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

Chicago, Illinois

As of and for the year ended
December 31, 2020

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

Incorporated May 29, 1889

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I.
INTRODUCTORY SECTION

President Kari K. Steele (from L to R) and Vice President Barbara J. McGowan helped coordinate a flag-raising ceremony to commemorate Black History Month on Feb. 4, 2020. It was the first time the flag was raised outside the District's Main Office Building and kicked off a series of events to honor the accomplishments of local African American history makers throughout the month.

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Metropolitan Water Reclamation District of Greater Chicago

Board of Commissioners and Principal Officers

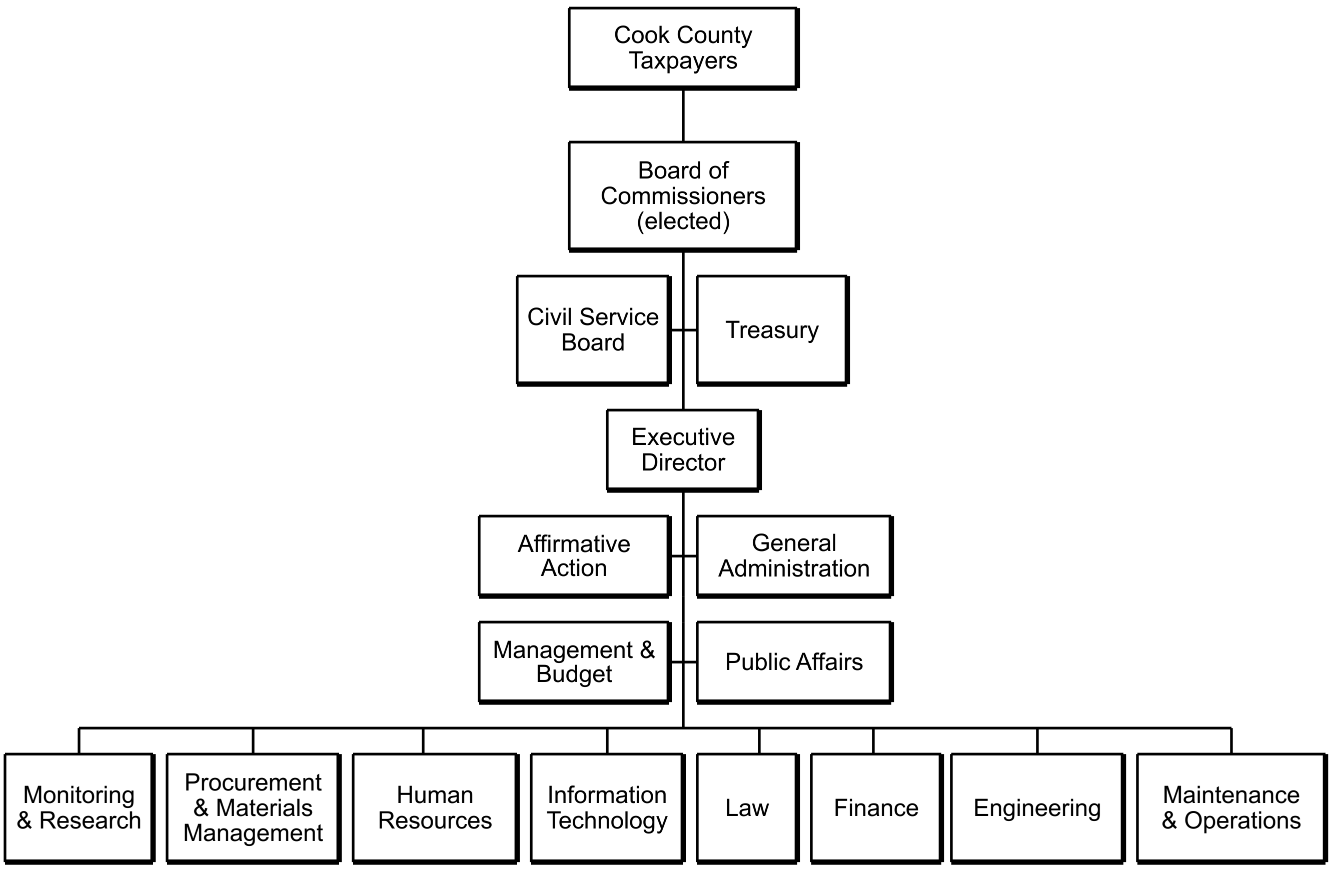
Board of Commissioners:
Honorable Kari K. Steele, President
Honorable Barbara J. McGowan, Vice President
Honorable Marcelino Garcia, Chairman, Committee on Finance
Honorable Cameron Davis
Honorable Kimberly Neely Du Buclet
Honorable Josina Morita
Honorable Eira L. Corral Sepúlveda
Honorable Debra Shore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

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

Main Office
100 East Erie Street
Chicago, Illinois 60611

Metropolitan Water Reclamation District of Greater Chicago

Organization Chart



1,953 Budgeted
Positions in 2020

Metropolitan Water Reclamation District of Greater Chicago

President's Annual Message
2020: A Year in Review

The year 2020 will be etched in our memories as the novel coronavirus (COVID-19) pandemic swept through our communities claiming many lives, separating us from our friends, families and co-workers and challenging us in ways not imaginable. But it also gave us a reminder of the critical role we play in protecting our water environment. The word "resilient" is often used when discussing our work combating flooding, protecting our region's water quality, and proving our sustainability. Yet it was our hard-working women and men at the Metropolitan Water Reclamation District of Greater Chicago (MWRD) who were resilient in 2020.

Staff reported to our water reclamation plants each day to treat wastewater, survey our waterways, mitigate flooding, monitor industrial waste, collect and analyze water samples and keep projects moving. Other staff working from home could meet with their colleagues on Microsoft Teams while forging ahead on contracts and permits from their kitchen tables, managing our real estate, and designing and maintaining infrastructure. Our Board of Commissioners united on video conference calls to advance this essential work and keep our region's water flowing. Some of our staff manufactured face masks, face shields and touchless door openers from their homes. We worked together to keep our operations running, and I am so proud to play a part in this important work and continue our services on which communities rely. Here are a few memorable highlights and achievements through 2020 that marked our resiliency.

Kari K. Steele
President of the Board of Commissioners

Financial responsibility

Despite the turbulent economy around us, we again received a stable outlook from Fitch Ratings, which maintained our AAA credit rating. The Fitch report cited the MWRD's strong revenue defensibility, low operating costs, minimal risk and flexible revenue raising options. This strong credit rating gives our taxpayers the confidence that the MWRD remains prudent financial stewards of their tax dollars. The MWRD's Comprehensive Annual Financial Reports, comprised of both audits of the MWRD and MWRD Retiree Health Care Trust, reflected healthy fund balances and controlled expenditures coming into the year. We also updated our investment policy calling for sustainability factors to be regularly considered when evaluating investments.

A utility of the future, again

The MWRD was bestowed with the distinguished title of a "Utility of the Future Today" for the second time. This three-year recognition program promotes the emerging transformation of traditional wastewater treatment systems and water utilities into community-based resource recovery centers that serve as leaders in the overall sustainability and resilience of the communities they serve.

Platinum performances

The National Association of Clean Water Agencies recognized the MWRD with six Platinum Peak Performance Awards for at least five consecutive years of meeting stringent permit guidelines at six MWRD WRPs, including the Calumet WRP, which earned platinum honors for meeting full compliance for 28 consecutive years. Despite the unpredictable nature of stormwater running off streets and sidewalks and wastewater flowing through our pipes, our resourceful staff and WRPs showed their merit against all types of odds.

Resource Recovery

Our staff not only transform water but also recover other beneficial resources that have untapped potential. Thanks to development of a revolving algal biofilm (RAB) system, our Monitoring and Research staff and partners from Iowa State University affiliate Gross-Wen Technologies received a $240,000 grant from the U.S. Department of Energy's Office of Technology Transitions. This sustainable nutrient recovery system uses a unique alga harvesting process at the MWRD's O'Brien WRP greenhouse. For advancing algae technology and research, project partners received the Water Environment Federation's Ralph Fuhrman Medal for Outstanding Water Quality Academic-Practice Collaboration, as well as the Innovation Collaboration of the Year Award from the Algae Biomass Organization.

We continued our partnership with the Illinois Farm Bureau to develop nutrient loss reduction strategies with the agricultural sector at our Fulton County best management practices test site. In October, we revised our Resource Recovery Ordinance to allow breweries the opportunity to deliver their organic waste locally at a more affordable cost at the Calumet WRP.

Energy continues to be the focus of our prized recovered resources. For decades, we have created clean, renewable energy from organic material removed from wastewater and generated hydroelectric power at our Lockport Powerhouse. This year we benefited by reducing our electrical energy consumption. Thanks to a $1.5 million grant from the Illinois Environmental Protection Agency Office of Energy, our Stickney WRP's lighting and HVAC controls were upgraded for maximum energy efficiency. The upgrades reduce lighting energy consumption by more than 50 percent for approximately 7,474 fixtures that were replaced or retrofitted.

Studying our work and our river

This fall our scientists and partners at the U.S. Department of Energy's Argonne National Laboratory released the findings of a seven-year Microbiome Project. This groundbreaking study gave us an unprecedented look into the microbes that impact the quality of the Chicago Area Waterway System (CAWS) and ushered in a rare and comprehensive look into the health of a waterway. The study concluded that there were changes in the microbial composition and dynamics of the CAWS following the implementation of state-of-the-art disinfection technologies at the WRPs in 2016 and expansions to TARP. The microbiome study complemented additional research by the Shedd Aquarium and the MWRD this summer that showed a gradual increase in both the total number of fish and fish species in the CAWS. Thanks to our work and demand for clean water, the Chicago waterways are more ecologically productive and conducive to aquatic life than ever.

Stormwater management

The MWRD's Stormwater Management Program has become a critical tool of protection for Cook County. The program provides support for communities to undertake capital improvement projects that reduce the potential for stormwater damages to life, public health, safety, property and the environment. Between local and regional stormwater management projects, green infrastructure partnerships and flood prone property acquisitions, we have more than 170 projects in some phase of design or construction, and the totality of these projects are protecting more than 13,000 structures from flooding. The MWRD continues to address urban flooding through our Stormwater Master Planning program using a multi-faceted, holistic approach.

SPACE TO GROW

The MWRD continued its Space to Grow partnership to engage communities across Chicago and promote the importance of green infrastructure in the Chicago Public Schools. With the conversion of five more schoolyards from asphalt lots and rehabbing them into attractive, permeable surfaces, the total is now 25 schoolyards completed, retaining a combined 4.4 million gallons of water per rain event. Our Space to Grow program has been so successful that we are now studying the possibility of implementing a similar program in the suburbs.

WMO AND STORMWATER DETENTION TRADING

In 2020, we collaborated with municipal partners as well as planners, engineers, attorneys, state and federal agencies, non-governmental organizations, and the public, to revise the Watershed Management Ordinance (WMO). We implemented a pilot study to incorporate a regional stormwater detention and volume control trading program that allows developers to enter into agreements with offsite landowners to meet WMO permit stormwater requirements. The Lower Des Plaines River and Little Calumet River watersheds were selected for the study because of the large size and lower release rates in these areas.

Tunnel and Reservoir Plan (TARP) update

A new 20-foot diameter Des Plaines Inflow Tunnel and gate shaft are being constructed to connect McCook Reservoir Stage I directly to the existing Des Plaines Tunnel system. This critical project is on schedule for completion in 2021. Meanwhile, mining operations continue at McCook Reservoir Stage II. Through September, McCook Reservoir Stage I has captured 66 billion gallons of combined sewage and stormwater. When completed in 2029, the McCook Reservoir will provide 10 billion gallons of storage capacity and deliver more than $143 million annually in projected flood reduction benefits. In the meantime, the Thornton Reservoir has captured more than 38 billion gallons since it went online in 2015.

Online payment system

We launched a new online payment system to expedite processing for permit applications and other programs. The online system assists applicants for WMO permits, lobbyist registrations, and coupon purchases for suppliers that contribute to the MWRD's resource recovery program. The new system modernizes operations for users while facilitating the MWRD's efforts to review and issue WMO permits as staff work remotely.

Ethics Ordinance

At our January meeting, our Board approved an ethics ordinance designed to strengthen and ensure ongoing transparent, responsible operations. The amended ordinance expounds upon the provisions of the MWRD's 2004 Ethics Ordinance by adopting new provisions and expanding others that collectively represent best practices in all aspects of our work to protect the water environment. I applaud our Commissioners, Law Department and our Independent Inspector General for establishing these guiding principles that uphold the highest accountability practices.

Supporting wildlife and supporting our work

In 2020, we took up several causes that spoke to sustainability at our facilities, while also encouraging the wildlife that inhabits our planet. In February, the Board passed a resolution supporting the Illinois Monarch Project. To support the Illinois Monarch Project, we distributed free milkweed seed packets. We also enlisted the services of 65 goats and sheep to help trim overgrowth and invasive species and maintain the native prairie landscape at the Calumet WRP.

Community Outreach and Stakeholder Engagement

As an organization funded through taxpayer support, it is important that the MWRD be transparent in all that it does. We work hard to communicate how we spend taxpayer dollars and how our work is positively transforming the environment. Prior to the pandemic, our Commissioners and staff attended thousands of events and we hosted hundreds of tours at our facilities. Like every other organization, we had to pivot to a virtual environment. Due to the Governor's order, our Board meetings were held virtually. Our staff participated in Teams and Zoom calls, lead virtual tours, created videos, and held our first virtual Sustainability Summit. We produced a "Where Does It Go" storybook to share with younger audiences to explain how we treat wastewater. I'm also happy to report that our Public and Intergovernmental Affairs Officer received the Public Communication and Outreach Program award from the Water Environment Federation.

Diversity & Inclusion

Recruitment

At the MWRD we actively work to highlight our career opportunities to diverse student populations. To assist in this effort, we actively recruit students from Historically Black Colleges and Universities as well as the Hispanic Association of Colleges and Universities.

New Apprenticeship Program

The MWRD has made great strides in our diversity efforts. We have a minority workforce representation of 43 percent and a female workforce representation of 26 percent as of June 30, 2020. Due to the industrial work environment, recruiting females and minorities remain a challenge, but we are continuing to make gains. In 2020, the MWRD hired six Trainees under a unique apprenticeship partnership with one of the unions that represents District employees. The MWRD will continue to explore additional trainee and apprenticeship opportunities in the skilled craft classifications with the goal of increasing female and minority representation in these classifications.

Mentorships

One of our internal development initiatives is the Engineer Mentoring Program. This program provides professional development opportunities to entry-level engineers by expanding their internal network. We pair participants with Senior-level engineers that provide one-on-one mentorship. Mentors share their knowledge of the MWRD's mission while assisting with the advancement of technical and professional skills. These programs are important in preparing our female and minority engineers for increasing responsibilities and roles at the District. In addition, while our internship program for 2020 was cancelled due to the pandemic, we fully expect to be back with a robust internship program in 2021 that will be open to all.

Goals and Milestones

Action for our climate, sustainability, and resilience

The Chicago region experienced record rain totals for the third consecutive year for the month of May. In the face of climate change, a committee of interdepartmental staff took a crucial next step to research and draft two critical strategic documents that will help guide the organizational culture, goals, and priorities for the MWRD for generations to come. The Climate Action Plan and Sustainability and Resiliency Action Plan will help us prove our resilience while addressing ways we can reduce our carbon footprint and think sustainably in adapting to and mitigating the effects of climate change.

Raising the Black Heritage Flag

On Feb. 4, we were joined by elected officials, community leaders, educators and staff to raise the Black Heritage Flag for the first time in the MWRD's history in front of the MWRD headquarters. A short time later, other government institutions followed with flag raisings of their own throughout the state. We raised the Black Heritage Flag to express our support for the black community and commitment to diversity.

LGBTBE and BEPD Policies

Our Board approved two new policies that will promote opportunities for small business enterprises owned and operated by both members of the LGBT community and persons with disabilities. For decades, we have been leaders in creating business opportunities for small and disadvantaged business owners. Under these policies, LGBT business enterprises (LGBTBE) and business enterprises owned and operated by persons with disabilities (BEPD) are now included in established MWRD policy that assists small business enterprises that are owned and operated by minorities, women, and veterans.

Juneteenth

The Board unanimously decided to recognize Juneteenth as an optional holiday for employees. Juneteenth occurs on June 19 to celebrate the emancipation of those who had been enslaved in the United States. MWRD officials agreed this is an important and significant day in history to encourage people to come together, recall and reflect upon of all sacrifices and struggles for civil liberties and equality, and to be mindful of treating all people with respect and courtesy.

Conclusion

Under extraordinary circumstances, we prevailed in 2020. It is that determination, vigilance, open lines of communication and foundation that will guide us in 2021. We do not know what the future holds, how our workplace will look or how work functions may evolve from remote settings. One thing is clear: we will be ready. As this year has proven, our service is essential. So many of our dedicated staff continued to come to work each day to ensure our water environment was protected, our wastewater treated and stormwater managed, and those who worked from home provided a critical backbone of support to keep our region thriving. During this time, we have done an amazing job of wearing masks, washing our hands, and acknowledging strong social distancing habits. THANK YOU to our MWRD team of professionals for embracing the changes, remaining resilient, adhering to an all-new work environment and Center for Disease Control (CDC) guidelines as we continue to achieve our essential mission during these unprecedented times. It is my sincere hope that everyone in our MWRD family, our taxpayers, stakeholders, and partners have a healthy and resilient 2021. We are in this together!

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Multi-Year Awards

1975-2019
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting/Comprehensive Annual Financial Report

1993-2019
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for Retirement Fund's Comprehensive Annual Financial Report

1985-2020
Government Finance Officers Association of the United States and Canada
Award for Distinguished Budget Presentation

2007-2019
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for the Retiree Health Care Trust Fund's Comprehensive Annual Financial Report

National Association of Clean Water Agencies, formerly known as Association of Metropolitan Sewerage Agencies
NACWA Award for Compliance with National Pollutant Discharge Elimination System
Platinum Award for 27 consecutive years of full compliance for Calumet Water Reclamation Plant
Platinum Award for 22 consecutive years of full compliance for Lemont Water Reclamation Plant
Platinum Award for 14 consecutive years of full compliance for James C. Kirie Water Reclamation Plant
Platinum Award for 13 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant
Platinum Award for 11 consecutive years of full compliance for Hanover Park Water Reclamation Plant.

2003-2019
National Institute of Governmental Purchasing
Outstanding Agency Accreditation Achievement Award

Individual Year Awards (partial listing)

2017
American Council of Engineering Companies of Illinois
Special Achievement Water Resources Award
for the Wescott Park Stormwater Storage Facility Project in the Village of Northbrook

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

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

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

Illinois Water Environment Association
Mariyana Spyropoulos, President, is the recipient of the annual Public Official of the Year award.
The Public Official of the Year award is presented to an elected or appointed public official
who has made a documented significant contribution in the areas of clean water legislation, public policy,
government service, or another area of public prominence that resulted in improvements to the water environment.

Interstate Mining Compact Commission
Kenes C. Bowling National Mine Reclamation Award for the McCook Reservoir

Water Environment Federation
Project Excellence Award for the Nutrient Recovery Facility at the Stickney Water Reclamation Plant
Water Quality Improvement Award for the Calumet Tunnel and Reservoir Plan
Schroepfer Innovative Facility Design Medal for the Calumet Tunnel and Reservoir Plan

2018

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

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

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

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

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

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

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

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

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

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

Water Environment Federation
Project Excellence Award for the McCook Reservoir

2019

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

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

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

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

2020

Algae Biomass Organization
Innovation Collaboration of the Year Award

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

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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District of Greater Chicago, Illinois

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Protecting Our Water Environment

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

Jacqueline Torres
Clerk/Director of Finance

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May 7, 2021

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

The Comprehensive Annual 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, 2020. 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 Comprehensive Annual 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, 2020, 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 Comprehensive Annual Financial Report for basic information about the District, its past performance, current financial condition, future plans, and services provided. Financial data and the facts contained herein create an indispensable profile for potential bond investors. Taxpayers can, with full confidence, assess the level, efficiency, and effectiveness of the services provided and the related costs.

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

MISSION STATEMENT

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

BACKGROUND

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

The District Board of Commissioners, President Kari K. Steele, Vice President Barbara J. McGowan, Chairman of Finance Marcelino Garcia, Commissioner Cameron Davis, Commissioner Kimberly Neely Du Buclet, Commissioner Josina Morita, Commissioner Eira L. Corral Sepúlveda, Commissioner Debra Shore, Commissioner Mariyana T. Spyropoulos

The District operates primarily within the boundaries of Cook County. Although the District exercises no direct control over wastewater collection and transmission systems maintained by cities, towns, and villages in Cook County, it does control municipal sewer construction by permits in suburban Cook County. Furthermore, the District provides the main sewer lines for the collection of wastewater from local sewer systems together with the treatment and disposal thereof. Combined sewage and stormwater runoff is stored, treated, and released using District facilities. The District owns and operates 7 water reclamation plants (WRP) and 23 pumping stations that treat an average of 1.3 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 2020, the District cost-effectively collected and treated approximately 454.6 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 flooding damage by helping communities with local flooding issues, acquiring flood-prone properties, and partnering with municipalities or other local governments on large capital green infrastructure (GI) projects.

The District has made significant investments in developing over 150 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 14,000 homes, businesses and critical infrastructure. They include large regional stormwater projects, partnerships via intergovernmental agreements (IGAs) with local governmental organizations to address local flooding through the use of green and gray infrastructure, as well as through the acquisition of flood-prone properties. Below are several examples of projects under construction or completed in 2020.

- Streambank Stabilization Project on Melvina Ditch
- Addison Creek Reservoir Project
- Natalie Creek Flood Control Project

This District is currently constructing a streambank stabilization project along Melvina Ditch in Oak Lawn and Chicago Ridge. The project intends to stabilize approximately 2,500 linear feet of stream through the use of a pre-cast modular block retaining wall system and riprap armoring. The remaining portion will be enclosed in a new 170-foot-long culvert south of 95th Street. When completed, the site will be restored with native vegetation. In total, the project will protect access to 29 homes and 5 multi-family buildings on Nashville Avenue, 2 commercial units, and the Chicago Ridge Mall driveway.

The Addison Creek Reservoir Project is being constructed in Bellwood. The project will create a 196-million-gallon reservoir which includes a control structure, inlet structure, spillway and pumping station. The Addison Creek Channel Project will be constructed through Northlake, Stone Park, Melrose Park, Bellwood, Westchester and Broadview. The channel improvement project 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 projects will reduce flooding to approximately 2,200 structures along Addison Creek.

The Natalie Creek flood control project will mitigate the costly effects of overbank flooding along 15,800 linear feet of Natalie Creek by upsizing restrictive culverts, widening the channel at several locations, and creating a new stormwater storage basin along the channel. During a 100-year storm event, the improvements will provide flood reduction benefits for 237 structures affected by overbank flooding from the northern end of the Central Park Detention Basin, adjacent to 157th and Long Avenue in Oak Forest, to 146th Street and Pulaski Road in Midlothian.

On October 3, 2013, the District's Board of Commissioners adopted the Watershed Management Ordinance (WMO), which replaced the Sewer Permit Ordinance and established uniform, minimum, county-wide stormwater management regulations for new development and redevelopment in Cook County. Components regulated under the WMO include drainage and detention, volume control, floodplain management, isolated wetland protection, riparian environment protection, and soil erosion and sediment control. The WMO became effective on May 1, 2014. The stormwater management regulations of the WMO serve to prevent the flooding situation in Cook County from worsening through development or redevelopment. Over 2,100 WMO permits have been issued to date. Since the development of the WMO, the District has conducted numerous training events in addition to presenting at various seminars and conferences hosted by professional organizations.

Provide flood protection with Tunnel and Reservoir Plan and Green Infrastructure

The primary goals of TARP are as follows: protect Lake Michigan, the area's primary source of drinking water

The Addison Creek Reservoir.

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 7.6 billion gallons of CSO from entering the waterways and mitigated over $586 million in flood damages, through the end of 2020. The Thornton Composite Reservoir became operational in 2015 and, through the end of 2020, more than 39.4 billion gallons have been captured during 89 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 2020, more than 71.0 billion gallons have been captured by the first stage reservoir during 126 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 $1.49 billion, with the Corps and the District providing approximately $540 million and $940 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 (CPSS) 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, CPSS, and CDWM to agree to partner on 30 more schools from 2015 through 2020. Since 2015, twenty-five more CPSS school playgrounds were completed, and design is underway for five additional schools to be improved in 2021. 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. In 2015, the District partnered with the City of Evanston to install permeable pavement, swales, and rain gardens at the City's Civic Center, and also partnered with the Village of Wilmette to install four green alleys. In 2016, 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.

The District also partnered with the City of Berwyn on a green alley project, and with the Village of Niles on a bioswale and permeable parking lot. From 2017 to 2020, 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 76 green infrastructure projects to be constructed within its service area so far. Several of these projects have already been completed. Projects in the Village of Arlington Heights, the City of Des Plaines and the Wheeling Park District were completed in 2018. Projects in the Villages of Forest Park, Harwood Heights, La Grange, Maywood, Riverside and Tinley Park were completed in 2019. Green infrastructure projects completed in 2020 include those in the Villages of Broadview, Northlake, and Summit, and at the campus of the University of Illinois at Chicago.

A new permeable paver, rain gardens, and native landscaping project at the Arthington Mall on the UIC Campus in the City of Chicago was completed in October 2020. The District contributed $242,000 to replace asphalt with 19,250 square feet of permeable pavers, 11,316 square feet of new rain gardens, and 21,191 square feet of native plantings, which will provide more than 228,311 gallons of stormwater storage on site.

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

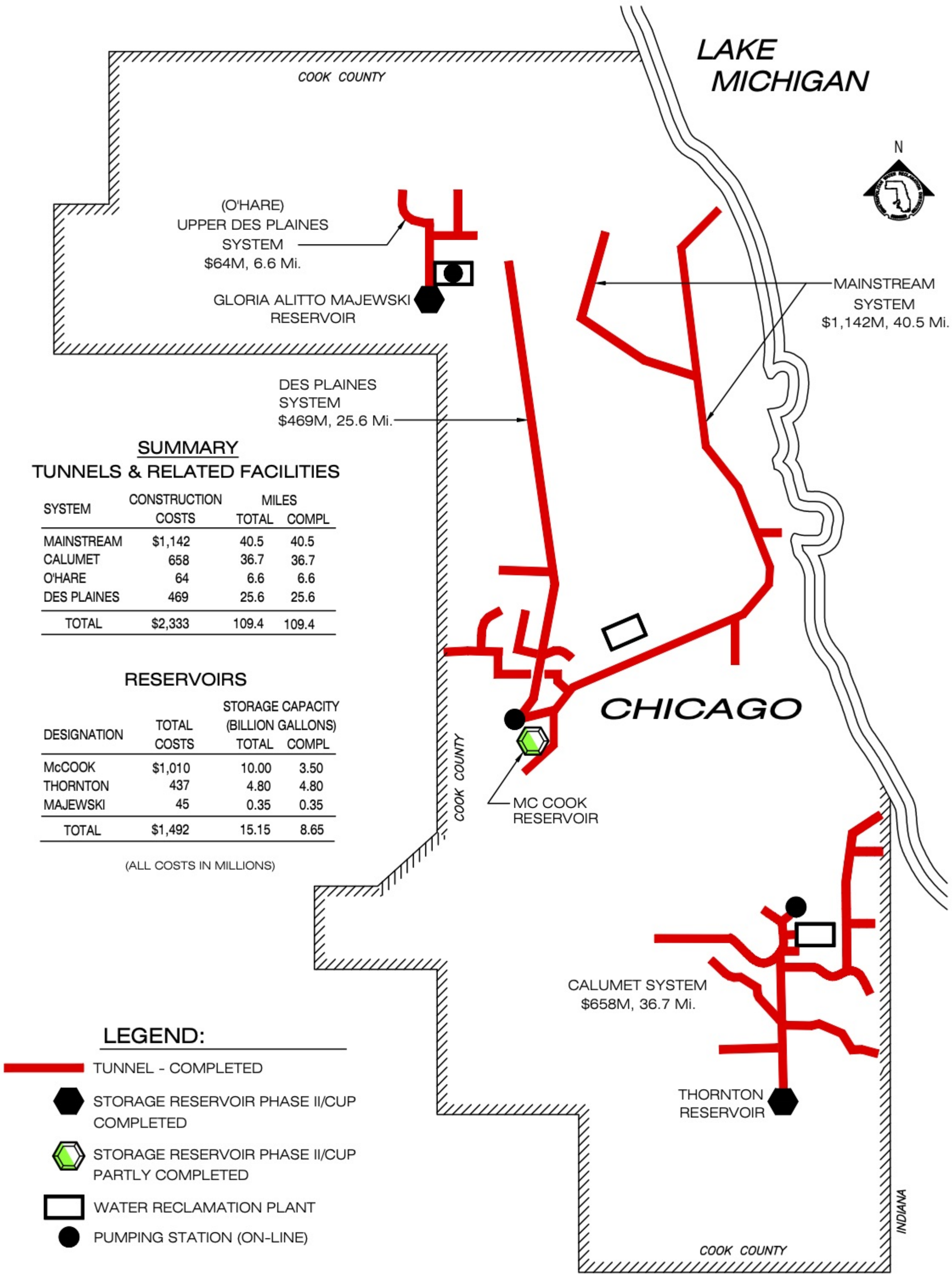
Many of the District's plants and interceptor sewers were placed in service over 50 years ago. In order to maintain continuous operations, the District has initiated a Capital Improvements Plan to replace physically deteriorating facilities through rehabilitation, alteration or expansion. As discussed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

RESOURCE RECOVERY

The District enlisted the services of 65 goats and sheep from Vegetation Solutions to maintain its native prairie landscaping (NPL) at the Calumet Water Reclamation Plant (WRP) in 2020. The herd devoured about a dozen acres of shrubs, plants, overgrowth and NPL in hard-to-reach places, following a successful operation in 2019 at Lemont WRP. The herd provide an environmental alternative to using herbicides and lawn mowers and demonstrate the District's commitment to native plants and water quality improvement.

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



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	$1,010	10.00	3.50
THORNTON	437	4.80	4.80
MAJEWSKI	45	0.35	0.35
TOTAL	$1,492	15.15	8.65

(ALL COSTS IN MILLIONS)

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 will be tested at the OWRP during 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.

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. We have sold small quantities of water for industrial reuse from the Stickney WRP and are seeking larger customers in the Calumet and Stickney industrial corridors. The District is also researching technologies using algae as a means to recover nutrients from wastewater. The algae can be used in a sustainable manner such as compost, aquaculture food supplement, bio plastics, and commercial dyes.

Energy

The anaerobic digesters at the Stickney, Calumet, Egan, and Hanover Park Water Reclamation Plants (WRPs) produce biogas as a natural byproduct of the digestion process. Biogas contains methane gas, which is currently used as fuel for the WRPs boilers and the biosolids pelletizer at the Stickney WRP. The Stickney WRP currently utilizes nearly all of the biogas it produces. Once the new Westside primary settling tanks are fully online, the Stickney WRP is projected to have an increase in biogas production, and solutions to optimize utilization are being evaluated. A request for proposal for a combined heat and power system that operates using biogas at the Egan WRP was advertised in late 2020, and is anticipated to be installed by 2023. A new boiler system designed to optimize the use of biogas at the Hanover Park WRP will be awarded in early 2021, and is anticipated to be installed by 2024. Energy efficient turbo blowers to reduce energy consumption have been installed at the Hanover Park and Lemont WRP. Other initiatives that are currently being examined for further reduction of energy consumption include improving aeration efficiency and replacing end-of-life, obsolete de-watering centrifuge equipment with modern, energy efficient equipment. The District is looking to maximize internal use of biogas, market electrical capacity at Lockport to maximize return on investment, and optimize the aeration processes to further reduce energy consumption.

BUDGET PROCESS

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

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

ECONOMIC BASE OUTLOOK

The District's 2020 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 5.3 percent from 2018 to 2019, showing sustained growth for the fourth straight year. The District operates a fiscally sound organization, maintaining a AAA bond rating with Fitch Ratings and AA with Standard and Poor's. Our finances are managed in a prudent manner, as evidenced by our excellent bond ratings, healthy fund balance, and continuing efforts to manage costs. To ensure that the District's finances remain healthy, projects are prioritized to ensure best use of current funding, project base budget targets assure funding above the base is tied to strategic initiatives, and resources are managed to ensure financial stability targets are met.

FINANCIAL POLICIES

In June 2020, the District raised the Pride Flag on its headquarters to salute Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual (LGBTQIA) rights.

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.

General Corporate Fund

- Corporate Fund undesignated fund balance as of January 1 of each budget year is to be kept between 12 percent and 15 percent of appropriations. The fund balance may be maintained by not fully appropriating prior year fund balances. This level of fund balance will ensure the District's ability to maintain all operations even in the event of unanticipated revenue shortfalls and provide time to adjust budget and operations.

- Corporate Working Cash Fund must be sufficient to finance 95 percent of the full annual expenditure of the Corporate Fund. This will be financed through transfers of surpluses from the Construction Working Cash Fund, direct tax levies, tax levy financed debt (Working Cash Bonds) and transfers of accumulated interest from other funds. This level of fund balance will continue financing the Corporate Fund in the event of delays in second installment real estate tax collections.

- Reserve Claim Fund balance will be targeted toward the maximum level permitted by statute, 0.05 percent of the EAV, whenever economically feasible. This will be financed through tax levies at the maximum 0.5 cents per $100 of Equalized Assessed Valuation when economically feasible and financially prudent. This level of funding will protect the District in the event that environmental remediation costs cannot be recovered from former industrial tenants of District properties, catastrophic failure of District operational infrastructure or other claims. As the District is partially self-insured, adequate reserves are critical.

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

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

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

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

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

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

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

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

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

Retirement Fund
The District's Board of Commissioners adopted a Funding Policy recommended by the Retirement Fund Board of Trustees to ensure the long-term financial health of the pension program while balancing the interests of the employees, retirees, taxpayers, and the District. Progress toward the funding goal is determined in part by an actuarial projection to be performed by the Fund's actuary every three years. This triennial projection will calculate a consistent multiple through the year 2050 that (1) satisfies the statutory requirements every year and (2) achieves a funded ratio of 100 percent 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 Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. The Metropolitan Water Reclamation District has achieved this prestigious award for 45 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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, 2020. 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 36 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 2020 Comprehensive Annual 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 7, 2021

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, 2020, in accordance with accounting principles generally accepted in the United States of America; and
- The statements contain no untrue statement of material facts; and
- There are no omissions of material fact(s).

Kari K. Steele
President

Brian Perkovich
Executive Director

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

II. FINANCIAL SECTION

The District and Urban Rivers celebrated National Hispanic Heritage Month with a kayaking event on a warm evening in October 2020 along the Chicago River's Wild Mile.

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago as of December 31, 2020 and the respective changes in financial position thereof and the respective budgetary comparison for the General Corporate Fund and the Retirement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements. The Other Supplementary Information for the year ended December 31, 2020 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2020, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

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

Other Information

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

Prior-Year Comparative Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021 on our consideration of the Metropolitan Water Reclamation District of Greater Chicago's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is soley to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Water Reclamation District of Greater Chicago's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Water Reclamation District of Greater Chicago's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
May 7, 2021

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

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

2020 FINANCIAL HIGHLIGHTS

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

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

KEY FINANCIAL COMPARISONS

Property taxes. The primary source of revenue for the District is ad valorem property taxes. All District funds, with the exception of the District's Capital Improvements Bond Fund, derive their revenues primarily from property taxes. In 2020, total tax revenues increased by $1,820,000 in the District's Statement of Activities, as shown on page 39. The property tax levies for the Corporate Fund and Debt Service Fund increased from the prior year; however, a decrease in the Construction Fund Levy and a decrease in PPRT resulted in the net $1.8 million increase. The economy weakened in 2020 due to the COVID-19 pandemic resulting in the decrease in PPRT.

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

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

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

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

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

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

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

Energy costs. In 2020, energy costs in the General Corporate Fund showed a decrease of $3,741,000 or 9% as seen on page 41. Energy costs are made up of electricity and natural gas. Changes in operational factors at the water reclamation plants cause variations in these accounts. The weather plays an especially large role in determining operational requirements and conditions. Overall favorable weather in 2020 contributed to a savings in energy costs. Additionally, the District participates in a reverse electricity auction to manage electricity costs.

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

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

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

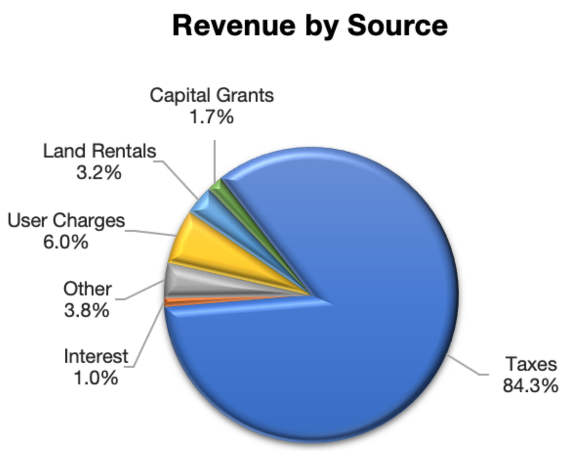
The above schedule reports that the District's net position totaled $4,825,352,000 at December 31, 2020, which represents the amount by which the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion of the net position, $5,035,623,000, represents the District's capital assets used to provide services to taxpayers, net of the related debt. These assets include land, buildings, equipment, and infrastructure, and they are not available for the District's future spending needs. Restricted net position totaled $726,058,000 and represents resources that are subject to external or legal restrictions as to how they may be spent, including federal grants or state loans, capital bond proceeds, tax levies for working cash, and debt service. The remaining portion of the unrestricted net position is a deficit of $936,329,000.

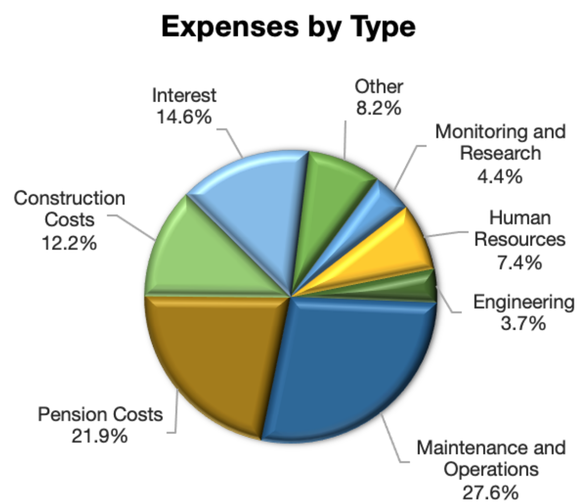
A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2020 and 2019 is presented in the following schedule (in thousands of dollars):

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

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

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





ANALYSIS OF DISTRICT'S GOVERNMENTAL FUND FINANCIAL STATEMENTS

As previously discussed, the focus of the District's governmental funds is on short-term inflows and outflows, and currently available resources. The emphasis in the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the governmental fund financial statements. For 2020, the District reports four major funds and two non-major funds. The four major governmental funds are General Corporate Fund, Retirement Fund, Capital Improvements Bond Fund, and Debt Service Fund. The non-major governmental funds are the Construction Fund and the Stormwater Management Fund.

The District ended the current fiscal year with combined governmental fund balances of $710,314,000, a decrease of $8,117,000 or 1.1% from 2019. A total of $42,232,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $567,137,000, assigned fund balances totaled $159,082,000, and the remaining deficit of $58,137,000 was unassigned.

General Corporate Fund
The General Corporate Fund is the principal operating fund of the District. It includes annual property taxes and other revenues, which are used for the payment of general operating expenditures not chargeable to other funds. The General Corporate Fund's fund balance at the end of the current fiscal year totaled $298,493,000. The fund balance represented 85.8% of the General Corporate Fund expenditures, a positive indication of the fund's liquidity. The total fund balance for the General Corporate Fund had an increase of $20,634,000 from 2019. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note 1b on pages 64-70 .

The General Corporate Fund ended the year with an unassigned fund balance deficit of $58,137,000 due to the required reserve claims restriction, non-spendable inventories, and restricted working cash.

A detailed comparison of the General Corporate Fund revenues for the years ended December 31, 2020 and 2019 is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Revenue Schedule

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

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, rental income and tax increment financing distributions. In 2020, General Corporate Fund revenues totaled $374,572,000, an increase of $30,102,000, or 8.7%, from 2019. The major variances in revenues are explained under Key Financial Comparisons on page 36.

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

General Corporate Fund
Comparative Expenditures Schedule

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

In 2020, General Corporate Fund expenditures totaled $347,938,000, a decrease of $7,415,000, or 2.1%, from 2019. Employee costs, energy costs, solids and waste disposal and repairs to structural equipment were the four largest expenditure components of the General Corporate Fund in 2020, accounting for 87.4% of total expenditures versus 82.7% in 2019. The major variances in expenses are explained under Key Financial Comparisons on page 36.

Other Major Funds. The District's Debt Service Fund accounts for property tax revenues and interest earnings used for the payment of principal and interest on bonded debt. The Debt Service Fund's fund balance at the end of the current fiscal year totaled $113,261,000. The fund balance represented 48.6% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund increased by $1,826,000 in the current year, due to both an increase in property tax revenue and a decrease in bond principal and interest payments.

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

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

GENERAL CORPORATE FUND BUDGET ANALYSIS

The General Corporate Fund budget includes the budgetary accounts of the Corporate Fund and Reserve Claim divisions. A comparison of the 2020 original budget to the final amended budget and actual results for the General Corporate Fund is presented in the basic financial statements (Exhibit A-3). A comparison of the General Corporate Fund's 2020 budget and actual results at the appropriation line item level is presented in Combining and Individual Fund Statements and Schedules (Exhibit C-1).

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

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

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

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

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

CAPITAL ASSETS AND MODIFIED APPROACH

Capital Assets. The District's reportable capital assets, net of accumulated depreciation, as of December 31, 2020, amounted to $7,751,438,000. Reportable capital assets, net of accumulated depreciation, for 2020 as compared to 2019 are as follows (in thousands of dollars):

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

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

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

In addition to the above, commitments totaling $234,877,000 remain outstanding for ongoing construction projects. Additional disclosure on construction commitments can be found in Note 9 to the basic financial statements.

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

The Kirie, Hanover, Egan, Central (Stickney), O'Brien, Calumet, Lemont, and Waterways network assets had their initial condition assessments completed between 2002 and 2006. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. The Egan and O'Brien networks each had its most recent condition assessment completed in 2019. Kirie, Central (Stickney) and Waterways each had its most recent condition assessment completed in 2020. (See further discussion of the modified approach in the Required Supplementary Information Section).

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

DEBT ACTIVITY

Long-term Debt. The District's long-term liabilities as of December 31, 2020, totaled $4,212,152,000. The breakdown of this debt and changes from 2019 to 2020 are as follows (in thousands of dollars):

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

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

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

- Compensated absences increased due to employees forgoing paid time off and personal travel during the COVID-19 pandemic. Carryover vacation hours will be used during the first and second quarter of 2021.
- A number of items factor into the changes in the Net pension liability. The $97,460,000 decrease in the liability is made up of several items, but most notable is the positive market performance, which resulted in Net Investment income of approximately $225 million. As the District chose to use the prior year for the Measurement date, these earnings were from 2019. See Note 7 for additional details on the items that make up the total Net pension liability.

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

Standard & Poor's Financial Services. LLC	AA
Fitch, Inc.	AAA
Moody's Investors Service	Aa2

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

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

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

The amount of the District's debt may not exceed 5.75% of the last published equalized assessed valuation of taxable real estate within the District, which was $164,054,703,895 for the 2019 property tax levy. At December 31, 2020, the District's statutory debt limit of $9,433,145,474 exceeded the applicable net debt amount of $2,758,307,000 by $6,674,838,474; therefore, the District is in compliance.

The Illinois Compiled Statutes provide authorization for the funding of the District Capital Improvement Program by the issuance of non-referendum capital improvement bonds. Starting in 2003, bonds may be issued during any budget year in an amount not to exceed $150 million plus the amount of any bonds authorized and unissued during the three preceding budget years. The District has issued various series of bonds since the authorization. This limitation is not applicable to refunding bonds, money received from the Water Pollution Control Revolving Fund, and obligations issued as part of the American Recovery and Reinvestment Act of 2009, issued prior to January 1, 2011, commonly known as "Build America Bonds". Bonds authorized, unissued and carried forward were $450,000,000 at December 31, 2020.

Effective January 1, 2020, the District has authority to issue bonds without seeking voter approval via referendum through the year 2034. When the Property Tax Extension Limitation Law was made applicable to Cook County the legislature recognized that the completion of the Tunnel and Reservoir Plan (TARP) was such a high priority that it exempted TARP bonds from tax cap limits. In 2010, the Local Government Debt Reform Act was amended. The District's debt service extension base for the levy year 2020 is $173,113,833 (the "Debt Service Extension Base"), which can be increased each year by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law). The Property Tax Extension Limitation Law has been amended so that the issuance of bonds by the District to construct TARP will not reduce the District's ability to issue limited bonds for other major capital projects. The amount of outstanding non-referendum Capital Improvement Bonds may not exceed 3.35% of the last known equalized assessed valuation of taxable property within the District. At December 31, 2020, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of $1,654,965,000 did not exceed the limitation of $5,495,832,580.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2020, are indicated in the following schedule (in millions of dollars):

Capital Improvement and Refunding Bonds
Outstanding and Remaining Authorization

Year of Issue	Total	Capital Improvement	Refunding
2007	$ 242	$ —	$ 242
2009	600	600	—
2011	255	255	—
2014	182	154	28
2016	376	54	322
Total bonds outstanding at December 31, 2020	1,655	$ 1,063	$ 592
Remaining bond authorization at December 31, 2020	3,841		
Total bond authorization at December 31, 2020	$ 5,496		

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

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

ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

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

The equalized assessed valuation of the District has experienced a (0.38)% average growth rate over the last ten years although the 2019 equalized assessed valuation of $164,054,703,895 is 5% higher than the previous year and shows sustained growth for the fourth straight year. The growth in commercial, industrial, and residential sectors in both downtown Chicago and the suburbs during 2019 contributed to the strong base and the growth in the value of properties located within the District. The Cook County Assessor is responsible for all taxable real property within Cook County except for railroad property and pollution control facilities, which are assessed directly by the State of Illinois.

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

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

Corporate Fund. The Corporate Fund is the District's general operating fund and includes appropriation requests for all the day-to-day operational costs anticipated for 2021. The total appropriation for the Corporate Fund in 2021 is $399.3 million, an increase of $1.1 million, or .28% from the 2020 Adjusted Budget. The 2021 tax levy for the Corporate Fund is $270.9 million, an increase of $4.4 million, or 1.7% , compared to the 2020 Adjusted Budget.

Property taxes and user charges are the primary funding sources for the District's Corporate Fund. Illinois law limits the tax rate of this fund to 41 cents per $100 of equalized assessed valuation. The estimated tax rate for the Corporate Fund in 2021 is 15.56 cents, a decrease of 0.6 cent from 2020 as adjusted. User charges are collected from industrial, commercial, and non-profit organizations to recover operations, maintenance, and replacement costs proportional to their sewage discharges, in excess of property taxes collected. The major categories of payers: chemical manufacturers, food processors, and government services, are generally expected to maintain their recent level of discharges.

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

The Stormwater Management Fund appropriation for 2021 totals $110.0 million, a decrease of $6.3 million or 5.4% from the 2020 Adjusted Budget. Property taxes are the primary funding source for the District's Stormwater Management Fund. Illinois law limits the tax rate of this fund to 5 cents per $100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2021 is 3.04 cents, which is a decrease of 0.16 cents from 2020 as adjusted.

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

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

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

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

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

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

Capital Improvement Program: Construction Fund and Capital Improvements Bond Fund. The District's overall Capital Program includes 2021 project awards, land acquisition, support, future projects, and projects under construction, with a total cost of approximately $1.0 billion. Capital projects involve the acquisition, improvement, replacement, remodeling, completing, altering, constructing, and enlarging of District facilities. Included are all fixtures which are permanently attached to and made a part of such structures and non–structural improvements, and which cannot be removed without, in some way, impairing the facility or structure.

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

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

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

The 1995 Tax Extension Limitation Law (Tax Cap), and subsequent amendments to the bill, dramatically impacted the methods of financing the Capital Improvements Bond Fund. The original legislation required, in general, that all new debt be approved by referendum. However, an exemption for projects initiated before October 1, 1991 was granted to the District to enable completion of the Tunnel and Reservoir Plan (TARP). The bill was later amended to establish a "debt extension base," which allowed local governments, with non-referendum authority, to continue to issue non-referendum debt in terms of "limited bonds" as long as their annual debt service levies did not exceed

1994 levels. This law was further amended in 1997 to exclude TARP project debt from this debt service extension base. The passage of legislation in 1997 allowing for expanded authority to issue “limited bonds” by excluding pre-existing TARP projects provides additional financing flexibility to proceed with our Capital program.

The United States Environmental Protection Agency (USEPA) implemented the State Revolving Fund (SRF) to ensure that each state’s program is designed and operated to continue to provide capital funding assistance for water pollution control activities in perpetuity, but preserves a high degree of flexibility for operating revolving funds in accordance with each state’s unique needs and circumstances. Funds in the SRF are not used to provide grants, but must be available to provide loans for the construction of publicly owned wastewater treatment works. Low interest SRF loans are an integral part of the District’s capital improvements financing. SRF revenues are based on the award and construction schedule of specific projects. In 2020, the District received $43,839,700 in cash receipts for SRF projects and is expected to receive approximately $70,000,000 in 2021.

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

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

Capital Improvements Bond Fund. The 2021 appropriation for the Capital Improvements Bond Fund is $310,382,600, an increase of $65,835,200 or 26.9% from the 2020 Adjusted Budget. Capital projects pursued by the District are: mission critical, improve environmental quality, preservation/rehabilitation of existing infrastructure or commitment to the community through process optimization. The appropriation is based on the scheduled award of $211,940,000 in projects. The remaining appropriation includes funding for acquisition of easements, bond issuance costs, allowances for contract change orders, and legal and other support services relating to capital projects.

The decrease in appropriation for the Capital Improvements Bond Fund of $65,835,200 reflects the pattern in the award of major projects. An appropriation for the open value of existing contracts is also carried forward from the prior year.

The remaining appropriation for this fund will provide for studies, services, and supplies to support District design and administration of proposed and ongoing construction activity, including the TARP reservoirs. A comprehensive narrative, and exhibits detailing our entire Capital program, are provided in the Capital Budget (Section V) of the 2021 budget document.

A listing and description of proposed projects, and projects under construction scheduled for 2021, can be found in the Capital Budget (Section V) of the 2021 Budget document.

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

In 2006, the District proposed state legislation to give authority to establish an OPEB trust. Public Act 95-394 became effective on August 23, 2007. Since inception, the District has budgeted and transferred a total of $142,400,000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. Total net position was $270,206,000 million as of December 31, 2020. The accumulated unfunded OPEB obligation was estimated at approximately $47,913,000.00 at December 31, 2020.

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

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

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

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

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

Organized Labor. The District has seven collective bargaining agreements that cover sixteen unions and include approximately 785 of the District's employees for the purposes of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2017 and were set to expire in 2020. However, a one year extension was negotiated with all of the bargaining units and this extension will expire in 2021.

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

REQUESTS FOR ADDITIONAL INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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

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

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2020	2019	2020	2019	2020	2019
Assets and deferred outflows of resources						
Assets:						
Cash	$ 28,707	$ 7,449	$ 1,636	$ 1,641	$ 42,472	$ 39,914
Certificates of deposit	55,650	63,984	—	15,008	305	88,748
Investments (note 4)	178,467	172,490	89,659	70,391	181,430	134,292
Prepaid expenses	6,089	5,825	—	—	—	—
Taxes receivable, net (note 5)	264,366	252,901	230,821	234,517	—	—
Other receivables, net (note 5)	4,189	2,643	—	—	24,636	8,021
Due from other funds (note 12)	298	224	—	—	—	—
Restricted deposits	458	436	—	—	32,137	33,009
Inventories	36,143	35,056	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Total assets	574,367	541,008	322,116	321,557	280,980	303,984
Deferred outflows of resources:						
Loss on prior debt refunding	—	—	—	—	—	—
Deferred outflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	$ 574,367	$ 541,008	$ 322,116	$ 321,557	$ 280,980	$ 303,984
Liabilities, deferred inflows of resources, and fund balances/net position						
Liabilities:						
Accounts payable and other liabilities (note 5)	$ 27,826	$ 27,047	$ —	$ —	$ 26,884	$ 25,456
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned Revenue (note 5)	8,807	9,513	—	—	32,137	33,009
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	36,633	36,560	—	—	59,021	58,465
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	239,241	226,589	208,855	210,122	—	—
Other unavailable revenue (note 5)	—	—	—	—	953	951
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	239,241	226,589	208,855	210,122	953	951
Fund balances:						
Nonspendable:						
Prepaid insurance	6,089	5,825	—	—	—	—
Inventories	36,143	35,056	—	—	—	—
Restricted for:						
Deposits	458	436	—	—	—	—
Working cash	279,364	284,425	—	—	—	—
Reserve claims	34,576	29,765	—	—	—	—
Debt service	—	—	113,261	111,435	—	—
Capital projects	—	—	—	—	61,924	77,335
Assigned	—	—	—	—	159,082	167,233
Unassigned (Deficit)	(58,137)	(77,648)	—	— —	—	—
Total fund balances	298,493	277,859	113,261	111,435	221,006	244,568
Total liabilities, deferred inflows, and fund balances	$ 574,367	$ 541,008	$ 322,116	$ 321,557	$ 280,980	$ 303,984
Net position:						
Net investment in capital assets						
Restricted for corporate working cash						
Restricted for reserve claim						
Restricted for debt service						
Restricted for capital projects						
Restricted for construction working cash						
Restricted for stormwater working cash						
Unrestricted (Deficit)						
Total net position						

See accompanying notes to the basic financial statements.

	Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2a)		Statements of Net Position	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	$ —	$ —	$ 3,210	$ 1,959	$ 76,025	$ 50,963	$ —	$ —	$ 76,025	$ 50,963
	—	—	11,026	27,745	66,981	195,485	—	—	66,981	195,485
	—	—	66,679	56,049	516,235	433,222	—	—	516,235	433,222
	—	—	—	74	6,089	5,899	—	—	6,089	5,899
	76,719	75,736	55,836	58,408	627,742	621,562	—	—	627,742	621,562
	—	—	746	1,061	29,571	11,725	—	—	29,571	11,725
	—	—	—	—	298	224	(298)	(224)	—	—
	—	—	—	—	32,595	33,445	—	—	32,595	33,445
	—	—	—	—	36,143	35,056	—	—	36,143	35,056
	—	—	—	—	—	—	6,103,652	6,039,214	6,103,652	6,039,214
	—	—	—	—	—	—	1,647,786	1,660,838	1,647,786	1,660,838
	76,719	75,736	137,497	145,296	1,391,679	1,387,581	7,751,140	7,699,828	9,142,819	9,087,409
	—	—	—	—	—	—	3,318	3,845	3,318	3,845
	—	—	—	—	—	—	326,512	369,064	326,512	369,064
	—	—	—	—	—	—	329,830	372,909	329,830	372,909
	$ 76,719	$ 75,736	$ 137,497	$ 145,296	$ 1,391,679	$ 1,387,581	$ 8,080,970	$ 8,072,737	$ 9,472,649	$ 9,460,318
	$ —	$ —	$ 9,127	$ 8,171	$ 63,837	$ 60,674	$ —	$ —	$ 63,837	$ 60,674
	13,648	13,859	—	—	13,648	13,859	94,204	73,587	107,852	87,446
	—	—	298	224	298	224	(298)	(224)	—	—
	—	—	—	—	—	—	16,473	17,476	16,473	17,476
	—	—	—	—	40,944	42,522	—	—	40,944	42,522
	—	—	—	—	—	—	76,891	153,710	76,891	153,710
	—	—	—	—	—	—	4,135,261	4,287,289	4,135,261	4,287,289
	13,648	13,859	9,425	8,395	118,727	117,279	4,322,531	4,531,838	4,441,258	4,649,117
	63,071	61,877	50,518	52,332	561,685	550,920	(561,685)	(550,920)	—	—
	—	—	—	—	953	951	(953)	(951)	—	—
	—	—	—	—	—	—	206,039	74,641	206,039	74,641
	63,071	61,877	50,518	52,332	562,638	551,871	(356,599)	(477,230)	206,039	74,641
	—	—	—	74	6,089	5,899	(6,089)	(5,899)		
	—	—	—	—	36,143	35,056	(36,143)	(35,056)		
	—	—	—	—	458	436	(458)	(436)		
	—	—	59,096	60,680	338,460	345,106	(338,460)	(345,106)		
	—	—	—	—	34,576	29,765	(34,576)	(29,765)		
	—	—	—	—	113,261	111,435	(113,261)	(111,435)		
	—	—	18,458	23,889	80,382	101,224	(80,382)	(101,224)		
	—	—	—	—	159,082	167,233	(159,082)	(167,233)		
	—	—	—	(74)	(58,137)	(77,723)	58,137	77,723		
	—	—	77,554	84,569	710,314	718,431	(710,314)	(718,431)		
	$ 76,719	$ 75,736	$ 137,497	$ 145,296	$ 1,391,679	$ 1,387,581				
Net position:										
Net investment in capital assets							5,035,623	4,950,141	5,035,623	4,950,141
Restricted for corporate working cash							279,364	284,425	279,364	284,425
Restricted for reserve claim							15,227	9,194	15,227	9,194
Restricted for debt service							305,643	304,084	305,643	304,084
Restricted for capital projects							66,728	57,835	66,728	57,835
Restricted for construction working cash							21,960	22,713	21,960	22,713
Restricted for stormwater working cash							37,136	37,967	37,136	37,967
Unrestricted (Deficit)							(936,329)	(929,799)	(936,329)	(929,799)
Total net position							$ 4,825,352	$ 4,736,560	$ 4,825,352	$ 4,736,560

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

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

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

See accompanying notes to the basic financial statements.

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

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

Year ended December 31, 2020

(in thousands of dollars)

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

See accompanying notes to the basic financial statements

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

Year ended December 31, 2020

(in thousands of dollars)

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

See accompanying notes to the basic financial statements

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

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

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

See accompanying notes to the basic financial statements

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

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

(in thousands of dollars)

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

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

Index to Notes

1. Summary of Significant Accounting Policies

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

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

b. Government-wide and Fund Financial Statements - The District's basic financial statements include government-wide financial statements and fund financial statements.

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

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

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

The District reports the following major governmental funds:

General Corporate Fund

The fund was established to account for an annual property tax levy, and certain other revenues, which are to be used for the payments of general expenditures of the District not specifically chargeable to other funds. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Corporate Fund. These accounts were established under Chapter 70, ILCS 2605/9b of the Illinois Compiled Statutes, which refers to these accounts as a "Working Cash Fund." Amounts borrowed from the Working Cash Fund in one year are generally repaid by the Corporate Fund from tax collections received during the subsequent year. Also included in this fund are accounts of the "Reserve Claim Fund," established under Chapter 70, ILCS 2605/12 of the Illinois Compiled Statutes, which is restricted for the payment of claims, awards, losses, judgments or liabilities which might be imposed against the District, and for the repair or replacement of certain property maintained by the District. The assets, liabilities, deferred inflows of resources and fund balances of the General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions at December 31, 2020 are as follows (in thousands of dollars):

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

The revenues, expenditures, and changes in fund balances of the General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions for the year ended December 31, 2020, are as follows (in thousands of dollars):

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

Debt Service Fund

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

Capital Improvements Bond Fund

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

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

The District reports the following non-major governmental funds:

Construction Fund
A capital projects fund established to finance smaller construction projects on a pay-as-you-go basis. The Fund is primarily financed with an annual property tax levy and certain other revenues to be used to finance modernization and rehabilitation projects. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Construction Fund. These accounts were established under Chapter 70, ILCS 2605/9(c) of the Illinois Compiled Statutes, which refers to these accounts as a "Construction Working Cash Fund." Amounts borrowed in one year are generally repaid by the Construction Fund from tax collections received during the subsequent year. The assets, liabilities, deferred inflows of resources and fund balances of the Construction Fund, detailed as to the Working Cash and Construction account divisions at December 31, 2020, are as follows (in thousands of dollars):

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

The revenues, expenditures, and changes in fund balances of the Construction Fund, detailed as to the Construction and Working Cash account divisions for the year ended December 31, 2020, are as follows (in thousands of dollars):

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

Stormwater Management Fund

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

The assets, liabilities, deferred inflows of resources and fund balances of the Stormwater Management Fund, detailed as to the Working Cash and Stormwater Management account divisions at December 31, 2020, are as follows (in thousands of dollars):

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

The revenues, expenditures, and changes in fund balances of the Stormwater Management Fund, detailed as to the Stormwater Management and Working Cash account divisions for the year ended December 31, 2020, are as follows (in thousands of dollars):

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

In addition, the District reports the following fiduciary funds:

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

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

c. Basis of Accounting and Measurement Focus

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In compliance with Governmental Accounting Standards Board (GASB) Statement 34, existing infrastructure assets accounted for with the modified approach are not reported in the government-wide financial statements until an initial condition assessment is completed for the assets' network. Currently, all the District's WRPs infrastructure assets are reported as infrastructure under the modified approach in the government-wide financial statements. Condition assessments of eligible infrastructure assets must be completed at least every three years following the initial assessments. The Kirie, Central (Stickney), Hanover, O'Brien, Egan, Calumet, Lemont WRPs, and Waterways had their initial condition assessments completed between 2002 and 2006. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2020. The Egan and O'Brien networks each had its most recent condition assessment completed in 2019. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. (See further discussion of the modified approach in the Required Supplementary Information Section).

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

m. **Compensated Absences** for accumulated unpaid vacation, holiday, overtime, severance and sick leave are paid to employees upon retirement or termination. An employee is eligible to receive 100% of earned vacation, holiday and overtime pay. Depending upon the date of hire and/or collective bargaining agreements, employees may also be eligible to receive severance pay and 50% of accumulated sick pay up to a maximum of sixty days. Compensated absences are accrued as they are earned in the government-wide financial statements. Expenditures and liabilities for compensated absences are recorded in the fund financial statements when due and payable. Included in the long-term liabilities of the Statements of Net Position at December 31, 2020, are liabilities for compensated absences of $3,426,000, due within one year, and $20,345,000 due in more than one year.

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

o. Unearned Revenue - Unearned revenue arises when resources are received by the District before it has legal claim to them. In subsequent periods, when revenue recognition criteria are met or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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

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

q. Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Pension Trust Fund and additions to/deductions from the Pension Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the Pension Trust Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

r. Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's Retiree Health Care Plan (Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

s. Fund Balances - The Board of Commissioners, on December 9, 2010, adopted a new fund balance classification policy in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The policy categorizes the balances of governmental funds into the following categories: nonspendable, restricted, committed, assigned and unassigned fund balances.

- Nonspendable Fund Balance – This consists of amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

- Restricted Fund Balance – Reported when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance – This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a board motion. The District's commissioners shall establish, modify, or rescind a fund balance commitment by vote of a motion presented to the Board.

- Assigned Fund Balances – This consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners approved a motion authorizing the Executive Director to assign amounts of fund balances to a specific purpose. The District has an assigned fund balance of $159,082,000 in the Capital Improvement Bond Fund, for future capital projects.

- Unassigned Fund Balances – This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

- Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any debt attributable to capital assets (net of unspent bond proceeds).

- Restricted Net Position - This consists of net position that is legally restricted by outside parties, or by law through constitutional provisions or enabling legislation. Net position restricted for working cash and reserve claims is based on legal restrictions, while net position restricted for debt service and capital projects is based on legal restrictions and/or outside parties. The government-wide statement of net position reports $726,058,000 of restricted net position.

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

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

v. Comparative Data – The basic financial statements present comparative data for the prior year to provide an understanding of the changes in financial position and results of operations, but not at the level of detail required for presentation in accordance with accounting principles generally accepted in the United States of America.

w. Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

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

- Statement 87, Leases
- Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 94, Public Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription Based Information Technology Arrangements
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

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

2. Reconciliation of Fund and Government-wide Financial Statements

a. Reconciliation of Total Fund Balances to Total Net Position - The following explanations are provided for the reconciling adjustments shown in the Governmental Funds Balance Sheets/Statements of Net Position at December 31, 2020 (in thousands of dollars):

Total fund balances of governmental funds	$ 710,314
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Capital assets are not current financial resources and therefore are not reported as assets in governmental funds. However, capital assets are reported in the Statements of Net Position. The cost of capital assets and accumulated depreciation is as follows:	
Capital assets	8,091,836
Accumulated depreciation/amortization	(340,398)
Capital assets, net	7,751,438
Long-term liabilities are not due and payable in the current period and accordingly are not reported as liabilities in governmental funds. However, long-term liabilities are reported in the Statements of Net Position. The long-term liabilities consist of:	
Compensated absences	(23,771)
Claims and judgments	(25,898)
Capital lease	(30,401)
Bond anticipation notes	(76,035)
General obligation debt	(2,694,934)
Net OPEB liability	(72,208)
Net Pension liability	(1,146,935)
Due to Pension Trust Fund	(94,204)
Total long-term liabilities	(4,164,386)
Bond refunding transactions are recorded as deferred outflows of resources in the governmental funds while bond premiums and discounts are recorded as other financing sources and uses, respectively. Bond premiums are amortized over the life of the bonds for the Statements of Net Position. They consist of:	
Bond premium	(141,970)
Bond refunding transactions	3,318
Total bond premium and refunding transactions	(138,652)
Interest on debt is not accrued in governmental funds, but rather is recognized as a liability and an expenditure when due. Interest is recorded as a liability as it is incurred in the Statements of Net Position. The 2020 amount is:	
Accrued interest	(16,473)
Some assets reported in governmental funds do not increase fund balance because the assets are not "available" to pay for current-period expenditures. These assets are offset by deferred inflow of resources in the governmental funds. However, these assets increase net position in the Statements of Net Position. They consist of:	
Deferred property taxes and personal property replacement tax	561,685
Grants and rents	953
Deferred inflows for pension and OPEB related amounts	(206,039)
Adjustment to deferred inflows of resources	356,599
Deferred outflows of resources represent items related to pension and OPEB, which will be recognized as a pension expense in future reporting periods. Deferred outflows consist of employer contributions and "other" which includes differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings on pension plan investments. However, these items are reported in the Statement of Net Position. They consist of:	
Deferred outflows for employer contributions subsequent to measurement date	124,082
Deferred outflows for other pension and OPEB related amounts	202,430
Adjustment to deferred outflows of resources	326,512
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	298
Due to other funds	(298)
Total interfund	—
Total net position of governmental activities	$ 4,825,352

b. Reconciliation of the Change in Fund Balances to the Change in Net Position - The following explanations are provided for the adjustments shown in the Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities for the year ended December 31, 2020 (in thousands of dollars):

Net change in fund balances of governmental funds	$ (8,117)
Amounts reported for governmental activities in the Statements of Activities are different because:	
Construction costs for capital outlays are reported as expenditures in governmental funds. However, in the Statements of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense except for those assets under the modified approach. In the current period, these amounts are:	
Construction costs and other capital outlays	66,452
Depreciation expense-allocated to various departments	(3,398)
Depreciation/amortization expense-unallocated	(11,597)
Excess of construction and capital outlay costs over depreciation expense	51,457
Debt proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the Statements of Net Position. In the current period, debt proceeds and related items were:	
Bond anticipation notes proceeds	(62,399)
Debt proceeds total	(62,399)
Repayment of long-term debt is reported as an expenditure in the governmental funds, or as an other financing use in the case of refunding, but the repayment reduces the long-term liabilities in the Statements of Net Position. In the current year, the repayments consist of:	
Debt service principal retirement	122,935
Debt service principal retirement total	122,935
Some expenses reported in the Statements of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Change in compensated absences-allocated to various departments	(4,118)
Change in claims and judgments	1,157
Change in bond interest	1,003
Change in bond anticipation notes interest	(592)
Amortization of bond issuance/refunding costs	(527)
Amortization of bond premium	13,426
Change in net pension liability	(44,809)
Change in net OPEB liability	9,874
Total additional expenses	(24,586)
The proceeds from the sale of land and equipment are reported as revenue in the governmental funds. However, the cost of the land and equipment is removed from the capital assets account in the Statements of Net Position and offset against sale proceeds resulting in gain or (loss) in the Statements of Activities. The net effect of miscellaneous transactions involving capital asset sales:	
Total land and equipment sales	(71)
Unavailable tax revenues and certain other revenues that are earned but "unavailable" for the current period are not recognized in governmental funds. These revenues consist of:	
Property tax - net	9,571
Grant and rent adjustment	2
Total adjustments	9,573
Change in net position of governmental activities	$ 88,792

3. Reconciliation of Budgetary Basis Accounting to GAAP Basis Accounting

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

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

4. Deposits and Investments

Deposits
As of December 31, 2020, the District, the Pension Trust Fund and OPEB Trust Fund deposits were fully insured and collateralized.

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

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at December 31, 2020 (in thousands of dollars):

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

The Illinois Funds invests a minimum of 75% of its assets in authorized investments of less than one year and no investment shall exceed two years maturity. The Illinois Trust Local Government Investment Pool program includes authorized investments maintaining a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. The above fair value amount excludes accrued interest receivable of $673,000.

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

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

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

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

* Municipal Bond
NR - Not Rated

Concentration of Credit Risk

The District's goal is to limit the amount that can be invested in commercial paper to one-third of the District's total investments, and no more than 20% of the amount invested in commercial paper can be invested in any one entity. As of December 31, 2020 the District had no investments in commercial paper.

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

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

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

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

Custodial Credit Risk

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

At of December 31, 2020, the Pension Trust Fund had minimal exposure to custodial credit risk since all investments were insured, registered, and/or held in the Fund's name.

The OPEB Trust's Investment Policy requires that all investments and investment collateral be held in safekeeping by a third party custodial institution, as designated by the Treasurer, in the Trust's name. All cash balances maintained at banks are required to be collateralized with permitted U.S. Government Securities in an amount equal to 105% (at market) of the monies on deposit. Cash awaiting reinvestment in the Trust's investment account is protected up to $250,000 under coverage by the Securities Investor Protection Corporation (SIPC). As of December 31, 2020, the Trust had no exposure to custodial credit risk since all investments were registered or held in the Trust's name.

Trust Fund Investments

The Illinois Statutes prescribe the "prudent person rule" as the Fund's investment authority, effective August 31, 2007. This rule requires the Fund to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for the Fund's investment managers which are included within their respective Investment Management Agreements. The Fund's adopted asset allocation policy is 41% domestic equities, 22% international equities, 27% fixed income and 10% core open-end real estate. During the year ended December 31, 2019, the Fund revised its investment policy to increase the core open-end real estate allocation from 5% to 10% while reducing the fixed income and equity allocations from 30% to 27% and 65% to 63%, respectively. There were no changes during the year ended December 31, 2020.

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

At December 31, 2020, the OPEB Trust's assets were invested in mutual funds traded on national securities exchanges. Investments are stated at fair value. The fair value of mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Trust. Purchases and sales of mutual fund units are accounted for on the trade dates.

Interest Rate Risk

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

The following table categorizes the Pension Trust Fund's debt investments and presents the fair value using the segmented time distribution method as of December 31, 2020 (in thousands of dollars):

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

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

The following illustrates the terms of investments that are highly sensitive to interest rate fluctuations and reports the fair values and maturities for the OPEB Trust Fund's investments at December 31, 2020 (in thousands of dollars):

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

Credit Risk

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

The following table presents a summarization of the credit quality ratings of the holdings within the investments at December 31, 2020 (in thousands of dollars):

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

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

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

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

The following are the percentages of fixed income investment portfolio securities within each credit-quality rating as of December 31, 2020:

Credit Rating	Dodge & Cox Income Fund	Payden Core Bond Fund	Western Asset Core Plus Bond Fund
AAA	51.5 %	3.0 %	48.5 %
AA	5.2	47.0	5.1
A	8.5	8.0	16.0
BBB	24.4	26.0	18.6
BB	10.3	8.0	7.3
B	0.1	4.0	2.8
Below B	—	—	1.3
Not Rated	—	4.0	0.4
Total	100.0 %	100.0 %	100.0 %

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

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

Foreign Currency Risk
Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency denominated investments are in equities, fixed income and foreign cash. The Pension Trust Fund's exposure to foreign currency risk at December 31, 2020 was as follows:

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

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

Short-Term Investment Funds	Fair Value	%
Australian dollar	$ 249,819	0.9
British pound sterling	53,723	0.2
Canadian dollar	60,225	0.2
Danish krone	70,172	0.2
European euro	183,889	0.6
Hong Kong dollar	106,944	0.4
Israeli shekel	11,269	0.0
Japanese yen	335,386	1.2
New Zealand dollar	9,858	0.0
Norwegian krone	47,797	0.2
Singapore dollar	75,407	0.3
South African rand	1	0.0
Swedish krona	230,760	0.8
Swiss franc	23,807	0.1
U.S. dollar	27,324,304	94.9
Total	$ 28,783,361	100.0 %

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

As of December 31, 2020, the OPEB Trust's investments in international equity mutual funds stated at fair market value are as follows (in thousands of dollars):

Fund Name	Fair Value
Fidelity International Index Fund	$ 42,180
Vanguard Global Minimum Volatility	13,034
	$ 55,214

Securities Lending

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

The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 148 days for 2020; however, all securities loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 4 days.

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

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

During 2020, there were no losses due to default of a borrower of the lending agent.

A summary of securities loaned at fair value as of December 31, 2020 is as follows:

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

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

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

Fair Market Value Measurements

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

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

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets. Includes common stock, mutual and commingled equity funds, and U.S.

Government and government agency obligations and Non-U.S. Government obligations that are traded in active markets and are valued at closing prices on the measurement date.

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

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

The carrying amount of investments and fair value hierarchy at December 31, 2020 is shown in the following schedule (in thousands of dollars):

The District		**Fair Value Measurements Using**		
Investments Measured at Fair Value	**December 31, 2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Debt Securities				
U.S. Agencies	$ 135,993	$ —	$ 135,993	$ —
Municipal Bonds	156,311	—	156,311	—
U.S. Treasury Bills	14,999	—	14,999	—
Total Investments at Fair Value	$ 307,303	$ —	$ 307,303	$ —
Investments Not Measured at Fair Value				
Illinois Trust Investment Pool	208,215			
State Treasurer's Illinois Funds	44			
Total Investments	$ 515,562			

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

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

The following tables set forth, by level within the fair value hierarchy, the Pension Trust Fund's investment assets at fair value as of December 31, 2020. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

The Pension Trust fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table sets forth, by level, within the fair value hierarchy, the investments at fair value as of December 31, 2020 (in thousands of dollars):

Pension Trust Fund		Fair Value Measurements Using		
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equities	$ 389,989	$ 389,989	$ —	$ —
U.S. Govt and Govt Agency Obligations	93,678	24,685	68,993	—
Corporate and Foreign Govt Obligations	132,057	—	132,057	—
Mutual and Exchange Traded Funds	97,691	97,691	—	—
Total investments by Fair Value Level	$ 713,415	$ 512,365	$ 201,050	$ —
Investments Measured at NAV	785,490			
Total Investments at Fair Value	$ 1,498,905			

Level 1 Measurements

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

Level 2 Measurements

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

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

Pension Trust Fund

Investments Measured at NAV	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Eligible)**	**Redemption Notice Period**
Pooled funds - equity (1)				
SSGA S&P 500 Flagship Fund	$ 244,163	—	Daily	N/A
SSGA S&P Midcap Index Fund	63,968	—	Daily	N/A
SSGA MSCI ACWI Fund	152,803	—	Daily	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	151,306	—	Daily	N/A
Neuberger Berman High Income Fund	13,298	—	Monthly	N/A
Limited partnership - real estate (3)				
Trumbull Property Fund	62,993	—	Quarterly	60 days
Real estate investment trust (4)				
RREEF America REIT II	68,176	—	Quarterly	45 days
Short-term investment fund (5)				
BNY Melon EB Temporary Investment Fund	28,783	—	Daily	N/A
Total investments measured at NAV	$ 785,490			

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

(2) Pooled funds - fixed income - The investment objective of the U.S. Aggregate Bond Index is to track the performance of the Barclays U.S. Aggregate Bond Index over the long term. The investment objective of the High Income Fund is to achieve an attractive total return of income and capital appreciation by investing primarily in high yield fixed income securities and bank loan interests, including secured and unsecured bank loans. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

(3) Limited partnership - real estate - The partnership's investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

(4) Real estate investment trust - The Fund's investment objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return. The fair value of the investments in these funds has been determined using the NAV per share of the investments.

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

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

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

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

5. Receivables, Deferred Inflows of Resources and Payables

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

Receivables

Receivables as of December 31, 2020 in the District's governmental funds and government-wide financial statements, net of uncollectible accounts, are detailed as follows (in thousands of dollars):

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

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

Deferred Inflows of Resources

Unavailable tax revenue is reported in the Governmental Funds Balance Sheets in connection with receivables for property taxes that are not considered to be available to liquidate liabilities of the current period. Other unavailable revenue is reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position for rental resources that have been received, but not earned. Other unavailable revenue is reported in the Governmental Funds Balance Sheets for the federal subsidy accrual relating to the direct reimbursement for the District's Build America Bonds. A summary of unavailable revenue as of December 31, 2020 is as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve-ments Bond	Retirement	Other Govern-mental	Total Govern-mental	Adjust-ments	Statement of Net Position
Deferred inflows of resources at December 31, 2020:								
Property tax revenue	$ 239,241	$ 208,855	$ —	$ 63,071	$ 50,518	$ 561,685	$ (561,685)	$ —
Other amounts:								
Grant revenue	—	—	953	—	—	953	(953)	—
Total deferred revenue at December 31, 2020	$ 239,241	$ 208,855	$ 953	$ 63,071	$ 50,518	$ 562,638	$ (562,638)	$ —

Payables

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

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

6. Capital Assets

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

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

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

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

7. Pension Plan

Plan Description
The Metropolitan Water Reclamation District Retirement Fund (Pension Trust or Fund) is the administrator of a single employer defined benefit pension plan (Plan) in accordance with 40 ILCS 5 of the Illinois Compiled Statutes. Article 13 of the Illinois Pension code grants the authority to establish the defined benefits of the Plan, as well as the employer and employee contribution levels of the Plan and may be amended only by the Illinois Legislature. The District contribution is currently calculated in accordance with state statute as to the amount sufficient to meet the Fund's actuarially determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. For the year ended December 31, 2020, the District's average contribution rate was 40% of annual payroll. The District's actual contribution to the Retirement Fund was $107,852,000.

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

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

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

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

Retirement Eligibility and Benefits
All full time employees of the District are eligible to participate in the retirement plan.

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

Tier 2 employees must have at least 10 years of service at age 67 to be eligible to receive an undiscounted retirement benefit. Employees in this tier who reach age 62 with at least ten years of service are entitled to receive a minimum retirement benefit; however, if the employee is less than age 67, the normal retirement benefit is reduced by .5% for each full month the member is less than age 67. A Tier 2 employee is eligible for a refund of accumulated employee contributions without interest if under age 62 regardless of service, or if less than 10 years of service regardless of age on withdrawal. The retirement benefit is calculated as 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary. Pensionable salary is limited to $124,630 in 2020 for Tier 2 employees. Tier 2 employees receive a cost of living adjustment as the lesser of 3% or half of the CPI-u for the 12 months ending the September 30th prior to the increase date.

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

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

Employees covered
At December 31, 2020, the following employees were covered by the benefit terms:

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

Basis of Accounting
The Pension Plan's financial statements are prepared using the accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Fund financial report. Page 96 has the information for obtaining those statements.

Net Pension Liability and the Changes in the Net Pension Liability

The District's measurement date for GASB 68 is December 31, 2019. The Pension Plan has a measurement date of December 31, 2020. A copy of the Pension Plan Comprehensive Annual Financial Report for 2020 may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at www.mwrdrf.org. The net pension liability at December 31, 2020 is $1,146,935,000, which is a decrease from the December 31, 2019 balance of $1,244,395,000.

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

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

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions made subsequent to the measurement date in the amount of $107,852,000, will be recognized as a reduction of the net pension liability in subsequent fiscal period rather than current fiscal period. Differences between expected and actual experience, changes in assumptions and net differences between projected and actual experience amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

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

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

Year ended December 31:	
2021	$ 117,069
2022	10,588
2023	27,303
2024	(15,081)
2025	2,955
	$ 142,834

Actuarial Methods and Assumptions
The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2019 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Varies by service
Investment rate of return	7.25%
Cost of living adjustment	Tier 1: 3.00%
	Tier 2: 1.25%

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study performed in September 2018 based on data for the period December 31, 2012 through December 31, 2017. The valuation reflects the following assumption changes to better reflect anticipated experience. These changes were based on the experience study performed September 28, 2018:

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

Annual Money-Weighted Rate of Return
The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.67% for the year ended December 31, 2020. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Allocation and Rate of Return

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

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

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

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

	1% Decrease 6.25%	Current Discount Rate of 7.25%	1% Increase 8.25%
Net Pension Liability	$1,446,814	$1,146,935	$894,253

Payable to the Pension Plan and Pension Expense

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

8. OPEB - Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

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

Benefits Provided

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

Eligibility for Insurance Coverage

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

Contributions

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

The retiree contribution rates are set based on prior year claims incurred and become effective July 1st each year. The retiree contribution rate utilized is based on the contribution rate policy established by the Board of Commissioners. This policy calls for a 2.5% increase in the contribution rate on January 1st of each year until the contribution rate reaches 50.0%, projected to be in 2021.

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

Investment Policy

The Long-Term Expected Rate of Return on OPEB Plan investments is determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019 are summarized in the following table:

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

The Long-Term Expected Rate of Return calculated using the method described above exceeds 6.5% (assuming 2.5% inflation).

Concentrations

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

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net OPEB Liability

- The measurement date is December 31, 2019.
- The measurement period for the OPEB expense is January 1 , 2019 to December 31, 2019.
- The reporting period is January 1, 2020 through December 31, 2020.
- The District's Net OPEB Liability was measured as of December 31, 2019.

Actuarial Assumptions

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

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

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

The information included in the report is based on the actuarial valuation performed as of December 31, 2019. Actuarial valuations of the total OPEB liability are required to be completed every two years for the Trust. The next valuation date is December 31, 2021.

Discount Rate

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

Change in OPEB Liability

(in thousands of dollars)

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

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

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

	1% Decrease (5.5%)	**Current Discount Rate (6.5%)**	**1% Increase (7.5%)**
Net OPEB Liability	$112,710	$72,208	$38,752

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

	1% Decrease (3.5% - 7.0%)	Healthcare Cost Trend Rates (4.5% - 8.0%)	1% Increase (5.5% - 9.0%)
Net OPEB Liability	$34,930	$72,208	$117,401

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended December 31, 2020, the District recognized OPEB Expense of $6,356,000. On December 31, 2020, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (in thousands of dollars):

	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	$ 5,844	$ —
Changes of assumptions	—	31,963
Net difference between projected and actual earnings on OPEB Plan Investments	—	12,473
Employer contributions made subsequent to the measurement date	16,230	
Total	$ 22,074	$ 44,436

Employer contributions made after the measurement date are actual employer contributions that will be recognized as a reduction of the OPEB liability in the subsequent year rather than in the reporting period ending December 31, 2020

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

Year Ended December 31:	
2021	$ 7,689
2022	7,689
2023	4,785
2024	9,723
2025	4,353
Thereafter	4,353

9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $2,676,000 at December 31, 2020. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $234,877,000 at December 31, 2020. State Revolving Fund Loan commitments of $94,206,000 at December 31, 2020, are collectible as the contract expenditures are incurred.

The Internal Revenue Code requires that an issuer of tax-exempt bonds rebate to the United States any excess investment earnings made with the gross proceeds of an issue over the amount which would have been earned had such proceeds been invested at a rate equal to the yield on the issue. The Internal Revenue Code offers certain “safe harbors” permitting qualified governments to keep extra earnings that result from arbitrage. The District has made a determination of their probable liability for amounts potentially due to the United States government. As of December 31, 2020, the District has no arbitrage rebate liability.

National Pollutant Discharge Elimination System

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

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

Class Action Flooding Claims. The District has previously been and presently is a party to several proposed class-action lawsuits pending in the Circuit Court of Cook County arising out of local sewer back-ups and overland flooding resulting in basement flooding. The District is also in receipt of flooding claims in which lawsuits have not yet been filed.

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

In one of the pending cases, a constitutional question was appealed to the Illinois Supreme Court, which answered the question and remanded the case back to the Circuit Court for further proceedings. Those proceedings are still ongoing. In late 2020, the Illinois Supreme Court affirmed the dismissal of all claims against the District in another pending case; however, the Plaintiffs in that case have indicated they plan to file an amended complaint with additional claims against the District.

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

These suits are filed against the District and other taxing bodies on a yearly basis. Presently, the District is defending rate objection lawsuits for the 2010 through 2019 tax years. The rate objection cases currently pending against the District include a variety of objections to the tax levies for the District’s corporate, construction, stormwater, reserve claim, and bond and interest funds.

If the taxpayers were to prevail on each of these claims, the District’s liability would be substantial. However, if the District is found liable or agrees to settle for any of the tax years at issue, it does not pay the plaintiffs directly. Rather, the Cook County Treasurer issues the refund to those plaintiffs from current collections. Yet, these refunds are significantly delayed because the Treasurer cannot issue them until every rate objection against each of the 600 to 700 Cook County taxing districts has been resolved for the tax year in question. This process takes years and the lag time between settlements and refunds is currently over 10 years.

10. Risk Management and Claims

The District is primarily self-insured for the "working layer" of losses, and purchases excess insurance to assist in the response to catastrophic claims. Under the Reserve Claim Fund, the District may levy an annual property tax not to exceed .005% of the equalized assessed valuation of taxable property within the District's territorial limits. The Reserve Claim Fund can be used for the payment of claims, awards, losses, judgments, liabilities, settlements, or demands, and associated attorney's fees and costs that might be imposed on or incurred by such sanitary district in matters including, but not limited to, the Workers' Compensation Act or the Workers' Occupational Diseases Act; any claim in tort; any claim of deprivation of any constitutional or statutory right or protection; for all expenses, fees, and costs, both direct and in support of any property owned by such sanitary district which is damaged by fire, flood, explosion, vandalism or any other peril, natural or man-made. The aggregate amount that may accumulate in the Reserve Claim Fund cannot exceed .05% of the equalized assessed valuation. The Reserve Claim Fund accounts are included in the General Corporate Fund as described in Note 1.b to the financial statements.

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

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

Under current environmental protection laws, the District may be ultimately responsible for the environmental remediation of some of its currently or formerly leased-out properties. The District has developed preliminary estimates of environmental remediation costs for sites needing environmental remediation. The range of such estimated costs is between $44,500,000 and $62,900,000. The Law Department is of the opinion that the tenants, (except for those who are bankrupt, out of business, or otherwise financially unable to perform) would ultimately be liable for the bulk of, if not all of, these site clean-up costs. Negotiations are under way between the District's lawyers and the tenants to resolve remedial activity and cost liability issues. However, a provision of $12,800,000 in long-term debt is being recognized as of December 31, 2020, as an estimate of the potential contingent liability of the District. The amount of $13,800,000 in contingent liability was recognized as of December 31, 2019. This represents a decrease of $1,000,000 in the recognized contingent liability between December 31, 2019 and December 31, 2020. Of this $12,800,000, $6,500,000 is estimated to be the short-term (2021) liability and $6,300,000 is the estimated long-term (after 2021) liability. A large decrease in contingent liability was registered in 2007 and was largely due to the implementation of Statement No. 49 of the Governmental Accounting Standards Board of Accounting and Financial Reporting for Pollution Remediation Obligations which specifies five obligating events, one of which must occur before a pollution remediation cost can be accrued as a liability.

The District provides health insurance benefits to employees through a fully insured health maintenance organization and a self-insured comprehensive indemnity/PPO plan. The District provides dental insurance benefits through a fully insured dental maintenance organization and a self-insured dental indemnity plan. The

District does not purchase stop-loss insurance for its self-insured comprehensive indemnity/PPO plan. The District provides life insurance benefits for active employees through an insured life insurance program.

Additional insurance policies in effect at December 31, 2020, are listed below. There were increases in the Deductibles for Excess Liability and Property Insurance. There was a reduction in Limits for Property Insurance. There were no other reductions in insurance coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

Marine Liability	
Aggregate	$10,000,000
Deductible	$10,000
Excess Liability	
Aggregate	$50,000,000
Deductible	$5,000,000
Deductible - Employers Liability	$5,000,000
Government Crime	
Forgery or Alteration, Robbery, Safe Burglary, Money Orders, Counterfeit Currency	
Per Occurrence	$750,000
Deductible	$50,000
Employee Theft (including Faithful Performance)	
Per Occurrence	$6,000,000
Deductible	$100,000
Computer Fraud	
Per Occurrence	$6,000,000
Deductible	$100,000
Funds Transfer Fraud	
Per Occurrence	$6,000,000
Deductible	$100,000
Property Insurance	
Per Occurrence	$750,000,000
Deductible	$15,000,000
Earth Movement	
Aggregate	$100,000,000
Deductible	$15,000,000
Flood and Water Damage	
Per Occurrence	$100,000,000
Deductible	$15,000,000
Group Business Travel Accidental	
Aggregate Limit	$10,000,000
Accidental Death	
Per Employee (5 times salary up to this maximum)	$500,000
Guests,Spouse/Domestic Partner, Dependent Children	
Aggregate Limit	$135,000

Pension & Welfare Fiduciary Liability	
Aggregate	$5,000,000
Self-Insured Retention	$10,000
Group Term Life (basic)	
Per Employee	$20,000
Cyber Liability	
Aggregate	$5,000,000
Deductible	$50,000

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

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

11. Long-Term Debt

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

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

Liabilities for the Bonds and Bond Anticipation Notes are paid from the Debt Service Fund. Liabilities for Compensated Absences are primarily paid from the General Corporate and Stormwater Management Funds. Most claims resulting from construction projects are paid from either the Capital Improvements Bond or the Construction Funds, while all other claims are paid from the Reserve Claim Fund accounts in the General Corporate Fund.

As of December 31, 2020, the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

Bonds Payable Maturity Table

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

Alternate Revenue Bonds

Bond proceeds of $50.0 million 2016 Tax Series E bonds, $50.0 million 2014 Tax Series B bonds and $3.0 million IEPA Series 14P bonds are used to fund a portion of the Stormwater Management Program projects. The pledge of the Stormwater Management Fund tax levy will remain until their final maturities in December 2045. The District has covenanted in the Series 2016E, 2014B and 14P Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2016E, 2014B and 14O Bonds, and the provision of not less than an additional .25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2020, is $171,356,000 as shown below (in thousands of dollars).

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

2016 Bond Issues

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

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

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

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

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

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

2015 Bond Issues

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

In January 2015, the District issued $50,000,000 of Taxable General Obligation Bonds, (Alternate Revenue Source), Unlimited Tax Series B (Green Bonds), with maturity dates from 2016 to 2044. The bonds were issued at a premium of $7,720,129. Interest accrues on the bonds at rates ranging from 2.0% to 5.0%, payable on December 1 and June 1.

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

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

2011 Bond Issues

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

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

2009 Bond Issues

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

2007 Bond Issues

In March 2007, the District issued $188,315,000 in General Obligation Refunding Bonds, Unlimited Tax Series A, at a premium of $16,775,789. The bonds have interest rates from 4.00 to 5.00%, payable on December 1 and June 1, and maturity dates from 2014 to 2022. The bonds were issued to refund $146,000,000 of outstanding principal amount, plus accrued interest, of 2002 Limited Tax Series E and $57,900,000 of outstanding principal amount, plus accrued interest, of 2002 Unlimited Tax Series C.

In March 2007, the District issued $91,845,000 in General Obligation Refunding Bonds, Unlimited Tax Series B, at a premium of $17,462,417. The bonds have an interest rate of 5.25%, payable on December 1 and June 1, and maturity dates from 2034 to 2035. The bonds were issued to refund $100,000,000 of outstanding principal, plus accrued interest, of 2006 Unlimited Tax Series.

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

Capital Improvement Bonds, IEPA Series

The District has adopted bond ordinances authorizing issuance of its general obligation bonds to the Illinois Environmental Protection Agency (IEPA). The most recent such authorization was pursuant to a bond ordinance adopted in calendar year 2016 in the amount of $500,000,000 for Capital Improvement Bonds, 2016 IEPA Series. The IEPA approves various capital improvements related to sewage treatment works and flood control facilities for funding from the State Water Pollution Control Revolving Loan Fund (SRF). Once a project has been approved, the State offers the District a loan from the State's Revolving Loan Fund, which the District incorporates into the form of the bond which is issued to the IEPA (the Loan/Bond). When work on the project begins, the District pays the contractor. The District receives a corresponding amount of advance on the Loan/Bond from the IEPA. This form of loan is commonly referred to as a drawdown loan. The advances continue on the Loan/Bond until the project is completed or the amount of the loan fully advances, whichever occurs first. In general, within two years of the first advance on a Loan/Bond, the IEPA promulgates a repayment schedule on such Loan/Bond. The repayment schedules call for level payments of principal and interest, collectively, over a 20 year period beginning within six months of the date the repayment schedule is promulgated. Under this authority, the IEPA has approved the following loan amounts:

2020	$	9,300,000
2019	$	67,400,000
2018	$	34,600,000
2017	$	7,900,000
2016	$	131,900,000

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

2019	$	62,300,000
2018	$	4,900,000
2017	$	4,200,000

2016	$	150,100,000
2015	$	54,600,000
2014	$	83,600,000
2012	$	17,400,000

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

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

State Revolving Fund (SRF) Loan proceeds of $62,399,000 are recognized as "other financing sources" in the Capital Improvements Bond Fund. The amount recognized is based upon reimbursable expenditures incurred during the fiscal year. The amount recognized as SRF proceeds is also recognized as a long-term liability in the government-wide Statements of Net Position.

The District refinances bond anticipation notes through the issuance of its Capital Improvement Bonds in the amount of the bond anticipation notes, plus accrued interest. As a result, there is no debt service required until these notes are converted into bonds. The District has accrued principal of $62,399,000 and interest of $591,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $62,990,000.

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

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

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

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

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

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

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

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

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

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

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

- July 2020 – The District issued $1,924,000 of Capital Improvement Bonds - IEPA Series 16B, through the conversion of the sum of bond anticipation note principal of $1,912,000 and interest of $12,000 with maturity dates from January 1, 2021 to July 1, 2040. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.

- July 2020 – The District issued $5,732,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion of the sum of bond anticipation note principal of $5,694,000 and interest of $38,000 with maturity dates from January 1, 2021 to July 1, 2039. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.

- July 2020 – The District issued $285,000 of Capital Improvement Bonds - IEPA Series 16K, through the conversion of the sum of bond anticipation note principal of $284,000 and interest of $1,000 with maturity dates from January 1, 2021 to July 1, 2040. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.

Beginning in 1991, the District's Board of Commissioners adopted ordinances providing for the issuance of bond anticipation notes. The bond anticipation notes are issued exclusively to cover interim project loan advances from the Illinois Environmental Protection Agency. Principal and interest liabilities related to the bond anticipation notes were $76,035,000 at December 31, 2020. Of the bond anticipation notes outstanding at December 31, 2020, $3,971,000 will be financed through IEPA Series 2012 bonds, $34,354,000 will be financed through IEPA Series 2014 bonds, and the remaining $37,709,000 will be financed through IEPA series 2016 bonds. None of these outstanding bond anticipation notes are expected to be repaid within the next year; therefore, the notes are reported as part of long-term debt.

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

12. Interfund Transactions

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

Individual interfund receivable and payable balances at December 31, 2020, are as follows (in thousands of dollars):

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

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of $13,648,000 at December 31, 2020, that represented earned but uncollected property taxes in the Retirement Fund and the Government-wide Statements of Net Position.

Transfers between funds as authorized in the budget are recorded as "other financing sources (uses)" in the fund operating statements. Individual transfers throughout 2020 are as follows (in thousands of dollars):

	Transfer to/(from)					
Transfer Reason	**General Corporate Fund**	**Debt Service Fund**	**Capital Improvement Bond Fund**	**Retirement Fund**	**Stormwater Management Fund**	**Construction Fund**
Alternate Revenue bond funding	$ —	$ 5,962	$ —	$ —	$ (5,962)	$ —
Pension funding	(6,000)	(3,000)	(9,000)	20,000	(1,000)	(1,000)
Fund projects with shared costs	—	—	(2,363)	—	2,363	—
Total transfers	$ (6,000)	$ 2,962	$ (11,363)	$ 20,000	$ (4,599)	$ (1,000)

13. Property Tax Extension Limitation Law

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

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

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

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

14. Leases

Capital Lease

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

The cost of the biosolids processing facility is considered a capital lease since it will become the property of the District at the end of the contract. The District also has an option to purchase the facility at the end of the fifth, tenth, and fifteenth year of operation for the remaining principal portion of the debt. Total payments for the capital lease are estimated at $83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. The gross amount of assets acquired under the capital lease is $54,535,000. During 2020, the District incurred expenses of approximately $2,856,000 for principal and $1,534,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2020, the future minimum lease payments for the biosolids facility are shown below (in thousands of dollars):

Capital Lease Payable Maturity Table

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

Lease Rentals
The District leases land to governmental and commercial tenants under operating lease agreements for periods of up to 99 years. There were no contingent lease rentals for the period. The commercial leases are considered non-cancellable and the following is a summary of the minimum future rentals for these leases at December 31, 2020 (in thousands of dollars):

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

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

15. Tax Abatements

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

The District's taxes are reduced by way of a reimbursement to Boeing in an amount equal to the allocable share of the real estate taxes, or 5.836%. The District is entitled to terminate the agreement or recover all payments if Boeing defaults on their commitments. The 2020 taxes abated totaled $128,300.

Cook County granted special assessments for the development or redevelopment of commercial and industrial properties. The properties receive a real estate tax incentive as a reduction in the assessment rate. The total estimated impact of these incentives to the District is approximately $14,406,000 in reduced property taxes.

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

Modified Approach for Eligible Infrastructure Assets

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

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

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

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

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

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

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

Condition assessments of each network will continue at least every three years following the initial assessment. The Kirie, Central (Stickney) and Waterways networks were re-assessed in 2020, the Egan and O'Brien networks were re-assessed in 2019, and the Hanover, Calumet and Lemont networks were re-assessed in 2018.

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 - 2012	3	2	3	NA	2
Subsequent assessment - 2015	2	3	3	NA	3
Subsequent assessment - 2018	3	3	3	NA	3
Egan WRP Network					
Subsequent assessment - 2013	3	3	3	NA	NA
Subsequent assessment - 2016	3	3	2	NA	NA
Subsequent assessment - 2019	2	2	3	NA	NA
O'Brien WRP Network					
Subsequent assessment - 2013	3	2	2	NA	NA
Subsequent assessment - 2016	3	3	3	NA	NA
Subsequent assessment - 2019	3	3	3	NA	NA
Central (Stickney) WRP Network					
Subsequent assessment - 2014	3	3	3	NA	3
Subsequent assessment - 2017	3	3	3	NA	3
Subsequent assessment - 2020	3	3	3	3	3
Waterways WRP Network					
Subsequent assessment - 2014	NA	NA	NA	3	NA
Subsequent assessment - 2017	NA	NA	NA	3	NA
Subsequent assessment - 2020	NA	NA	NA	3	NA
Calumet WRP Network					
Subsequent assessment - 2012	3	2	2	NA	2
Subsequent assessment - 2015	3	2	3	NA	2
Subsequent assessment - 2018	3	3	3	NA	2
Lemont WRP Network					
Subsequent assessment - 2012	3	3	3	NA	NA
Subsequent assessment - 2015	3	3	3	NA	NA
Subsequent assessment - 2018	3	3	3	2	NA
Maintenance/Preservation Costs					
Kirie WRP Network					
Estimated 2020	$ 478,900	$ 1,138,600	$ —	$ —	$ —
Actual 2020	416,201	1,091,639	—	—	—
Estimated 2019	11,167,600	1,092,700	—	—	—
Actual 2019	353,344	420,042	—	—	—
Estimated 2018	3,779,701	400,101	—	—	—
Actual 2018	807,689	452,100	494	129	—
Estimated 2017	3,304,900	1,065,433	1,139	517,500	—
Actual 2017	540,658	1,014,160	11,007	12,066	—
Estimated 2016	5,176,151	4,410,046	465	786,000	—
Actual 2016	2,015,494	4,454,223	12,067	267,794	—

		Collection Processes System		Treatment Processes System		Solids Processing System		Flood and Pollution Control System		Solids Drying/ Utilization System
Hanover WRP Network										
Estimated 2020	$	132,600	$	639,700	$	222,900	$	—	$	33,700
Actual 2020		138,319		655,069		201,948		—		34,507
Estimated 2019		132,900		652,400		2,212,000		—		34,600
Actual 2019		100,568		244,058		205,085		—		32,640
Estimated 2018		94,100		443,113		212,500		—		33,700
Actual 2018		102,473		307,110		206,225		—		34,262
Estimated 2017		123,300		647,312		221,947		—		33,200
Actual 2017		162,368		684,767		210,660		—		33,476
Estimated 2016		484,028		3,119,591		676,096		200,000		214,300
Actual 2016		646,796		2,424,545		720,040		—		377,701
Egan WRP Network										
Estimated 2020	$	544,400	$	1,759,600	$	519,400	$	19,900	$	—
Actual 2020		547,128		1,614,523		414,731		20,189		—
Estimated 2019		553,200		2,713,000		801,400		37,900		—
Actual 2019		412,022		530,868		268,381		21,420		—
Estimated 2018		392,053		1,539,717		891,011		37,075		—
Actual 2018		333,327		542,917		467,280		20,227		—
Estimated 2017		568,170		2,457,544		1,612,479		28,150		—
Actual 2017		547,567		1,602,807		991,795		15,584		—
Estimated 2016		1,831,349		6,066,015		5,202,317		77,905		14,400
Actual 2016		1,889,009		8,092,469		7,057,944		87,156		253,655
O'Brien WRP Network										
Estimated 2020	$	3,091,800	$	6,645,900	$	448,700	$	86,200	$	121,000
Actual 2020		3,140,813		5,220,331		403,891		84,191		119,142
Estimated 2019		2,617,400		5,414,200		552,400		84,900		—
Actual 2019		1,726,147		1,620,486		313,227		63,983		—
Estimated 2018		1,598,100		12,148,400		15,337,600		670,037		—
Actual 2018		1,700,911		1,637,026		298,797		640,049		—
Estimated 2017		4,005,365		5,503,337		371,200		2,621,400		—
Actual 2017		2,494,728		5,309,118		389,566		2,136,685		—
Estimated 2016		9,572,949		13,372,590		690,100		1,383,300		41,100
Actual 2016		10,162,949		14,791,414		891,486		792,719		42,768
Central (Stickney) WRP Network										
Estimated 2020	$	7,931,500	$	11,200,500	$	8,712,900	$	661,300	$	1,353,100
Actual 2020		4,829,598		5,666,894		5,889,724		541,268		1,076,269
Estimated 2019		8,181,200		17,042,400		37,639,300		645,600		1,331,400
Actual 2019		5,972,992		3,763,578		6,850,985		1,017,789		1,075,340
Estimated 2018		36,068,365		15,186,927		5,006,400		1,775,374		508,100
Actual 2018		9,850,199		14,761,309		1,272,868		945,043		396,154
Estimated 2017		9,704,500		11,806,700		7,004,600		742,000		1,521,700
Actual 2017		23,677,548		18,501,753		6,361,137		1,237,008		1,705,427
Estimated 2016		22,316,620		48,806,200		24,028,680		412,700		7,274,800
Actual 2016		72,698,955		32,685,410		33,364,380		6,012,677		21,228,946

		Collection Processes System		Treatment Processes System		Solids Processing System		Flood and Pollution Control System		Solids Drying/ Utilization System
Waterways WRP Network										
Estimated 2020	$	—	$	—	$	—	$	1,076,269	$	—
Actual 2020		—		—		—		404,255		—
Estimated 2019		—		—		—		7,872,800		—
Actual 2019		—		—		—		1,872,589		—
Estimated 2018		—		—		—		17,406,595		—
Actual 2018		—		—		—		2,763,017		—
Estimated 2017		246,100		—		—		11,957,187		—
Actual 2017		10,953,571		10,240		—		1,151,151		—
Estimated 2016		115,525		—		—		27,544,100		—
Actual 2016		1,149,455		—		—		3,178,612		—
Calumet WRP Network										
Estimated 2020	$	3,529,000	$	8,964,600	$	1,887,400	$	238,400	$	518,200
Actual 2020		3,427,086		6,638,053		1,811,008		227,383		535,586
Estimated 2019		4,933,600		5,485,300		1,239,300		175,100		538,900
Actual 2019		3,478,800		2,137,143		1,009,331		178,033		130,634
Estimated 2018		4,834,200		4,005,602		795,600		161,200		103,600
Actual 2018		3,081,864		3,166,505		1,053,258		186,323		126,643
Estimated 2017		3,244,935		8,423,738		1,737,410		172,787		558,800
Actual 2017		3,330,986		8,956,454		1,848,660		173,529		509,922
Estimated 2016		24,346,293		16,082,140		5,211,367		1,392,200		744,800
Actual 2016		12,644,323		18,205,026		5,457,023		294,111		675,730
Lemont WRP Network										
Estimated 2020	$	—	$	10,300	$	—	$	—	$	—
Actual 2020		—		9,204		—		—		—
Estimated 2019		8,446		10,300		—		—		—
Actual 2019		—		22,812		—		—		—
Estimated 2018		—		10,800		—		—		—
Actual 2018		540		3,468		—		—		—
Estimated 2017		—		8,800		—		—		—
Actual 2017		—		4,739		—		—		—
Estimated 2016		70,200		126,100		—		—		—
Actual 2016		115,903		348,026		262,007		—		—

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

	2020	2019	2018
Total pension liability:			
Service cost	$ 33,039	$ 32,213	$ 32,370
Interest	183,916	182,881	179,038
Differences between expected and actual experience	17,733	12,158	(1,991)
Changes of assumptions	—	35,593	—
Benefit payments, including refunds of employee contributions	(169,308)	(161,324)	(154,713)
Net change in total pension liability	65,380	101,521	54,704
Total pension liability - beginning	2,588,389	2,486,867	2,432,163
Total pension liability - ending	2,653,769	2,588,388	2,486,867
Plan fiduciary net position:			
Contributions - employer	87,446	87,167	89,858
Contributions - employee	21,182	21,033	20,840
Net investment income	225,159	(103,006)	194,822
Benefit payments, including refunds of employee contributions	(169,308)	(161,324)	(154,713)
Administrative expense	(1,642)	(1,685)	(1,614)
Other	3	15	3
Net change in plan fiduciary net position	162,840	(157,800)	149,196
Plan fiduciary net position - beginning	1,343,994	1,501,793	1,352,597
Plan fiduciary net position - ending	1,506,834	1,343,993	1,501,793
Net pension liability - ending	$ 1,146,935	$ 1,244,395	$ 985,074
Plan fiduciary net position as a percentage of the total pension liability	56.78 %	51.92 %	60.39 %
Covered payroll	$ 189,961	$ 187,850	$ 184,385
Net pension liability as a percentage of covered payroll	603.77 %	662.44 %	534.25 %

(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.

2017	2016	2015
$ 32,058	$ 32,228	$ 31,602
173,861	168,530	163,338
13,814	14,422	10,861
—	—	—
(147,336)	(140,509)	(133,898)
72,397	74,671	71,903
2,359,766	2,285,095	2,213,192
2,432,163	2,359,766	2,285,095
80,259	71,041	73,906
20,831	21,385	18,975
113,586	(1,428)	81,601
(147,336)	(140,509)	(133,898)
(1,503)	(1,660)	(1,407)
107	29	4
65,944	(51,142)	39,181
1,286,653	1,337,795	1,298,614
1,352,597	1,286,653	1,337,795
$ 1,079,566	$ 1,073,113	$ 947,300
55.61 %	54.52 %	58.54 %
$ 182,640	$ 177,792	$ 176,184
591.09 %	603.58 %	537.68 %

Schedule of District Contributions
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
2020	$ 74,280	$ 87,446	$ (13,166)	$ 189,961	46.03%
2019	64,989	87,167	(22,179)	187,850	46.40%
2018	65,728	89,858	(24,130)	184,385	48.73%
2017	64,596	80,259	(15,664)	182,640	43.94%
2016	62,603	71,041	(8,438)	177,792	39.96%
2015	64,478	73,906	(9,428)	176,184	41.95%
2014	68,414	92,944	(24,530)	169,376	54.87%
2013	74,829	65,098	9,731	163,817	39.74%
2012	69,393	37,379	32,014	164,275	22.75%
2011	61,873	29,918	31,955	174,486	17.15%

Notes to the Schedule of District Contributions

Valuation Date: The District’s actuarially determined contribution (ADC) is calculated as of December 31, 2019.

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	30 years
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 Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Disabled Members: RP-2000 Disabled Retiree Mortality Table.
Retirement rates	Retirement rates are based on the most recent experience analysis and vary by age and service of member. Rates were reduced by 20% as of the 2011 ADC calculation to reflect actual experience.
Disability rates	Disability rates vary by age.

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

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

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

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

Actuarial valuations are required to be completed every two years. The most recent actuarial valuation was completed as of December 31, 2019.

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

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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, 2020
(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019	2020	2019
Assets						
Cash	$ 1,650	$ 846	$ 1,560	$ 1,113	$ 3,210	$ 1,959
Certificates of deposit	7,922	10,669	3,104	17,077	11,026	27,745
Investments	19,379	19,264	47,300	36,785	66,679	56,049
Prepaid insurance	—	—	—	74	—	74
Taxes receivable, net	4,762	7,334	51,074	51,074	55,836	58,408
Other receivable	746	745	—	316	746	1,061
Total assets	$ 34,459	$ 38,858	$ 103,038	$ 106,439	$ 137,497	$ 145,296
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and other liabilities	$ 1,170	$ 1,819	$ 7,957	$ 6,352	$ 9,127	$ 8,171
Due to other funds	—	—	298	224	298	224
Total liabilities	1,170	1,819	8,255	6,576	9,425	8,395
Deferred inflows of resources:						
Unavailable tax revenue	4,303	6,573	46,215	45,759	50,518	52,332
Total deferred inflows of resources	4,303	6,573	46,215	45,759	50,518	52,332
Fund balances:						
Nonspendable:						
Prepaid insurance	—	—	—	74	—	74
Restricted for:						
Working Cash	21,960	22,713	37,136	37,967	59,096	60,680
Capital projects	7,026	7,753	11,432	16,137	18,458	23,889
Unassigned	—	—	—	(74)	—	(74)
Total fund balances	28,986	30,466	48,568	54,104	77,554	84,569
Total liabilities, deferred inflows, and fund balances	$ 34,459	$ 38,858	$ 103,038	$ 106,439	$ 137,497	$ 145,296

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

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

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019	2020	2019
Revenues						
Revenues:						
Property taxes	$ 6,834	$ 9,505	$ 50,464	$ 41,911	$ 57,298	$ 51,416
Interest on investments	344	759	544	1,443	888	2,202
Grant revenue	—	—	—	316	—	316
Fees, forfeits and penalties	—	—	958	1,416	958	1,416
Claims and damage settlements	—	28	—	—	—	28
Miscellaneous	13	2	6	10	19	12
Total revenues	7,191	10,294	51,972	45,096	59,163	55,390
Expenditures						
Current Operations:						
Construction costs	7,671	9,466	52,908	44,630	60,579	54,096
Total expenditures	7,671	9,466	52,908	44,630	60,579	54,096
Revenues over (under) expenditures	(480)	828	(936)	466	(1,416)	1,294
Other financing sources (uses):						
Transfer out to Debt Service Fund	(1,000)	—	(4,599)	(5,772)	(5,599)	(5,772)
Total other financing sources (uses)	(1,000)	—	(4,599)	(5,772)	(5,599)	(5,772)
Revenues over (under) expenditures and other financing uses	(1,480)	828	(5,535)	(5,306)	(7,015)	(4,478)
Fund balances						
Beginning of the year	30,466	29,638	54,103	59,409	84,569	89,047
End of the year	$ 28,986	$ 30,466	$ 48,568	$ 54,103	$ 77,554	$ 84,569

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GENERAL CORPORATE FUND

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

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

Year ended December 31, 2020

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Board of Commissioners:					
Personal services					
Salaries of regular employees	$ 3,631	$ —	$ 3,631	$ 3,508	$ 123
Compensation plan adjustments	46	—	46	43	3
Social Security and Medicare contributions	88	—	88	66	22
Tuition and training payments	32	—	32	5	27
Personal services not otherwise classified	517	—	517	216	301
Total personal services	4,314	—	4,314	3,838	476
Contractual services					
Travel	26	—	26	—	26
Meals and lodging	32	—	32	—	32
Subscriptions and membership dues	28	—	28	27	1
Payment for professional services	867	—	867	622	245
Contractual services not otherwise classified	1	—	1	1	—
Total contractual services	954	—	954	650	304
Materials and supplies					
Office, printing, and photographic supplies	26	—	26	2	24
Total materials and supplies	26	—	26	2	24
Board of Commissioners total	5,294	—	5,294	4,490	804
General Administration:					
Personal services					
Salaries of regular employees	11,412	(502)	10,910	10,601	309
Compensation plan adjustments	782	501	1,283	1,282	1
Social Security and Medicare contributions	165	1	166	165	1
Tuition and training payments	44	—	44	14	30
Total personal services	12,403	—	12,403	12,062	341
Contractual services					
Travel	9	—	9	1	8
Meals and lodging	18	—	18	2	16
Postage, freight, and delivery charges	110	—	110	84	26
Compensation for personally owned autos	4	—	4	1	3
Motor vehicle operating services	63	(1)	62	38	24
Reprographic services	55	—	55	9	46
Electrical energy	325	—	325	276	49
Natural gas	25	—	25	23	2
Water and water services	6	—	6	4	2
Subscriptions and membership dues	966	(43)	923	730	193
Rental charges	71	—	71	58	13
Advertising	15	—	15	10	5
Administration building operation	1,316	5	1,321	1,229	92
Administration building operation annex	785	4	789	628	161
Payment for professional services	3,024	(34)	2,990	172	2,818

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
General Administration (continued):					
Contractual services not otherwise classified	$ 337	$ (24)	$ 313	$ 189	$ 124
Repairs to buildings	452	(9)	443	385	58
Repairs to office furniture and equipment	61	—	61	38	23
Communication equipment maintenance	23	4	27	22	5
Repairs to vehicle equipment	417	(3)	414	304	110
Total contractual services	8,082	(101)	7,981	4,203	3,778
Materials and supplies					
Electrical parts and supplies	9	—	9	8	1
Plumbing accessories and supplies	9	29	38	30	8
Hardware	16	—	16	11	5
Office, printing, and photographic supplies	155	—	155	98	57
Cleaning supplies	1	5	6	4	2
Wearing apparel	37	—	37	24	13
Books, maps, and charts	1	—	1	1	—
Communication Supplies	150	43	193	191	2
Materials and supplies not otherwise classified	47	—	47	32	15
Total materials and supplies	425	77	502	399	103
Machinery and equipment					
Computer equipment	7,500	—	7,500	—	7,500
Vehicle equipment	1,052	24	1,076	733	343
Machinery and equipment not otherwise classified	250	(250)	—	—	—
Total machinery and equipment	8,802	(226)	8,576	733	7,843
General Administration total	29,712	(250)	29,462	17,397	12,065
Monitoring and Research:					
Personal services					
Salaries of regular employees	28,436	(98)	28,338	26,848	1,490
Compensation plan adjustments	789	98	887	841	46
Social Security and Medicare contributions	426	—	426	384	42
Tuition and training payments	28	—	28	6	22
Total personal services	29,679	—	29,679	28,079	1,600
Contractual services					
Travel	10	—	10	—	10
Meals and lodging	21	(1)	20	1	19
Postage, freight, and delivery charges	6	—	6	4	2
Compensation for personally owned autos	18	1	19	17	2
Rental charges	1	—	1	—	1
Intergovernmental agreements	49	—	49	50	(1)
Governmental services charges	17	—	17	17	—
Payment for professional services	354	—	354	186	168
Contractual services not otherwise classified	243	(4)	239	191	48
Repairs to marine equipment	34	—	34	24	10

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, 2020

	(in thousands of dollars)				
	Budget Amounts				**Actual Variance with Final Budget - Positive**
Corporate Division	**Original**	**Net Transfer**	**Final**	**Actual Amounts**	**(Negative)**
Monitoring and Research (continued):					
Computer software maintenance	$ 9	$ 2	$ 11	$ 10	$ 1
Repairs to testing and laboratory equipment	313	2	315	302	13
Total contractual services	1,075	—	1,075	802	273
Materials and supplies					
Office, printing, and photographic supplies	19	—	19	11	8
Farming supplies	15	—	15	14	1
Laboratory testing supplies and small equipment	323	—	323	310	13
Wearing apparel	16	—	16	8	8
Books, maps, and charts	1	1	2	1	1
Computer supplies	—	12	12	4	8
Fuel	18	—	18	8	10
Materials and supplies not otherwise classified	90	(13)	77	58	19
Total materials and supplies	482	—	482	414	68
Machinery and equipment					
Computer equipment	500	(57)	443	203	240
Testing and laboratory equipment	91	57	148	117	31
Total machinery and equipment	591	—	591	320	271
Monitoring and Research total	31,827	—	31,827	29,615	2,212
Procurement and Materials Management:					
Personal services					
Salaries of regular employees	5,860	—	5,860	5,301	559
Compensation plan adjustments	85	—	85	37	48
Social Security and Medicare contributions	86	—	86	74	12
Tuition and training payments	2	1	3	2	1
Total personal services	6,033	1	6,034	5,414	620
Contractual services					
Travel	1	(1)	—	—	—
Meals and lodging	1	(1)	—	—	—
Compensation for personally owned autos	1	—	1	—	1
Advertising	123	(12)	111	73	38
Payment for professional services	—	12	12	4	8
Repairs to buildings	102	13	115	111	4
Repairs to office furniture and equipment	2	—	2	1	1
Computer software maintenance	20	130	150	58	92
Repairs to vehicle equipment	9	3	12	11	1
Total contractual services	259	144	403	258	145
Materials and supplies					
Metals	96	—	96	57	39
Electrical parts and supplies	280	(30)	250	175	75
Plumbing accessories and supplies	346	(40)	306	268	38
Hardware	81	(10)	71	45	26

(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):					
Buildings, grounds, paving materials, and supplies	$ 278	$ (90)	$ 188	$ 112	$ 76
Fiber, paper and insulation materials	63	(10)	53	36	17
Paints, solvents, and related materials	51	(10)	41	18	23
Vehicle parts and supplies	12	1	13	13	—
Mechanical and repair parts	225	(75)	150	92	58
Office, printing, and photographic supplies	13	—	13	5	8
Laboratory testing supplies and small equipment	668	90	758	625	133
Cleaning supplies	266	370	636	570	66
Tools and supplies	101	—	101	85	16
Wearing apparel	165	140	305	233	72
Safety and medical supplies	73	(10)	63	48	15
Computer supplies	57	10	67	56	11
Fuel	339	(135)	204	131	73
Gas (in containers)	84	9	93	73	20
Communications supplies	7	—	7	7	—
Lubricants	201	—	201	178	23
Materials and supplies not otherwise classified	42	25	67	58	9
Total materials and supplies	3,448	235	3,683	2,885	798
Machinery and equipment					
Computer software	130	(130)	—	—	—
Total machinery and equipment	130	(130)	—	—	—
Capital projects					
Buildings	75	—	75	65	10
Total capital projects	75	—	75	65	10
Procurement and Materials Management total	9,945	250	10,195	8,622	1,573
Human Resources:					
Personal services					
Salaries of regular employees	6,836	—	6,836	6,032	804
Compensation plan adjustments	260	—	260	51	209
Social Security and Medicare contributions	143	—	143	86	57
Employee claims	94	—	94	76	18
Tuition and training payments	879	(100)	779	262	517
Health and life insurance premiums	47,510	(250)	47,260	40,190	7,070
Personal services not otherwise classified	460	—	460	1	459
Total personal services	56,182	(350)	55,832	46,698	9,134
Contractual services					
Travel	6	—	6	—	6
Meals and lodging	16	—	16	1	15
Compensation for personally owned autos	1	—	1	—	1
Court reporting services	16	—	16	10	6
Medical services	128	—	128	78	50

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, 2020

(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):					
Insurance premiums	$ 3,463	$ 195	$ 3,658	$ 3,658	$ —
Advertising	7	—	7	—	7
Rental charges	14	—	14	8	6
Payment for professional services	1,098	(187)	911	365	546
Contractual services not otherwise classified	83	(8)	75	11	64
Safety repairs services	110	—	110	71	39
Computer software maintenance	30	—	30	—	30
Total contractual services	4,972	—	4,972	4,202	770
Materials and supplies					
Office, printing, and photographic supplies	45	(1)	44	10	34
Books, maps, and charts	1	1	2	1	1
Safety medical supplies	241	—	241	219	22
Materials and supplies not otherwise classified	7	—	7	2	5
Total materials and supplies	294	—	294	232	62
Machinery and equipment					
Safety medical equipment	—	100	100	12	88
Total machinery and equipment	—	100	100	12	88
Human Resources total	61,448	(250)	61,198	51,144	10,054
Information Technology:					
Personal services					
Salaries of regular employees	8,453	—	8,453	7,563	890
Compensation plan adjustments	273	—	273	79	194
Social Security and Medicare contributions	123	—	123	104	19
Tuition and training payments	49	—	49	14	35
Total personal services	8,898	—	8,898	7,760	1,138
Contractual services					
Travel	2	—	2	1	1
Meals and lodging	5	—	5	2	3
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	1	—	1	1	—
Communication services	1,529	318	1,847	1,372	475
Rental charges	100	—	100	85	15
Payment for professional services	1,134	(331)	803	104	699
Contractual services not otherwise classified	10	—	10	1	9
Computer equipment maintenance	319	—	319	194	125
Computer software maintenance	4,222	—	4,222	3,927	295
Communication equipment maintenance	675	(62)	613	573	40
Total contractual services	7,998	(75)	7,923	6,261	1,662
Materials and supplies					
Office, printing, and photographic supplies	15	—	15	6	9
Computer software	390	—	390	319	71

Corporate Division	*(in thousands of dollars)* Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Information Technology (continued):					
Computer supplies	$ 803	$ 325	$ 1,128	$ 1,072	$ 56
Communication supplies	152	—	152	46	106
Total materials and supplies	1,360	325	1,685	1,443	242
Machinery and equipment					
Computer equipment	115	24	139	138	1
Computer software	97	—	97	92	5
Communication equipment	24	(24)	—	—	—
Total machinery and equipment	236	—	236	230	6
Information Technology total	18,492	250	18,742	15,694	3,048
Law:					
Personal services					
Salaries of regular employees	5,274	—	5,274	4,859	415
Compensation plan adjustments	189	—	189	120	69
Social Security and Medicare contributions	82	—	82	70	12
Tuition and training payments	17	—	17	10	7
Total personal services	5,562	—	5,562	5,059	503
Contractual services					
Travel	6	(1)	5	—	5
Meals and lodging	16	—	16	1	15
Postage, freight, and delivery charges	1	1	2	1	1
Compensation for personally owned autos	5	—	5	—	5
Reprographic services	17	—	17	3	14
Court reporting services	40	—	40	17	23
Payment for professional services	744	—	744	269	475
Contractual services not otherwise classified	109	—	109	75	34
Total contractual services	938	—	938	366	572
Materials and supplies					
Office, printing, and photographic supplies	6	(2)	4	3	1
Books, maps, and charts	13	2	15	9	6
Total materials and supplies	19	—	19	12	7
Fixed and other charges					
Taxes on real estate	755	—	755	684	71
Total fixed and other charges	755	—	755	684	71
Law total	7,274	—	7,274	6,121	1,153
Finance:					
Personal services					
Salaries of regular employees	3,286	—	3,286	3,073	213
Compensation plan adjustments	117	—	117	102	15
Social Security and Medicare contributions	48	—	48	44	4
Tuition and training payments	30	—	30	3	27
Total personal services	3,481	—	3,481	3,222	259

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, 2020

(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)
Finance (continued):					
Contractual services					
Travel	$ 8	$ —	$ 8	$ —	$ 8
Meals and lodging	12	—	12	—	12
Postage, freight, and delivery charges	1	—	1	—	1
Reprographic services	3	—	3	2	1
Court reporting services	50	—	50	41	9
Discount Lost	3	—	3	2	1
Payments for professional services	307	—	307	251	56
Contractual services not otherwise classified	2	—	2	1	1
Repairs to office furniture and equipment	5	—	5	5	—
Total contractual services	391	—	391	302	89
Materials and supplies					
Office, printing, and photographic supplies	10	—	10	10	—
Books, maps, and charts	—	—	—	1	(1)
Materials and supplies not otherwise classified	1	—	1	—	1
Total materials and supplies	11	—	11	11	—
Finance total	3,883	—	3,883	3,535	348
Engineering:					
Personal services					
Salaries of regular employees	24,059	—	24,059	21,437	2,622
Compensation plan adjustments	532	—	532	512	20
Social Security and Medicare contributions	366	—	366	303	63
Tuition and training payments	98	—	98	33	65
Total personal services	25,055	—	25,055	22,285	2,770
Contractual services					
Travel	13	(1)	12	1	11
Meals and lodging	35	(1)	34	1	33
Postage, freight, and delivery charges	2	—	2	—	2
Compensation for personally owned autos	8	—	8	2	6
Motor vehicle operating services	1	—	1	—	1
Reprographic services	3	—	3	3	—
Water and water services	4	—	4	2	2
Testing and inspection services	250	—	250	182	68
Rental charges	—	1	1	—	1
Payments for professional services	318	(24)	294	204	90
Contractual services not otherwise classified	83	—	83	82	1
Repairs to waterway facilities	48	24	72	71	1
Repairs to testing and laboratory equipment	5	—	5	2	3
Repairs not otherwise classified	9	1	10	9	1
Total contractual services	779	—	779	559	220

(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)
Engineering (continued):					
Materials and supplies					
Office, printing, and photographic supplies	$ 43	$ —	$ 43	$ 16	$ 27
Tools and supplies	8	—	8	6	2
Books, maps, and charts	5	—	5	3	2
Total materials and supplies	77	—	77	25	52
Engineering total	25,911	—	25,911	22,869	3,042
Maintenance and Operations:					
Personal services					
Salaries of regular employees	93,318	(1,180)	92,138	91,767	371
Compensation plan adjustments	5,858	1,133	6,991	6,434	557
Social Security and Medicare contributions	1,373	—	1,373	1,370	3
Salaries of non-budgeted employees	5	47	52	32	20
Tuition and training payments	210	—	210	37	173
Total personal services	100,764	—	100,764	99,640	1,124
Contractual services					
Travel	26	—	26	2	24
Meals and lodging	67	(7)	60	31	29
Compensation for personally owned autos	116	—	116	71	45
Motor vehicle operating services	1	—	1	—	1
Electrical energy	38,361	—	38,361	35,525	2,836
Natural gas	3,391	—	3,391	2,252	1,139
Water and water services	2,184	—	2,184	1,874	310
Communications services	3	—	3	—	3
Testing and inspection services	191	—	191	138	53
Rental charges	172	—	172	130	42
Governmental service charges	3,904	—	3,904	3,445	459
Maintenance of grounds and pavements	1,376	(91)	1,285	1,056	229
Payments for professional services	603	(51)	552	464	88
Contractual services not otherwise classified	574	(19)	555	450	105
Waste material disposal charges	12,045	2,042	14,087	13,536	551
Farming services	60	(20)	40	37	3
Sludge disposal	4,100	—	4,100	3,778	322
Repairs to collection facilities	3,848	(566)	3,282	2,221	1,061
Repairs to waterway facilities	72	—	72	42	30
Repairs to process facilities	9,700	(1,477)	8,223	5,022	3,201
Repairs to railroads	397	(15)	382	359	23
Repairs to buildings	1,292	(232)	1,060	469	591
Repairs to material handling and farm equipment	310	436	746	285	461
Safety repairs and services	337	—	337	285	52
Repairs to marine equipment	67	—	67	48	19
Computer software maintenance	9	—	9	9	—
Repairs to vehicle equipment	144	—	144	80	64

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, 2020

(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 not otherwise classified	$ 28	$ —	$ 28	$ 1	$ 27
Total contractual services	83,378	—	83,378	71,610	11,768
Materials and supplies					
Metals	31	—	31	22	9
Electrical parts and supplies	2,413	(80)	2,333	1,917	416
Plumbing accessories and supplies	769	(83)	686	444	242
Hardware	11	—	11	4	7
Buildings, grounds, paving materials, and supplies	148	—	148	100	48
Fiber, paper and insulation materials	14	—	14	5	9
Paints, solvents, and related materials	6	23	29	24	5
Vehicle parts and supplies	168	—	168	137	31
Mechanical repair parts	3,874	290	4,164	3,595	569
Manhole materials	5	—	5	4	1
Office, printing, and photographic supplies	45	—	45	32	13
Farming supplies	4	—	4	—	4
Processing chemicals	10,966	(175)	10,791	8,155	2,636
Laboratory testing supplies and small equipment	31	—	31	29	2
Cleaning supplies	2	—	2	2	—
Tools and supplies	225	—	225	211	14
Wearing apparel	7	—	7	2	5
Safety and medical supplies	51	—	51	41	10
Computer software	66	—	66	64	2
Computer supplies	37	—	37	34	3
Fuel	328	25	353	194	159
Gas (in containers)	1	—	1	—	1
Communication supplies	15	—	15	13	2
Lubricants	8	6	14	9	5
Materials and supplies not otherwise classified	91	(6)	85	55	30
Total materials and supplies	19,316	—	19,316	15,093	4,223
Machinery and equipment					
Equipment for collection facilities	40	(39)	1	—	1
Equipment for process facilities	274	(40)	234	135	99
Farming equipment	45	16	61	60	1
Vehicle equipment	510	53	563	525	38
Materials and equipment not otherwise classified	88	10	98	93	5
Total machinery and equipment	957	—	957	813	144
Maintenance and Operations total	204,415	—	204,415	187,156	17,259

(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)
Corporate Division Total					
Total all departments:					
Personal services	$ 252,371	$ (349)	$ 252,022	$ 234,057	$ 17,965
Contractual services	108,826	(32)	108,794	89,213	19,581
Materials and supplies	25,458	637	26,095	20,516	5,579
Machinery and equipment	10,716	(256)	10,460	2,108	8,352
Fixed and other charges	755	—	755	684	71
Capital Projects	75	—	75	65	10
Total Corporate Division	398,201	—	398,201	346,643	51,558
Reserve Claim Division					
Employee claims	10,000	—	10,000	2,597	7,403
General claims and emergency repair and replacement cost over $10,000	24,395	—	24,395	55	24,340
Total Reserve Claim Division	34,395	—	34,395	2,652	31,743
Total General Corporate Fund	$ 432,596	$ —	$ 432,596	$ 349,295	$ 83,301

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

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

	(in thousands of dollars) 2020	2019	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2020
Personal services:					
Salaries and wages	$ 190,738	$ 188,154	$ 2,584	1%	55%
Employee health and life insurance premiums	40,190	42,607	(2,417)	(6)%	12%
Social Security and Medicare contributions	2,666	2,657	9	—%	1%
Tuition and training payments	387	804	(417)	(52)%	—%
Other	76	72	4	6%	—%
Total personal services	234,057	234,294	(237)	—%	67%
Contractual services:					
Electrical energy	35,802	39,076	(3,274)	(8)%	10%
Natural gas	2,275	2,742	(467)	(17)%	1%
Postage, freight, and delivery charges	90	119	(29)	(24)%	—%
Waste material disposal charges	13,536	10,551	2,985	28%	4%
Administration building operation	1,857	1,928	(71)	(4)%	1%
Communication services	1,372	1,616	(244)	(15)%	—%
Farming services	37	18	19	106%	—%
Court reporting services	69	80	(11)	(14)%	—%
Water and water services	1,880	2,096	(216)	(10)%	1%
Motor vehicle operating services	38	68	(30)	(44)%	—%
Employee travel and transportation	137	402	(265)	(66)%	—%
Medical services	78	89	(11)	(12)%	—%
Rental charges	283	601	(318)	(53)%	—%
Maintenance of grounds and pavements	1,056	460	596	130%	—%
Governmental service charges	3,462	3,785	(323)	(9)%	1%
Repairs to process facilities	5,021	5,987	(966)	(16)%	1%
Other repairs	9,737	11,214	(1,477)	(13)%	3%
Other contractual services	12,219	11,128	1,091	10%	4%
Total contractual services	88,949	91,960	(3,011)	(3)%	25%
Materials and supplies:					
Processing chemicals	8,155	9,943	(1,788)	(18)%	2%
Laboratory testing supplies	880	1,044	(164)	(16)%	—%
Mechanical repair parts	3,183	2,834	349	12%	1%
Fuels and lubricants	612	851	(239)	(28)%	—%
Electrical parts and supplies	2,185	2,545	(360)	(14)%	1%
Plumbing accessories and supplies	852	920	(68)	(7)%	—%
Office, printing, and photographic supplies	191	291	(100)	(34)%	—%
Buildings, grounds, paving materials, and supplies	230	292	(62)	(21)%	—%
Cleaning supplies	295	298	(3)	(1)%	—%
Metals	102	162	(60)	(37)%	—%
Computer supplies	777	700	77	11%	—%
Other materials and supplies	1,978	1,219	759	62%	1%
Total materials and supplies	19,440	21,099	(1,659)	(8)%	6%

(continued)

	(in thousands of dollars) 2020	2019	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2020
Machinery and equipment:					
Vehicle equipment	$ 1,259	$ 1,486	$ (227)	(15)%	—%
Testing and laboratory equipment	117	439	(322)	(73)%	—%
Equipment for collection facilities	—	32	(32)	(100)%	—%
Computer software	295	—	295	—%	—%
Other machinery and equipment	421	813	(392)	(48)%	—%
Total machinery and equipment	2,092	2,770	(678)	(24)%	1%
Construction costs:					
Capital costs	$ 64,000	—	$ 64,000	—%	—%
Total construction costs	64,000	—	64,000	—%	—%
Fixed other charges:					
Taxes on real estate	684	683	1	—%	—%
Total fixed other charges	684	683	1	—%	—%
Claims and judgments	2,652	4,547	(1,895)	(42)%	1%
Total expenditures	$ 347,938	$ 355,353	$ (7,415)		100%

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DEBT SERVICE FUND

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

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

Year ended December 31, 2020

(in thousands of dollars)

	Final Budget	Actual on Budgetary Basis	Actual Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	$ 238,658	$ 233,650	$ (5,008)
Total tax revenue	238,658	233,650	(5,008)
Interest on investments	1,600	653	(947)
Miscellaneous	—	29	29
Total revenues	240,258	234,332	(5,926)
Expenditures:			
Debt service	233,021	233,021	—
Revenues over (under) expenditures	7,237	1,311	(5,926)
Other financing sources (uses):			
Transfer to Retirement Fund	(3,000)	(3,000)	—
Transfers from Stormwater Fund	5,962	5,772	(190)
Total other financing sources (uses)	2,962	2,772	(190)
Net change in fund balances	10,199	4,083	(6,116)
Fund balances at beginning of year	123,621	149,662	26,041
Fund balances at end of the year	$ 133,820	$ 153,745	$ 19,925

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, 2020

(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	$ 893	$ 180	$ 1,073	$ 765	$ 308
Intergovernmental Agreements	2,065	—	2,065	65	2,000
Payments for professional services	1,900	(180)	1,720	245	1,475
Preliminary engineering reports and studies	203	—	203	20	183
Total contractual services	5,061	—	5,061	1,095	3,966
Machinery and equipment					
Equipment for process facilities	248	—	248	90	158
Total machinery and equipment	248	—	248	90	158
Capital Projects					
Collection facilities structures	75	—	75	—	75
Process facility structures	973	—	973	405	568
Buildings	2,522	—	2,522	1,102	1,420
Preservation of collection facility structures	4,379	150	4,529	3,176	1,353
Preservation of process facility structures	2,182	—	2,182	128	2,054
Preservation of buildings	1,655	(637)	1,018	820	198
Preservation capital projects not otherwise classified	949	487	1,436	855	581
Total capital projects	12,735	—	12,735	6,486	6,249
Construction Fund Summary:					
Contractual services	5,061	—	5,061	1,095	3,966
Machinery and equipment	248	—	248	90	158
Capital projects	12,735	—	12,735	6,486	6,249
Construction Fund total	18,044	—	18,044	7,671	10,373
Stormwater Management Fund:					
Personal services					
Salaries of regular employees	9,408	—	9,408	8,762	646
Compensation plan adjustments	421	—	421	266	155
Social Security and Medicare contributions	131	—	131	126	5
Salaries of nonbudgeted employees	20	—	20	—	20
Tuition and training payments	43	—	43	11	32
Health and life insurance premiums	879	—	879	739	140
Total personal services	10,902	—	10,902	9,904	998
Contractual services					
Travel	4	—	4	—	4
Meals and lodging	12	—	12	1	11
Postage, freight and delivery charges	3	—	3	1	2

(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):					
Compensation for personally owned autos	$ 25	$ —	$ 25	$ 4	$ 21
Motor vehicle operating services	3	—	3	—	3
Court reporting services	49	—	49	8	41
Subscriptions and membership dues	—	15	15	11	4
Rental charges	3	—	3	2	1
Intragovernmental agreements	43,054	(2,000)	41,054	12,020	29,034
Payments for professional services	635	400	1,035	857	178
Preliminary engineering reports and studies	14,348	—	14,348	1,552	12,796
Professional engineering services for construction projects	14,210	—	14,210	1,942	12,268
Contractual services not otherwise classified	631	85	716	502	214
Waste material disposal charges	60	—	60	25	35
Repairs to waterways facilities	2,520	—	2,520	2,341	179
Repairs not otherwise classified	4	—	4	—	4
Total contractual services	75,561	(1,500)	74,061	19,266	54,795
Materials and supplies					
Building and grounds materials and supplies	5	—	5	—	5
Office, printing, and photo supplies	13	—	13	3	10
Processing chemicals	5	—	5	1	4
Tools and supplies	12	—	12	3	9
Wearing apparel	9	—	9	5	4
Materials and supplies not otherwise classified	60	—	60	5	55
Total materials and supplies	104	—	104	17	87
Machinery and equipment					
Vehicle equipment	95	—	95	—	95
Machinery and equipment not otherwise categorized	60	—	60	13	47
Total machinery and equipment	155	—	155	13	142
Capital Projects					
Waterways facilities structure	16,411	662	17,073	13,549	3,524
Army Corps of Engineers Services	—	50	50	50	—
Capital projects not otherwise classified	100	—	100	81	19
Preservation of waterway facility structures	7,225	(712)	6,513	4,116	2,397
Total capital projects	23,736	—	23,736	17,796	5,940
Land					
Land	2,650	1,500	4,150	3,204	946
Total land	2,650	1,500	4,150	3,204	946

(continued)

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

Year ended December 31, 2020

(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					
Payments for easements	$ 3,150	$ —	$ 3,150	$ 1,171	$ 1,979
Total fixed and other charges	3,150	—	3,150	1,171	1,979
Stormwater Management Fund Summary:					
Personal services	10,902	—	10,902	9,904	998
Contractual services	75,561	(1,500)	74,061	19,266	54,795
Materials and supplies	104	—	104	17	87
Machinery and equipment	155	—	155	13	142
Capital projects	23,736	—	23,736	17,796	5,940
Land	2,650	1,500	4,150	3,204	946
Fixed and other charges	3,150	—	3,150	1,171	1,979
Stormwater Management Fund total	116,258	—	116,258	51,371	64,887
Capital Improvements Bond Fund Summary:					
Contractual services	19,612	(744)	18,868	7,577	11,291
Capital projects	223,493	57,273	280,766	82,878	197,888
Land	300	—	300	—	300
Fixed and other charges	1,143	4,390	5,533	4,402	1,131
Capital Improvements Bond Fund total *	244,548	60,919	305,467	94,857	210,610
Capital Projects Funds total	$ 378,850	$ 60,919	$ 439,769	$ 153,899	$ 285,870

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

TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

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

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

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Assets						
Cash	$ 306	$ 243	$ —	$ —	$ 306	$ 243
Receivables						
Employer contributions - taxes (net of allowance for uncollectible amounts)	88,127	87,319	—	—	88,127	87,319
Securities sold	40,176	38,456	—	—	40,176	38,456
Accrued interest and dividends	3,123	3,502	80	98	3,203	3,600
Accounts receivable	107	78	—	—	107	78
Total receivables	131,533	129,355	80	98	131,613	129,453
Investments at fair value						
Equities	389,989	546,409	—	—	389,989	546,409
U.S. Government and government agency obligations	93,678	91,857	—	—	93,678	91,857
Corporate and foreign government obligations	132,057	120,775	—	—	132,057	120,775
Fixed Income Mutual Funds	—	—	79,799	76,435	79,799	76,435
Mutual and exchange traded funds	97,691	96,418	183,526	148,617	281,217	245,035
Pooled funds - equities	460,934	250,571	—	—	460,934	250,571
Pooled funds - fixed income	164,604	165,735	—	—	164,604	165,735
Limited partnerships - real estate	62,993	66,190	—	—	62,993	66,190
Real estate investment trust	68,176	40,682	—	—	68,176	40,682
Short-term investment funds	28,783	44,259	6,814	7,394	35,597	51,653
Total investments	1,498,905	1,422,896	270,139	232,446	1,769,044	1,655,342
Securities lending capital	6,842	12,776	—	—	6,842	12,776
Total assets	1,637,586	1,565,270	270,219	232,544	1,907,805	1,797,814
Liabilities						
Accounts payable	1,030	1,222	14	29	1,044	1,251
Due to broker	48,823	44,437	—	—	48,823	44,437
Securities lending collateral	6,842	12,776	—	—	6,842	12,776
Total liabilities	56,695	58,435	14	29	56,709	58,464
Net position restricted for pension	$ 1,580,891	$ 1,506,835	—	—	$ 1,580,891	$ 1,506,835
Net position restricted for OPEB	—	—	$ 270,205	$ 232,515	$ 270,205	$ 232,515

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

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

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2020	2019	2020	2019	2020	2019
Additions:						
Contributions:						
Employer contributions	$ 107,852	$ 87,446	$ 16,230	$ 17,700	$ 124,082	$ 105,146
Employee contributions	20,982	21,182	—	—	20,982	21,182
Total contributions	128,834	108,628	16,230	17,700	145,064	126,328
Investment income:						
Net appreciation (depreciation) in fair value of investments	106,380	204,119	28,350	33,868	134,730	237,987
Interest and dividend income	22,191	25,941	4,436	5,438	26,627	31,379
Total investment income (loss)	128,571	230,060	32,786	39,306	161,357	269,366
Less investment expenses	(4,672)	(5,155)	(55)	(55)	(4,727)	(5,210)
Investment income (loss) net of expenses	123,899	224,905	32,731	39,251	156,630	264,156
Security lending activities:						
Security lending income	193	432	—	—	193	432
Borrower rebates	56	(105)	—	—	56	(105)
Bank fees	(49)	(72)	—	—	(49)	(72)
Net income from securities lending activities	200	255	—	—	200	255
Other	3	3	—	—	3	3
Total additions	252,936	333,791	48,961	56,951	301,897	390,742
Deductions:						
Annuities and benefits						
Employee annuitants	146,762	139,788	—	—	146,762	139,788
Retiree health care benefits	—	—	11,230	12,700	11,230	12,700
Surviving spouse annuitants	27,322	26,740	—	—	27,322	26,740
Child annuitants	122	137	—	—	122	137
Ordinary disability benefits	706	748	—	—	706	748
Duty disability benefits	84	67	—	—	84	67
Total annuities and benefits	174,996	167,480	11,230	12,700	186,226	180,180
Refunds of employee contributions	2,291	1,828	—	—	2,291	1,828
Administrative expenses	1,593	1,642	41	53	1,634	1,695
Total deductions	178,880	170,950	11,271	12,753	190,151	183,703
Net increase (decrease)	74,056	162,841	37,690	44,198	111,746	207,039
Net position restricted for pension						
Beginning of year	1,506,835	1,343,994	—	—	1,506,835	1,343,994
End of year	$ 1,580,891	$ 1,506,835	$ —	$ —	$ 1,580,891	$ 1,506,835
Net position restricted for OPEB						
Beginning of year	$ —	$ —	$ 232,515	$ 188,317	$ 232,515	$ 188,317
End of year	$ —	$ —	$ 270,205	$ 232,515	$ 270,205	$ 232,515

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III.
STATISTICAL AND DEMOGRAPHICS SECTION

District aquatic biologists and technicians conducted a backpack electrofishing study in Tinley Creek in Crestwood in October 2020. Despite a global pandemic, District staff continuously patrolled area waterways to analyze water quality and aquatic life. The District widened and reshaped approximately 2,300 linear feet of Tinley Creek in Crestwood to protect homes from recurring overbank flooding, while also installing nine in-stream rock structures to control erosion and create new habitat.

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Statistical and Demographics Section (Unaudited)

This part of the District's comprehensive annual 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 comprehensive annual 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)

	2020	2019	2018	2017
Net investment in capital assets *	$ 5,035,623	$ 4,950,141	$ 4,822,531	$ 4,710,123
Restricted				
Restricted for corporate working cash	279,364	284,425	282,055	280,437
Restricted for reserve claim	15,227	9,194	11,728	9,976
Restricted for debt service	305,643	304,084	299,106	318,646
Restricted for capital projects	66,728	57,835	53,443	32,067
Restricted for construction working cash	21,960	22,713	22,395	22,204
Restricted for stormwater working cash	37,136	37,967	37,698	37,509
Unrestricted (Deficit)	(936,329)	(929,799)	(908,577)	(897,766)
Total net position	$ 4,825,352	$ 4,736,560	$ 4,620,379	$ 4,513,196

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

2016	2015	2014	2013	2012	2011
$ 4,591,899	$ 4,630,463	$ 4,548,793	$ 4,506,950	$ 4,514,633	$ 4,506,544
279,390	278,852	278,148	276,894	277,006	277,270
2,128	6,499	7,764	9,861	4,524	6,211
318,575	310,383	305,375	278,970	268,760	257,418
75,762	—	15,457	28,886	18,828	29,908
22,070	21,947	21,833	21,644	21,649	21,611
37,384	37,216	37,035	37,690	37,737	39,573
(787,263)	(756,154)	(722,949)	4,037	(1,006)	(53,477)
$ 4,539,945	$ 4,529,206	$ 4,491,456	$ 5,164,932	$ 5,142,131	$ 5,085,058

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

(accrual basis of accounting)

(in thousands of dollars)

	2020	2019	2018	2017
Revenues				
General Revenues:				
Property taxes	$ 618,130	$ 609,614	$ 599,224	$ 563,764
Personal property replacement tax	41,130	47,826	37,018	43,194
Interest on investments	7,972	18,293	15,531	8,784
Tax increment financing distributions	18,520	10,345	6,153	9,100
Claims and damage settlements	1,163	490	1,482	783
Miscellaneous	5,976	7,335	7,628	5,819
Gain on sale of capital assets	—	3,052	—	50
Total general revenues	692,891	696,955	667,036	631,494
Program Revenues:				
Charges for services				
User charges	47,216	48,526	44,000	51,098
Land rentals	25,044	24,827	22,678	17,352
Fees, forfeits and penalties	3,499	4,044	5,116	5,401
Capital grants and contributions				
Federal grants	13,623	18,271	17,086	14,558
Total program revenues	89,382	95,668	88,880	88,409
Total revenues	782,273	792,623	755,916	719,903
Expenses				
Board of Commissioners	4,591	4,400	4,167	4,094
General Administration	18,115	17,104	16,063	15,791
Monitoring and Research	30,705	30,385	30,262	29,591
Procurement and Materials Management	6,130	5,714	7,102	5,947
Human Resources	51,224	53,585	53,182	54,267
Information Technology	15,349	15,534	15,173	12,734
Law	6,186	5,951	6,023	5,830
Finance	3,539	3,618	3,460	3,520
Engineering	25,390	25,192	27,800	27,830
Maintenance and Operations	191,573	190,841	187,660	178,994
Pension costs	151,651	134,899	102.993	106,814
OPEB Trust Fund costs *	(9,874)	(3,146)	(6,955)	1,486
Claims and judgments	1,495	10,489	(4,059)	(2,662)
Construction costs	84,642	64,992	85,813	85,535
Loss on sale of capital assets	3	—	92	202
Depreciation (unallocated)	11,597	11,719	11,849	12,063
Interest on bonds	101,165	105,165	108,107	109,550
Total expenses	693,481	676,442	648,732	651,586
Change in Net Position	$ 88,792	$ 116,181	$ 107,184	$ 68,317

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

2016	2015	2014	2013	2012	2011
$ 556,648	$ 533,240	$ 526,851	$ 470,855	$ 486,316	$ 506,888
38,961	37,863	39,571	40,737	35,605	36,849
6,181	5,381	9,486	3,051	11,123	13,156
9,228	13,069	4,925	3,361	6,239	12,715
209	350	630	2,271	1,472	1,298
5,527	5,804	5,290	4,765	5,822	4,859
1,210	2,922	8	923	—	676
617,964	598,629	586,761	525,963	546,577	576,441
48,621	46,238	50,696	49,182	69,322	57,469
20,166	18,189	16,357	14,851	12,081	12,161
4,164	4,885	5,456	3,396	3,353	3,279
12,825	11,170	11,089	11,110	22,164	17,218
85,776	80,482	83,598	78,539	106,920	90,127
703,740	679,111	670,359	604,502	653,497	666,568
4,166	3,671	3,721	3,520	3,471	3,348
15,690	14,835	15,096	14,426	14,296	14,844
28,753	27,259	26,922	25,294	24,689	25,221
6,602	6,801	6,331	5,660	5,694	6,928
54,447	58,512	72,896	67,841	63,103	47,683
14,702	14,602	14,708	14,331	13,714	14,423
6,709	6,008	6,812	6,975	5,942	7,151
3,570	3,401	3,433	3,394	3,175	2,962
28,002	27,232	26,561	25,051	4,332	4,028
177,829	173,177	169,234	162,372	161,919	178,438
108,606	87,145	92,944	52,065	78,360	70,331
(7,008)	(5,408)	(19,449)	(19,567)	(7,155)	10,251
(8,548)	23,560	2,660	3,369	25,738	25,488
136,203	69,434	77,191	88,528	75,496	84,240
13	32	127	173	147	95
12,083	12,123	12,229	12,020	12,459	12,235
111,182	118,977	114,328	116,249	111,044	101,760
693,001	641,361	625,744	581,701	596,424	609,426
$ 10,739	$ 37,750	$ 44,615	$ 22,801	$ 57,073	$ 57,142

Exhibit I-3
Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2020	2019	2018	2017
General Corporate Fund				
Nonspendable:				
Prepaid insurance	$ 6,089	$ 5,825	$ 5,201	$ 4,101
Inventories	36,143	35,056	33,436	34,787
Restricted	314,398	314,626	310,677	306,854
Unassigned (Deficit)	(58,137)	(77,648)	(64,772)	(53,799)
Total General Corporate Fund	298,493	277,859	284,542	291,943
All Other Governmental Funds				
Nonspendable:				
Prepaid insurance	—	74	76	79
Restricted	252,739	273,340	335,306	381,079
Assigned	159,082	167,233	158,319	147,473
Unassigned	—	(75)	(76)	(79)
Total Governmental Funds	$ 710,314	$ 718,431	$ 778,167	$ 820,495

2016	2015	2014	2013	2012	2011
$ 2,117	$ 2,137	$ 2,143	$ 2,391	$ —	$ —
35,502	37,623	39,586	40,136	39,467	38,922
306,800	305,779	307,147	344,558	344,186	342,398
(44,428)	(58,427)	(61,850)	(51,960)	(19,151)	(96,225)
299,991	287,112	287,026	335,125	364,502	285,095
—	—	—	—	—	—
451,657	378,458	219,606	328,953	575,796	763,064
145,341	127,920	112,768	112,478	—	—
(13,525)	(9,090)	—	—	—	—
$ 883,464	$ 784,400	$ 619,400	$ 776,556	$ 940,298	$ 1,048,159

Exhibit I-4
Changes in Fund Balances: Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2020	2019	2018	2017
Revenues				
General Revenues:				
Property taxes	$ 608,559	$ 535,355	$ 603,244	$ 526,932
Personal property replacement tax	41,130	47,826	37,018	43,194
Interest on investments	7,972	18,293	15,531	8,784
Land sales	52	3,073	—	50
Tax increment financing distributions	18,520	10,345	6,153	9,100
Claims and damage settlements	1,163	490	1,482	783
Miscellaneous	5,992	7,419	7,666	5,878
Program Revenues:				
Charges for services				
User charges	47,216	48,526	44,000	51,098
Land rentals	25,044	24,827	22,678	17,352
Fees, forfeits and penalties	3,499	4,044	5,116	5,401
Capital grants and contributions				
Government grants	13,621	18,268	17,082	14,555
Total revenues	772,768	718,466	759,970	683,127
Expenditures				
Operations:				
Board of Commissioners	4,491	4,396	4,148	4,075
General Administration	17,417	16,923	15,816	15,766
Monitoring and Research	30,090	30,325	30,204	29,696
Procurement and Materials Management	5,996	5,705	7,236	5,954
Human Resources	51,079	53,668	53,227	54,225
Information Technology	15,117	15,585	15,125	12,728
Law	6,121	6,134	6,139	5,922
Finance	3,537	3,592	3,450	3,530
Engineering	22,876	23,528	26,031	26,068
Maintenance and Operations	188,562	190,950	187,563	179,181
Pension costs	106,842	82,248	92,668	75,579
Claims and judgments	2,652	4,547	5,497	6,905
Construction costs	151,094	128,176	158,670	268,497
Debt service:				
Redemption of bonds	122,935	126,029	144,296	113,695
Interest on bonds	114,475	116,685	116,398	119,520
Total expenditures	843,284	808,491	866,468	921,341
Revenues over (under) expenditures	(70,516)	(90,025)	(106,498)	(238,214)
Other Financing Sources (Uses)				
Payment to escrow agent	—	—	—	—
State revolving fund loan proceeds	62,399	30,289	64,170	175,245
Sale of refunding bonds	—	—	—	—
Proceeds from sale of bonds	—	—	—	—
Premium on sale of bonds	—	—	—	—
Total other financing sources (uses)	62,399	30,289	64,170	175,245
Net change in fund balance	$ (8,117)	$ (59,736)	$ (42,328)	$ (62,969)
Debt service as a percentage of non-capital expenditures	30.6 %	32.6 %	32.8 %	31.6 %

2016	2015	2014	2013	2012	2011
$ 583,875	$ 525,302	$ 516,316	$ 454,966	$ 489,168	$ 492,751
38,961	37,863	39,571	40,737	35,605	36,849
6,181	5,381	9,486	3,051	11,123	13,156
1,233	3,164	8	2,575	—	2,326
9,228	13,069	4,925	3,361	6,239	12,715
209	350	630	2,271	1,472	1,298
5,540	5,869	5,445	4,765	5,822	4,859
48,621	46,238	50,696	49,182	69,322	57,469
20,166	18,189	16,357	14,851	12,081	12,161
4,164	4,885	5,456	3,396	3,353	2,534
12,817	11,165	11,162	11,110	22,164	17,218
730,995	671,475	660,052	590,265	656,349	653,336
4,158	3,662	3,710	3,514	3,463	3,344
15,490	14,833	14,829	14,111	13,877	14,332
28,490	27,486	26,687	25,128	24,495	25,084
6,611	6,885	6,325	5,671	5,698	6,949
54,606	58,441	72,879	67,856	63,105	47,710
14,213	14,697	14,582	14,024	13,167	13,820
6,707	6,018	6,802	6,984	5,942	7,166
3,597	3,427	3,425	3,393	3,172	2,965
26,051	25,971	25,278	23,987	3,229	2,975
177,695	173,534	168,376	161,787	161,188	177,908
77,712	62,498	75,556	67,523	66,191	36,635
4,786	5,658	44,988	4,970	5,998	6,923
296,768	326,430	236,259	199,231	259,315	337,051
102,670	101,220	89,118	85,709	71,400	64,112
117,474	118,680	110,115	111,665	118,854	98,015
937,028	949,440	898,929	795,553	819,094	844,989
(206,033)	(277,965)	(238,877)	(205,288)	(162,745)	(191,653)
(399,432)	(82,906)	—	—	—	(253)
179,224	181,537	81,721	41,546	54,884	78,481
322,260	70,805	—	—	—	—
104,000	225,000	—	—	—	400,000
99,045	48,529	—	—	—	37,344
305,097	442,965	81,721	41,546	54,884	515,572
$ 99,064	$ 165,000	$ (157,156)	$ (163,742)	$ (107,861)	$ 323,919
28.4 %	31.7 %	26.9 %	28.8 %	29.9 %	27.4 %

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

Last Ten Fiscal Years

(in thousands of dollars, except tax rates)

Fiscal Year Ended December 31,	Chicago Equalized Assessed Value (4)	Suburbs Equalized Assessed Value (4)	Total Equalized Assessed Value (4)	Total Direct Tax Rate (1)	Estimated Full Taxable Value (3)	Equalized Assessed Value as a Percentage of Full Value
2010	$ 82,087,170	$ 84,830,896	$ 166,918,066	0.274	$ 449,811,540	37.1%
2011	75,122,914	73,925,579	149,048,493	0.320	442,787,689	33.7%
2012	65,250,387	68,147,608	133,397,995	0.370	414,382,389	32.2%
2013	62,363,876	61,055,668	123,419,544	0.417	459,860,597	26.8%
2014	64,908,057	60,828,131	125,736,188	0.430	499,136,554	25.2%
2015	70,963,289	59,341,515	130,304,804	0.426	528,843,259	24.6%
2016	74,016,506	66,735,695	140,752,201	0.406	559,685,160	25.1%
2017	76,765,303	71,180,521	147,945,824	0.402	585,800,000	25.3%
2018	86,326,179	69,461,868	155,788,047	0.396	585,291,776	27.1%
2019	87,816,177	76,238,527	164,054,704	0.389	609,562,341 (2)	26.9%

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.

(4) Reassessed for 2018.

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)

	2020 (1)	2019	2018	2017	2016	2015	2014	2013	2012	2011
District direct rates										
Corporate	$ 0.158	$ 0.159	$ 0.158	$ 0.152	$ 0.161	$ 0.175	$ 0.183	$ 0.182	$ 0.179	$ 0.168
Reserve Claim	0.004	0.005	0.004	0.004	0.004	0.004	0.002	0.005	0.005	0.002
Retirement	0.043	0.044	0.047	0.050	0.047	0.044	0.040	0.042	0.021	0.019
Debt Service	0.146	0.155	0.161	0.157	0.160	0.175	0.174	0.163	0.135	0.114
Construction	0.003	0.005	0.008	0.011	0.010	0.013	0.014	0.009	0.015	0.001
Stormwater Management	0.031	0.033	0.031	0.028	0.024	0.019	0.017	0.016	0.015	0.016
Total direct rate	$ 0.385	$ 0.401	$ 0.409	$ 0.402	$ 0.406	$ 0.430	$ 0.430	$ 0.417	$ 0.370	$ 0.320
Major local governments' tax rates (2)										
City of Chicago	$ —	$ 1.603	$ 1.565	$ 1.652	$ 1.630	$ 1.549	$ 1.193	$ 1.209	$ 1.151	$ 0.999
Chicago Board of Education	—	3.620	3.552	3.890	3.726	3.455	3.660	3.671	3.422	2.875
Chicago Park District	—	0.326	0.330	0.352	0.362	0.372	0.401	0.402	0.395	0.346
Cook County	—	0.454	0.489	0.496	0.533	0.552	0.568	0.560	0.531	0.462
Cook County Forest Preserve Dist.	—	0.059	0.060	0.062	0.063	0.069	0.069	0.069	0.063	0.058
Community College #508 (City Coll)	—	0.149	0.147	0.164	0.169	0.177	0.193	0.198	0.190	0.165
City of Chicago Library Fund	—	0.121	0.111	0.118	0.122	0.123	0.134	0.135	0.128	0.111
City of Chicago School Bldg/Imprvmt	—	0.169	0.136	0.124	0.128	0.134	0.146	0.152	0.146	0.119
District's tax levies by fund (in thousands)										
Corporate	$266,455	$254,574	$240,466	$224,825	$226,743	$227,196	$230,000	$224,400	$237,193	$249,828
Stormwater Management	52,926	52,926	47,826	40,856	34,250	24,050	21,000	20,000	20,000	24,100
Reserve Claim	7,500	7,500	6,000	5,900	5,800	5,700	3,000	6,500	6,670	3,400
Retirement	72,228	71,565	71,534	73,438	65,161	58,004	50,531	51,621	28,490	28,163
Debt Service	247,314	249,209	244,859	232,751	225,715	228,728	218,319	202,290	180,748	169,645
Construction	4,934	7,600	11,700	17,000	13,785	16,500	17,400	11,079	20,418	1,819
Total tax levies	$651,357	$643,374	$622,385	$594,770	$571,454	$560,178	$540,250	$515,890	$493,519	$476,955

Source: Cook County Clerk

(1) District's tax rates are estimated based on 2019 equalized assessed valuation of $167 billion.

(2) Major local governments' rates for 2020 are not yet available.

Exhibit I-7
Principal Property Taxpayers

2019 and Nine Years Ago

(in thousands of dollars)

Taxpayer	Type of Business	2019 (1) Equalized Assessed Value	2019 (1) Rank	2019 (1) Percentage of Total Equalized Assessed Value (2)	2010 Equalized Assessed Value	2010 Rank	2010 Percentage of Total Equalized Assessed Value
Willis Tower	Retail & Office	$ 508,113	1	0.31 %	$ 495,000	1	0.30 %
Merchandise Mart (2)	Business & Office	471,110	2	0.29	—	—	—
Equity Office Center (3)	Insurance	302,155	3	0.19	241,579	4	0.14
One Prudential Plaza	Office	285,768	4	0.17	305,026	3	0.18
Wanxiang Sterling	Financial Services	284,469	5	0.17	—	—	—
CBRE	Retail & Office	279,379	6	0.17	—	—	—
601 W Companies LLC	Retail & Office	261,081	7	0.16	—	—	—
300 N LaSalle	Office	234,831	8	0.15	—	—	—
AT&T Corporate Center	Communications	234,424	9	0.14	209,723	9	0.13
Water Tower Place	Retail & Office	231,664	10	0.14	231,000	5	0.14
AON Center	Insurance	—	—	—	335,454	2	0.20
Chase Tower	Banking	—	—	—	226,875	6	0.14
Three First National Plaza	Banking	—	—	—	226,222	7	0.14
Citadel Center	Retail & Office	—	—	—	210,502	8	0.13
		$ 3,092,994		1.89 %	$ 2,688,508		1.62 %

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

(1) 2020 information is unavailable.

(2) The total Equalized Assessed Valuation for 2019 is $164,054,703,895

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
2011	$ 476,955	$ 460,618	96.6 %	08/01/12
2012	493,573	476,881	96.6	08/01/13
2013	514,659	497,452	96.7	08/01/14
2014	540,666	523,203	96.8	08/01/15
2015	555,098	541,008	97.5	08/01/16
2016	571,454	559,938	98.0	08/01/17
2017	593,135	581,007	98.0	08/01/18
2018	616,946	613,477	99.4	08/01/19
2019	637,188	619,659	97.2	08/01/20
2020	637,188	—	—	08/01/20

Exhibit I-9
User Charge Rates

Last Ten Fiscal Years

	2020	2019	2018	2017
Large Commercial/Industrial User Rates (2)				
Flow per million gallons	$ 273.88	$ 269.04	$ 264.28	$ 259.61
5-day BOD per 1,000 lbs. (5)	209.94	216.64	223.03	229.13
SS per 1,000 lbs. (6)	124.16	130.38	136.48	142.47
Tax-Exempt User Rates (3)				
Flow per million gallons	$ 273.88	$ 269.04	$ 264.28	$ 259.61
5-day BOD per 1,000 lbs. (5)	209.94	216.64	223.03	229.13
SS per 1,000 lbs. (6)	124.16	130.38	136.48	142.47
OM&R Rate (4)	0.3190	0.3280	0.3010	0.3390

(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

2016	2015 (1)	2014	2013	2012	2011
$ 255.02	$ 250.51	$ 246.08	$ 241.73	$ 256.48	$ 243.99
234.95	240.49	245.75	250.76	259.22	247.48
148.33	154.08	159.72	165.24	195.95	194.18
$ 255.02	$ 250.51	$ 246.08	$ 245.18	$ 263.48	$ 250.31
234.95	240.49	245.75	254.34	266.27	253.89
148.33	154.08	159.72	167.60	201.24	199.21
0.3440	0.3910	0.4350	0.4240	0.4860	0.4730

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

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes and Interest	Capital Lease Payable (4)	Total Debt	Resources Available for Repayment of Debt (2)	Net Debt	Total Debt as a % Personal Income (3)	Total Debt per Capita (3)	Net Debt as a % of Est Full Taxable Value (3)	Net Debt Per Capita (3)
2011	$2,466,464	$ 108,008	$ 51,784	$ 2,626,256	$ 137,217	$2,489,039	1.87%	$ 503.50	0.56%	$ 477.19
2012	2,515,376	44,527	49,838	2,609,740	136,173	2,473,567	1.79	506.75	0.60	480.30
2013	2,481,973	35,809	47,795	2,565,577	122,527	2,443,050	1.73	489.52	0.53	466.14
2014	2,500,785	90,460	45,653	2,636,898	140,162	2,496,736	1.83	495.84	0.50	469.49
2015	2,770,788	161,697	43,405	2,975,890	140,806	2,835,084	1.91	565.76	0.57	538.99
2016	2,965,282	157,390	41,047	3,163,719	163,508	3,000,211	1.86	603.88	0.60	572.67
2017	2,879,915	296,529	38,574	3,215,018	147,000	3,068,018	1.65	619.70	0.58	591.37
2018	2,978,999	109,866	35,979	3,124,844	134,450	2,990,394	1.56	601.28	0.53	575.41
2019	2,956,178	27,275	33,257	3,016,710	111,435	2,905,275	1.46	585.09	0.49	558.19
2020	2,836,904	76,035	30,401	2,943,340	113,261	2,830,079	1.43	574.76	0.46	552.64

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

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

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

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

Exhibit I-11
Estimate of Direct and Overlapping Debt
As of December 31, 2020

(in thousands of dollars)

Direct debt						
Bonds and notes payable						$ 2,694,934
Capital lease						30,401
Overlapping bonded debt of major local governments (1)	Net Debt	(2)	% Applicable	(3)	Applicable Amount	
City of Chicago (4)	$ 6,999,900		100.00 %		$ 6,999,900	
Chicago Board of Education (4)	7,958,874		100.00		7,958,874	
Chicago Park District (4)	835,715		100.00		835,715	
City Colleges (District 508) (4)	309,378		100.00		309,378	
Cook County	3,240,402		98.10		3,178,724	
Cook County Forest Preserve District	130,570		98.10		128,089	
Total overlapping debt (5)						19,410,679
Total direct and overlapping debt						$ 22,136,014

(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 12/31/2020.

(3) Based on 2016 Equalized Assessed Valuations, which are the most recent available.

(4) Includes approximately $134 million, $7.08 billion and $293.890 million of general obligation bonds of the City of Chicago, Chicago Board of Education and the Chicago Park District, respectively, issued as “alternate revenue bonds" secured by alternate revenue sources.

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

Exhibit I-12
Computation of Statutory Debt Margin

Last Ten Fiscal Years

(in thousands of dollars)

	2020 (1)	2019	2018	2017
Equalized assessed valuation	$ 164,054,704	$ 164,054,704	$ 155,788,047	$ 147,945,823
Statutory debt limit (5.75% of equalized assessed valuation)	9,433,145	9,433,145	8,957,813	8,506,885
Total debt applicable to debt limit:				
General obligation bonds outstanding	2,694,934	2,800,782	2,810,177	2,697,667
Less: alternate bonds (2)	(98,101)	(99,253)	(97,190)	(98,145)
Adjusted general obligation bonds outstanding	2,596,833	2,701,529	2,712,987	2,599,522
Bond anticipation notes outstanding	76,035	27,275	109,866	296,529
Capital lease outstanding	30,401	33,257	35,979	38,574
Liabilities of tax financed funds:				
Corporate	27,813	26,409	24,983	21,650
Stormwater	7,957	6,352	7,090	1,715
Reserve claim	13	638	643	274
Construction	1,170	1,819	5,017	3,171
Total applicable debt	2,740,222	2,797,279	2,896,565	2,961,435
Less applicable assets:				
Debt service funds unrestricted cash and investments	91,295	87,040	85,880	109,965
Interest payable in the next twelve months	(109,380)	(112,942)	(115,017)	(114,603)
Total applicable assets	(18,085)	(25,902)	(29,137)	(4,638)
Total net debt applicable to debt limit	2,758,307	2,823,181	2,925,702	2,966,073
Statutory debt margin	$ 6,674,838	$ 6,134,632	$ 5,581,183	$ 5,540,812
Total applicable net debt as a percentage of statutory debt limit	29.2 %	31.5 %	34.4 %	34.9 %

(1) Debt limit calculation based on 2019 equalized assessed valuation since 2020 value is not yet available.

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

2016	2015	2014	2013	2012	2011
$ 140,752,201	$ 130,304,804	$ 125,736,188	$ 123,419,544	$ 133,397,995	$ 149,048,493
8,093,252	7,492,526	7,229,831	7,096,624	7,670,385	8,570,288
2,769,608	2,655,365	2,422,620	2,481,973	2,515,375	2,466,464
(99,080)	(50,000)	—	—	—	—
2,670,528	2,605,365	2,422,620	2,481,973	2,515,375	2,466,464
157,390	161,697	90,460	35,809	44,527	108,008
41,047	43,405	45,653	47,795	49,837	51,784
27,952	23,647	37,136	30,150	30,076	35,347
2,062	6,973	5,689	3,515	2,496	1,956
174	205	681	380	1,110	1,381
3,368	4,812	6,648	2,816	4,062	1,542
2,902,521	2,846,104	2,608,887	2,602,438	2,647,483	2,666,482
115,673	108,671	108,392	98,006	105,285	114,344
(117,604)	(115,735)	(106,175)	(107,868)	(109,300)	(116,410)
(1,931)	(7,064)	2,217	(9,862)	(4,015)	(2,066)
2,904,452	2,853,168	2,606,670	2,612,300	2,651,498	2,668,548
$ 5,188,800	$ 4,639,358	$ 4,623,161	$ 4,484,324	$ 5,018,887	$ 5,901,740
35.9 %	38.1 %	36.1 %	36.8 %	34.6 %	31.1 %

Exhibit I-13
Demographic and Economic Statistics

Last Ten Fiscal Years

(population and dollars in thousands)

Year	Population	Personal Income	Per Capita Personal Income	Median Household Income	Unemployment Rate
2020	5,121	$ 197,568,600	$ 38,580	$ 69,884	9.3%
2019	5,156	198,958,400	38,588	67,783	3.8
2018	5,197	191,289,682	36,806	65,818	4.1
2017	5,188	186,434,150	35,936	63,794	4.8
2016	5,239	170,081,127	32,464	58,708	5.8
2015	5,260	155,734,043	29,607	54,461	5.8
2014	5,318	144,394,219	27,152	53,653	7.0
2013	5,241	148,352,487	28,304	51,391	9.1
2012	5,150	145,456,281	28,246	53,852	8.8
2011	5,216	140,483,393	26,933	54,036	9.8

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

Exhibit I-14
Principal Employers

2020 and Nine Years Ago

	2020			2011		
Employer	Employees	Rank	Percentage of Total Employment (5)	Employees	Rank	Percentage of Total Employment
U.S. Government (1)	52,537	1	1.03%	55,183	1	1.06%
Chicago Public Schools (2)	38,637	2	0.75	39,667	2	0.76
City of Chicago	30,928	3	0.60	35,237	3	0.68
Advocate Aurora Healthcare	26,335	4	0.51	18,485	5	0.35
Cook County	22,074	5	0.43	21,785	4	0.42
Northwestern Memorial Healthcare (3)	21,999	6	0.43	—	—	—
University of Chicago	18,732	7	0.37	14,584	10	0.28
Walmart Inc.	16,711	8	0.33	—	—	—
Amazon.Com Inc. (4)	16,610	9	0.32	—	—	—
Amita Health	14,282	10	0.28	—	—	—
State of Illinois	—	—	—	15,800	6	0.30
AT&T Inc.	—	—	—	15,000	7	0.29
Provena Health/Resurrection Health Care	—	—	—	14,806	8	0.28
Walgreen Co.	—	—	—	14,688	9	0.28
Total	258,845		5.05%	245,235		4.70%

(1) Fiscal year ends in September.

(2) Fiscal year ends in June.

(3) Fiscal year ends in August.

(4) Includes Whole Foods employees.

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

Exhibit I-15
Budgeted Positions by Fund/Department

Last Ten Fiscal Years

	Budgeted Positions									
Fund/Department	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
General Corporate Fund										
Board of Commissioners	36	38	38	38	38	37	37	37	37	40
General Administration	121	119	121	123	122	119	112	109	114	125
Monitoring and Research	294	300	312	309	308	297	288	286	280	303
Procurement and Materials Management	63	63	63	63	63	63	62	62	62	69
Human Resources	92	93	91	141	73	74	72	58	57	59
Information Technology	70	71	73	75	76	70	70	70	69	71
Law	38	39	37	38	38	37	36	38	37	38
Finance	27	27	28	28	28	29	29	29	29	31
Engineering (Corporate Fund) (1)	205	212	242	246	244	242	241	242	29	32
Maintenance & Operations	916	920	904	922	927	955	951	947	943	1,029
Total General Corporate Fund	1,862	1,882	1,909	1,983	1,917	1,923	1,898	1,878	1,657	1,797
Engineering (Construction Fund) (2)	0	0	0	0	0	0	0	0	21	28
Engineering (Stormwater Management)	91	85	57	59	59	59	63	49	48	44
Engineering (Capital Improvements Bond Fund) (2)	0	0	0	0	0	0	0	0	196	202
Grand Total	1,953	1,967	1,966	2,042	1,976	1,982	1,961	1,927	1,922	2,071

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

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

Exhibit I-16
Operating Indicators
Last Ten Fiscal Years

	Area Served (1)	Communities Served (2)	Number of People Served (3)	Commercial and Industrial Population Equivalent Served	Number of Local Sewer Connections to Intercepting Sewers	Gallons of Pumping Station Maximum Capacity (4)	Gallons of Sewage Processed per Day (4)	Daily Sewage Treatment Capacity (4)
2020	882	129	5,121,057	4,500,000	10,000	4,000,000	1,245,400	2,000,000
2019	882	129	5,156,329	4,500,000	10,000	4,000,000	1,479,800	2,000,000
2018	882	129	5,197,297	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2017	882	129	5,188,486	4,500,000	10,000	4,000,000	1,251,000	2,000,000
2016	883	129	5,239,253	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2015	883	129	5,260,069	4,500,000	10,000	4,000,000	1,244,200	2,000,000
2014	883	129	5,318,365	4,500,000	10,000	4,000,000	1,288,600	2,000,000
2013	884	126	5,241,489	4,500,000	10,000	4,000,000	1,218,200	2,000,000
2012	884	126	5,149,578	4,500,000	10,000	4,000,000	1,070,200	2,000,000
2011	884	126	5,215,968	4,500,000	10,000	4,000,000	1,342,800	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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Miles of intercepting sewers and force mains operated	560	560	560	560	560	560	560	560	559	559
Miles of waterway water levels controlled	76	76	76	76	76	76	76	76	76	76
Acres of strip-mined land utilized for solids processing	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+
Number of water reclamation plants	7	7	7	7	7	7	7	7	7	7
Number of pumping stations	23	23	23	23	23	23	23	23	23	23
Miles of TARP tunnels constructed for pollution and flood control	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Number of TARP reservoirs constructed	2	2	2	2	2	2	1	1	1	1
Number of TARP reservoirs under construction	1	1	1	1	1	1	2	2	2	2
Number of flood control reservoirs	35	35	34	34	34	34	33	31	31	31
Instream aeration stations	2	2	2	2	2	2	2	2	2	2
Sidestream elevated pool aeration stations	5	5	5	5	5	5	5	5	5	5

Source: District's Engineering Department

IV. SINGLE AUDIT SECTION

During the early days of the pandemic, District Commissioners maximized Earth Day messaging to encourage the public to stay home in order to flatten the COVID-19 infection curve and reduce its spread.

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

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

We have audited 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, as of and for the year ended December 31, 2020, the respective budgetary comparisons for the General Corporate Fund and the Retirement Fund, and the related notes to the financial statements, which collectively comprise the Metropolitan Water Reclamation District of Greater Chicago's basic financial statements, and have issued our report thereon dated May 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Metropolitan Water Reclamation District of Greater Chicago's financial statements. The financial statements of the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation District 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 District Retiree Health Care Trust Fund.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 7, 2021

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") of the Metropolitan Water Reclamation District of Greater Chicago (the "District") for the year ended December 31, 2020 and the related notes to the Schedule.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on this Schedule based on our audit. 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)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor' s judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the District for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we have also issued a report dated May 7, 2021 on our consideration of the District's compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the Uniform Guidance. That report is an integral part of an audit performed in accordance with the Uniform Guidance and should be read in conjunction with this report.

Adelfia LLC

Chicago, Illinois
May 7, 2021

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan Water Reclamation District of Greater Chicago's (the "District") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 7, 2021

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency						
Passed through Illinois Environmental Protection Agency						
CWSRF Cluster						
Capitalization Grants for Clean Water State Revolving Funds						
Project Descriptions						
F&I Odor Control Systems, Calumet, Kirie, Hanover Park WRPs	66.458	M	L172129	March 2019	—	$ 88,400
Digester Rehab & Gas Piping Replacement, SWRP	66.458	M	L172130	December 2019	—	3,030,400
TARP Control Structures & Drop Shafts Modifications, CSA & SSA	66.458	M	L172741	October 2019	—	434,600
Digester Sludge Heating System Upgrades & Boiler Removal, CWRP	66.458	M	L173798	January 2020	—	1,671,900
Odor Control Facilities at Various Locations, SWRP	66.458	M	L174708	September 2019	—	483,600
McCook Reservoir, Des Plaines Inflow Tunnel, SSA	66.458	M	L175367	June 2018	—	1,388,400
Addison Creek Reservoir, Bellwood, SSA	66.458	M	L175517	March 2019	—	3,134,800
Total U.S. Environmental Protection Agency Funding of CWSRF Cluster - Capitalization Grants for Clean Water State Revolving Funds						$ 10,232,100
U.S. Department of Energy						
Passed through Illinois Environmental Protection Agency						
State Energy Program						
Project Descriptions						
Upgrading Lighting & HVAC Controls at the Stickney WRP	81.041	M	SEP190004	July 2019	—	$ 1,500,000
Total U.S. Department of Energy Funding of State Energy Program Grant						$ 1,500,000

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury						
Passed through the Illinois Suburban Cook County COVID-19 Coronavirus Relief Fund						
Project Descriptions						
Transition from On-site to Remote Work due to COVID-19	21.019		MWRD001	October 2020	—	$ 212,000
			Total U.S. Department of the Treasury Funding of COVID-19 Relief Fund			$ 212,000
U.S. Department of the Army						
Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir						
Project Descriptions						
Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL	N/A		73-161-2H	January 2019	—	$ 441,969
			Total U.S. Department of the Army Funding of Stage 2 of the Chicagoland Underflow Plan McCook Reservoir			$ 441,969
				Total Federal Expenditures		**$ 12,386,069**

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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and the respective change in financial position of the District.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Note 4 – Programs Description

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

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

<u>CFDA # 81.041 – State Energy Program (SEP)</u>

The objective of the State Energy Program is to work with the states, territories, and the District of Columbia to increase the use of energy efficiency and renewable energy across all sectors of the economy nationwide. States use SEP funds to design and implement state-wide energy plans and programs that best meet their individual energy needs. SEP also provides a wide range of technical assistance and support to the states to increase key skills and enhance their ability to design and carry out effective programs.

<u>CFDA # 21.019 – Coronavirus Relief Fund</u>

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, signed into law on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States, established the Coronavirus Relief Fund. The Fund provides for payments to states and eligible units of local government, the District of Columbia and U.S. Territories, and Tribal governments. The payments were to cover expenses due to the public health emergency with respect to Covid-19, not accounted for in the budget most recently approved as of March 27, 2020 and incurred during the period between March 1, 2020 and December 30, 2021.

Note 4 – Programs Description – Continued

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

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

Note 5 – Project Descriptions

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31, 2020:

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 $88,400 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $1,515,699 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 $3,030,400 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $7,694,233 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L172741 was awarded to the District on October 10, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for the TARP Control Structures and Drop Shafts Modifications and Upgrades at the Stickney and Calumet Service Areas, Project 17-842-3H. The maximum SRF loan amount is $3,085,880. The maximum passthrough federal funding is $2,571,464. A total of $434,600 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $2,532,766 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Note 5 – Project Descriptions - Continued

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 the Digester Sludge Heating System Upgrades and Boiler Removal at the Calumet WRP, Project 18-277-3M. The maximum SRF loan amount is $26,234,615. The maximum passthrough federal funding is $21,861,305. A total of $1,671,900 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $10,933,286 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 the Upgrades of the Odor Control Facilities for the Sludge Concentration Areas at the Stickney WRP, Project 17-134-3MR. The maximum SRF loan amount is $16,962,555. The maximum passthrough federal funding is $14,134,897. A total of $483,600 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $7,096,829 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 $1,388,400 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $7,936,642 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175517 was awarded to the District on March 12, 2019 (later amended on August 1, 2019), under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Addison Creek Reservoir in Bellwood, SSA, Project 11-186-3F. The maximum SRF loan amount is $60,063,632. The maximum pass-through federal funding is $50,051,025. A total of $3,134,800 in federal funds was disbursed by the IEPA during fiscal year 2020. As of December 31, 2020, $33,383,019 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

<u>State Energy Program (SEP) Grant</u>

The State Energy Program Grant was awarded to the District on July 3, 2019 in the amount of $1,500,000. The payment was a reimbursement of the District's lighting, HVAC controls and repair costs incurred at the Stickney WRP.

<u>Coronavirus Relief Fund Grant</u>

The Coronavirus Relief Fund Grant was awarded to the District on October 20, 2020 under the CARES Act of March 27, 2020 in the amount of $212,000. The grant was a reimbursement of the District's unbudgeted 2020 expenditures incurred to transition from on-site to remote work at the two downtown Chicago locations and seven Water Reclamation Plants. Pre-pandemic, the District had limited technology infrastructure and equipment to support telecommuting and business continuity. The District was reimbursed for laptops, notebooks, docking monitors, headsets, webcams, network security devices, audio conferencing, enterprise, and security licenses. These expenditures allowed the District to provide District employees with the necessary equipment to telecommute and maintain operations without interruption.

Note 5 – Project Descriptions - Continued

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. Out of $33,820,000 provided by the U.S. Department of the Army, the District expended $1,996,024 from inception of which $441,969 was expended in 2020.

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

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:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants For Clean Water State Revolving Funds
81.041	State Energy Program

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