	—	—	—	—
108,107	109,550	111,182	118,977	114,328	116,249
648,732	651,586	693,001	641,361	625,744	581,701
$ 107,184	$ 68,317	$ 10,739	$ 37,750	$ 44,615	$ 22,801

Exhibit I-3
Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2022	2021 (1)	2020	2019
General Corporate Fund				
Nonspendable:				
Prepaid insurance	$ 7,177	$ 6,766	$ 6,089	$ 5,825
Inventories	36,274	34,141	36,143	35,056
Restricted	317,567	318,272	314,398	314,626
Unassigned (Deficit)	57,183	6,234	(58,137)	(77,648)
Total General Corporate Fund	418,201	365,413	298,493	277,859
All Other Governmental Funds				
Nonspendable:				
Prepaid insurance	4	4	—	74
Restricted	318,999	408,410	252,739	273,340
Assigned	156,319	182,460	159,082	167,233
Unassigned	—	—	—	(75)
Total Governmental Funds	$ 893,523	$ 956,287	$ 710,314	$ 718,431

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

2018	2017	2016	2015	2014	2013
$ 5,201	$ 4,101	$ 2,117	$ 2,137	$ 2,143	$ 2,391
33,436	34,787	35,502	37,623	39,586	40,136
310,677	306,854	306,800	305,779	307,147	344,558
(64,772)	(53,799)	(44,428)	(58,427)	(61,850)	(51,960)
284,542	291,943	299,991	287,112	287,026	335,125
76	79	—	—	—	—
335,306	381,079	451,657	378,458	219,606	328,953
158,319	147,473	145,341	127,920	112,768	112,478
(76)	(79)	(13,525)	(9,090)	—	—
$ 778,167	$ 820,495	$ 883,464	$ 784,400	$ 619,400	$ 776,556

Exhibit I-4
Changes in Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2022	2021 (1)	2020	2019
Revenues				
General Revenues:				
Property taxes	$ 554,610	$ 657,068	$ 608,559	$ 535,355
Personal property replacement tax	149,136	78,699	41,130	47,826
Interest on investments	(8,278)	775	7,972	18,293
Lease interest revenue	8,005	8,003	—	—
Land sales	—	4	52	3,073
Tax increment financing distributions	15,455	18,125	18,520	10,345
Claims and damage settlements	169	140	1,163	490
Miscellaneous	6,076	5,812	5,992	7,419
Program Revenues:				
Charges for services				
User charges	35,937	39,189	47,216	48,526
Land rentals	17,402	9,188	25,044	24,827
Lease revenue	13,311	12,927	—	—
Fees, forfeits and penalties	4,627	4,207	3,499	4,044
Capital grants and contributions				
Government grants	29,375	11,808	13,621	18,268
Total revenues	825,825	845,945	772,768	718,466
Expenditures				
Operations:				
Board of Commissioners	4,392	4,099	4,491	4,396
General Administration	17,460	17,055	17,417	16,923
Monitoring and Research	30,792	30,416	30,090	30,325
Procurement and Materials Management	6,088	6,037	5,996	5,705
Human Resources	57,199	54,116	51,079	53,668
Information Technology	18,056	15,761	15,117	15,585
Law	7,003	6,441	6,121	6,134
Finance	3,655	3,331	3,537	3,592
Engineering	23,284	22,681	22,876	23,528
Maintenance and Operations	210,536	197,518	188,562	190,950
Pension costs	113,838	98,966	106,842	82,248
Claims and judgments	4,335	4,276	2,652	4,547
Construction costs	128,590	129,893	151,094	128,176
Debt service:				
Redemption of bonds	177,077	125,739	122,935	126,029
Interest on bonds	108,459	111,820	114,475	116,685
Total expenditures	910,764	828,149	843,284	808,491
Revenues over (under) expenditures	(84,939)	17,796	(70,516)	(90,025)
Other Financing Sources (Uses)				
Payment to escrow agent	—	(404,037)	—	—
State revolving fund loan proceeds	22,175	44,634	62,399	30,289
Sale of refunding bonds	—	356,065	—	—
Proceeds from sale of bonds	—	143,935	—	—
Premium on sale of bonds	—	87,580	—	—
Total other financing sources (uses)	22,175	228,177	62,399	30,289
Net change in fund balance	$ (62,764)	$ 245,973	$ (8,117)	$ (59,736)
Debt service as a percentage of non-capital expenditures	34.3 %	30.8 %	30.6 %	32.6 %

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

2018	2017	2016	2015	2014	2013
$ 603,244	$ 526,932	$ 583,875	$ 525,302	$ 516,316	$ 454,966
37,018	43,194	38,961	37,863	39,571	40,737
15,531	8,784	6,181	5,381	9,486	3,051
—	—	—	—	—	—
—	50	1,233	3,164	8	2,575
6,153	9,100	9,228	13,069	4,925	3,361
1,482	783	209	350	630	2,271
7,666	5,878	5,540	5,869	5,445	4,765
44,000	51,098	48,621	46,238	50,696	49,182
22,678	17,352	20,166	18,189	16,357	14,851
—	—	—	—	—	—
5,116	5,401	4,164	4,885	5,456	3,396
17,082	14,555	12,817	11,165	11,162	11,110
759,970	683,127	730,995	671,475	660,052	590,265
4,148	4,075	4,158	3,662	3,710	3,514
15,816	15,766	15,490	14,833	14,829	14,111
30,204	29,696	28,490	27,486	26,687	25,128
7,236	5,954	6,611	6,885	6,325	5,671
53,227	54,225	54,606	58,441	72,879	67,856
15,125	12,728	14,213	14,697	14,582	14,024
6,139	5,922	6,707	6,018	6,802	6,984
3,450	3,530	3,597	3,427	3,425	3,393
26,031	26,068	26,051	25,971	25,278	23,987
187,563	179,181	177,695	173,534	168,376	161,787
92,668	75,579	77,712	62,498	75,556	67,523
5,497	6,905	4,786	5,658	44,988	4,970
158,670	268,497	296,768	326,430	236,259	199,231
144,296	113,695	102,670	101,220	89,118	85,709
116,398	119,520	117,474	118,680	110,115	111,665
866,468	921,341	937,028	949,440	898,929	795,553
(106,498)	(238,214)	(206,033)	(277,965)	(238,877)	(205,288)
—	—	(399,432)	(82,906)	—	—
64,170	175,245	179,224	181,537	81,721	41,546
—	—	322,260	70,805	—	—
—	—	104,000	225,000	—	—
—	—	99,045	48,529	—	—
64,170	175,245	305,097	442,965	81,721	41,546
$ (42,328)	$ (62,969)	$ 99,064	$ 165,000	$ (157,156)	$ (163,742)
32.8 %	31.6 %	28.4 %	31.7 %	26.9 %	28.8 %

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

Last Ten Fiscal Years

(in thousands of dollars, except tax rates)

Fiscal Year Ended December 31,	Chicago Equalized Assessed Value	Suburbs Equalized Assessed Value	Total Equalized Assessed Value	Total Direct Tax Rate (1)	Estimated Full Taxable Value (3)	Equalized Assessed Value as a Percentage of Full Value
2021	$ 96,913,881	$ 75,821,309	$ 172,735,190	0.382	$ 634,876,257 (2)	27.2%
2020	89,514,969	81,377,754	170,892,724	0.378	634,876,257 (2)	26.9%
2019	87,816,177	76,238,527	164,054,704	0.389	634,876,257	25.8%
2018	86,326,179	69,461,868	155,788,047	0.396	609,672,156	25.6%
2017	76,765,303	71,180,521	147,945,824	0.402	585,291,776	25.3%
2016	74,016,506	66,735,695	140,752,201	0.406	559,685,160	25.1%
2015	70,963,289	59,341,515	130,304,804	0.426	528,843,259	24.6%
2014	64,908,057	60,828,131	125,736,188	0.430	499,136,554	25.2%
2013	62,363,876	61,055,668	123,419,544	0.417	459,860,597	26.8%
2012	65,250,387	68,147,608	133,397,995	0.370	414,382,389	32.2%

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

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

(2) Current data not available from Civic Federation.

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

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

Last Ten Fiscal Years

(rates per $100 of assessed value)

	2022 (1)	2021	2020	2019	2018	2017	2016	2015	2014	2013
District direct rates										
Corporate	$ 0.158	$ 0.154	$ 0.158	$ 0.159	$ 0.158	$ 0.152	$ 0.161	$ 0.175	$ 0.183	$ 0.182
Reserve Claim	0.004	0.004	0.004	0.005	0.004	0.004	0.004	0.004	0.002	0.005
Retirement	0.040	0.041	0.043	0.044	0.047	0.050	0.047	0.044	0.040	0.042
Debt Service	0.139	0.143	0.146	0.155	0.161	0.157	0.160	0.175	0.174	0.163
Construction	0.004	0.004	0.003	0.005	0.008	0.011	0.010	0.013	0.014	0.009
Stormwater Management	0.033	0.031	0.031	0.033	0.031	0.028	0.024	0.019	0.017	0.016
Total direct rate	$ 0.378	$ 0.377	$ 0.385	$ 0.401	$ 0.409	$ 0.402	$ 0.406	$ 0.430	$ 0.430	$ 0.417
Major local governments' tax rates (2)										
City of Chicago	$ —	$ 1.556	$ 1.580	$ 1.603	$ 1.565	$ 1.652	$ 1.630	$ 1.549	$ 1.193	$ 1.209
Chicago Board of Education	—	3.517	3.656	3.620	3.552	3.890	3.726	3.455	3.660	3.671
Chicago Park District	—	0.311	0.329	0.326	0.330	0.352	0.362	0.372	0.401	0.402
Cook County	—	0.446	0.453	0.454	0.489	0.496	0.533	0.552	0.568	0.560
Cook County Forest Preserve Dist.	—	0.058	0.058	0.059	0.060	0.062	0.063	0.069	0.069	0.069
Community College #508 (City Coll)	—	0.145	0.151	0.149	0.147	0.164	0.169	0.177	0.193	0.198
City of Chicago Library Fund	—	0.129	0.140	0.121	0.111	0.118	0.122	0.123	0.134	0.135
City of Chicago School Bldg/Imprvmt	—	0.153	0.166	0.169	0.136	0.124	0.128	0.134	0.146	0.152
District's tax levies by fund (in thousands)										
Corporate	$284,500	$270,881	$266,455	$254,574	$240,466	$224,825	$226,743	$227,196	$230,000	$224,400
Stormwater Management	57,926	52,926	52,926	52,926	47,826	40,856	34,250	24,050	21,000	20,000
Reserve Claim	7,500	7,500	7,500	7,500	6,000	5,900	5,800	5,700	3,000	6,500
Retirement	72,054	72,741	72,228	71,565	71,534	73,438	65,161	58,004	50,531	51,621
Debt Service	250,264	251,562	247,314	249,209	244,859	232,751	225,715	228,728	218,319	202,290
Construction	7,000	7,000	7,000	7,600	11,700	17,000	13,785	16,500	17,400	11,079
Total tax levies	$679,244	$662,610	$653,423	$643,374	$622,385	$594,770	$571,454	$560,178	$540,250	$515,890

Source: Cook County Clerk

(1) District's tax rates are estimated based on 2021 equalized assessed valuation of $173 billion.

(2) Major local governments' rates for 2022 are not yet available.

Exhibit I-7
Principal Property Taxpayers

2021 and Nine Years Ago

(in thousands of dollars)

		2021 (1)			2012		
Taxpayer	**Type of Business**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value (2)**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value**
Willis Tower	Retail & Office	$ 749,728	1	0.43%	$ 386,267	1	0.29%
Merchandise Mart	Business & Office	529,916	2	0.31	243,605	3	0.18
CME Center	Office	460,524	3	0.27	—	—	—
Wanxiang Sterling	Financial Services	405,889	4	0.23	—	—	—
Franklin Center	Retail & Office	386,087	5	0.22	—	—	—
300 N LaSalle	Office	364,795	6	0.21	—	—	—
601 W Companies LLC	Retail & Office	362,135	7	0.21	—	—	—
CBRE	Retail & Office	347,671	8	0.20	—	—	—
HCSC Blue Cross (AON)	Insurance	311,235	9	0.18	—	—	—
One North Wacker Drive	Office	293,784	10	0.17	191,524	10	0.14
AON Center	Insurance	—	—	—	255,346	2	0.19
Citadel Center	Retail & Office	—	—	—	237,236	4	0.18
One Prudential Plaza	Office	—	—	—	234,963	5	0.18
Equity Office Center	Insurance	—	—	—	209,267	6	0.16
Blue Cross Blue Shield Tower	Office	—	—	—	205,275	7	0.15
Water Tower Place	Retail & Office	—	—	—	201,246	8	0.15
Chase Tower	Banking	—	—	—	200,707	9	0.15
Total		$ 4,211,764		2.43%	$ 2,365,436		1.77%

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

(1) 2022 information is unavailable.

(2) The total Equalized Assessed Valuation for 2021 is $172,735,189,631

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

(in thousands of dollars)

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the First Year		
		Amount	Percentage of Levy	Final Due Date
2022	$ 668,023	$ —	— %	*
2021	659,867	495,067	75.0	12/30/22
2020	645,998	623,876	97.0	10/01/21
2019	637,188	619,659	97.2	08/01/20
2018	616,946	604,126	97.9	08/01/19
2017	593,135	581,007	98.0	08/01/18
2016	571,454	559,938	98.0	08/01/17
2015	555,098	541,008	97.5	08/01/16
2014	540,666	523,203	96.8	08/01/15
2013	514,659	497,452	96.7	08/01/14

* Final Due Date for 2022 tax levies is not yet available.

Exhibit I-9
User Charge Rates

Last Ten Fiscal Years

		2022		2021		2020		2019
Large Commercial/Industrial User Rates (1)(2)								
Flow per million gallons	$	277.48	$	278.81	$	273.88	$	269.04
5-day BOD per 1,000 lbs. (5)		181.07		202.93		209.94		216.64
SS per 1,000 lbs. (6)		123.05		117.81		124.16		130.38
Tax-Exempt User Rates (1)(3)								
Flow per million gallons	$	277.48	$	278.81	$	273.88	$	269.04
5-day BOD per 1,000 lbs. (5)		181.07		202.93		209.94		216.64
SS per 1,000 lbs. (6)		123.05		117.81		124.16		130.38
OM&R Rate (4)		0.3410		0.3540		0.3190		0.3280

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

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

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

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

(5) BOD = Biochemical Oxygen Demand

(6) SS = Suspended Solids

2018	2017	2016	2015	2014	2013
$ 264.28	$ 259.61	$ 255.02	$ 250.51	$ 246.08	$ 241.73
223.03	229.13	234.95	240.49	245.75	250.76
136.48	142.47	148.33	154.08	159.72	165.24
$ 264.28	$ 259.61	$ 255.02	$ 250.51	$ 246.08	$ 245.18
223.03	229.13	234.95	240.49	245.75	254.34
136.48	142.47	148.33	154.08	159.72	167.60
0.3010	0.3390	0.3440	0.3910	0.4350	0.4240

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

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes and Interest	Financed Purchase (4)	Total Debt	Resources Available for Repayment of Debt (2)	Net Debt	Total Debt as a % Personal Income (3)	Total Debt per Capita (3)	Net Debt as a % of Est Full Taxable Value (3)	Net Debt Per Capita (3)
2022	$2,816,854	$ 18,942	$ 24,262	$ 2,860,058	$ 96,919	$2,763,139	1.20%	$ 553.71	0.67%	$ 534.95
2021	2,956,682	47,964	27,405	3,032,051	130,308	2,901,743	1.45	586.47	0.66	561.27
2020	2,836,904	76,035	30,401	2,943,340	113,261	2,830,079	1.43	574.76	0.46	552.64
2019	2,956,178	27,275	33,257	3,016,710	111,435	2,905,275	1.46	585.09	0.49	558.19
2018	2,978,999	109,866	35,979	3,124,844	134,450	2,990,394	1.56	601.28	0.53	575.41
2017	2,879,915	296,529	38,574	3,215,018	147,000	3,068,018	1.65	619.70	0.58	591.37
2016	2,965,282	157,390	41,047	3,163,719	163,508	3,000,211	1.86	603.88	0.60	572.67
2015	2,770,788	161,697	43,405	2,975,890	140,806	2,835,084	1.91	565.76	0.57	538.99
2014	2,500,785	90,460	45,653	2,636,898	140,162	2,496,736	1.83	495.84	0.50	469.49
2013	2,481,973	35,809	47,795	2,565,577	122,527	2,443,050	1.73	489.52	0.53	466.14

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

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

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

(4) The District entered into a Financed Purchase agreement in 2010.

Exhibit I-11
Estimate of Direct and Overlapping Debt

As of December 31, 2022

(in thousands of dollars)

Direct debt				
Bonds and notes payable				$ 2,637,381
Bond anticipation notes				18,942
Premium				179,473
Financed purchase				24,262
Total direct debt				2,860,058

Overlapping bonded debt of major local governments (1)	Net Debt (2)	% Applicable	Applicable Amount	
City of Chicago (3)	$ 5,856,240	100.00 %	$ 5,856,240	
Chicago Board of Education (3)	8,430,596	100.00	8,430,596	
Chicago Park District (3)	831,290	100.00	831,290	
City Colleges (District 508) (3)	297,225	100.00	297,225	
Cook County	2,936,863	98.10	2,880,963	
Cook County Forest Preserve District	98,005	98.10	96,143	
Total overlapping debt (4)				18,392,457
Total direct and overlapping debt				$ 21,252,515

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

(2) Source: Each of the respective taxing districts, current as of December 31, 2022.

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

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

Exhibit I-12
Computation of Statutory Debt Margin
Last Ten Fiscal Years

(in thousands of dollars)

	2022 (1)	2021	2020	2019
Equalized assessed valuation	$ 172,735,190	$ 172,735,190	$ 170,892,724	$ 164,054,704
Statutory debt limit (5.75% of equalized assessed valuation)	9,932,273	9,932,273	9,826,332	9,433,145
Total debt applicable to debt limit:				
General obligation bonds outstanding	2,637,381	2,759,628	2,694,934	2,800,782
Less: alternate bonds (2)	(137,812)	(136,823)	(98,101)	(99,253)
Adjusted general obligation bonds outstanding	2,499,569	2,622,805	2,596,833	2,701,529
Bond anticipation notes outstanding	18,942	47,964	76,035	27,275
Financed purchase	24,262	27,405	30,401	33,257
Liabilities of tax financed funds:				
Corporate	39,385	34,633	27,813	26,409
Stormwater	12,170	9,593	7,957	6,352
Reserve claim	308	148	13	638
Construction	1,252	936	1,170	1,819
Total applicable debt	2,595,888	2,743,484	2,740,222	2,797,279
Less applicable assets:				
Debt service funds unrestricted cash and investments	43,345	96,193	91,295	87,040
Interest payable in the next twelve months	(103,862)	(107,212)	(109,380)	(112,942)
Total applicable assets	(60,517)	(11,019)	(18,085)	(25,902)
Total net debt applicable to debt limit	2,656,405	2,754,503	2,758,307	2,823,181
Statutory debt margin	$ 7,275,868	$ 7,177,770	$ 7,068,025	$ 6,609,964
Total applicable net debt as a percentage of statutory debt limit	26.7 %	27.7 %	28.1 %	29.9 %

(1) Debt limit calculation based on 2021 equalized assessed valuation since 2022 value is not yet available.

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

2018	2017	2016	2015	2014	2013
$ 155,788,047	$ 147,945,823	$ 140,752,201	$ 130,304,804	$ 125,736,188	$ 123,419,544
8,957,813	8,506,885	8,093,252	7,492,526	7,229,831	7,096,624
2,810,177	2,697,667	2,769,608	2,655,365	2,422,620	2,481,973
(97,190)	(98,145)	(99,080)	(50,000)	—	—
2,712,987	2,599,522	2,670,528	2,605,365	2,422,620	2,481,973
109,866	296,529	157,390	161,697	90,460	35,809
35,979	38,574	41,047	43,405	45,653	47,795
24,983	21,650	27,952	23,647	37,136	30,150
7,090	1,715	2,062	6,973	5,689	3,515
643	274	174	205	681	380
5,017	3,171	3,368	4,812	6,648	2,816
2,896,565	2,961,435	2,902,521	2,846,104	2,608,887	2,602,438
85,880	109,965	115,673	108,671	108,392	98,006
(115,017)	(114,603)	(117,604)	(115,735)	(106,175)	(107,868)
(29,137)	(4,638)	(1,931)	(7,064)	2,217	(9,862)
2,925,702	2,966,073	2,904,452	2,853,168	2,606,670	2,612,300
$ 6,032,111	$ 5,540,812	$ 5,188,800	$ 4,639,358	$ 4,623,161	$ 4,484,324
32.7 %	34.9 %	35.9 %	38.1 %	36.1 %	36.8 %

Exhibit I-13
Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Household Income	Unemployment Rate
2022	5,165,243	$ 230,458,568	$ 44,617	$ 76,354	4.6%
2021	5,170,239	224,228,052	43,369	76,764	6.2
2020	5,121,057	197,568,600	38,580	69,884	9.3
2019	5,156,329	198,958,400	38,588	67,783	3.8
2018	5,197,297	191,289,682	36,806	65,818	4.1
2017	5,188,486	186,434,150	35,936	63,794	4.8
2016	5,239,253	170,081,127	32,464	58,708	5.8
2015	5,260,069	155,734,043	29,607	54,461	5.8
2014	5,318,365	144,394,219	27,152	53,653	7.0
2013	5,241,489	148,352,487	28,304	51,391	9.1

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

Exhibit I-14
Principal Employers

2022 and Nine Years Ago

	2022			2013		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
U.S. Government (1)	52,315	1	1.01%	49,860	1	0.95%
Chicago Public Schools (2)	41,469	2	0.80	39,094	2	0.75
City of Chicago (5)	30,216	3	0.58	30,340	3	0.58
Amazon.Com Inc. (4)(7)	28,994	4	0.56	—	—	—
Advocate Health (6)	26,841	5	0.52	18,512	5	0.35
Northwestern Memorial Healthcare (3)	24,120	6	0.47	—	—	—
University of Chicago	21,618	7	0.42	15,452	7	0.29
Cook County	19,263	8	0.37	21,482	4	0.41
Walgreen Co.	17,344	9	0.34	—	—	—
Walmart Inc. (7)	17,300	10	0.33	—	—	—
J.P. Morgan Chase & Co.	—	—	—	16,045	6	0.31
State of Illinois	—	—	—	14,731	8	0.28
AT&T Inc.	—	—	—	14,000	9	0.27
United Continental Holdings Inc.	—	—	—	14,000	9	0.27
Total	279,480		5.40%	233,516		4.46%

(1) Fiscal year ends in September.

(2) Fiscal year ends in June.

(3) Fiscal year ends in August.

(4) Includes estimated distribution center employment figures from MWPVL International. Includes part-time employees. Includes Whole Foods employees.

(5) City of Chicago Estimate

(6) Formerly Advocate Aurora Health. As of December 2022, Advocate Aurora Health and Atrium Health merged to become Advocate Health.

(7) Includes part-time employees.

Source: Reprinted with permission, Crain's Chicago Business [January 27, 2023] © Crain Communications, Inc.

Exhibit I-15
Budgeted Positions by Fund/Department

Last Ten Fiscal Years

	Budgeted Positions									
Fund/Department	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
General Corporate Fund										
Board of Commissioners	37	36	36	38	38	38	38	37	37	37
General Administration	125	123	121	119	121	123	122	119	112	109
Monitoring and Research	289	291	294	300	312	309	308	297	288	286
Procurement and Materials Management	61	61	63	63	63	63	63	63	62	62
Human Resources	95	93	92	93	91	141	73	74	72	58
Information Technology	68	70	70	71	73	75	76	70	70	70
Law	38	38	38	39	37	38	38	37	36	38
Finance	27	27	27	27	28	28	28	29	29	29
Engineering (Corporate Fund)	198	199	205	212	242	246	244	242	241	242
Maintenance & Operations	934	906	916	920	904	922	927	955	951	947
Total General Corporate Fund	1,872	1,844	1,862	1,882	1,909	1,983	1,917	1,923	1,898	1,878
Engineering (Stormwater Management)	100	96	91	85	57	59	59	59	63	49
Grand Total	1,972	1,940	1,953	1,967	1,966	2,042	1,976	1,982	1,961	1,927

Exhibit I-16
Operating Indicators
Last Ten Fiscal Years

	Area Served (1)	Communities Served (2)	Number of People Served (3)	Commercial and Industrial Population Equivalent Served	Number of Local Sewer Connections to Intercepting Sewers	Gallons of Pumping Station Maximum Capacity (4)	Gallons of Sewage Processed per Day (4)	Daily Sewage Treatment Capacity (4)
2022	882	129	5,165,243	5,290,000	10,000	4,000,000	1,190,200	2,000,000
2021	882	129	5,170,239	5,290,000	10,000	4,000,000	1,128,200	2,000,000
2020	882	129	5,121,057	4,500,000	10,000	4,000,000	1,245,400	2,000,000
2019	882	129	5,156,329	4,500,000	10,000	4,000,000	1,479,800	2,000,000
2018	882	129	5,197,297	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2017	882	129	5,188,486	4,500,000	10,000	4,000,000	1,251,000	2,000,000
2016	883	129	5,239,253	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2015	883	129	5,260,069	4,500,000	10,000	4,000,000	1,244,200	2,000,000
2014	883	129	5,318,365	4,500,000	10,000	4,000,000	1,288,600	2,000,000
2013	884	126	5,241,489	4,500,000	10,000	4,000,000	1,218,200	2,000,000

(1) In square miles
(2) Including the City of Chicago
(3) Nielsen - Claritas Data Service
(4) In thousands of gallons

Exhibit I-17
Capital Asset Statistics

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Miles of intercepting sewers and force mains operated	560	560	560	560	560	560	560	560	560	560
Miles of waterway water levels controlled	76	76	76	76	76	76	76	76	76	76
Acres of strip-mined land utilized for solids processing	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+
Number of water reclamation plants	7	7	7	7	7	7	7	7	7	7
Number of pumping stations	23	23	23	23	23	23	23	23	23	23
Miles of TARP tunnels constructed for pollution and flood control	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Number of TARP reservoirs constructed	2	2	2	2	2	2	2	2	1	1
Number of TARP reservoirs under construction	1	1	1	1	1	1	1	1	2	2
Number of flood control reservoirs	33	33	33	33	33	33	33	33	33	31
Instream aeration stations	2	2	2	2	2	2	2	2	2	2
Side stream elevated pool aeration stations	5	5	5	5	5	5	5	5	5	5

Source: District's Engineering Department

IV.
SINGLE AUDIT SECTION

A new permeable parking lot funded by the MWRD is protecting the community from flooding, enhancing local water quality, and attracting boaters to the Forest Preserves of Cook County (FPCC). Project partners from the MWRD joined the FPCC, Cook County Board leaders and local officials on Oct. 27 to mark the completion of the Schuth's Grove canoe and kayak launch at Cermak Road, west of Des Plaines Avenue near Riverside. From L to R: Cook County Commissioner Frank J. Aguilar, MWRD President Kari K. Steele, Illinois Department of Natural Resources Assistant Director John Rogner, Forest Preserves of Cook County General Superintendent Arnold Randall, Cook County Board President Toni Preckwinkle, MWRD Commissioner Mariyana Spyropoulos and MWRD Commissioner Kimberly Du Buclet unveil the new canoe and kayak launch at Schuth's Grove off the Des Plaines River.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago, (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 12, 2023. The financial statements of the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care Trust Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care Trust Fund. Our report includes a reference to other auditors who audited the financial statements of the Metropolitan Water Reclamation District Pension Trust Fund, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Chicago, Illinois
May 12, 2023

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of the Metropolitan Water Reclamation District of Greater Chicago (the "District") for the year ended December 31, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the District for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

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

Auditor's Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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

Adelfia LLC

Chicago, Illinois
May 12, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Metropolitan Water Reclamation District of Greater Chicago's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Adelfia LLC

Chicago, Illinois
May 12, 2023

Page intentionally left blank

Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency						
Passed through Illinois Environmental Protection Agency						
CWSRF Cluster						
Capitalization Grants for Clean Water State Revolving Funds						
Project Descriptions						
F&I Odor Control Systems, Calumet, Kirie, Hanover Park WRPs	M	66.458	L172129	March 2019	—	$ 150,100
Digester Rehab & Gas Piping Replacement, SWRP	M	66.458	L172130	December 2019	—	835,400
Central Boiler Facility and Electrical Updates, Hanover Park WRP	M	66.458	L172742	January 2022	—	879,000
Install Mechanical Mixers Stickney WWTP	M	66.458	L172744	November 2020	—	537,100
Digester Sludge Heating System Upgrades & Boiler Removal, CWRP	M	66.458	L173798	January 2020	—	854,500
Furnish and Install New Coarse Screens Stickney WRF	M	66.458	L173801	May 2021	—	803,600
Odor Control Facilities at Various Locations, SWRP	M	66.458	L174708	September 2019	—	186,600
McCook Reservoir, Des Plaines Inflow Tunnel, SSA	M	66.458	L175367	June 2018	—	3,600
Rehabilitation of North Branch Pumping station, NSA	M	66.458	L175539	June 2018	—	250,700
Furnish, Deliver, and Install Disc Filters at the Egan Water Reclamation Plant	M	66.458	L175569	April 2022	—	981,500
Rehabilitation of TARP Mainstream Pumps	M	66.458	L175578	May 2021	—	1,490,600
		Total U.S. Environmental Protection Agency Funding of CWSRF Cluster - Capitalization Grants for Clean Water State Revolving Funds				$ 6,972,700

Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
Federal Emergency Management Agency						
Passed through the Illinois Emergency Management Agency						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Project Descriptions						
COVID-19: Purchases of Covid-19 Related Supplies and Equipment		97.036	MWRD 001	July 2020	—	$ 175,723
Total Federal Emergency Management Agency Disaster Grants - Public Assistance						$ 175,723
U.S. Department of the Army						
Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the McCook Reservoir Underflow Plan						
Project Description						
Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL	M	N/A	73-161-2H	January 2019	—	$ 3,358,323
Total U.S. Department of the Army Funding of Chicagoland Underflow Plan of Stage 2 of the McCook Reservoir						$ 3,358,323
Total Expenditures of Federal Awards						**$ 10,506,746**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

M - Program was audited as a major program

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Metropolitan Water Reclamation District of Greater Chicago (the "District") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and the respective change in financial position of the District.

Note 2 – **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Programs Description

Assistance Listing # 66.458 – Capitalization Grants for Clean Water State Revolving Funds

The Capitalization Grants for Clean Water State Revolving Funds create State Revolving Funds (SRFs) through a program of capitalization grants to states, which will provide a long-term source of state financing for construction of wastewater treatment facilities and implementation of other water quality management activities. The capitalization grant is deposited in the SRF, which is used to provide loans and other types of financial assistance, but no grants, to local communities and intermunicipal and interstate agencies. The States must agree to enter into binding commitments with recipients to provide financial assistance from the SRF in an amount equal to 16.67% of the total SRF loan, with the federal share being 83.33%.

Assistance Listing # 97.036 – Disaster Grants-Public Assistance (Presidentially Declared Disasters)

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

Note 4 – Programs Description – Continued

U.S. Department of the Army Funding for Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir

The McCook Reservoir Project was authorized by the Water Resources Development Act of 1988. The District and the U.S. Army Engineer, Chicago District signed the Project Cooperation Agreement on May 10, 1999. The District is the local sponsor and will own and operate the reservoir when construction is completed. The project helps with combined sewer (sanitary and storm) overflows that cause flooding and watercourse contamination in Chicagoland and benefits Chicago and 36 suburbs, including 1.5 million structures and 5 million people. The reservoir will be built in two stages. Stage 1 of the reservoir, with a flood storage of 3.5 billion gallons, was completed on December 31, 2017. Stage 2 of the reservoir, with a storage volume of 6.5 billion gallons, is scheduled to be completed in 2029. It will be built by the District as part of a pilot project under Section 1043(b) of the Water Resources Reform and Development Act of 2014. Section 1043(b) provides the federal share of the project cost directly to the local sponsor. The District will build the final components of the reservoir with the U.S. Army Corps of Engineers, Chicago District monitoring the District's activities to ensure the reservoir is completed to the federal standard. Funding in the amount of $33,820,000 was provided to the District in February 2019 for the pilot project.

Note 5 – Projects Descriptions

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31, 2022:

State Revolving Fund Loans

Loan #L172129 was awarded to the District on March 1, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Odor Control Systems at Calumet, Kirie, and Hanover Park Water Reclamation Plants (WRPs), Project 17-844-3P. The maximum SRF loan amount is $4,216,511. The maximum passthrough federal funding is $3,513,619. A total of $150,100 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $201,104 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L172130 was awarded to the District on December 13, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Rehabilitation of Digester Covers, Tank Walls, Digester Gas Piping, Mixing System Components, and Waste Gas Burners in Digesters 1-12 at the Stickney WRP, Project 17-140-3P. The maximum SRF loan amount is $14,124,462. The maximum passthrough federal funding is $11,769,914. A total of $835,400 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $665,798 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L172742 was awarded to the District on January 12, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Replacement of Boilers in the Pump and Blower Building of Hanover Park Water Reclamation Plant (HPWRP). Project 19-542-3MR. The maximum SRF loan amount is $13,499,843. The maximum passthrough federal funding is $11,249,419. A total of $879,000 federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $1,422,264 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Note 5 – Projects Description – Continued

Loan #L172744 was awarded to the District on November 20, 2020, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Installation of Mechanical Mixers at the Stickney WRP, Project 19-157-3P. The maximum SRF loan amount is $8,983,689. The maximum passthrough federal funding is $7,486,107. A total of $537,100 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $133,808 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L173798 was awarded to the District on January 14, 2020, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Upgrade of Digester Sludge Heating System and Boiler Removal at CWRP, Project 18-277-3M. The maximum SRF loan amount is $26,234,615. The maximum passthrough federal funding is $21,861,305. A total of $854,500 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $3,318,871 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L173801 was awarded to the District on May 12, 2021, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Furnishing and Installation of New Coarse Screens at the Stickney WRF, Project 20-903-31. The maximum SRF loan amount is $4,505,220. The maximum passthrough federal funding is $3,754,200. A total of $803,600 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $1,941,322 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L174708 was awarded to the District on September 5, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Odor Control Facilities for Sludge Concentration Areas at SWRP, Project 17-134-3MR. The maximum SRF loan amount is $16,962,555. The maximum passthrough federal funding is $14,134,897. A total of $186,600 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $64,248 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175367 was awarded to the District on June 22, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for McCook Reservoir Des Plaines Inflow Tunnel, SSA, Project 13-106-4F. The maximum SRF loan amount is $33,382,100. The maximum passthrough federal funding is $27,817,304. A total of $3,600 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $4,205,539 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175539 was awarded to the District on June 28, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for North Branch Pumping Station Rehabilitation, NSA, Project 16-079-3D. The maximum SRF loan amount is $4,713,744. The maximum passthrough federal funding is $3,927,963. A total of $250,700 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $241,912 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Note 5 – Projects Description – Continued

Loan #L175569 was awarded to the District on April 13, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Furnishing, Delivering and Installation of Disc Filters at Egan WRP, project 18-702-31. The maximum SRF loan amount is $9,161,850. The maximum passthrough federal funding is $7,634,570. A total of $981,500 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $2,423,913 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175578 was awarded to the District on May 7, 2021, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Rehabilitation of TARP Mainstream Pumps 1, 3 and 5, Project 18-144-3M. The maximum SRF loan amount is $24,051,417. The maximum passthrough federal funding is $20,042,046. A total of $1,490,600 in federal funds was disbursed by the IEPA during fiscal year 2022. As of December 31, 2022, $3,493,165 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The Disaster Grants-Public Assistance was awarded to the District on July 22, 2020. The grant amount was $175,723. The grant payment was a reimbursement of the District's 2022 expenditure for activities conducted to implement additional protective safety measures to contain the spread of Covid-19 at its facilities and continue its critical public health missions of treating wastewater and providing storm water management to the residents of Cook County, Illinois without interruption. Purchases included disposable wipes, hand sanitizers, disinfectant solutions and sprays, water quality meters and probes, gloves, masks and face shields, bleach, air purifiers, sneeze guard portable counter shields, automatic flush valve retrofit kits, bathroom sink faucets, disposable coveralls and lab safety glasses.

U.S. Department of the Army Funding for Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir

On January 31, 2019, the District entered into a Project Partnership Agreement with the U.S. Department of the Army for completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, Project 73-161-2H. The U.S. Department of the Army funding is passed through the U.S. Army Corps of Engineers, Chicago District. Out of $33,820,000 provided by the U.S. Department of the Army, the District expended $5,429,238 from inception of which $3,358,323 was expended in 2022.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	____ Yes	✓ No
• Significant deficiency(ies) identified?	____ Yes	✓ None Reported
Type of auditors' report issued on compliance for major federal programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	✓ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
66.458	Capitalization Grants For Clean Water State Revolving Funds
N/A	Stage 2 of the McCook Reservoir Underflow Plan

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

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

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

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO