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

Chicago, Illinois

As of and for the year ended
December 31, 2023

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

Incorporated May 29, 1889

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INTRODUCTORY SECTION

The MWRD celebrates the kickoff of Pride Month on June 1, with flag raisings at its Barbara J. McGowan Main Office Building as well as seven water reclamation plants. From L to R: Executive Director Brian A. Perkovich, Vice President Patricia Theresa Flynn, Commissioner Yumeka Brown, Chairman of Finance Marcelino Garcia, President Kari K. Steele, Commissioner Mariyana T. Spyropoulos, Commissioner Daniel Pogorzelski and Commissioner Cameron Davis.

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Metropolitan Water Reclamation District of Greater Chicago

Board of Commissioners and Principal Officers
as of May 10, 2024

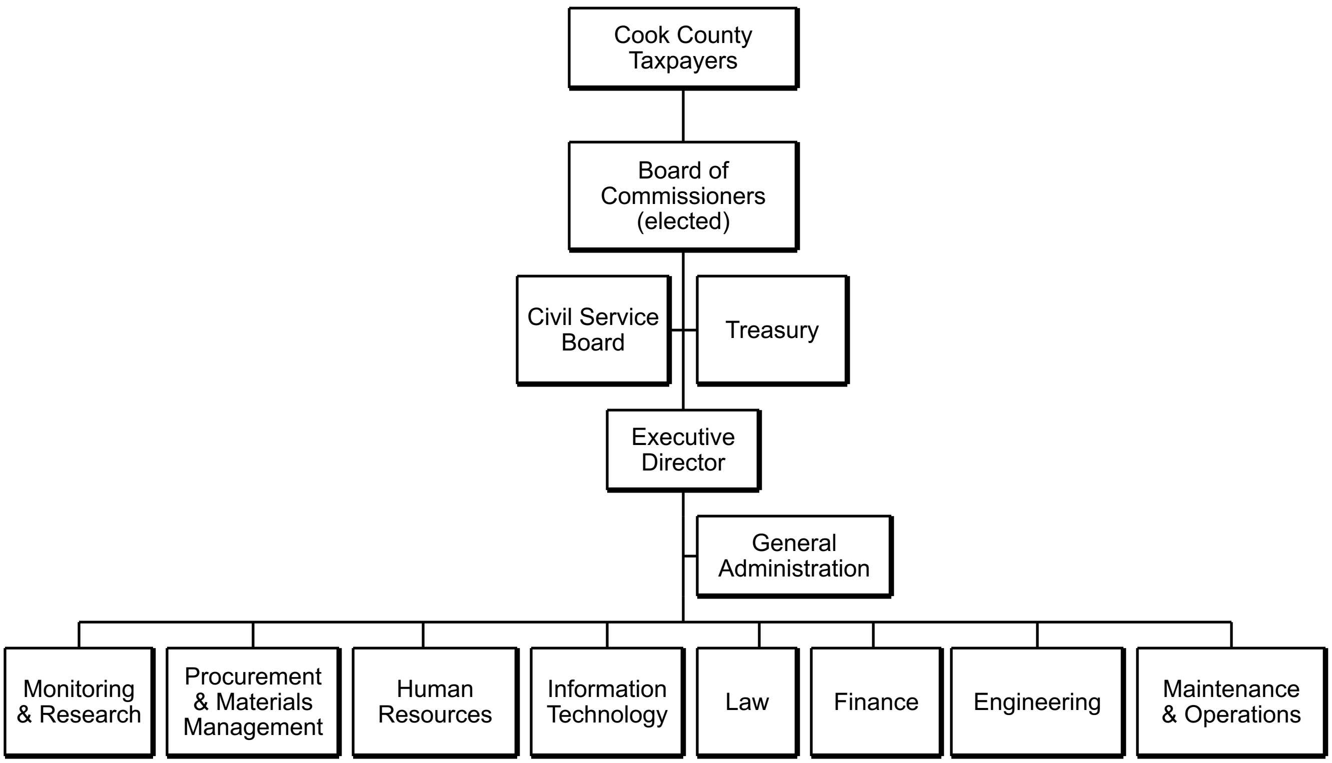
Board of Commissioners:
Honorable Kari K. Steele, President
Honorable Patricia Theresa Flynn, Vice President
Honorable Marcelino Garcia, Chairman, Committee on Finance
Honorable Precious Brady-Davis
Honorable Yumeka Brown
Honorable Cameron Davis
Honorable Daniel Pogorzelski
Honorable Eira L. Corral Sepúlveda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

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

Main Office
100 East Erie Street
Chicago, Illinois 60611

Metropolitan Water Reclamation District of Greater Chicago

Organization Chart



1,957 Budgeted
Positions in 2023

Metropolitan Water Reclamation District of Greater Chicago

President's Annual Message

2023: A Year in Review

In 2023, the Metropolitan Water Reclamation District of Greater Chicago's (MWRD) key goals aimed to provide excellence in stormwater management, wastewater treatment, climate change accountability, and fiscal responsibility. We successfully advanced those goals.

We completed the Addison Creek Reservoir to provide flood relief to Bellwood, Northlake, Stone Park, Melrose Park, Westchester and Broadview. We cut the ribbon on the $7.7-million Crestwood Flood Control Project. We joined the Village of Niles to inaugurate the Golf Mill Park stormwater project to capture more stormwater, mitigate flooding and improve area water quality. Dozens of other stormwater management projects on the north, west and south sides of Cook County were also launched. Additionally, by working with our federal and local partners we leveraged an additional $36 million for projects to alleviate flooding in Cook County.

Meanwhile, we advanced groundbreaking research to address water pollutants, securing an official United States patent with our partners at Iowa State University Research Foundation for technology to remove dissolved solids from wastewater as part of a unique algae recovery system that aims to reduce carbon emissions and recover nutrients to improve water quality. As the world braces for the unpredictability of climate change, our Board of Commissioners adopted a climate action plan that guides us in reducing greenhouse gas emissions to thwart the crippling effects of global warming, flooding, and pollution that threaten the region's water resources.

Our commitment to fiscal responsible stewardship and professional management were also recognized this year. Fitch Ratings again affirmed the MWRD's AAA credit rating. Moody's Investor Services upgraded the MWRD's credit rating to Aa1. And the National Association of Clean Water Agencies (NACWA) honored the MWRD with platinum awards including Excellence in Management.

This year we set out to provide excellence in stormwater management, wastewater treatment, climate change accountability, and fiscal responsibility. And we did. Here is a deeper look at outstanding achievements from the year that was 2023.

Kari K. Steele
President of the Board of Commissioners

Fiscal Accountability

Fitch Ratings again affirmed the MWRD's AAA credit rating for responsible financial stewardship as the MWRD works to protect the regional water environment. The Aug. 4 report from Fitch highlighted the MWRD's reliable revenue stream, lower operating cost burdens and improvements in debt structuring to fund capital projects and meet the MWRD's pension and retirement obligations. Shortly thereafter, Moody's Investor Services upgraded the MWRD's credit rating to Aa1. We are proud of these strong credit ratings that reinforce our commitment to our taxpayers and our prudent management to put these valued tax dollars to work to protect our water environment. Without this strong fiscal management in place, we could not serve 5.19 million residents living across Chicago and 128 communities. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) recognized us with a Certificate of Achievement for Excellence in Financial Reporting for the 47th consecutive year.

In 2023 the GFOA also honored the MWRD with the Distinguished Budget Presentation Award for the 2022 Budget, Certificates of Achievement for Excellence in Financial Reporting for the MWRD Retirement Fund. These accolades and strong credit ratings align with our five-year Strategic Plan goals of enterprise resilience initiatives to maintain strong fiscal management.

Platinum Awards

The National Association of Clean Water Agencies (NACWA) honored the MWRD with platinum awards including the Excellence in Management (EIM) Platinum Recognition award for our commitment to sustainable, successful programs and six Platinum Peak Performance awards for having six Water Reclamation Plants (WRPs) extend a streak of more than five years of achieving 100 percent compliance in meeting National Pollutant Discharge Elimination System (NPDES) permits. Despite torrential rainstorms, urban runoff and more than 400 billion gallons of wastewater each year, the MWRD staff has been undeterred in meeting stringent permits and our mission by transforming wastewater and stormwater into clean water to protect Cook County's water environment.

Utility of the Future Today Honoree

At the Water Environment Federation's Technical Exhibition and Conference (WEFTEC) held in October at McCormick Place, we were recognized for a third time as a Utility of the Future Today. NACWA, WEF, The Water Research Foundation, WateReuse Association, and U.S. Water Alliance with support from the Environmental Protection Agency Office of Wastewater Management, and the Department of Energy Office of Energy Efficiency & Renewable Energy recognized the MWRD as an agency that is forward-thinking and a leader in sustainability and resiliency. The MWRD was first recognized in 2016, followed by honors in 2020 for watershed management and partnership and engagement in 2023.

Stormwater Authority and Unprecedented Rainstorms

With the increasing prevalence of unpredictable storms, twice this summer our communities experienced record-breaking rainfalls. We commend Governor JB Pritzker for his decisive action in declaring Cook County a disaster area resulting from massive storms that took place on July 2 and 3. The devastating storms reminded us of the continued collaboration, investment and attention to stormwater management and infrastructure required. Few local sewers have capacity to handle these rain totals and convey this flow to the MWRD's intercepting sewers and Tunnel and Reservoir Plan (TARP) infrastructure. We have many partners joining us in our commitment to mitigate flooding and improve Cook County local community's stormwater systems. Our wastewater treatment plants operate around the clock to manage excess water coming from communities within our 882-square-mile service area, including capturing combined stormwater and sewage. The fact is additional layers of green infrastructure and other stormwater drainage capacity is needed to further protect the communities we serve. Our Stormwater Partnership Program allows us to expand our efforts to engage communities for collaboration on stormwater improvement projects.

We acknowledge that climate change is real, and recent record-breaking rain totals confirm that. In response to this new reality, my office launched proactive community engagement with local media, affected communities and the Chicago Office of Emergency Management and Communication to increase awareness of Overflow Action Day Alerts. The public can sign up at mwrd.org to receive OAD alerts via text or email throughout the year. Our executive staff, engineers and I attended numerous community meetings and heard the devastating concerns of residents severely affected by these storms in Chicago's West and South sides, in Austin, Burnham, Berwyn, Calumet City, Cicero and Harvey. We provided details of our role and capacities to capture billions of gallons of stormwater, next steps for recovery and shared resources for relief efforts and funding. Today, we continue to work with municipalities throughout the county to identify and construct projects that may prevent such occurrences in the future.

Addison Creek Stormwater Improvements

We celebrated the first of two major stormwater management projects placed into service to protect six communities from flooding in August. The MWRD and partners cut the ribbon on the new Addison Creek

Reservoir and kicked off the Addison Creek Channel improvements. The projects will provide flood relief to Bellwood, Northlake, Stone Park, Melrose Park, Westchester and Broadview. The 600-acre-foot Addison Creek Reservoir in Bellwood will hold 195 million gallons of storage capacity and connect with the Addison Creek Channel, where additional improvements will reduce overbank flooding to approximately 2,200 structures, including an estimated 1,700 structures that will be removed from the flood plain.

New Stormwater Infrastructure in Crestwood

In October, we cut the ribbon on the $7.7-million Crestwood Flood Control Project that improved the Crestwood Drainage Ditch and added new stormwater infrastructure. As a result, more than 80 homes and structures throughout Crestwood have new storm protection and flood relief.

Flood Relief for Nearly 100 Structures in the Village of Niles

In commemoration of Arbor Day in April, we joined the Village of Niles to cut the ribbon on a new park facility with trees planted along the perimeter to incorporate green infrastructure elements and permeable pavement to capture more stormwater, mitigate flooding and improve area water quality. The approximately $11 million Golf Mill Park stormwater project, for which the MWRD committed $2 million, will provide flood relief for nearly 100 structures in a 200-acre area lot on Niles' northwest side. The new park will store 4.5 million gallons of stormwater, while also expanding and improving Golf Mill Park.

New Climate Action Plan

In May, our Board of Commissioners adopted a groundbreaking climate action plan that guides us in reducing greenhouse gas emissions to thwart the devastating effects of global warming, flooding and pollution that threaten the region's water resources.

MWRD President Welcomes WEFTEC to Chicago

As MWRD President, it was an honor to welcome more than 20,000 visitors from around the world to WEFTEC, the largest water industry conference of its kind in North America. MWRD staff and commissioners gave lectures and speeches, participated in workshops and met industry vendors to share best practices. Our Second City Sewer Crew competed and won second place in the Operations Challenge.

Spotlight on Prioritizing Diversity, Equity, Environmental Justice and Inclusion

We took major strides this year in advancing equitable approaches to the diverse communities we serve across Cook County.

In January, the Board of Commissioners adopted a new environmental justice policy to integrate diversity considerations into all MWRD programs, policies and activities wherever possible.

Our Environmental Justice Unit continued amplifying its work by expanding partnerships and advancing our work in community engagement and workforce excellence. Our Diversity Section won numerous awards, participated in many outreach events with assist agencies and business partners and held a successful Diverse Business Summit on Oct. 17 at Kennedy-King College which brought together talented entrepreneurs and emerging businesses with established firms and government agencies. Out of a total value of $196.6 million in MWRD contracts in 2023, about $60.2 million, or 30.6 percent of that contract value, went to minority, women, small and veteran-owned business enterprises.

Our 2023 Strategic Initiative Outcomes included participating in 29 external events, resulting in engagement with over 200 new vendors, creating a Vendor 101 Orientation Class, implementing quarterly meetings with Assist Agencies and participating in the Government Procurement Committee forum in conjunction with Sister Agencies.

Welcome New Commissioners

This is the first full year for MWRD Commissioners Yumeka Brown, Patricia Theresa Flynn and Dan Pogorzelski. In June, Patricia Theresa Flynn was elected by her peers to serve as Vice President replacing Kimberly Du Buclet, who was appointed to serve as a state representative in the Illinois General Assembly.

A few weeks later, Gov. JB Pritzker appointed Precious Brady-Davis to the MWRD Board of Commissioners. Commissioner Brady-Davis is the first Black openly transgender woman appointed to public office in Cook County history.

United States Patent Received

It was another groundbreaking year of research and innovation. An official United States patent was granted to the MWRD and partners at Iowa State University Research Foundation for technology to remove dissolved solids from wastewater as part of a unique algae recovery system that aims to reduce carbon emissions and recover nutrients to improve water quality.

Studying Nutrient Loss at Fulton County Field Day

An annual tradition in downstate Fulton County presented an opportunity for collaboration between the MWRD and the agricultural community to protect water quality throughout the world. These efforts and research will help farmers and water reclamation plants protect soil and water health by managing nutrients and reducing runoff and pollution into our waterways. The event near Canton, Illinois in June was made possible through a partnership between the MWRD and the Illinois Farm Bureau.

MWRD Outreach

The MWRD reopened its doors to tours of its facilities, and in May held open houses for all ages for the first time since the pandemic began. We welcomed more than 1,000 visitors at our Water Reclamation Plants located throughout Cook County in Chicago, Cicero, Des Plaines, Hanover Park, Schaumburg and Skokie. MWRD virtual tours reached hundreds of people to learn about the MWRD's mission to treat wastewater and manage stormwater.

We also continued national-themed events, recognizing Black History Month, Women's History Month, Asian American Pacific Islander Heritage Month, Pride Month, Juneteenth and Latinx Heritage.

Legislative Presence

In April, I visited Washington, D.C. along with former Vice President Kimberly Du Buclet to ensure that our mission to protect the health and safety of the public in our service areas and our work to protect the quality of the water supply source (Lake Michigan) remains a priority. We met with many key stakeholders, Congressmen and Illinois Senators to discuss various MWRD topics.

In May, the MWRD Board of Commissioners and I traveled to the Illinois State Capitol to meet with members of the Illinois General Assembly to inform them of ongoing MWRD work and projects, and to garner support for MWRD legislative initiatives. We are pleased to report our legislative goals were successfully accomplished and our submitted bills were passed. We appreciate our legislative leaders in both Springfield and Washington, D.C. for their continuous support in moving the MWRD agenda forward.

Sustainability Summit

In November, we hosted our 11th Annual Sustainability Summit. Topics covered stormwater management, carbon reduction, climate resilience, wildlife conservation and the protection of invaluable water resources.

The event featured an impressive lineup of speakers and honored outstanding individuals, municipalities, firms, partners and organizations for their contributions to sustainability.

Expanding International Relationships

In February, MWRD Chairman of Finance Marcelino Garcia, Vice President Patricia Theresa Flynn, and current and retired MWRD staff traveled to India for the 5th Annual International Conference and Expo on Water and Waste Management. The group provides a learning exchange platform for governments, industry and the public. In October, we signed a memorandum of understanding at the Consulate General of Denmark with the Danish Water Technology Alliance and Aarhus Vand A/S of Denmark (Aarhus Water) who agreed to extend the knowledge exchange program first implemented in 2015. Since that time, our partnership has flourished, creating a ripple effect of positive change.

In November, I was proud to represent the MWRD and our country at a learning exchange in Denmark during the U.S. High Level Water Policy Delegation hosted by the Ministry of Foreign Affairs of Denmark and Denmark's State of Green. During my visit I was responsible for presenting an overview of the MWRD and our essential responsibilities, as well as participating in various roundtable discussions about water issues near and far. The topics included climate change, wastewater treatment, stormwater management, nutrient runoff, biosolids, PFAS, microplastics, cyber security in the wastewater sector and energy efficiency to name a few. It was a valuable, robust information exchange occupied with conversation and think-tank sessions about how we can all work together to protect our water and environment.

Conclusion

Just as water's flow reaches every corner of the world, so, too, has the network of partners that the MWRD has collaborated with to implement innovative practices in water reclamation and the recovery of renewable resources. In the world of water that we oversee and are held accountable for, we have achieved many remarkable milestones in 2023, but there is still more work to be done.

The challenges and opportunities that lie ahead are boundless, and there is more appreciation for the essential services we provide. I thank everyone at the MWRD, our partners, colleagues in the water industry and the many communities for a successful 2023, and I wish you all a safe and fulfilling 2024. As a leader in the water industry, we were determined to exceed expectations in 2023 and we confidently look forward to conquering any obstacles in the future. I like to regularly remind our more than 1800 employees that together we accomplish more, and teamwork makes the dream work.

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Multi-Year Awards

1975-2022
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting/Annual Comprehensive Financial Report

1993-2022
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for Retirement Fund's Annual Comprehensive Financial Report

1985-2023
Government Finance Officers Association of the United States and Canada
Award for Distinguished Budget Presentation

2007-2022
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for the Retiree Health Care Trust Fund's Annual Comprehensive Financial Report

National Association of Clean Water Agencies (NACWA),
formerly known as Association of Metropolitan Sewerage Agencies
NACWA Award for Compliance with National Pollutant Discharge Elimination System
Platinum Award for 31 consecutive years of full compliance for Calumet Water Reclamation Plant
Platinum Award for 26 consecutive years of full compliance for Lemont Water Reclamation Plant
Platinum Award for 18 consecutive years of full compliance for James C. Kirie Water Reclamation Plant
Platinum Award for 17 consecutive years of full compliance for Terrence J. O'Brien Water Reclamation Plant
Platinum Award for 15 consecutive years of full compliance for Hanover Park Water Reclamation Plant
Platinum Award for 9 consecutive years of full compliance for John E. Egan Water Reclamation Plant
Gold Award for 3 consecutive years for Stickney Water Reclamation Plant

2003-2023
National Institute of Governmental Purchasing
Quality Public Procurement Department (QPPD) Accreditation
(formerly known as "Outstanding Agency Accreditation Award)

Individual Year Awards (partial listing)

2020
Algae Biomass Organization
Innovation Collaboration of the Year Award

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

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

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

2021

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

Illinois Association for Floodplain and Stormwater Management
Stormwater Management Award

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

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

Water Environment Federation
Public Official Award to Mariyana Spyropoulos

2022

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

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

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

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

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

Water Research Foundation
Outstanding Subscriber Award for Applied Research

2023

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

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

Water Environment Federation
Utility of the Future Today Recognition

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District of Greater Chicago, Illinois

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago

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Jacqueline Torres
Clerk/Director of Finance

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May 10, 2024

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

The Annual Comprehensive Financial Report, of which this transmittal letter is a component, has been prepared in accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.13, for the fiscal year ended December 31, 2023. This statute requires that the Clerk/Director of Finance prepare and publish the financial statements and any other data necessary to reflect the true financial condition and operations of the Metropolitan Water Reclamation District of Greater Chicago (the District) within six months of the close of each fiscal year.

The Annual Comprehensive Financial Report's basic financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB). In accordance with Chapter 70, Illinois Compiled Statutes, Act 2605/5.12, the District's basic financial statements for the period ended December 31, 2023, have been subject to an audit by independent accountants. The unmodified opinion of Baker Tilly US, LLP has been included in the Financial Section of this report.

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

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

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

MISSION STATEMENT

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

BACKGROUND

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

The multi-award winning Metropolitan Water Reclamation District of Greater Chicago is headed by the Board of Commissioners who determine its policies.

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

REPORTING ENTITY

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

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

Improve Water Quality

In 2023, the District cost-effectively collected and treated approximately 434.4 billion gallons of wastewater from businesses and homes and captured stormwater runoff from its service area. Our performance for treating this wastewater approaches 100 percent compliance with all applicable effluent standards at all water reclamation plants. The District has begun planning, design, and construction of additional facilities required to comply with new Phosphorus effluent permit limits at our seven Water Reclamation Plants. The permit compliance dates become effective at various times throughout an eight-year period.

Provide Stormwater Management

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

The District has made significant investments in developing over 250 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 18,000 homes, businesses and critical infrastructure. Below are several examples of projects under construction or completed in 2023.

- Addison Creek Reservoir and Channel Improvements Projects
- Flood Control Project in the Vicinity of 135th Street and Central Avenue
- Diversion Channel and Flood Control Projects for Midlothian Creek

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

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

The Diversion Channel and Flood Control Projects for Midlothian Creek in Robbins will help address overbank flooding through a new stormwater park and pond, along with improvements to Midlothian Creek and an overflow channel that connects to the Cal-Sag Channel. Construction of the first phase of the project began in 2022 and continued through 2023 and is expected to be completed in early 2024. The construction of the second phase of the project will commence in 2024. As a result of these projects, 92 structures will be protected from frequent flooding.

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

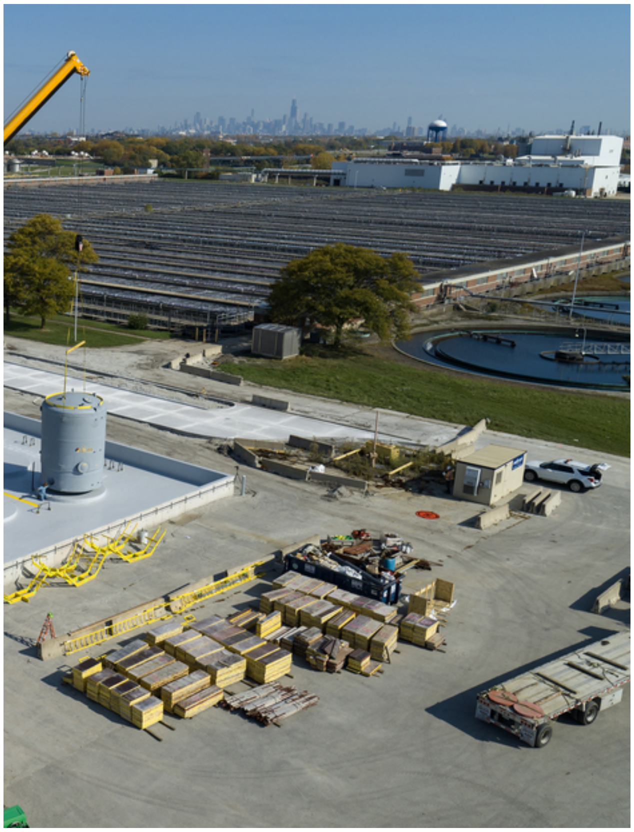
Provide flood protection with Tunnel and Reservoir Plan and Green Infrastructure

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

The flood control segment of TARP, Phase 2, consists of three storage reservoirs to serve as outlets for the Phase 1 tunnels and contain the CSOs until they can be cleaned at the water reclamation plants. The three reservoirs - Gloria Alitto Majewski, Thornton, and McCook - will provide 15.2 billion combined gallons of storage for CSOs that otherwise would spill into local waterways, degrading the water quality and causing flooding. The Gloria Alitto Majewski Reservoir, the smallest of the three, was completed in 1998 and has prevented over 7.8 billion gallons of CSO from entering the waterways and mitigated over $730 million in flood damages, through the end of 2023. The Thornton Composite Reservoir became operational in 2015 and, through the end of 2023, more than 59.1 billion gallons have been captured during 161 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 2023, more than 110 billion gallons have been captured by the first stage reservoir with over 230 fill events. The McCook Reservoir is projected to bring $175 million per year in flood reduction benefits to its residents when fully completed. The combined engineering, construction and land rights cost for all three reservoirs is estimated at $1.5 billion, with the Corps and the District providing approximately $550 million and $950 million, respectively.

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

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



Tanks are set into place for the Chemical Addition Backup System at the Stickney Water Reclamation Plant in October. The project is set to be completed in September 2024 and will provide a secondary phosphorus removal system in the event that the biological phosphorus system is interrupted.

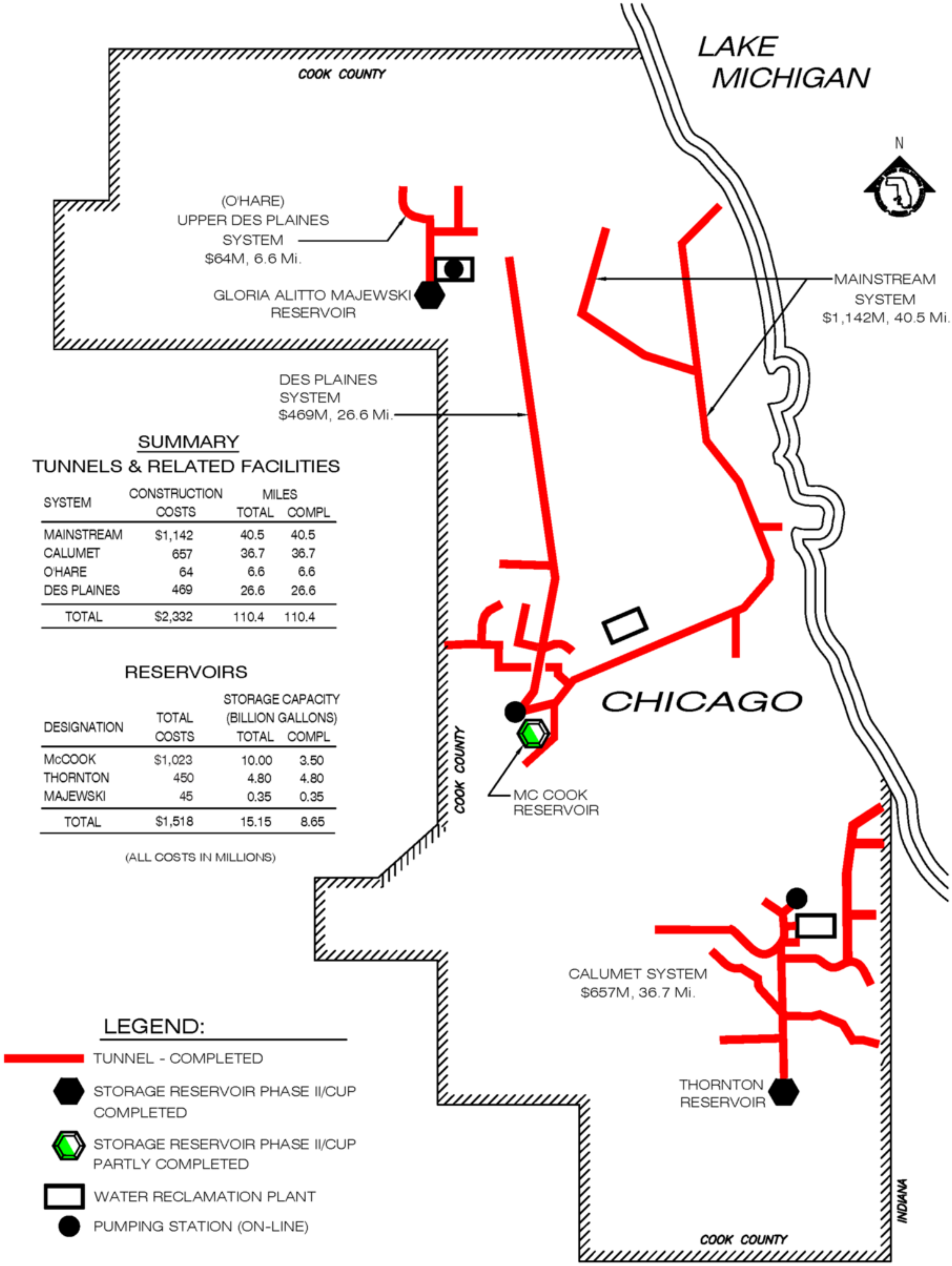
In 2015, the District completed construction of a green infrastructure project in the City of Blue Island, where permeable pavement and rain gardens were installed to combat local flooding. The District also partnered with the City of Evanston to install permeable pavement, swales, and rain gardens at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

From 2017 to 2023, 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 over 100 green infrastructure projects within its service area. Projects completed in 2022 include those located in Maywood, Bellwood, Glenview, Elmwood Park, Park Ridge, Skokie, Countryside, Des Plaines, and the Forest Preserves District of Cook County. In 2023, the District assisted the communities of Blue Island, Calumet Park, Hickory Hills, Lincolnwood, Lyons, Northlake, River Grove, and Summit to successfully complete green infrastructure installations within their service areas. To date, the District has worked to construct more than 15,000,000 gallons of design retention capacity (DRC) throughout its service area.

Maintenance of Facilities and Infrastructure

The District owns and operates 7 water reclamation plants, 560 miles of intercepting sewers and force mains, 110 miles of TARP tunnels, 23 pumping stations, 34 flood control reservoirs, and 3 TARP reservoirs. Through preventative maintenance management, modernization, rehabilitation, and planned replacement, the District will ensure the long-term reliability and cost-effectiveness of operations. To aid planning and prioritize projects for both near term and long term, the District implemented procedures for project vetting and Long-Term Capital Plan evaluation.

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



SUMMARY
TUNNELS & RELATED FACILITIES

SYSTEM	CONSTRUCTION COSTS	MILES TOTAL	MILES COMPL
MAINSTREAM	$1,142	40.5	40.5
CALUMET	657	36.7	36.7
O'HARE	64	6.6	6.6
DES PLAINES	469	26.6	26.6
TOTAL	$2,332	110.4	110.4

RESERVOIRS

DESIGNATION	TOTAL COSTS	STORAGE CAPACITY (BILLION GALLONS) TOTAL	COMPL
McCOOK	$1,023	10.00	3.50
THORNTON	450	4.80	4.80
MAJEWSKI	45	0.35	0.35
TOTAL	$1,518	15.15	8.65

(ALL COSTS IN MILLIONS)

TUNNEL AND RESERVOIR PLAN PROJECT STATUS

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO
ENGINEERING DEPARTMENT

RESOURCE RECOVERY

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

Phosphorus

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

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

In 2022, two projects were awarded by the Engineering Department to provide chemical phosphorus removal. The Chemical Addition Backup System at Stickney WRP, awarded in March, will supplement the biological phosphorus removal currently in place, and allow the plant to meet the 0.5 mg/L NPDES limit under all conditions, even if influent loading spikes. This project has a projected completion date in September of 2024. Design work to install mixers in the Battery B Aeration Tanks to improve biological phosphorus removal is currently underway and advertisement is projected to be in Q1 of 2024.

The Chemical Phosphorus Removal Facility at the Calumet WRP, awarded in August 2022, will utilize ferric chloride to remove phosphorus to the NPDES limits by February 2024. Additional experimental work to determine the most economically effective method of biologically removing phosphorus from the Calumet influent stream, conducted by the District's M&R Department, will continue.

Biosolids

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

Water

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

Energy

The anaerobic digesters at the Stickney, Calumet, Egan, and Hanover Park Water Reclamation Plants (WRPs) produce biogas as a natural byproduct of the digestion process. Biogas contains methane gas, which is currently

Volunteer water professionals from across the world held a Water Palooza educational fair and constructed a rain garden at O. A. Thorp Scholastic Academy in Chicago on Sept. 29 and 30 as part of the Water Environment Federation's Technical Exhibition and Conference (WEFTEC) return to Chicago. The Water Environment Federation's Students and Young Professionals Community worked in conjunction with O. A. Thorp staff and Friends of Thorp to construct a rain garden that will help manage stormwater onsite, improve area water quality and create an attractive place to play and visit. The new rain garden and permeable pavers will be able to capture 10,250 gallons of water every time it rains and will host an array of native plants that attract pollinators like butterflies and bees.

used as fuel for the WRPs boilers and the biosolids pelletizer at the Stickney WRP. The Stickney WRP currently utilizes nearly all of the biogas it produces. Once the new Westside primary settling tanks are fully online, the Stickney WRP is projected to have an increase in biogas production, and solutions to optimize utilization are being evaluated. A project at SWRP Digesters 1-12 to upgrade the electrical distribution system, increase biogas capture, reduce the possibility of gas loss through leakage, and other work, was awarded in late 2023 and work is expected to commence in early 2024. A project to replace two existing boilers at SWRP with new units which can simultaneously fire on a combination of digester and natural gas has been awarded and is currently under construction. A request for proposal for a combined heat and power system that operates using biogas at the Egan WRP will be awarded in early 2024 and is anticipated to be operational by 2026. A new boiler system designed to optimize the use of biogas at the Hanover Park WRP was awarded in late 2021. Construction is currently ongoing and is anticipated to be completed 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 service area is sizable, encompassing 98 percent of the assessed valuation of Cook County. The Equalized Assessed Valuation (EAV) of the District increased 5.2 percent from 2021 to 2022, showing sustained growth for the ninth straight year. Expectation is for this growth trend to continue with the increasing push to cultivate the tech industry, prompting both residents and companies to migrate inwards towards the urban core. Property tax revenue can be reduced by certain tax abatements entered into by Cook County. In fiscal year 2023, the estimated impact of these incentives to the District is approximately $18,160,000 in reduced property taxes. The District operates a fiscally sound organization, maintaining a AAA bond rating with Fitch Ratings and a AA+ bond rating with Standard & Poor's. Our finances are managed in a prudent manner, as evidenced by our excellent bond ratings, healthy fund balance, and continuing efforts to manage costs. To ensure that the District's finances remain healthy, projects are prioritized to ensure the best use of current funding, project base budget targets are used to assure funding above the base is tied to strategic initiatives, and resources are managed to ensure financial stability targets are met.

FINANCIAL POLICIES

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

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

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

General Corporate Fund

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

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

Stormwater Management Fund

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

Capital Improvements Bond Fund Investment Income

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

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

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

MWRD President Kari K. Steele and WEF President Ifetayo Venner hold the big scissors and are joined by MWRD Commissioner Daniel Pogorzelski, O. A. Thorp Scholastic Academy staff, students and their families, State Senator Robert Martwick, Chicago Department of Water Management Commissioner Andrea Cheng, and WEF volunteers to cut the ribbon on the new rain garden at O. A. Thorp Scholastic Academy.

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

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

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

Committed Fund Balance

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

Assigned Fund Balances

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

Retirement Fund

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

OPEB Trust

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Water Reclamation District of Greater Chicago for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. The Metropolitan Water Reclamation District has achieved this prestigious award for 48 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The District has been presented with the award for Distinguished Budget Presentation by the GFOA for the annual budget for the year beginning January 1, 2023. 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 39 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 2023 Annual Comprehensive Financial Report as a fair and accurate presentation, in all material aspects, of the financial position and operational results of the Metropolitan Water Reclamation District of Greater Chicago.

Respectively submitted,

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

Protecting Our Water Environment

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

May 10, 2024

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, 2023, 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 A. Perkovich
Executive Director

Jacqueline Torres
Clerk/Director of Finance

Andrew Dziadkowiec
Comptroller

II. FINANCIAL SECTION

Aeration tanks on the west side of the Stickney Water Reclamation Plant in October.

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2023 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Retirement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Metropolitan Water Reclamation District Retirement Fund, which represent 76 percent, 78 percent, and 64 percent, respectively, of the assets/deferred outflows of resources, fund balance/net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Metropolitan Water Reclamation District Retirement Fund are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information for the year ended December 31, 2023 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, 2023, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated May 12, 2023, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The Other Supplementary Information for the year ended December 31, 2022 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 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2022.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information in our report dated May 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
May 10, 2024

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

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

2023 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is $5,390,695,000. This is attributed to the District's positive balance of $5,290,863,000 in net investment in capital assets.
- The District's government-wide net position increased by $12,238,000. Government-wide net position is a long-term view of the finances of the District. This increase in net position is related to continued investment in the District's infrastructure while continuing to pay the debt obligations used to finance that infrastructure.
- The District's combined fund balances for its governmental funds at December 31, 2023 totaled $1,003,418,000, an increase of $109,895,000 from the prior year. The increase is attributable to large increases in property tax revenue due to timing of collections of $143,371,000, and interest income of $51,440,000. There was also an increase of $83,393,000 in departmental expenses, which offset the increase in revenue resulting in the overall increase in fund balance.
- The District's government-wide assets decreased $53,308,000 from the prior year. The short-term assets increased $40,454,000 due to a 31.8% increase in investments. This increase from positive market performance was offset by a decrease in long-term assets, i.e. infrastructure, by the decommissioning of the Thornton Transitional Reservoir.
- The District's government-wide liabilities increased by $317,236,000 in 2023. The increase can be attributed to increases in both the pension and OPEB liabilities totaling $403,259,000, coupled with a decrease in bonds payable of $99,277,000.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

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

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

Accounting and Financial Reporting For Pensions and GASB 75 *Accounting and Financial Reporting For Postemployment Benefits other than pensions* (OPEB) the District recognizes the assets and liabilities for Pension and OPEB.

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

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

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

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

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

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

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. Timing of collections is significant when looking at governmental funds versus the statement of activities property tax revenue. Although in the governmental funds the property taxes increased by $178,334,000 due to catch-up of prior year late collections of property taxes, the governmental activities tax revenues increased by $23,521,000 in the District's Statement of Activities, as shown on page 41. Since property taxes are accrued to the extent they are measurable and available to satisfy liabilities within sixty days of year end, late collections were properly accrued to the current year causing a large swing between the governmental funds and the statement of activities.

Personal property replacement tax. Personal property replacement tax (PPRT) provides income tax revenue from corporations, partnerships, and invested capital of public utilities. PPRT is an economically sensitive revenue that is expected to decline over the next few years before stabilizing. In 2023, PPRT decreased by $34,963,000 compared to the prior year. It is expected to continue to decline, albeit at a slower rate.

Program revenue. User Charge revenues increased $5,953,000 as shown on page 43. User charge revenue is another economically sensitive revenue that correlates directly to industrial activity in the service area. Increased discharge by the User Charge community resulted in revenues growing by $4.9 million with Ingredion Inc. responsible for $2.5 million. Another $1 million is attributable to rate increases. Land rental revenues decreased $7,923,000 due to timing of the rental cash receipts.

Interest on Investments. The increase in interest income of $51,440,000, as shown on page 41, was caused by rising interest rates. To counter high inflation levels, the Federal Reserve increased interest rates eleven times between March 2022 and July 2023. As a result, the average interest rate on District investments nearly tripled from 1.35% in 2022 to 3.841% in 2023.

Construction costs. The increase in construction costs of $178,844,000, as shown on page 41, is caused by the completion and transfer of several projects from Construction in Progress to Infrastructure, the largest being the Addison Creek Reservoir. In addition, infrastructure decreased due to the decommissioning of the Thornton Composite Transitional Reservoir. The net effect to construction costs is an increase of $130 million. Several projects were either started or increased activity in 2023 which caused an additional increase to construction costs of $49 million. These projects include 07-027-3SR North Side Sludge Pipeline Replacement, 16-127-3DR A/B and C/D Service Tunnel Rehabilitation, 23-902-31 LASMA Pavement Rehabilitation, 17-131-4FR McCook Reservoir Rock Wall Stabilization, 18-254-3P Chemical Phosphorus Removal Facility, 20-IGA-29 Van Buren & 5th Area Storm Relief, and 14-253-AF Diversion Channel for Flood Control Project on Midlothian Creek.

Pension costs. The pension cost increased $147,511,000, as seen on page 41. A portion of the annual pension expense is the contributions to the Pension Trust Fund based on the property tax levied. The remainder of the pension expense includes employee service cost, interest, differences between expected and actual investments, and administrative expenses. The current year increase is primarily attributed to a $90 million increase in amortization of the difference between projected and actual earnings. Other fluctuations in the remaining GASB 68 pension expense add to the overall increase. A detailed table of these additional items can be found in Note 7, Pension Plan.

Claims and judgments. The $5,359,000 decrease in claims and judgments expense, on page 41, is due to decreases in environmental remediation costs and constructions claims.

Employee costs. The District's employee-related expenditures, on page 43 consist of employee base salaries and overtime pay, employee benefits, including social security, Medicare, health, dental and life insurance, tuition, training, mileage, and other travel expenses. The District's employee-related expenditures are the largest single cost of the General Corporate Fund, comprising 59.9% of the total outlays for 2023. The 3.4% increase in employee costs of $8,015,000 is the result of an increase of $9.3 million in salaries expenditures. Salary increases are related to step increases and a 2023 cost of living adjustment. Healthcare costs decreased by $1.2 million and employee claims decreased by $1 million.

Energy costs. Energy costs in the General Corporate Fund increased by $10,467,000 or 25.3%, as shown on page 43. Energy costs are made up of electricity and natural gas. The increase was due to a higher electrical energy supply rate in 2023. Changes in operational factors at the water reclamation plants cause variations in the electricity and natural gas accounts. The weather plays an especially large role in determining operational requirements and conditions. Additionally, the District participates in a reverse electricity auction to ensure the best available market price and manage electricity costs. Natural gas costs decreased by $1,264,000 or 36.5%.

Chemical costs and Materials, parts, and supplies costs. Chemical costs in the General Corporate Fund increased $3,735,000 and materials, parts, and supplies costs increased $2,542,000, as shown on page 43. Both increases were due largely to ongoing price increases which outpaced the Consumer Price Index, particularly in the chemical category. Chemical costs will continue to rise as the District adheres to regulatory requirements for phosphorus and nitrogen. The new regulatory limits became effective at the Stickney WRP in August, 2021 and at the Calumet WRP in January 2024.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2023 and 2022, is presented in the following schedule (in thousands of dollars):

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other assets	$ 2,049,986	$ 2,009,532	$ 40,454	2.0 %
Capital assets	7,787,565	7,881,327	(93,762)	(1.2)
Total assets	9,837,551	9,890,859	(53,308)	(0.5)
Deferred Outflows of Resources:				
Deferred amounts related to pension	405,360	186,004	219,356	117.9
Total deferred outflows of resources	405,360	186,004	219,356	117.9
Liabilities:				
Current liabilities	256,977	225,669	31,308	13.9
Long-term liabilities:				
Due within one year	162,920	185,062	(22,142)	(12.0)
Due in more than one year	4,067,989	3,759,919	308,070	8.2
Total Long-term liabilities	4,230,909	3,944,981	285,928	7.2
Total liabilities	4,487,886	4,170,650	317,236	7.6
Deferred Inflows of Resources:				
Deferred inflows related to leases	337,129	329,230	7,899	2.4
Deferred inflows for other pension and OPEB amounts	27,201	172,451	(145,250)	(84.2)
Total deferred inflows of resources	364,330	501,681	(137,351)	(27.4)
Net Position:				
Net investment in capital assets	5,290,863	5,275,501	15,362	0.3
Restricted	824,156	777,326	46,830	6.0
Unrestricted (Deficit)	(724,324)	(674,370)	(49,954)	7.4
Total net position	$ 5,390,695	$ 5,378,457	$ 12,238	0.2 %

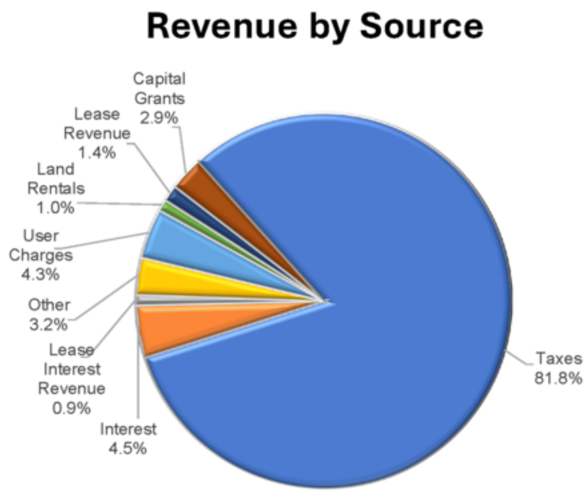
The above schedule reports that the District's net position totaled $5,390,695,000 at December 31, 2023, which represents the amount by which the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion of the net position, $5,290,863,000, represents 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 $824,156,000 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 $724,324,000.

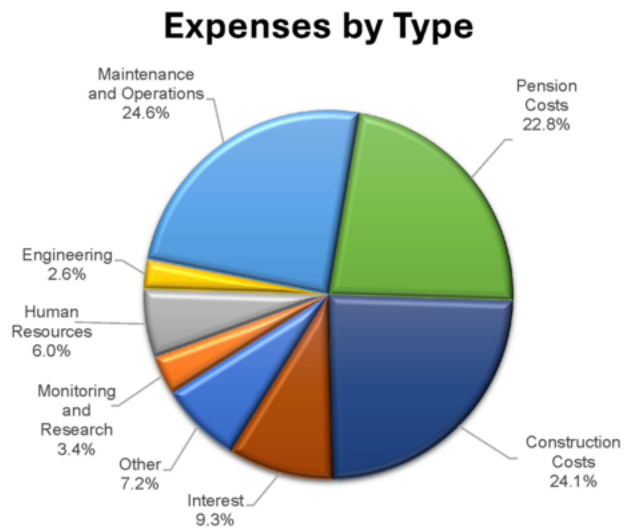
A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2023 and 2022 is presented in the following schedule (in thousands of dollars):

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
General Revenues:				
Taxes	$ 791,094	$ 802,536	$ (11,442)	(1.4)%
Interest	43,162	(8,278)	51,440	(621.4)
Lease interest revenue	8,557	8,005	552	6.9
Other	26,706	21,179	5,527	26.1
Program Revenues:				
User charges	41,890	35,937	5,953	16.6
Land rentals	9,479	17,402	(7,923)	(45.5)
Lease revenue	13,919	13,311	608	4.6
Fees, forfeits, and penalties	4,054	4,627	(573)	(12.4)
Capital grants	28,115	29,375	(1,260)	(4.3)
Total revenues	966,976	924,094	42,882	4.6
Expenses				
Board of Commissioners	4,700	4,384	316	7.2
General Administration	20,060	17,664	2,396	13.6
Monitoring and Research	31,965	30,607	1,358	4.4
Procurement and Materials Management	6,228	6,109	119	1.9
Human Resources	57,606	57,191	415	0.7
Information Technology	19,843	18,097	1,746	9.6
Law	7,074	6,999	75	1.1
Finance	3,867	3,652	215	5.9
Engineering	24,329	25,591	(1,262)	(4.9)
Maintenance and Operations	234,959	210,462	24,497	11.6
Pension costs	217,307	69,796	147,511	211.3
OPEB Trust Fund costs	(5,341)	(21,948)	16,607	(75.7)
Claims and judgments	1,003	6,362	(5,359)	(84.2)
Construction costs	230,341	51,497	178,844	347.3
Loss on disposal of capital assets	132	84	48	57.1
Unallocated depreciation	11,440	11,559	(119)	(1.0)
Redemption of bonds	1	—	1	100.0
Interest	89,224	90,475	(1,251)	(1.4)
Total expenses	954,738	588,581	366,157	62.2
Increase in net position	12,238	335,513	(323,275)	(96.4)
Total net position, beginning of year	5,378,457	5,042,944	335,513	6.7
Total net position, end of year	$ 5,390,695	$ 5,378,457	$ 12,238	0.2 %

Total revenues increased by $42,882,000 in 2023, or 4.6% from the prior year. Total expenses increased by $366,157,000 in 2023, or 62.2%. The major reasons for the variances are detailed under Key Financial Comparisons on page 38.

The following charts show the major sources of revenue and expenses for the year ended December 31, 2023:





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 2023, the District reports four major funds and two non-major funds. The four major governmental funds are General Corporate Fund, Retirement Fund, Capital Improvements Bond Fund, and Debt Service Fund. The non-major governmental funds are the Construction Fund and the Stormwater Management Fund.

The District ended the current fiscal year with combined governmental fund balances of $1,003,418,000, an increase of $109,895,000 or 12.3% from 2022. A total of $45,960,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $673,438,000, assigned fund balances totaled $166,734,000, and the remaining fund balance of $117,286,000 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 $490,099,000. The fund balance represented 119% 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 $71,898,000 from 2022. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note 1b on pages 66-72.

The General Corporate Fund ended the year with an unassigned fund balance of $117,286,000 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, 2023 and 2022 is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Revenue Schedule

	2023		2022			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Revenues:						
Property taxes	$ 327,428	63.7 %	$ 241,727	51.9 %	$ 85,701	35.5 %
Personal property replacement tax	77,136	15.0	126,312	27.1	(49,176)	(38.9)
Total tax revenue	404,564	78.7	368,039	79.0	36,525	9.9
Interest on investments	17,847	3.5	(336)	—	18,183	(5,411.6)
Lease interest revenue	8,557	1.7	8,005	1.7	552	6.9
Tax increment financing distributions	12,273	2.4	15,455	3.3	(3,182)	(20.6)
Claims and damage settlements	84	—	137	—	(53)	(38.7)
User charges	41,890	8.2	35,937	7.7	5,953	16.6
Land rentals	9,479	1.8	17,402	3.8	(7,923)	(45.5)
Lease revenue	13,919	2.7	13,311	2.9	608	4.6
Fees, forfeits, and penalties	3,255	0.6	3,356	0.7	(101)	(3.0)
Federal and state grants	118	—	208	—	(90)	(43.3)
Miscellaneous	1,842	0.4	4,074	0.9	(2,232)	(54.8)
Total revenues	$ 513,828	100.0 %	$ 465,588	100.0 %	$ 48,240	10.4 %

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, lease interest, rental income, and tax increment financing distributions. In 2023, General Corporate Fund revenues totaled $513,828,000, an increase of $48,240,000, or 10.4% from 2022. The major variances in revenues are explained under Key Financial Comparisons on page 38.

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2023 and 2022, is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Expenditures Schedule

	2023		2022			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Expenditures:						
Employee Cost	$ 246,904	59.9 %	$ 238,889	62.5 %	$ 8,015	3.4 %
Energy Cost	51,910	12.6	41,443	10.8	10,467	25.3
Chemicals	15,501	3.8	11,766	3.1	3,735	31.7
Solids & waste disposal	19,413	4.7	17,761	4.6	1,652	9.3
Repairs to structures/equipment	26,986	6.5	26,719	7.0	267	1.0
Materials, parts, & supplies	16,892	4.1	14,350	3.7	2,542	17.7
Insurance	4,469	1.1	4,072	1.1	397	9.7
Professional services	5,227	1.3	4,656	1.2	571	12.3
Claims and judgments	3,111	0.8	4,335	1.1	(1,224)	(28.2)
Other	21,517	5.2	18,809	4.9	2,708	14.4
Total expenditures	$ 411,930	100.0 %	$ 382,800	100.0 %	$ 29,130	7.6 %

In 2023, General Corporate Fund expenditures totaled $411,930,000, an increase of $29,130,000, or 7.6%, from 2022. 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 2023. The major variances in expenses are explained under Key Financial Comparisons on page 38.

Other Major Funds. The District's Debt Service Fund accounts for property tax revenues and interest earnings used for the payment of principal and interest on bonded debt. The Debt Service Fund's fund balance at the end of the current fiscal year totaled $131,505,000. The fund balance represented 55.2% of the total Debt Service Fund expenditures. The fund balance for the Debt Service Fund increased by $34,586,000 in the current year due to an increase in revenue collections and a decrease in bonds payable as there was a $43 million prepayment in the prior year.

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 $259,868,000. This amount will provide resources for the 2024 capital construction program. The fund balance represented 250% of the fund's expenditures. The fund balance decrease of $30,016,000 is due to an increase in construction costs and an increase in bond anticipation notes issued.

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 2023 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 2023 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 2023 General Corporate Fund budget and actual amounts is presented in the following schedule (in thousands of dollars):

	Budget			Actual Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Property and personal property replacement taxes	$ 348,295	$ 348,295	$ 348,517	$ 222
Adjustment for working cash borrowing	(7,240)	(7,240)	(7,240)	—
Adjustment for estimated tax collections	—	—	23,049	23,049
Tax revenue available for current operations	341,055	341,055	364,326	23,271
User charges	37,000	37,000	38,537	1,537
Interest on investments	6,968	6,968	14,771	7,803
Tax increment financing distributions	12,500	12,500	12,273	(227)
Land rentals	28,000	28,000	31,005	3,005
Claims and damage settlements	—	—	48	48
Other	8,175	8,175	5,234	(2,941)
Total revenues	433,698	433,698	466,194	32,496
Operating expenditures:				
Board of Commissioners	5,904	5,904	4,674	1,230
General Administration	23,449	23,449	19,541	3,908
Monitoring and Research	35,660	35,660	31,290	4,370
Procurement and Materials Management	11,817	11,817	9,868	1,949
Human Resources	67,607	67,607	57,914	9,693
Information Technology	22,895	22,895	19,857	3,038
Law	8,640	8,640	7,080	1,560
Finance	4,224	4,224	3,847	377
Engineering	30,659	30,659	23,553	7,106
Maintenance and Operations	264,210	264,210	232,872	31,338
Claims and judgments	46,014	46,014	3,111	42,903
Total expenditures	521,079	521,079	413,607	107,472
Revenues over (under) expenditures	(87,381)	(87,381)	52,587	139,968
Fund balance at beginning of year	299,005	299,005	267,815	(31,190)
Fund balance available for future use	(211,624)	(211,624)	—	211,624
Fund balance at beginning of year	87,381	87,381	267,815	180,434
Fund balance at end of the year	$ —	$ —	$ 320,402	$ 320,402

Actual revenues on a budgetary basis for 2023 in the General Corporate Fund totaled $466,194,000, or $32,496,000 more than budgeted revenues, a 7.5% variance. Property taxes and personal property replacement taxes (PPRT) were $23,271,000 more than budget, due to collections of PPRT significantly higher than budgeted. PPRT is an economically sensitive revenue that overperformed in 2023. User charge receipts were $1,537,000 more than budgeted due to the timing of collections and issuance of refunds. Interest on investments was $7,803,000 over budget. The District benefited from the increase in returns in fixed income securities throughout 2023 due to the rise in interest rates. Land rentals were $3,005,000 more than budget, due to a continued effort to maximize the District's real estate portfolio, as well as, increases due to the increase in consumer price index used to value a large portion of District leases.

The 2023 General Corporate Fund final appropriation of $521,079,000 is the same as the original amount. Actual budgetary expenditures totaled $413,607,000, or 79.4%, of the total appropriation. The $107,472,000 excess of appropriations over actual expenditures was primarily due to claims and judgments costs being $42,903,000 less than appropriations, and positive variances in expenditures from all departments, most noticeably a $31,338,000 positive variance for Maintenance and Operations and a $9,693,000 positive variance for Human Resources. Actual health claims for active employees and retirees were combined $5,300,000 under budget. The Health Reimbursement Account program and employee vacancies each were also approximately one million less than budgeted. Maintenance and Operations variance is due to budgetary surpluses in several major expenditure categories, including salaries, electricity, natural gas, sludge disposal, chemicals, materials, and equipment. Salaries were below the budgeted amount due to position vacancies throughout the year. The surplus in electricity can be attributed to the application of the remaining 2022 Carbon Free Resource Adjustment (CFRA) credits to invoices issued in Q1 2023. The credits were not included when developing the 2023 budget. The surplus in natural gas is explained by the decline in the price per therm, which was greater than anticipated. Expenditures for sludge disposal fell short of the budget estimate due to ongoing repairs at the pelletizer facility, which resulted in lower production levels. The surplus in chemicals can be partially attributed to the delay in starting up the new dosing facility at the Calumet WRP. Also, the need for chemicals is dependent on operating conditions, which fluctuate throughout the year. Expenditures in the materials and equipment category were below the budgeted amounts due in large part to the carry forward of purchase orders from 2023 to 2024, the result of long delivery lead times.

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, 2023, amounted to $7,787,565,000. Reportable capital assets, net of accumulated depreciation, for 2023 as compared to 2022 are as follows (in thousands of dollars):

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Land	$ 143,960	$ 143,960	$ —	— %
Permanent easements	2,763	2,763	—	—
Buildings	5,874	6,059	(185)	(3.1)
Machinery and equipment	23,307	21,504	1,803	8.4
Computer software	—	21	(21)	(100.0)
Right to use asset	23,989	26,075	(2,086)	(8.0)
Depreciable infrastructure	1,559,776	1,595,184	(35,408)	(2.2)
Modified infrastructure	5,677,625	5,648,872	28,753	0.5
Construction in progress	350,271	436,889	(86,618)	(19.8)
Total	$ 7,787,565	$ 7,881,327	$ (93,762)	(1.2)%

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

- Total capital assets decreased by $93,762,000 in 2023. Several projects were completed and transferred from Construction in Progress to Modified infrastructure. The largest of these projects was the Addison Creek reservoir which caused the majority of the decrease to Construction in Progress. A similar increase in infrastructure is not displayed above as the Thornton Composite Transitional Reservoir was decommissioned, which resulted in a $109,169,000 decrease in infrastructure.

- Construction in progress (CIP) decreased by $86,618,000 in 2023 primarily due to the substantial completion of the Addition Creek Reservoir, which resulted in a transfer of $87,084,000 from construction in progress to infrastructure. Construction of other large projects, including a chemical phosphorus removal facility at Calumet and a diversion channel at Midlothian Creek, account for any increase in construction in progress that were offset by the transfer.
- In addition to the completion of the Addison Creek Reservoir noted above, additional increases to Modified infrastructure are due to substantial completion of the Melvina ditch reservoir expansion, the Thornton rock damn treatment and the completion of a flood control project in Crestwood.

In addition to the above, commitments totaling $368,582,000 remain outstanding for ongoing construction projects. Additional disclosure on construction commitments can be found in Note 9 to the basic financial statements.

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

The Kirie, Hanover, Egan, Central (Stickney), O'Brien, Calumet, Lemont, and Waterways network assets had their initial condition assessments completed between 2002 and 2006. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2021. The Egan and O'Brien networks each had its most recent condition assessment completed in 2022. Kirie, Central (Stickney) and Waterways each had its most recent condition assessment completed in 2023. (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.j. 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, 2023, totaled $4,230,909,000. The breakdown of this debt and changes from 2022 to 2023 are as follows (in thousands of dollars):

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Net bonds payable	$ 2,681,872	$ 2,816,854	$ (134,982)	(4.8)%
Bond anticipation notes	42,786	18,942	23,844	125.9
Claims payable	18,946	21,054	(2,108)	(10.0)
Compensated absences	16,416	17,205	(789)	(4.6)
Availability payment arrangement	20,966	24,262	(3,296)	(13.6)
Net pension liability	1,361,643	1,020,180	341,463	33.5
Net OPEB liability	88,280	26,484	61,796	233.3
Total	$ 4,230,909	$ 3,944,981	$ 285,928	7.2 %

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

- Net bonds payable decreased by $134,982,000 in 2023 as a result of the scheduled bond payments throughout 2023.
- Bond anticipation notes increased by $23,844,000 in 2023 because the short-term notes have not yet been converted to bonds.
- Claims payable decreased by $2,108,000 primarily due to a claim payout in 2023. Other claims including workmens compensation, environmental remediation claims and incurred but not reported health claims remained comparable to the prior year.
- Compensated absences decreased as employees continued to use their paid time off benefits.
- A number of items factor into the changes in the net pension liability, however, the $341,463,000 increase in the liability was most notably due to poor market performance causing a $232,449,000 increase in the liability. 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	Aa1

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

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

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

The amount of the District's debt may not exceed 5.75% of the last published equalized assessed valuation of taxable real estate within the District, which was $181,643,464,000 for the 2022 property tax levy. At December 31, 2023, the District's statutory debt limit of $10,444,499,000 exceeded the applicable net debt amount of $2,504,525,000 by $7,939,974,000; therefore, the District is in compliance.

The Illinois Compiled Statutes provide authorization for the funding of the District Capital Improvement Program by the issuance of non-referendum capital improvement bonds. Beginning 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, 2023.

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 2023 is $193,530,013 (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, 2023, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of $1,611,000,000 was less than the limitation of $6,085,056,049.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 2023, are indicated in the following schedule (in millions of dollars):

Capital Improvement and Refunding Bonds
Outstanding and Remaining Authorization

Year of Issue	Total	Capital Improvement	Refunding
2007	$ 194	$ —	$ 194
2009	600	600	—
2014	50	50	—
2016	343	50	293
2021	424	144	280
Total bonds outstanding at December 31, 2023	1,611	$ 844	$ 767
Remaining bond authorization at December 31, 2023	4,474		
Total bond authorization at December 31, 2023	$ 6,085		

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

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

ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

The United States economy continued to grow throughout 2023, although not at the pace of the prior year due to historically high inflation and rising interest rates. By year end, Illinois employment had returned to pre-pandemic levels and tax revenue growth allowed for a balanced budget. The improved financial position allowed for payments toward outstanding liabilities, increased contributions to pension, along with significantly increasing the state's rainy-day fund. While inflation remained elevated, it decreased from the recent historical highs of 2022. The Federal Reserve paused its policy of federal funds rate increases in the third quarter of 2023 in hope of reaching the desired level of inflation in 2024.

The equalized assessed valuation of the District has experienced a 3.22% average growth rate over the last ten years, although the 2022 equalized assessed valuation of $181,643,464,000 is 5% higher than the previous year and shows sustained growth for the fifth straight year. The Cook County Assessor is responsible for all taxable real property within Cook County except for railroad property and pollution control facilities, which are assessed directly by the State of Illinois.

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

A strong fund balance, along with an emphasis on controlling expenditures, should allow the District to protect its operations from economically sensitive revenues stemming from fiscal constraints at the federal and state levels. The boundaries of the District encompass 91% of the land area of Cook County. The District is located in one of the strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division decreased to a seasonally adjusted average rate of 4.3% for 2023, down from 4.6% from 2022. Employment was significantly impacted by the COVID-19 pandemic in the past two years, but has substantially recovered.

Corporate Fund. The Corporate Fund is the District's general operating fund and includes appropriation requests for all the day-to-day operational costs anticipated for 2024. The total appropriation for the Corporate Fund in 2024 is $497.3 million, an increase of $22.2 million, or 4.5% from the 2023 Adjusted Budget. The 2024 tax levy for the Corporate Fund is $299.5 million, an increase of $6.6 million, or 2.3% , compared to the 2023 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 2024 is 15.25 cents, a decrease of 0.43 cent from 2023 as adjusted. User charges are collected from industrial, commercial, and non-profit organizations to recover operations, maintenance, and replacement costs proportional to their sewage discharges, in excess of property taxes collected. The major categories of payers: chemical manufacturers, food processors, and government services, are generally expected to maintain their recent level of discharge.

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

The Stormwater Management Fund appropriation for 2024 totals $131.5 million, an increase of $2.5 million or 2.0% from the 2023 Adjusted Budget. Property taxes are the primary funding source for the District's Stormwater Management Fund. Illinois law limits the tax rate of this fund to five cents per $100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2024 is 2.93 cents, which is an increase of 0.12 cents from 2023 as adjusted.

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

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

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

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

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

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

Capital Improvement Program: Construction Fund and Capital Improvements Bond Fund. The District's overall Capital Program includes 2024 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 either long-term debt, Federal and State grants, and/or State Revolving Fund loans.

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

The United States Environmental Protection Agency (USEPA) implemented the State Revolving Fund (SRF) to ensure that each state's program is designed and operated to continue to provide capital funding assistance for water pollution control activities in perpetuity, but preserves a high degree of flexibility for operating revolving funds in accordance with each state's unique needs and circumstances. Funds in the SRF are not used to provide grants, but must be available to provide loans for the construction of publicly owned wastewater treatment works. Low interest SRF loans are an integral part of the District's capital improvements financing. SRF revenues are based on the award and construction schedule of specific projects. In 2023, the District received $34,716,300 in cash receipts for SRF projects and is expected to receive approximately $50,000,000 in 2024.

Construction Fund. The Construction Fund appropriation for 2024 totals $74,598,800, an increase of $23,098,400 or 44.9% from the 2023 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2024 tax levy planned for the Construction Fund is $7,000,000, representing no change from the 2023 Adjusted Levy.

Capital Improvements Bond Fund. The 2024 appropriation for the Capital Improvements Bond Fund is $308,278,600, a decrease of $66,332,300 or 17.7% from the 2023 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 $273,900,000 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 $66,332,300 reflects the pattern in the award of major projects. An appropriation for the open value of existing contracts is also carried forward from the prior year.

The remaining appropriation for this fund will provide for studies, services, and supplies to support District design and administration of proposed and ongoing construction activity, including the TARP reservoirs. A comprehensive narrative, exhibits detailing our entire Capital program, a listing and description of proposed projects, and projects under construction scheduled for 2024, can be found in the Capital Budget (Section V) of the 2024 Budget document.

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

In 2006, the District proposed state legislation to give authority to establish an OPEB trust. Public Act 95-394 became effective on August 23, 2007. Since inception, the District has budgeted and transferred a total of $157,400,000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. The net OPEB liability was $88,280,000 as of the measurement date December 31, 2022. The net OPEB liability was estimated at approximately $11,698,000 at December 31, 2023.

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 783 of the District's employees for the purposes of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2021 and are set to expire June 30, 2024. Negotiations will begin on successor agreements. Historically, if an agreement is not reached prior to the expiration of the agreement, contract extensions have been agreed to until a final agreement is approved and ratified.

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

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

REQUESTS FOR ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund 2023	General Corporate Fund 2022	Debt Service Fund 2023	Debt Service Fund 2022	Capital Improvement Bond Funds 2023	Capital Improvement Bond Funds 2022
Assets and deferred outflows of resources						
Assets:						
Cash	$ 10,139	$ 19,860	$ 3,582	$ 7,064	$ 7,077	$ 20,941
Certificates of deposit	9,541	24,348	—	—	13,111	1,802
Investments (note 4)	425,223	300,868	101,512	36,281	254,216	280,148
Prepaid expenses	7,635	7,177	—	—	—	—
Taxes receivable, net (note 5)	294,311	345,711	232,813	284,251	—	—
Lease receivable (note 14)	341,602	333,054	—	—	—	—
Other receivables, net (note 5)	8,540	3,299	—	—	8,463	9,278
Due from other funds (note 12)	402	371	—	—	—	—
Restricted deposits	323	318	—	—	22,200	29,764
Inventories	37,240	36,274	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Total assets	1,134,956	1,071,280	337,907	327,596	305,067	341,933
Deferred outflows of resources:						
Deferred outflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	$ 1,134,956	$ 1,071,280	$ 337,907	$ 327,596	$ 305,067	$ 341,933
Liabilities, deferred inflows of resources, and fund balances/net position						
Liabilities:						
Accounts payable and other liabilities (note 5)	$ 44,256	$ 39,693	$ —	$ —	$ 22,047	$ 21,332
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned revenue	2,538	2,375	—	—	22,199	29,764
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	46,794	42,068	—	—	44,246	51,096
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	260,934	281,781	206,402	230,677	—	—
Deferred inflows related to leases	337,129	329,230	—	—	—	—
Other unavailable revenue (note 5)	—	—	—	—	953	953
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	598,063	611,011	206,402	230,677	953	953
Fund balances:						
Nonspendable (note 1r.)	44,875	43,451	—	—	—	—
Restricted for (note 1r.)	327,938	317,567	131,505	96,919	93,134	133,565
Assigned	—	—	—	—	166,734	156,319
Unassigned	117,286	57,183	—	—	—	—
Total fund balances	490,099	418,201	131,505	96,919	259,868	289,884
Total liabilities, deferred inflows, and fund balances	$ 1,134,956	$ 1,071,280	$ 337,907	$ 327,596	$ 305,067	$ 341,933
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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$ —	$ —	$ 11,736	$ 3,867	$ 32,534	$ 51,732	$ —	$ —	$ 32,534	$ 51,732
	—	—	3,565	21,316	26,217	47,466	—	—	26,217	47,466
	—	—	115,393	62,974	896,344	680,271	—	—	896,344	680,271
	—	—	1,085	4	8,720	7,181	—	—	8,720	7,181
	81,454	104,128	58,364	76,010	666,942	810,100	—	—	666,942	810,100
	—	—	—	—	341,602	333,054	—	—	341,602	333,054
	—	—	861	795	17,864	13,372	—	—	17,864	13,372
	—	—	—	—	402	371	(402)	(371)	—	—
	—	—	—	—	22,523	30,082	—	—	22,523	30,082
	—	—	—	—	37,240	36,274	—	—	37,240	36,274
	—	—	—	—	—	—	6,174,619	6,232,484	6,174,619	6,232,484
	—	—	—	—	—	—	1,612,946	1,648,843	1,612,946	1,648,843
	81,454	104,128	191,004	164,966	2,050,388	2,009,903	7,787,163	7,880,956	9,837,551	9,890,859
	—	—	—	—	—	—	405,360	186,004	405,360	186,004
	—	—	—	—	—	—	405,360	186,004	405,360	186,004
	$ 81,454	$ 104,128	$ 191,004	$ 164,966	$ 2,050,388	$ 2,009,903	$ 8,192,523	$ 8,066,960	$10,242,911	$10,076,863
	$ —	$ —	$ 16,903	$ 13,422	$ 83,206	$ 74,447	$ —	$ —	$ 83,206	$ 74,447
	19,909	34,596	—	—	19,909	34,596	114,593	69,081	134,502	103,677
	—	—	402	371	402	371	(402)	(371)	—	—
	—	—	—	—	—	—	14,532	15,406	14,532	15,406
	—	—	—	—	24,737	32,139	—	—	24,737	32,139
	—	—	—	—	—	—	162,920	185,062	162,920	185,062
	—	—	—	—	—	—	4,067,989	3,759,919	4,067,989	3,759,919
	19,909	34,596	17,305	13,793	128,254	141,553	4,359,632	4,029,097	4,487,886	4,170,650
	61,545	69,532	51,753	62,654	580,634	644,644	(580,634)	(644,644)	—	—
	—	—	—	—	337,129	329,230	—	—	337,129	329,230
	—	—	—	—	953	953	(953)	(953)	—	—
	—	—	—	—	—	—	27,201	172,451	27,201	172,451
	61,545	69,532	51,753	62,654	918,716	974,827	(554,386)	(473,146)	364,330	501,681
	—	—	1,085	4	45,960	43,455	(45,960)	(43,455)		
	—	—	120,861	88,515	673,438	636,566	(673,438)	(636,566)		
	—	—	—	—	166,734	156,319	(166,734)	(156,319)		
	—	—	—	—	117,286	57,183	(117,286)	(57,183)		
	—	—	121,946	88,519	1,003,418	893,523	(1,003,418)	(893,523)		
	$ 81,454	$ 104,128	$ 191,004	$ 164,966	$ 2,050,388	$ 2,009,903				
Net position:										
Net investment in capital assets							5,290,863	5,275,501	5,290,863	5,275,501
Restricted for corporate working cash							280,138	276,836	280,138	276,836
Restricted for reserve claim							35,045	26,597	35,045	26,597
Restricted for debt service							323,375	312,190	323,375	312,190
Restricted for capital projects							126,099	103,098	126,099	103,098
Restricted for construction working cash							22,277	21,742	22,277	21,742
Restricted for stormwater working cash							37,222	36,863	37,222	36,863
Unrestricted (Deficit)							(724,324)	(674,370)	(724,324)	(674,370)
Total net position							$ 5,390,695	$ 5,378,457	$ 5,390,695	$ 5,378,457

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

Year ended December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2023	2022	2023	2022	2023	2022
Revenues						
General revenues:						
Property taxes	$ 327,428	$ 241,727	$ 258,226	$ 201,608	$ —	$ —
Personal property replacement tax	77,136	126,312	—	—	—	—
Interest on investments	17,847	(336)	4,784	1,013	14,725	(9,299)
Lease interest revenue	8,557	8,005	—	—	—	—
Tax increment financing distributions	12,273	15,455	—	—	—	—
Claims and damage settlements	84	137	—	—	336	27
Miscellaneous	1,842	4,074	109	3	2,435	1,948
Program revenues:						
Charges for services:						
User charges	41,890	35,937	—	—	—	—
Land rentals	9,479	17,402	—	—	—	—
Lease revenue	13,919	13,311	—	—	—	—
Fees, forfeits, and penalties	3,255	3,356	—	—	—	—
Capital grants and contributions:						
Federal and state grants	118	208	—	—	18,497	14,771
Total revenues	513,828	465,588	263,119	202,624	35,993	7,447
Expenditures/Expenses						
Board of Commissioners	4,673	4,392	—	—	—	—
General Administration	19,651	17,460	—	—	—	—
Monitoring and Research	31,955	30,792	—	—	—	—
Procurement and Materials Management	6,246	6,088	—	—	—	—
Human Resources	57,539	57,199	—	—	—	—
Information Technology	19,677	18,056	—	—	—	—
Law	7,081	7,003	—	—	—	—
Finance	3,846	3,655	—	—	—	—
Engineering	23,545	23,284	—	—	—	—
Maintenance and Operations	234,606	210,536	—	—	—	—
Pension costs	—	—	—	—	—	—
OPEB costs	—	—	—	—	—	—
Claims and judgments	3,111	4,335	—	—	—	—
Construction costs	—	—	—	—	99,540	78,259
Loss on disposal of capital assets	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—
Debt service:						
Principal payment of bonds	—	—	134,202	173,934	3,297	3,143
Interest and bond issuance costs	—	—	103,862	107,212	1,093	1,247
Total expenditures/expenses	411,930	382,800	238,064	281,146	103,930	82,649
Revenues over (under) expenditures	101,898	82,788	25,055	(78,522)	(67,937)	(75,202)
Other financing sources (uses)						
Bond anticipation notes issued	—	—	—	—	37,921	22,175
Bond anticipation notes converted	—	—	—	—	14,377	51,687
Bond anticipation notes refunded	—	—	—	—	(14,377)	(51,687)
Transfers	(30,000)	(30,000)	9,531	45,133	—	(35,965)
Total other financing sources (uses)	(30,000)	(30,000)	9,531	45,133	37,921	(13,790)
Net change in fund balances	71,898	52,788	34,586	(33,389)	(30,016)	(88,992)
Change in net position	—	—	—	—	—	—
Fund balances/net position:						
Beginning of the year	418,201	365,413	96,919	130,308	289,884	378,876
End of the year	$ 490,099	$ 418,201	$ 131,505	$ 96,919	$ 259,868	$ 289,884

See accompanying notes to the basic financial statements.

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2b)		Statements of Activities	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
$ 77,744	$ 61,013	$ 69,546	$ 50,262	$ 732,944	$ 554,610	$ (56,023)	$ 98,790	$ 676,921	$ 653,400
12,037	22,824	25,000	—	114,173	149,136	—	—	114,173	149,136
—	—	5,806	344	43,162	(8,278)	—	—	43,162	(8,278)
—	—	—	—	8,557	8,005	—	—	8,557	8,005
—	—	9,500	—	21,773	15,455	—	—	21,773	15,455
—	—	115	5	535	169	—	—	535	169
33	1	29	50	4,448	6,076	(50)	(521)	4,398	5,555
—	—	—	—	41,890	35,937	—	—	41,890	35,937
—	—	—	—	9,479	17,402	—	—	9,479	17,402
—	—	—	—	13,919	13,311	—	—	13,919	13,311
—	—	799	1,271	4,054	4,627	—	—	4,054	4,627
—	—	9,500	14,396	28,115	29,375	—	—	28,115	29,375
89,814	83,838	120,295	66,328	1,023,049	825,825	(56,073)	98,269	966,976	924,094
—	—	—	—	4,673	4,392	27	(8)	4,700	4,384
—	—	—	—	19,651	17,460	409	204	20,060	17,664
—	—	—	—	31,955	30,792	10	(185)	31,965	30,607
—	—	—	—	6,246	6,088	(18)	21	6,228	6,109
—	—	—	—	57,539	57,199	67	(8)	57,606	57,191
—	—	—	—	19,677	18,056	166	41	19,843	18,097
—	—	—	—	7,081	7,003	(7)	(4)	7,074	6,999
—	—	—	—	3,846	3,655	21	(3)	3,867	3,652
—	—	—	—	23,545	23,284	784	2,307	24,329	25,591
—	—	—	—	234,606	210,536	353	(74)	234,959	210,462
119,814	113,838	—	—	119,814	113,838	97,493	(44,042)	217,307	69,796
—	—	—	—	—	—	(5,341)	(21,948)	(5,341)	(21,948)
—	—	—	—	3,111	4,335	(2,108)	2,027	1,003	6,362
—	—	77,337	50,331	176,877	128,590	53,464	(77,093)	230,341	51,497
—	—	—	—	—	—	132	84	132	84
—	—	—	—	—	—	11,440	11,559	11,440	11,559
—	—	—	—	137,499	177,077	(137,498)	(177,077)	1	—
—	—	—	—	104,955	108,459	(15,731)	(17,984)	89,224	90,475
119,814	113,838	77,337	50,331	951,075	910,764	3,663	(322,183)	954,738	588,581
(30,000)	(30,000)	42,958	15,997	71,974	(84,939)	(59,736)	420,452		
—	—	—	—	37,921	22,175	(37,921)	(22,175)	—	—
—	—	—	—	14,377	51,687	(14,377)	(51,687)	—	—
—	—	—	—	(14,377)	(51,687)	14,377	51,687	—	—
30,000	30,000	(9,531)	(9,168)	—	—	—	—	—	—
30,000	30,000	(9,531)	(9,168)	37,921	22,175	(37,921)	(22,175)	—	—
—	—	33,427	6,829	109,895	(62,764)	(109,895)	62,764		
—	—	—	—	—	—	12,238	335,513		
—	—	88,519	81,690	893,523	956,287	—	—	5,378,457	5,042,944
$ —	$ —	$ 121,946	$ 88,519	$1,003,418	$ 893,523	$ —	$ —	$ 5,390,695	$ 5,378,457

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, 2023

(in thousands of dollars)

	Budget		Actual on Budgetary Basis	Actual Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Gross levy	$ 292,900	$ 292,900	$ 292,900	$ —
Allowance for uncollectible taxes	(10,252)	(10,252)	(10,252)	—
Net property tax levy	282,648	282,648	282,648	—
Property tax collections	8,722	8,722	8,944	222
Personal property replacement tax:				
Entitlement	56,925	56,925	56,925	—
Total tax revenue	348,295	348,295	348,517	222
Adjustment for working cash borrowing	(7,240)	(7,240)	(7,240)	—
Adjustment for estimated tax collections	—	—	23,049	23,049
Tax revenue available for current operation	341,055	341,055	364,326	23,271
Interest on investments	6,968	6,968	14,771	7,803
Tax increment financing distributions	12,500	12,500	12,273	(227)
Miscellaneous	4,402	4,402	1,758	(2,644)
User charges	37,000	37,000	38,537	1,537
Land rentals	28,000	28,000	31,005	3,005
Claims and damage settlements	—	—	48	48
Fees, forfeits, and penalties	3,773	3,773	3,476	(297)
Total revenues	433,698	433,698	466,194	32,496
Expenditures:				
Board of Commissioners	5,904	5,904	4,674	1,230
General Administration	23,449	23,449	19,541	3,908
Monitoring and Research	35,660	35,660	31,290	4,370
Procurement and Materials Management	11,817	11,817	9,868	1,949
Human Resources	67,607	67,607	57,914	9,693
Information Technology	22,895	22,895	19,857	3,038
Law	8,640	8,640	7,080	1,560
Finance	4,224	4,224	3,847	377
Engineering	30,659	30,659	23,553	7,106
Maintenance and Operations	264,210	264,210	232,872	31,338
Claims and judgments	46,014	46,014	3,111	42,903
Total expenditures	521,079	521,079	413,607	107,472
Revenues over (under) expenditures	(87,381)	(87,381)	52,587	139,968
Fund balances at beginning of year	299,005	299,005	267,815	(31,190)
Fund balances available for future use	(211,624)	(211,624)	—	211,624
Fund balances at beginning of the year	87,381	87,381	267,815	180,434
Fund balances at end of year	$ —	$ —	$ 320,402	$ 320,402

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, 2023

(in thousands of dollars)

Retirement Fund	**Original and Final Budget**	**Actual on Budgetary Basis**	**Actual Variance with Final Budget - Positive (Negative)**
Revenues:			
Property taxes	$ 69,532	$ 86,086	$ 16,554
Personal property replacement tax	18,383	18,383	—
Miscellaneous	—	33	33
Equity transfer to Retirement Fund	30,000	30,000	—
Total revenue and equity transfer	117,915	134,502	16,587
Operating expenditures:			
Pension costs	117,915	134,502	(16,587)
Total expenditures	117,915	134,502	(16,587)
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, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	2023	2022
Assets		
Cash	$ 274	$ 356
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts)	86,440	103,536
Securities sold	2,118	1,048
Accrued interest and dividends	4,571	4,095
Accounts receivable	102	87
Total receivables	93,231	108,766
Investments at fair value		
Equities	433,831	319,090
U.S. Government and government agency obligations	121,104	110,559
Corporate and foreign government obligations	100,815	100,661
Fixed Income Mutual Funds	100,437	90,210
Mutual and exchange traded funds	256,234	232,027
Pooled funds - equities	418,372	428,980
Pooled funds - fixed income	159,867	129,372
Real estate funds	120,730	144,437
Short-term investment funds	43,071	44,560
Total investments	1,769,743	1,599,896
Securities lending capital	11,406	8,840
Total assets	1,874,654	1,717,858
Liabilities		
Accounts payable	1,109	1,051
Due to broker	3,018	6,163
Securities lending collateral	11,406	8,840
Total liabilities	15,533	16,054
Net position restricted for pension	$ 1,546,580	$ 1,437,656
Net position restricted for OPEB	$ 312,541	$ 264,148

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, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	2023	2022
Additions:		
Contributions:		
Employer contributions	$ 130,897	$ 134,178
Employee contributions	21,665	21,177
Total contributions	152,562	155,355
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	186,181	(307,545)
Interest and dividend income	31,775	27,558
Total investment income (loss)	217,956	(279,987)
Less investment expenses	(4,652)	(4,510)
Investment income (loss) net of expenses	213,304	(284,497)
Security lending activities:		
Security lending income	714	226
Borrower rebates	(587)	(128)
Bank fees	(26)	(20)
Net income from securities lending activities	101	78
Other	2	7
Total additions	365,969	(129,057)
Deductions:		
Annuities and benefits		
Employee annuitants	161,618	157,310
Retiree health care benefits	8,524	10,719
Surviving spouse annuitants	32,593	30,830
Child annuitants	111	112
Ordinary disability benefits	840	1,030
Duty disability benefits	85	62
Total annuities and benefits	203,771	200,063
Refunds of employee contributions	1,883	2,239
Administrative expenses	2,998	2,180
Total deductions	208,652	204,482
Net increase (decrease)	157,317	(333,539)
Net position restricted for pension and OPEB benefits		
Beginning of year	1,701,804	2,035,343
End of year	$ 1,859,121	$ 1,701,804

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, 2023 are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Assets				
Cash	$ 10,139	$ 5,502	$ 3,116	$ 1,521
Certificates of deposit	9,541	7,820	—	1,721
Investments	425,223	312,780	69,022	43,421
Prepaid insurance	7,635	7,635	—	—
Receivables:				
Property taxes receivable	311,000	303,238	—	7,762
Allowance for uncollectible taxes	(16,689)	(16,274)	—	(415)
Taxes receivable, net	294,311	286,964	—	7,347
Lease receivable	341,602	341,602	—	—
User charges	5,051	5,051	—	—
Miscellaneous	3,489	3,209	—	280
Due from Stormwater Management Fund	402	402	—	—
Restricted deposits	323	323	—	—
Inventories	37,240	37,240	—	—
Total assets	$ 1,134,956	$ 1,008,528	$ 72,138	$ 54,290
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable and other liabilities	$ 44,256	$ 43,957	$ —	$ 299
Unearned revenue	2,538	2,538	—	—
Due to corporate fund from corporate working cash	—	208,000	(208,000)	—
Total liabilities	46,794	254,495	(208,000)	299
Deferred inflows of resources:				
Unavailable tax revenue	260,934	254,420	—	6,514
Deferred inflows related to leases	337,129	337,129	—	—
Total deferred inflows of resources	598,063	591,549	—	6,514
Fund balances:				
Nonspendable:				
Prepaid insurance	7,635	7,635	—	—
Inventories	37,240	37,240	—	—
Restricted for:				
Deposits	323	323	—	—
Working cash	280,138	—	280,138	—
Reserve claims	47,477	—	—	47,477
Unassigned	117,286	117,286	—	—
Total fund balances	490,099	162,484	280,138	47,477
Total liabilities, deferred inflows and fund balances	$ 1,134,956	$ 1,008,528	$ 72,138	$ 54,290

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, 2023, are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Revenues:				
Property taxes	$ 327,428	$ 319,321	$ —	$ 8,107
Personal property replacement tax	77,136	77,136	—	—
Total tax revenue	404,564	396,457	—	8,107
Interest on investments	17,847	12,480	3,302	2,065
Lease interest revenue	8,557	8,557	—	—
Tax increment financing distributions	12,273	12,273	—	—
Claims and damage settlements	84	84	—	—
Miscellaneous	1,842	1,839	—	3
User charges	41,890	41,890	—	—
Land rentals	9,479	9,479	—	—
Lease revenue	13,919	13,919	—	—
Fees, forfeits and penalties	3,255	3,255	—	—
Federal and state grants	118	118	—	—
Total revenues	513,828	500,351	3,302	10,175
Operations:				
Board of Commissioners	4,673	4,673	—	—
General Administration	19,651	19,651	—	—
Monitoring and Research	31,955	31,955	—	—
Procurement and Materials Management	6,246	6,246	—	—
Human Resources	57,539	57,539	—	—
Information Technology	19,677	19,677	—	—
Law	7,081	7,081	—	—
Finance	3,846	3,846	—	—
Engineering	23,545	23,545	—	—
Maintenance and Operations	234,606	234,606	—	—
Claims and judgments	3,111	—	—	3,111
Total expenditures	411,930	408,819	—	3,111
Revenues over (under) expenditures	101,898	91,532	3,302	7,064
Other financing sources/(uses):				
Transfer in/(out)	(30,000)	(30,000)	—	—
Net Change in Fund balance	71,898	61,532	3,302	7,064
Fund balance at the beginning of year	418,201	100,952	276,836	40,413
Fund balance at the end of year	$ 490,099	$ 162,484	$ 280,138	$ 47,477

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, 2023, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Assets			
Cash	$ 6,125	$ 857	$ 5,268
Certificates of deposit	3,565	2,553	1,012
Investments	42,962	33,665	9,297
Receivables:			
Property taxes receivable	7,245	7,245	—
Allowance for uncollectible taxes	(388)	(388)	—
Taxes receivable, net	6,857	6,857	—
Miscellaneous	746	746	—
Total assets	$ 60,255	$ 44,678	$ 15,577
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 3,435	$ 3,435	$ —
Due to Construction Fund from Construction Working Cash	—	6,700	(6,700)
Total liabilities	3,435	10,135	(6,700)
Deferred inflows of resources:			
Unavailable tax revenue	6,079	6,079	—
Total deferred inflows of resources	6,079	6,079	—
Fund balances:			
Restricted for:			
Working cash	22,277	—	22,277
Construction	28,464	28,464	—
Total fund balances	50,741	28,464	22,277
Total liabilities, deferred inflows, and fund balances	$ 60,255	$ 44,678	$ 15,577

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, 2023, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Revenues:			
Property taxes	$ 7,566	$ 7,566	$ —
Personal property replacement tax	25,000	25,000	—
Total tax revenue	32,566	32,566	—
Interest on investments	2,261	1,726	535
Tax increment financing distributions	9,500	9,500	—
Miscellaneous	3	3	—
Total revenues	44,330	43,795	535
Construction Costs:			
Contractual services	988	988	—
Machinery and equipment	1,886	1,886	—
Capital projects	18,960	18,960	—
Total expenditures	21,834	21,834	—
Revenues over (under) expenditures	22,496	21,961	535
Net Change in Fund balance	22,496	21,961	535
Fund balance at the beginning of year	28,245	6,503	21,742
Fund balance at the end of year	$ 50,741	$ 28,464	$ 22,277

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, 2023, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Assets			
Cash	$ 5,611	$ 3,793	$ 1,818
Investments	72,431	68,227	4,204
Prepaid insurance	1,085	1,085	—
Receivables:			
Property taxes receivable	54,524	54,524	—
Allowance for uncollectible taxes	(3,017)	(3,017)	—
Taxes receivable, net	51,507	51,507	—
Other receivables	115	115	—
Total assets	$ 130,749	$ 124,727	$ 6,022
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 13,468	$ 13,468	$ —
Due to Stormwater Management Fund from Stormwater Working Cash	402	31,602	(31,200)
Total liabilities	13,870	45,070	(31,200)
Deferred inflows of resources:			
Unavailable tax revenue	45,674	45,674	—
Total deferred inflows of resources	45,674	45,674	—
Fund balances:			
Nonspendable:			
Prepaid insurance	1,085	1,085	—
Restricted for:			
Working Cash	37,222	—	37,222
Capital projects	32,898	32,898	—
Total fund balances	71,205	33,983	37,222
Total liabilities, deferred inflows, and fund balances	$ 130,749	$ 124,727	$ 6,022

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, 2023, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Revenues:			
Property taxes	$ 61,980	$ 61,980	$ —
Total tax revenue	61,980	61,980	—
Interest on investments	3,545	3,186	359
Fees, forfeits, and penalties	799	799	—
Grant revenue	9,500	9,500	—
Claim and damage settlements	115	115	—
Miscellaneous	26	26	—
Total revenues	75,965	75,606	359
Construction Costs:			
Personal services	11,757	11,757	—
Contractual services	4,616	4,616	—
Material and supplies	229	229	—
Capital projects	38,901	38,901	—
Total expenditures	55,503	55,503	—
Revenues over (under) expenditures	20,462	20,103	359
Other financing (uses):			
Transfer in/(out)	(9,531)	(9,531)	—
Net Change in Fund balance	10,931	10,572	359
Fund balance at the beginning of year	60,274	23,411	36,863
Fund balance at end of year	$ 71,205	$ 33,983	$ 37,222

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 as needed.

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

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

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

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

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

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

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

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

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

Land and buildings	$100,000 and over
Infrastructure	$500,000 and over

Equipment	$20,000 and over
Computer software	$100,000 and over
Easements	$20,000 and over

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

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

The District is using the modified approach as an alternative to depreciation to report its eligible infrastructure assets, with the exception of the TARP deep tunnels and drop shafts, which are depreciated. The modified infrastructure assets are categorized into networks, systems, and subsystems. Each of the District's seven WRPs 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 2023. The Egan and O'Brien networks each had its most recent condition assessment completed in 2022. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2021. (See further discussion of the modified approach in the Required Supplementary Information Section).

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

k. **Compensated Absences** 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.

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

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

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

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

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

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

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

r. **Fund Balances -** The Board of Commissioners, on December 9, 2010, adopted a new fund balance classification policy in accordance with GASB Statement No. 54, Fund Balance Reporting and

Governmental Fund Type Definitions. The policy categorizes the balances of governmental funds into the following categories: nonspendable, restricted, committed, assigned and unassigned fund balances.

- Nonspendable Fund Balance – This consists of amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.
- Restricted Fund Balance – Reported when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a board motion. The District's commissioners shall establish, modify, or rescind a fund balance commitment by vote of a motion presented to the Board.
- Assigned Fund Balances – This consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners approved a motion authorizing the Executive Director to assign amounts of fund balances to a specific purpose. The District has an assigned fund balance of $166,734,000 in the Capital Improvement Bond Fund, for future capital projects.
- Unassigned Fund Balances – This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Fund balances for the year ended December 31, 2023, are as follows (in thousands of dollars):

	General Corporate Fund	Debt Service Fund	Capital Improvements Bond Fund	Other Governmental / Nonmajor Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Prepaid insurance	$ 7,635	$ —	$ —	$ 1,085	$ 8,720
Inventories	37,240	—	—	—	37,240
Restricted for					
Deposits	323	—	—	—	323
Working cash	280,138	—	—	59,499	339,637
Reserve claims	47,477	—	—	—	47,477
Debt service	—	131,505	—	—	131,505
Capital projects	—	—	93,134	61,362	154,496
Assigned	—	—	166,734	—	166,734
Unassigned	117,286	—	—	—	117,286
Total fund balances	$ 490,099	$ 131,505	$ 259,868	$ 121,946	$ 1,003,418

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

- Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any debt attributable to capital assets (net of unspent bond proceeds).
- Restricted Net Position - This consists of net position that is legally restricted by outside parties, or by law through constitutional provisions or enabling legislation. Net position restricted for 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 $824,156,000 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."

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

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

v. Availability Payment Arrangements – The District entered into an agreement to design, build, own, finance, operate and maintain a 150 dry tons/day biosolids processing facility at the Stickney water reclamation place for a period of twenty years. Each component of the arrangement has been reflected in the financial statements as a right to use asset and an availability purchase arrangement.

w. New Accounting Pronouncements – The District implemented GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The purpose of this statement is to establish financial reporting and accounting for public-private and public-public arrangements (PPPs) and availability payments arrangements (APAs). A PPP is an arrangement in which a government contracts an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. For the year ended December 31, 2023, the District identified one APA project subject to GASB 94. The District entered into an agreement with a nongovernmental entity to construct and operate a biosolids processing facility for a monthly consideration of $366,000 ending in June 2029.

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

- Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB 62
- Statement No. 101, Compensated Absences
- Statement No. 102, Certain Risk Disclosures

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, 2023 (in thousands of dollars):

Total fund balances of governmental funds	$ 1,003,418
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	8,169,775
Accumulated depreciation/amortization	(382,210)
Capital assets, net	7,787,565
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	(16,416)
Claims and judgments	(18,946)
Availability payment arrangement	(20,966)
Bond anticipation notes	(42,786)
General obligation debt	(2,517,556)
Net OPEB liability	(88,280)
Net Pension liability	(1,361,643)
Due to Pension Trust Fund	(114,593)
Total long-term liabilities	(4,181,186)
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	(164,316)
Total bond premium and refunding transactions	(164,316)
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 2023 amount is:	
Accrued interest	(14,532)
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	580,634
Grants and rents	953
Deferred inflows for pension and OPEB related amounts	(27,201)
Adjustment to deferred inflows of resources	554,386
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	130,897
Deferred outflows for other pension and OPEB related amounts	274,463
Adjustment to deferred outflows of resources	405,360
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	402
Due to other funds	(402)
Total interfund	—
Total net position of governmental activities	$ 5,390,695

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, 2023 (in thousands of dollars):

Net change in fund balances of governmental funds	$ 109,895
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	60,527
Infrastructure retirements	(113,991)
Depreciation expense-allocated to various departments	(2,601)
Depreciation/amortization expense-unallocated	(11,440)
Excess of depreciation expense and loss on disposal of infrastructure assets over construction and capital outlay costs	(67,505)
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	(37,921)
Debt proceeds total	(37,921)
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	137,498
Debt service principal retirement total	137,498
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	789
Change in claims and judgments	2,108
Change in bond interest	874
Change in bond anticipation notes interest	(300)
Amortization of bond premium	15,157
Change in net pension liability	(97,493)
Change in net OPEB liability	5,341
Total additional expenses	(73,524)
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	(182)
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	(56,023)
Total adjustments	(56,023)
Change in net position of governmental activities	$ 12,238

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	$ 52,587
Adjustment from Budget to GAAP for:	
Tax revenues	40,238
Cash basis other revenues	7,396
GAAP versus budgetary expenditures and other uses differences	(28,323)
Revenues and other sources (uses) over (under) expenditures on GAAP basis	$ 71,898

4. Deposits and Investments

Deposits
As of December 31, 2023, the District, the Pension Trust Fund and OPEB Trust Fund deposits were fully insured and collateralized.

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

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

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at December 31, 2023 (in thousands of dollars):

		Investment Maturities	
Investment Type	**Fair Value**	**Less Than 1 Year**	**1- 5 Years**
U.S. Agencies	$ 275,936	$ 129,556	$ 146,380
Municipal Bonds	136,638	63,297	73,341
Commercial Paper	94,456	94,456	—
Illinois Trust Investment Pool	356,709	356,709	—
U.S. Treasury Bills	29,862	29,862	—
Total Investments	$ 893,601	$ 673,880	$ 219,721

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 $2,743,000.

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, 2023 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

Investment Type	Credit Ratings at 12/31/2023 S&P/Moody's/Fitch/KBRA	% of Total in Securities
U.S. Agencies		
Federal Home Loan Banks (FHLB)	AA+/Aaa/NR	24.4 %
Federal Home Loan Mortgage Corporation (FMCC)	AA+/Aaa/AA+	2.6
Federal Farm Credit Banks Funding Corporation (FFCB)	AA+/Aaa/AA+	2.2
Federal National Mortgage Association (FNMA)	AA+/Aaa/AA+	1.7
U.S. Treasury Bills	AA+/Aaa/AAA	3.3
Illinois Trust Investment Pool	AAAm/NR/NR	39.9
State Treasurer's Illinois Funds	AAAm/NR/NR	0.0
Commercial Paper	A-1/P-1/F1	10.6
Municipal Bonds	AAA to A-/Aaa to A3/AAA to A-/AAA to AA	15.3
		100.0 %

NR - Not Rated

Concentration of Credit Risk

The District's goal is to limit the amount that can be invested in commercial paper to one-third of the District's total investments, and no more than 20% of the amount invested in commercial paper can be invested in any one entity. As of December 31, 2023 the fair value of commercial paper represented 10.3% of the District's total investments, including certificates of deposit.

As of December 31, 2023, the following investments were greater than 5% of total investments (in thousands of dollars):

Investment	Fair Value
Illinois Trust Investment Pool	$ 356,709
Federal Home Loan Bank (FHLB)	217,567
	$ 574,276

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

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of December 31, 2023 and 2022, the Pension Trust Fund had minimal exposure to custodial credit risk since all investments were insured, registered, and/or held in the Fund's name.

The OPEB Trust's Investment Policy requires that all investments and investment collateral be held in safekeeping by a third party custodial institution, as designated by the Treasurer, in the Trust's name. All cash balances maintained at banks are required to be collateralized with permitted U.S. Government Securities in an amount equal to 105% (at market) of the monies on deposit. Cash awaiting reinvestment in the Trust's investment account is protected up to $250,000 under coverage by the Securities Investor Protection Corporation (SIPC). As of December 31, 2023, 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 38% domestic equities, 17% international equities, 5% global equities, 25% fixed income, 10% core open-end real estate and 5% private equity.

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

At December 31, 2023, the OPEB Trust's assets were invested in mutual funds traded on national securities exchanges. Investments are stated at fair value. The fair value of mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Trust. Purchases and sales of mutual fund units are accounted for on the trade dates.

Interest Rate Risk

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

The following table presents a summarization of the Pension Trust Fund's debt investments as of December 31, 2023 (in thousands of dollars), using the segmented time distribution method:

Type of Investment	Maturity	Fair Value	Percentage
U.S. Government and government agency obligations	<1 year	$ —	— %
	1-5 years	10,511	8.7
	5-10 years	22,340	18.4
	Over 10 years	88,253	72.9
		$ 121,104	100.0 %
Corporate and foreign government obligations	<1 year	816	0.8
	1-5 years	22,824	22.7
	5-10 years	29,778	29.5
	Over 10 years	47,397	47.0
		$ 100,815	100.0 %
Pooled funds - fixed income	5-10 years	$ 159,867	100.0 %
Short-term investment fund	<1 year	$ 34,423	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, 2023 (in thousands of dollars):

Investment Type	Fair Value	Percentage	Average Maturities (years)
Fixed Income Funds:			
Dodge & Cox Income Fund	$ 43,201	43.0%	10.8
Payden Core Bond Fund	14,259	14.2%	9.0
Western Asset Core Plus Bond Fund	42,977	42.8%	13.5
Total Fixed Income Funds	100,437	100	
Domestic Equity Funds:			
Ariel Fund Class I	13,430		
Fidelity 500 Index Fund	57,675		
Fidelity Contrafund	26,398		
Fidelity Mid Cap Index Fund	22,688		
Vanguard Small Cap Index Institutional	22,784		
Total Domestic Equity Funds	142,975		
International Equity Funds:			
Fidelity International Index Fund	45,373		
Vanguard Global Minimum Volatility	14,959		
Total International Equity Funds	60,332		
Money Market Funds	8,648		
Total Fair Value	$ 312,392		

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

The following table presents a summarization of the credit quality ratings of the holdings within the Pension Trust investments at December 31, 2023 (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	$ 121,104	100.0 %
AAA	Corporate and Foreign Government	7,071	7.0
AA	Corporate and Foreign Government	17,199	17.1
A	Corporate and Foreign Government	22,829	22.6
BBB	Corporate and Foreign Government	30,455	30.2
BB	Corporate and Foreign Government	4,528	4.5
B	Corporate and Foreign Government	2,313	2.3
CCC	Corporate and Foreign Government	537	0.5
Not Rated	Corporate and Foreign Government	15,883	15.8
		$ 100,815	100.0 %
AA	Pooled Funds - Fixed Income	$ 159,867	100.0 %
Not Rated	Short-Term Investment Fund	$ 34,423	100.0 %
		$ 416,209	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, 2023:

Credit Rating	Dodge & Cox Income Fund	Payden Core Bond Fund	Western Asset Core Plus Bond Fund
AAA	55.0 %	26.0 %	53.6 %
AA	5.9	40.0	4.8
A	7.5	11.0	13.5
BBB	24.4	19.0	19.4
BB	3.7	—	4.6
B	3.5	—	3.2
Below B	—	—	0.9
Not Rated	—	4.0	—
Total	100.0 %	100.0 %	100.0 %

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

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

Foreign Currency Risk

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency denominated investments held by the Pension Trust Fund are in equities, fixed income and foreign cash. The Fund's exposure to foreign currency risk at December 31, 2023 was as follows (in thousands of dollars):

Equities	Fair Value	%
Australian dollar	$ 2,613	0.6 %
Brazilian real	1,068	0.2
British pound sterling	24,699	5.7
Canadian dollar	12,875	3.0
Danish krone	366	0.1
European euro	43,578	10.0
Hong Kong dollar	4,780	1.1
Indonesian rupiah	1,160	0.3
Israeli shekel	471	0.1
Japanese yen	30,696	7.1
Malaysian ringgit	1,562	0.3
Mexican peso	2,893	0.7
New Taiwan dollar	5,130	1.2
New Zealand dollar	20	0.1
Norwegian krone	4,337	1.0
Philippine peso	1,186	0.3
Polish zloty	1,824	0.4
Singapore dollar	5,362	1.2
South Korean won	4,121	0.9
Swedish krona	4,396	1.0
Swiss franc	7,474	1.7
Thailand baht	850	0.2
U.S. dollar	272,370	62.8
Total	$ 433,831	100.0 %

Short-Term Investment Funds	Fair Value	%
Australian dollar	$ 126	0.4 %
Brazilian real	34	0.1
British pound sterling	109	0.3
Canadian dollar	24	0.1
Danish krone	190	0.6
European euro	178	0.5
Hong Kong dollar	70	0.2
Israeli shekel	22	0.1
Japanese yen	518	1.5
New Zealand dollar	167	0.5
Norwegian krone	248	0.7
Philippine peso	2	0.0
Singapore dollar	73	0.2
Swedish krona	254	0.7
Swiss franc	10	0.1
U.S. dollar	32,398	94.0
Total	$ 34,423	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, 2023, the OPEB Trust's investments in international equity mutual funds stated at fair market value are as follows (in thousands of dollars):

Fund Name	Fair Value
Fidelity International Index Fund	$ 45,373
Vanguard Global Minimum Volatility	14,959
	$ 60,332

When-Issued Transactions

The Fund may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Fund enters into a commitment to purchase the security, the transaction is recorded at the purchase price which equals fair value. The value at delivery may be more or less than the purchase price. No interest accrues to the Pension Trust Fund until delivery and payment takes place. As of December 31, 2023, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately $2,845,000.

Securities Lending

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

The relationship between the maturities of the investment pool and the Fund’s loans is affected by the maturities of the securities loans made by other entities that use the agent’s pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 100 days for 2023; 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 2 days.

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

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

During 2023, 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, 2023 is as follows (in thousands of dollars):

Securities loaned - backed by cash collateral	
Equities	$ 7,126
U.S. Government and government agency obligations	1,440
Corporate obligations	2,505
Total securities loaned - backed by cash collateral	11,071
Securities loaned - backed by non-cash collateral	
Equities	8,192
Corporate obligations	148
Total securities loaned - backed by non-cash collateral	8,340
Total	$ 19,411

As of December 31, 2023, the fair value (carrying amount) of loaned securities was $19,411,000. As of December 31, 2023, the fair value (carrying amount) of cash collateral received by the Fund was $11,406,000. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2023, the fair value (carrying amount) of noncash collateral received by the Fund was $8,740,000.

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

Fair Market Value Measurements

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

Investment valuations are as of December 31, 2023. The values of the District's investments may have changed significantly after year end as the result of investment markets.

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

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

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

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

The carrying amount of investments and fair value hierarchy at December 31, 2023 is shown in the following schedule (in thousands of dollars):

The District		Fair Value Measurements Using		
Investments Measured at Fair Value	**December 31, 2023**	**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	$ 275,936	$ —	$ 275,936	$ —
Municipal Bonds	136,638	—	136,638	—
Commercial Paper	94,456	—	94,456	—
U.S. Treasury Bills	29,862	—	29,862	—
Total Investments at Fair Value	$ 536,892	$ —	$ 536,892	$ —
Investments Not Measured at Fair Value				
Illinois Trust Investment Pool	356,709			
Total Investments	$ 893,601			

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, 2023. 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, 2023 (in thousands of dollars):

Pension Trust Fund		**Fair Value Measurements Using**		
	December 31, 2023	**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	$ 433,831	$ 433,831	$ —	$ —
U.S. Govt and Govt Agency Obligations	121,104	50,619	70,485	—
Corporate and Foreign Govt Obligations	100,815	—	100,815	—
Mutual and Exchange Traded Funds	52,927	52,927	—	—
Total investments by Fair Value Level	$ 708,677	$ 537,377	$ 171,300	$ —
Investments Measured at NAV	748,674			
Total Investments at Fair Value	$ 1,457,351			

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)				
Earnest Partners China Fund	$ 3,828	—	Daily	N/A
SSGA S&P 500 Flagship Fund	222,152	—	Daily	N/A
SSGA S&P 400 Midcap Index Fund	58,991	—	Daily	N/A
SSGA MSCI ACWI Fund	55,225	—	Daily	N/A
SSGA Russell 1000 Growth Index Fund	78,176	—	Daily	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	159,867	—	Daily	N/A
Real estate funds (3)				
Trumbull Property Fund	43,168	—	Quarterly	60 days
RREEF America REIT II	77,562	—	Quarterly	45 days
Limited Partnership (4)				
Brightwood Capital Fund V, LP	15,282	21,000	Closed-end	N/A
Short-term investment fund (5)				
BNY Melon EB Temporary Investment Fund	34,423	—	Daily	N/A
Total investments measured at NAV	$ 748,674			

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

(2) Pooled funds - fixed income - The investment objective of the U.S. Aggregate Bond Index is to track the performance of the Barclays U.S. Aggregate Bond Index over the long term. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(3) Real estate funds - The Trumbull Property Fund's investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The RREEF America REIT II's investment objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return. The fair value of the investments in these funds has been determined by periodic investment manager appraisals which determine the NAV of the investment.

(4) Limited partnership - The investment objective of the Brightwood Capital Fund V, LP is to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in loans, notes and other debt instruments, total return swaps and other derivative instruments, participation interests, warrants, equity securities including common stock, preferred stock, direct equity investments, and structured equity products. The limited partnership investment is closed-end where the partnership interest is generally illiquid and cannot be redeemed. It is expected that the liquidation of the limited partnership interest will generally coincide with the terms of the partnership agreement. The termination date is April 30, 2028, but may be extended for an additional one-year period as set forth in the terms of the partnership agreement. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

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

Derivatives

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

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

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

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

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

At December 31, 2023, the Fund's assets and liabilities included the following forward foreign currency exchange contract balances which are included in due from broker and due to broker:

Forward Foreign Currency Exchange Contract receivables	$ 123,097
Forward Foreign Currency Exchange Contract payables	$ 123,290

The carrying amount of investments and fair value hierarchy of the OPEB Trust is shown in the following schedule as of December 31, 2023:

OPEB Trust		**Fair Value Measurements Using**		
Fair Value of Investments	**December 31, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Equity Funds	$ 142,975	$ 142,975	$ —	$ —
International Equity Funds	60,332	60,332	—	—
Domestic Fixed Income Funds	100,437	100,437	—	—
Money Market Funds	8,648	8,648	—	—
Total Fair Value of Investments	$ 312,392	$ 312,392	$ —	$ —

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, 2023 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, 2023:							
Property taxes:	$ 311,000	$ 246,065	$ —	$ 73,363	$ 61,769	$ 692,197	$ 692,197
Allowance for uncollectible taxes	(16,689)	(13,252)	—	(3,947)	(3,405)	(37,293)	(37,293)
Net property taxes	294,311	232,813	—	69,416	58,364	654,904	654,904
Personal property replacement tax	—	—	—	12,038	—	12,038	12,038
Total taxes receivable, net	294,311	232,813	—	81,454	58,364	666,942	666,942
Lease receivable (note 14)	341,602	—	—	—	—	341,602	341,602
Other receivables:							
User charges	5,051	—	—	—	—	5,051	5,051
State revolving fund loans	—	—	7,767	—	—	7,767	7,767
Miscellaneous	3,489	—	696	—	861	5,046	5,046
Total other receivables, net	8,540	—	8,463	—	861	17,864	17,864
Total net receivables at December 31, 2023	$ 644,453	$ 232,813	$ 8,463	$ 81,454	$ 59,225	$1,026,408	$1,026,408

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

Deferred Inflows of Resources

Unavailable tax revenue is reported in the Governmental Funds Balance Sheets in connection with receivables for property taxes that are not considered to be available to liquidate liabilities of the current period. Deferred inflows of resources related to leases are reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position in compliance with Statement 87 of the Governmental Accounting Standards Board. Other unavailable revenue is reported in the Governmental Funds Balance Sheets for the federal subsidy accrual relating to the direct reimbursement for the District's Build America Bonds. A summary of unavailable revenue as of December 31, 2023 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, 2023:								
Property tax revenue	$ 260,934	$ 206,402	$ —	$ 61,545	$ 51,753	$ 580,634	$ (580,634)	$ —
Deferred inflows related to leases	337,129	—	—	—	—	337,129	—	337,129
Other amounts:								
Grant revenue	—	—	953	—	—	953	(953)	—
Total deferred revenue at December 31, 2023	$ 598,063	$ 206,402	$ 953	$ 61,545	$ 51,753	$ 918,716	$ (581,587)	$ 337,129

Payables

Payables reported as "Accounts payable and other liabilities" at December 31, 2023 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, 2023:							
Vouchers payable and other liabilities	$ 34,685	$ —	$ 22,047	$ —	$ 16,903	$ 73,635	$ 73,635
Accrued payroll and withholdings	8,801	—	—	—	—	8,801	8,801
Bid deposits	770	—	—	—	—	770	770
Total accounts payable and other liabilities as of December 31, 2023	$ 44,256	$ —	$ 22,047	$ —	$ 16,903	$ 83,206	$ 83,206

6. Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2023, are as follows (in thousands of dollars):

	Balances January 1, 2023	Additions	Retirements	Balances December 31, 2023
Governmental activities:				
Capital assets not depreciated/amortized:				
Land	$ 143,960	$ —	$ —	$ 143,960
Permanent easements	2,763	—	—	2,763
Construction in progress	436,889	63,458	150,076	350,271
Infrastructure under modified approach	5,648,872	142,744	113,991	5,677,625
Total capital assets not depreciated/amortized	6,232,484	206,202	264,067	6,174,619
Capital assets depreciated/amortized:				
Buildings	13,226	—	—	13,226
Right to Use Asset	52,151	—	—	52,151
Equipment	71,392	4,401	599	75,194
Computer software	7,629	—	—	7,629
Infrastructure and easements	1,846,956	—	—	1,846,956
Total capital assets being depreciated/amortized	1,991,354	4,401	599	1,995,156
Less accumulated depreciation/amortization:				
Buildings	7,167	185	—	7,352
Right to Use Asset	26,076	2,086	—	28,162
Equipment	49,888	2,416	417	51,887
Computer software	7,608	21	—	7,629
Infrastructure and easements	277,847	9,333	—	287,180
Total accumulated depreciation/amortization	368,586	14,041	417	382,210
Total capital assets depreciated/amortized, net	1,622,768	(9,640)	182	1,612,946
Governmental activities capital assets, net	$ 7,855,252	$ 196,562	$ 264,249	$ 7,787,565

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 2023, was charged to the District's governmental functions as follows (in thousands of dollars):

Department	Amount
Board of Commissioners	$ 16
General Administration	446
Monitoring and Research	221
Procurement and Materials Management	16
Human Resources	18
Information Technology	200
Law	12
Finance	11
Engineering	984
Maintenance and Operations	677
Total allocated depreciation	2,601
Unallocated infrastructure depreciation	11,440
Total depreciation	$ 14,041

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, 2023, the District's contribution was 57.43% of covered payroll. The District's actual contribution to the Retirement Fund was $117,373,000.

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 $134,071 in 2023 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, 2023, the following employees were covered by the benefit terms:

Inactive Employees	
Employees or beneficiaries currently receiving benefits	2,485
Entitled but not yet receiving benefits	128
Active Employees	1,771
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 99 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, 2022. The Pension Plan has a measurement date of December 31, 2023. A copy of the Pension Plan Annual Comprehensive Financial Report for 2023 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, 2023 is $1,361,643,000, which is an increase from the December 31, 2022 balance of $1,020,180,000.

(in thousands of dollars)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2022	$ (2,744,359)	$ 1,724,179	$ (1,020,180)
Service Cost	(30,851)	—	(30,851)
Interest	(194,258)	—	(194,258)
Difference between expected and actual experiences	(21,414)	—	(21,414)
Benefit payments	191,583	(191,583)	—
Contributions-employer	—	118,459	118,459
Contributions-employee	—	21,178	21,178
Net investment income	—	(232,449)	(232,449)
Administrative expenses	—	(2,135)	(2,135)
Other	—	7	7
Balances at December 31, 2023	$ (2,799,299)	$ 1,437,656	$ (1,361,643)

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

At December 31, 2023, 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 $117,373,000, will be recognized as a reduction of the net pension liability in subsequent fiscal period rather than current fiscal period. Differences between expected and actual experience, changes in assumptions and net differences between projected and actual experience amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 31,054	$ —
Changes in assumptions	5,932	—
Employer contribution subsequent to measurement date	117,373	—
Net difference between projected and actual earnings on pension plan investments	186,348	—
Total	$ 340,707	$ —

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:	
2024	$ 35,965
2025	54,003
2026	54,381
2027	75,416
2028	3,569
	$ 223,334

Actuarial Methods and Assumptions

The District's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31, 2022 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2022 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 13.00% and -14.38% for the years ended December 31, 2023 and 2022 respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Allocation and Rate of Return

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023, as reported by the Fund's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US equity	38%	5.1%
Non-US equity	17%	5.2%
Global equity	5%	4.9%
Fixed income	25%	2.5%
Real Estate Funds	10%	3.9%
Private credit	5%	7.1%
Total	100%	

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

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

	1% Decrease 6.25%	Current Discount Rate of 7.25%	1% Increase 8.25%
Net Pension Liability	$1,669,297	$1,361,643	$1,101,794

Payable to the Pension Plan and Pension Expense

At December 31, 2023, the District reported a payable of $134,502,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023. The actuarially calculated pension expense for the year ended December 31, 2023 was $161,367,000.

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, 2023, the following employees were covered by the benefit terms:

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

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

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

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

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

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Broad Fixed Income	20.0 %	4.9 %
Core Plus Fixed Income	15.0	5.8
Large Cap Core Equity	17.5	6.8
Large Cap Growth Equity	7.5	6.8
Mid Cap Core Equity	7.5	7.3
Small Cap Value Equity	5.0	7.7
Small Cap Core Equity	7.5	7.9
Global Low Volatility	5.0	6.8
Non US Large Cap Core Equity	15.0	7.5
Total	100.0 %	

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

Concentrations

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

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 16.2%. 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, 2022.
- The measurement period for the OPEB expense is January 1, 2022 to December 31, 2022.
- The reporting period is January 1, 2023 through December 31, 2023.
- The District's Net OPEB Liability was measured as of December 31, 2022.

Actuarial Assumptions
The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2023 using the following actuarial assumptions:

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

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

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

Discount Rate
The projection of cash flows used to determine the Discount Rate assumed that current District contributions will be made at the current contribution rate (i.e. funding policy). The expected rate of return on trust investments is 6.5%. The District has adopted a funding policy as of October 2, 2014 with the intention of fully funding the plan by 2026 and maintaining 100% funding thereafter. 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, 2022	$ 337,647	$ 311,163	$ 26,484
Changes for the Year:			
Service Cost	3,659	—	3,659
Interest	21,842	—	21,842
Employer trust contributions	—	5,000	(5,000)
Pay-as-you-go contributions	—	10,720	(10,720)
Net Investment Income	—	(51,970)	51,970
Benefit payments	(10,720)	(10,720)	—
Administrative expense	—	(45)	45
Net Changes	14,781	(47,015)	61,796
Reporting Period Ending December 31, 2023	$ 352,428	$ 264,148	$ 88,280

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	$ 134,724	$ 88,280	$ 49,822

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 4.0% to 7.5% 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 (3.0% to 6.5%) or one percentage point higher (5.0% to 8.5%) than the current rate (in thousands of dollars):

	1% Decrease (3.0% - 6.5%)	Healthcare Cost Trend Rates (4.0% - 7.5%)	1% Increase (5.0% - 8.5%)
Net OPEB Liability	$ 43,622	$ 88,280	$ 142,145

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, 2023, the District recognized OPEB Expense/(Revenue) of $8,183. On December 31, 2023, 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	$ 2,922	$ 11,219
Changes of assumptions	13,639	15,982
Net difference between projected and actual earnings on OPEB Plan Investments	34,568	—
Employer contributions made subsequent to the measurement date	13,524	—
Total	$ 64,653	$ 27,201

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, 2023.

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:	
2024	$ (1,914)
2025	3,456
2026	6,947
2027	14,955
2028	484
Thereafter	—

9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $7,408,000 at December 31, 2023. Construction, Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $368,582,000 at December 31, 2023. State Revolving Fund Loan commitments of $140,794,000 at December 31, 2023, 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, 2023, the District has no arbitrage rebate liability.

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

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

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

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

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

These suits are filed against the District and other taxing bodies on a yearly basis. Presently, the District is defending rate objection lawsuits for the 2010 through 2021 tax years. The rate objection cases currently pending against the District include a variety of objections to the tax levies for the District's corporate, construction, stormwater, reserve claim, and bond and interest funds.

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

10. Risk Management and Claims

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

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

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

Under current environmental protection laws, the District may be ultimately responsible for the environmental remediation of some of its currently or formerly leased-out properties. The District has developed preliminary estimates of environmental remediation costs for sites needing environmental remediation. The range of such estimated costs is between $29,500,000 and $42,900,000. The Law Department is of the opinion that the tenants, (except for those who are bankrupt, out of business, or otherwise financially unable to perform) would ultimately be liable for the bulk of, if not all of, these site clean-up costs. Negotiations are under way between the District's lawyers and the tenants to resolve remedial activity and cost liability issues. However, a provision of $6,300,000 in long-term debt is being recognized as of December 31, 2023, as an estimate of the potential contingent liability of the District. The amount of $7,050,000 in contingent liability was recognized as of

December 31, 2022. This represents a decrease of $750,000 in the recognized contingent liability between December 31, 2022 and December 31, 2023. Of this $6,300,000, $0 is estimated to be the short-term (2024) liability and $6,300,000 is the estimated long-term (after 2024) 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, 2023, are listed below. There was a reduction in Limits for Excess Liability Insurance. There were no other reductions in insurance coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

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

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

	2023	2022
Claims Payable at January 1	$ 21,054	$ 19,027
Claims incurred	$ 3,111	$ 4,231
Changes in prior years' claims estimate	$ (2,108)	$ 2,027
Claim payments	$ (3,111)	$ (4,231)
Claims Payable at December 31	$ 18,946	$ 21,054

11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2023 (in thousands of dollars):

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Governmental long-term liabilities:					
Bonds and notes payable:					
General obligation debt	$ 1,758,435	$ —	$ (55,090)	$ 1,703,345	$ 57,500
Converted bond anticipation notes	878,946	14,377	(79,112)	814,211	78,397
Bond anticipation notes	18,942	38,221	(14,377)	42,786	—
Total bonds & notes payable	2,656,323	52,598	(148,579)	2,560,342	135,897
Other Bond Cost:					
Premium	179,473	—	(15,157)	164,316	15,157
Net bonds and notes payable	2,835,796	52,598	(163,736)	2,724,658	151,054
Other liabilities:					
Claims and judgments	21,054	—	(2,108)	18,946	6,373
Compensated absences	17,205	70	(859)	16,416	2,034
Availability payment arrangement	24,262	—	(3,296)	20,966	3,459
Net OPEB liability (note 8)	26,484	77,516	(15,720)	88,280	—
Net pension liability, (note 7)	1,020,180	481,107	(139,644)	1,361,643	—
Total governmental long-term liabilities	$ 3,944,981	$ 611,291	$ (325,363)	$ 4,230,909	$ 162,920

Liabilities for the Bonds and Bond Anticipation Notes are paid from the Debt Service Fund. Liabilities for Compensated Absences are primarily paid from the General Corporate and Stormwater Management Funds. Most claims resulting from construction projects are paid from either the Capital Improvements Bond or the Construction Funds, while all other claims are paid from the Reserve Claim Fund accounts in the General Corporate Fund. The availability payment arrangement liability is paid from the Capital Improvement Bond Fund. The Corporate Fund has provided $5,000,000 annual contributions to fund the Retiree Health Care Trust. Pension liabilities are funded by the Retirement Fund with an additional contribution from the Corporate Fund in 2023 of $30,000,000. The Metropolitan Water Reclamation District Retirement Fund was established to provide retirement, death, and disability benefits for covered employees of the District.

As of December 31, 2023, the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

Bonds Payable Maturity Table

Maturing	Capital Improvement & Alternate Revenue Bond Series (2.00-5.72%) (Issued 08/09 to 7/16)	Refunding (2.00-5.00%) (Issued 03/07 to 7/16)	State Revolving Funds Series (0.0-2.905%) (Issued 06/96 to 07/16)	Total Principal	Total Interest
2024	$ 54,045	$ 88,869	$ 92,842	$ 135,897	$ 99,859
2025	54,731	88,078	89,016	136,283	95,543
2026	62,105	81,424	85,392	137,728	91,192
2027	70,148	85,979	83,391	152,659	86,858
2028	72,788	85,293	79,405	155,338	82,149
2029-2033	344,375	513,042	290,668	819,764	328,322
2034-2038	712,212	115,417	159,640	840,822	146,447
2039-2043	49,064	8,804	30,031	65,746	22,153
2044-2048	67,138	—	—	58,240	8,898
2049-2051	16,302	—	—	15,079	1,222
	$ 1,502,908	$ 1,066,906	$ 910,385	$ 2,517,556	$ 962,643

Alternate Revenue Bonds

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

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

The pledge of the Stormwater Management Fund tax levy will remain until their final scheduled maturities in December 2045. The District has covenanted in the Series 2021F, 2016E, 2014B, 14O and 14R Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2021F, 2016E, 2014B, 14O and 14R Bonds, and the provision of not less than an additional .25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2023, is $184,414,000 as shown below (in thousands of dollars).

Issue	Pledged Revenue Collected	Debt Service Principal	Debt Service Interest	Total Remaining
2021 Refunding Taxable Series F	$ 4,069	$ 44,005	$ 12,586	$ 56,591
2016 Tax Series E	17,249	47,695	32,018	79,713
2014 Tax Series B	24,219	1,175	59	1,234
State Revolving Funds - IEPA Series 14O	762	2,546	360	2,906
State Revolving Funds - IEPA Series 14R	4,531	37,286	6,684	43,970
Total	$ 50,830	$ 132,707	$ 51,707	$ 184,414

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

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

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

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

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

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

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

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

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

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

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

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

2015 Bond Issues

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

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

2009 Bond Issues

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

2007 Bond Issues

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

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

Capital Improvement Bonds, IEPA Series

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

2023	$	61,100,000
2022	$	60,900,000
2021	$	13,800,000

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

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

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

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

State Revolving Fund (SRF) Loan proceeds of $37,921,000 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 $37,921,000 and interest of $300,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $38,221,000.

The converted bond anticipation notes, a reduction of long-term debt, of $14,377,000 in 2023 represented the sum of converted bond anticipation note principal of $14,251,000 and interest in the amount of $126,000.

2023 Bond Issues and adjustments to existing issues under the IEPA 2014, 2016 and 2021 authority included:

- July 2023 – The District issued $304,000 of Capital Improvement Bonds - IEPA Series 14I, through the conversion of the sum of bond anticipation note principal of $304,000 with maturity dates from January 1, 2024 to July 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.
- July 2023 – The District issued $304,000 of Capital Improvement Bonds - IEPA Series 14Q, through the conversion of the sum of bond anticipation note principal of $301,000 and interest of $3,000 with maturity dates from January 1, 2024 to January 1, 2040. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.
- July 2023 – The District issued $232,000 of Capital Improvement Bonds - IEPA Series 16B, through the conversion of the sum of bond anticipation note principal of $230,000 and interest of $2,000 with maturity dates from January 1, 2024 to July 1, 2040. Interest on the bonds accrues at a rate of 1.84%, payable January 1 and July 1.
- July 2023 – The District issued $4,237,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion of the sum of bond anticipation note principal of $4,197,000 and interest of $40,000 with maturity dates from January 1, 2024 to July 1, 2039. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.
- July 2023 – The District issued $314,000 of Capital Improvement Bonds - IEPA Series 16G, through the conversion of the sum of bond anticipation note principal of $312,000 and interest of $2,000 with maturity dates from January 1, 2024 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2023 – The District issued $698,000 of Capital Improvement Bonds - IEPA Series 16H, through the conversion of the sum of bond anticipation note principal of $689,000 and interest of $9,000 with maturity dates from January 1, 2024 to July 1, 2041. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2023 – The District issued $3,352,000 of Capital Improvement Bonds - IEPA Series 16I, through the conversion of the sum of bond anticipation note principal of $3,302,000 and interest of $50,000 with maturity dates from January 1, 2024 to July 1, 2042. Interest on the bonds accrues at a rate of 2.00%, payable January 1 and July 1.
- July 2023 – The District issued $135,000 of Capital Improvement Bonds - IEPA Series 16P, through the conversion of the sum of bond anticipation note principal of $134,000 and interest of $1,000 with maturity dates from January 1, 2024 to January 1, 2042. Interest on the bonds accrues at a rate of 1.35%, payable January 1 and July 1.
- July 2023 – The District issued $4,801,000 of Capital Improvement Bonds - IEPA Series 21E, through the conversion of the sum of bond anticipation note principal of $4,782,000 and interest of $19,000 with maturity dates from January 1, 2024 to July 1, 2043. Interest on the bonds accrues at a rate of 1.11%, 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 $42,786,000 at December 31, 2023. Of the bond anticipation notes outstanding at December 31, 2023, $10,946,000 will be financed through IEPA Series 2016 bonds and $31,840,000 will be financed through IEPA series 2021 bonds. None of these outstanding bond anticipation notes are expected to be repaid within the next year; therefore, the notes are reported as part of long-term debt.

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

The cost of the biosolids processing facility is considered an availability payment arrangement (APA) since it will become the property of the District at the end of the contract. The District also has an option to purchase the facility at the end of the fifth, tenth, and fifteenth year of operation for the remaining principal portion of the debt. Total payments for the APA are estimated at $83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. During 2023, the District incurred expenses of approximately $3,297,000 for principal and $1,093,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31, 2023, the future principal and interest payments for the biosolids facility are shown below (in thousands of dollars):

Availability Payment Arrangement Maturity Table

Maturing	Total Principal	Total Interest	Total Payments
2024	$ 3,459	$ 931	$ 4,390
2025	3,629	761	4,390
2026	3,807	583	4,390
2027	3,993	396	4,389
2028	4,189	200	4,389
2029-2033	1,889	24	1,913
Total Payments	$ 20,966	$ 2,895	$ 23,861

Refunding Transactions
In prior years, the District defeased certain bond obligations by placing the proceeds of new bonds in trust to provide for all future debt service requirements of the refunded debt. Accordingly, the assets and liabilities of the trust account for the refunded bonds are not included in the accompanying financial statements, as the District defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transactions. Bonds outstanding in the amount of $147,793,000 were considered defeased at December 31, 2023.

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, 2023, are as follows (in thousands of dollars):

	Interfund	
	Receivables	**Payables**
General Corporate Fund	$ 402	$ —
Capital Projects Funds:		
Stormwater Management Fund (Nonmajor Fund)	—	402
	$ 402	$ 402

In addition to the previous table, amounts were due from the Primary Government to the Pension Trust Fund of $19,909,000 at December 31, 2023, 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 2023 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	$ —	$ 9,531	$ —	$ —	$ (9,531)	$ —
Pension funding	(30,000)	—	—	30,000	—	—
Total transfers	$ (30,000)	$ 9,531	$ —	$ 30,000	$ (9,531)	$ —

13. Property Tax Extension Limitation Law

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

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

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

In addition, the individual tax levies of the Corporate, Construction, Reserve Claim, Stormwater Management, Corporate Working Cash, and Construction Working Cash Funds have statutory limitations. The Corporate levy cannot exceed .41% of the equalized assessed valuation, while the Construction levy cannot exceed .10% of the equalized assessed valuation and the Corporate Working Cash and Construction Working Cash levies individually cannot exceed .005% of the equalized assessed valuation. The Reserve Claim levy cannot exceed .005% of the equalized assessed valuation and the aggregate amount which may accumulate in the Reserve Claim Fund shall not exceed .05% of the equalized assessed valuation. The Stormwater Management Fund levy cannot exceed .05% of the equalized assessed valuation as a result of statutory changes. The Debt

Service Fund is limited through debt service extension limitations under the Property Tax Extension Limitation Law.

14. Leases

Lease Rentals

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

Lease Rentals - GASB 87

Lease agreements greater than 12 months and annual rents of $100,000 or more are subject to GASB Statement 87 reporting. Following the adoption of Statement No. 87 of the Governmental Accounting Standards Board (GASB 87), the District began capitalizing future revenue streams from agreements with annual rents of $100,000 and above and non-cancellable duration of over 12 months. As of December 31, 2023, the District was the lessor in 65 such rental agreements with a net present value of $341,602,000. Variable lease payments based on usage and CPI-based increases have been excluded.

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

	Principal	Interest
2024	11,092	8,548
2025	11,073	8,852
2026	10,964	8,595
2027	10,978	8,151
2028	10,981	7,882
2029-2033	59,198	35,114
2034-2038	64,442	27,269
2039-2043	56,248	19,461
2044-2048	39,377	12,702
2049-2053	27,160	7,618
2054-2058	8,983	4,869
2059-2063	3,888	3,975
2064-2068	2,264	3,595
2069-2073	2,591	3,269
2074+	22,363	15,484
Total Projected Revenue	$ 341,602	$ 175,384

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

Rental agreements not subject to GASB 87 reporting have a maximum possible term of 12 months at commencement and revenue is recognized upon receipt of lease payments. The following table is a summary of the minimum future rentals for all leases with annual rents of under $100,000 or duration of 12 months or less at December 31, 2023 (in thousands of dollars):

	Rental
2024	$ 1,822
2025	1,775
2026	1,719
2027	1,679
2028	1,677
Later Years	32,738
Total Minimum Future Rental Income	$ 41,410

15. Tax Abatements

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

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

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

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

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

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

Properties categorized in one of these classes receive a real estate tax incentive as a reduction in the assessment rate. The total estimated impact of these incentives to the District is approximately $18,160,000 in reduced property taxes.

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

Modified Approach for Eligible Infrastructure Assets

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

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

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

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

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

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

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

Condition assessments of each network will continue at least every three years following the initial assessment. The Kirie, Central (Stickney) and Waterways networks were re-assessed in 2023, the Egan and O'Brien networks were re-assessed in 2022, and the Hanover, Calumet and Lemont networks were re-assessed in 2021.

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 - 2017	3	3	3	NA	NA
Subsequent assessment - 2020	3	3	3	NA	NA
Subsequent assessment - 2023	3	3	3	NA	NA
Hanover WRP Network					
Subsequent assessment - 2015	2	3	3	NA	3
Subsequent assessment - 2018	3	3	3	NA	3
Subsequent assessment - 2021	3	3	3	NA	3
Egan WRP Network					
Subsequent assessment - 2016	3	3	2	NA	NA
Subsequent assessment - 2019	2	2	3	NA	NA
Subsequent assessment - 2022	3	3	2	NA	NA
O'Brien WRP Network					
Subsequent assessment - 2016	3	3	3	NA	NA
Subsequent assessment - 2019	3	3	3	NA	NA
Subsequent assessment - 2022	3	3	3	NA	NA
Central (Stickney) WRP Network					
Subsequent assessment - 2017	3	3	3	NA	3
Subsequent assessment - 2020	3	3	3	3	3
Subsequent assessment - 2023	3	3	3	3	3
Waterways WRP Network					
Subsequent assessment - 2017	NA	NA	NA	3	NA
Subsequent assessment - 2020	NA	NA	NA	3	NA
Subsequent assessment - 2023	NA	NA	NA	3	NA
Calumet WRP Network					
Subsequent assessment - 2015	3	2	3	NA	2
Subsequent assessment - 2018	3	3	3	NA	2
Subsequent assessment - 2021	3	3	4	NA	3
Lemont WRP Network					
Subsequent assessment - 2015	3	3	3	NA	NA
Subsequent assessment - 2018	3	3	3	2	NA
Subsequent assessment - 2021	3	3	3	1	NA
Maintenance/Preservation Costs					
Kirie WRP Network					
Estimated 2023	$ 1,347,700	$ 1,844,400	$ —	$ —	$ —
Actual 2023	418,519	2,115,941	—	—	98
Estimated 2022	498,400	1,158,200	—	—	—
Actual 2022	487,080	1,055,782	—	—	—
Estimated 2021	486,600	1,262,100	—	—	—
Actual 2021	460,452	1,312,502	—	—	—
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	—	—	—

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Hanover WRP Network					
Estimated 2023	$ 142,800	$ 870,500	$ 257,700	$ —	$ 38,000
Actual 2023	144,183	785,988	220,172	—	38,892
Estimated 2022	136,600	960,000	230,900	—	35,100
Actual 2022	148,859	792,300	224,253	—	36,546
Estimated 2021	134,400	653,300	225,900	—	54,100
Actual 2021	134,744	819,512	207,816	—	52,735
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
Egan WRP Network					
Estimated 2023	$ 585,300	$ 2,316,900	$ 533,500	$ 22,500	$ —
Actual 2023	597,260	1,837,864	429,865	10,612	129
Estimated 2022	563,400	2,025,400	461,000	21,600	—
Actual 2022	569,106	1,770,773	404,637	16,308	—
Estimated 2021	552,500	1,939,200	481,600	20,100	—
Actual 2021	561,771	1,727,658	395,571	19,541	—
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	—
O’Brien WRP Network					
Estimated 2023	$ 3,279,200	$ 9,309,500	$ 518,400	$ 103,600	$ 152,200
Actual 2023	3,298,671	8,061,259	508,529	107,385	207,411
Estimated 2022	3,337,100	8,478,000	471,300	98,200	147,100
Actual 2022	3,257,392	7,029,892	433,350	100,154	172,635
Estimated 2021	2,987,600	8,087,800	467,300	87,000	122,200
Actual 2021	2,922,375	6,816,575	465,593	89,232	124,247
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	—
Central (Stickney) WRP Network					
Estimated 2023	$ 9,491,000	$ 16,053,100	$ 8,303,900	$ 1,008,000	$ 2,097,400
Actual 2023	9,020,663	14,175,506	8,085,685	1,016,372	1,672,332
Estimated 2022	8,345,200	17,018,100	8,231,200	907,000	2,177,400
Actual 2022	8,616,402	13,087,287	8,376,716	960,629	2,338,668
Estimated 2021	8,390,700	12,172,900	8,850,500	937,500	1,906,500
Actual 2021	8,685,117	10,199,961	8,638,393	738,899	2,114,523
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

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Waterways WRP Network					
Estimated 2023	$ —	$ 29,000	$ —	$ 989,900	$ —
Actual 2023	2,545	27,180	—	323,995	—
Estimated 2022	—	51,000	—	483,100	—
Actual 2022	64,288	25,950	—	423,723	—
Estimated 2021	—	—	—	647,600	—
Actual 2021	18,914	14,296	68	498,591	—
Estimated 2020	—	—	—	1,076,269	—
Actual 2020	—	—	—	404,255	—
Estimated 2019	—	—	—	7,872,800	—
Actual 2019	—	—	—	1,872,589	—
Calumet WRP Network					
Estimated 2023	$ 4,633,200	$ 10,203,200	$ 2,911,900	$ 457,200	$ 562,000
Actual 2023	4,078,689	8,721,926	2,152,019	360,618	664,281
Estimated 2022	3,998,100	9,596,900	1,951,800	398,100	534,100
Actual 2022	4,173,375	9,019,757	2,053,689	347,111	600,678
Estimated 2021	3,901,800	8,688,300	1,907,700	310,200	525,500
Actual 2021	3,688,963	8,212,250	1,936,793	254,234	578,115
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
Lemont WRP Network					
Estimated 2023	$ —	$ 90,300	$ —	$ —	$ —
Actual 2023	—	13,967	—	—	—
Estimated 2022	—	10,300	—	—	—
Actual 2022	3,345	40,141	—	10,663	—
Estimated 2021	—	197,300	—	—	—
Actual 2021	226	182,413	—	4,356	—
Estimated 2020	—	10,300	—	—	—
Actual 2020	—	9,204	—	—	—
Estimated 2019	8,446	10,300	—	—	—
Actual 2019	—	22,812	—	—	—

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

	2023	2022	2021
Total pension liability:			
Service cost	$ 30,851	$ 31,574	$ 32,592
Interest	194,258	191,470	188,334
Differences between expected and actual experience	21,414	4,492	4,554
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(191,583)	(185,139)	(177,287)
Net change in total pension liability	54,940	42,397	48,193
Total pension liability - beginning	2,744,359	2,701,962	2,653,769
Total pension liability - ending	2,799,299	2,744,359	2,701,962
Plan fiduciary net position:			
Contributions - employer	118,459	88,804	107,852
Contributions - employee	21,178	20,630	20,982
Net investment income	(232,449)	220,777	124,099
Benefit payments, including refunds of employee contributions	(191,583)	(185,139)	(177,287)
Administrative expense	(2,135)	(1,788)	(1,593)
Other	7	5	3
Net change in plan fiduciary net position	(286,523)	143,289	74,056
Plan fiduciary net position - beginning	1,724,179	1,580,890	1,506,834
Plan fiduciary net position - ending	1,437,656	1,724,179	1,580,890
Net pension liability - ending	$ 1,361,643	$ 1,020,180	$ 1,121,072
Plan fiduciary net position as a percentage of the total pension liability	51.36 %	62.83 %	58.51 %
Covered payroll	$ 195,714	$ 187,213	$ 188,073
Net pension liability as a percentage of covered payroll	695.73 %	544.93 %	596.08 %

(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.

2020	2019	2018	2017	2016	2015
$ 33,039	$ 32,213	$ 32,370	$ 32,058	$ 32,228	$ 31,602
183,916	182,881	179,038	173,861	168,530	163,338
17,733	12,158	(1,991)	13,814	14,422	10,861
—	35,593	—	—	—	—
(169,308)	(161,324)	(154,713)	(147,336)	(140,509)	(133,898)
65,380	101,521	54,704	72,397	74,671	71,903
2,588,389	2,486,867	2,432,163	2,359,766	2,285,095	2,213,192
2,653,769	2,588,388	2,486,867	2,432,163	2,359,766	2,285,095
87,446	87,167	89,858	80,259	71,041	73,906
21,182	21,033	20,840	20,831	21,385	18,975
225,159	(103,006)	194,822	113,586	(1,428)	81,601
(169,308)	(161,324)	(154,713)	(147,336)	(140,509)	(133,898)
(1,642)	(1,685)	(1,614)	(1,503)	(1,660)	(1,407)
3	15	3	107	29	4
162,840	(157,800)	149,196	65,944	(51,142)	39,181
1,343,994	1,501,793	1,352,597	1,286,653	1,337,795	1,298,614
1,506,834	1,343,993	1,501,793	1,352,597	1,286,653	1,337,795
$ 1,146,935	$ 1,244,395	$ 985,074	$ 1,079,566	$ 1,073,113	$ 947,300
56.78 %	51.92 %	60.39 %	55.61 %	54.52 %	58.54 %
$ 189,961	$ 187,850	$ 184,385	$ 182,640	$ 177,792	$ 176,184
603.77 %	662.44 %	534.25 %	591.09 %	603.58 %	537.68 %

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

Year	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered-employee Payroll
2023	$ 81,128	$ 117,373	$ (36,245)	$ 204,388	57.43%
2022	76,680	118,459	(41,779)	195,714	60.53%
2021	76,841	88,804	(11,963)	187,213	47.43%
2020	77,392	107,852	(30,460)	188,073	57.35%
2019	74,280	87,446	(13,166)	189,961	46.03%
2018	64,989	87,167	(22,178)	187,850	46.40%
2017	65,728	89,858	(24,130)	184,385	48.73%
2016	64,596	80,259	(15,663)	182,640	43.94%
2015	62,603	71,041	(8,438)	177,792	39.96%
2014	64,478	73,906	(9,428)	176,184	41.95%

Notes to the Schedule of District Contributions

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

Methods and Assumptions used to determine the ADC:

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	
Asset valuation method	5 years smoothed value
Investment rate of return	7.25%
Inflation	2.5%
Salary increases	Varies by service
Payroll growth	3.00%
Termination rates	Termination rates vary by age and gender.
Mortality rates	Healthy and Disabled Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted.
Retirement rates	Retirement rates are based on a 2018 experience study and vary by age
Disability rates	Disability rates vary by age.

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

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

	12/31/2023	12/31/2022	12/31/2021
Reporting period ending	12/31/2023	12/31/2022	12/31/2021
Measurement date	12/31/2022	12/31/2021	12/31/2020
Total OPEB liability:			
Service cost	$ 3,659	$ 5,105	$ 4,861
Interest	21,842	20,700	19,764
Differences between expected and actual experience	—	(15,706)	—
Changes of assumptions	—	19,094	—
Benefit payments	(10,720)	(9,664)	(11,230)
Net change in total OPEB liability	14,781	19,529	13,395
Total OPEB liability - beginning	337,647	318,118	304,723
Total OPEB liability - ending	352,428	337,647	318,118
Plan fiduciary net position:			
Employer trust contributions	5,000	5,000	5,000
Pay-as-you-go contributions	10,720	9,664	11,230
Net investment income	(51,970)	35,999	32,732
Benefit payments	(10,720)	(9,664)	(11,230)
Administrative expense	(45)	(41)	(42)
Net change in plan fiduciary net position	(47,015)	40,958	37,690
Plan fiduciary net position - beginning	311,163	270,205	232,515
Plan fiduciary net position - ending	264,148	311,163	270,205
Net OPEB liability - ending	$ 88,280	$ 26,484	$ 47,913
Plan fiduciary net position as a percentage of the total OPEB liability	74.95%	92.16%	84.94%
Covered payroll	$ 189,209	$ 180,199	$ 191,262
District's net OPEB liability as a percentage of covered payroll	46.66%	14.70%	25.05%

(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, 2022.

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

12/31/2020 12/31/2019	12/31/2019 12/31/2018	12/31/2018 12/31/2017
$ 5,540	$ 5,315	$ 5,098
20,851	20,012	19,260
6,819	—	—
(37,290)	—	—
(12,700)	(12,571)	(13,431)
(16,780)	12,756	10,927
321,503	308,747	297,820
304,723	321,503	308,747
5,000	5,000	5,000
12,700	12,571	13,431
39,251	(11,841)	25,392
(12,700)	(12,571)	(13,431)
(53)	(42)	(37)
44,198	(6,883)	30,355
188,317	195,200	164,845
232,515	188,317	195,200
$ 72,208	$ 133,186	$ 113,547
76.30%	58.57%	63.22%
$ 182,154	$ 192,662	$ 184,807
39.64%	69.13%	61.44%

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

Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2023	$ 5,113	$ 13,524	$ (8,411)	$ 194,145	6.97%
2022	9,825	15,719	(5,894)	189,209	8.31%
2021	6,299	14,664	(8,365)	180,199	8.14%
2020	8,641	16,230	(7,589)	191,262	8.49%
2019	9,586	17,700	(8,114)	182,154	9.72%
2018	11,507	17,571	(6,064)	192,662	9.12%
2017	11,507	18,431	(6,924)	184,807	9.97%
2016	12,472	19,917	(7,445)	183,120	10.88%
2015	12,472	18,317	(5,845)	176,757	10.36%
2014	13,212	33,717	(20,505)	169,909	19.84%

Notes to the Schedule of District Contributions

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

Methods and Assumptions used to determine the ADC:

Inflation Rate	2.80%
Salary Increase Rates	Varies by service
Discount Rate	6.50%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	51
Investment Rate of Return	6.50%
Mortality rates	Healthy and Disabled Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted.

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

CONSTRUCTION FUND

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

STORMWATER MANAGEMENT FUND

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

Exhibit B-1
Combining Balance Sheets - Nonmajor Governmental Funds

December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2023	2022	2023	2022	2023	2022
Assets						
Cash	$ 6,125	$ 1,665	$ 5,611	$ 2,202	$ 11,736	$ 3,867
Certificates of deposit	3,565	10,207	—	11,109	3,565	21,316
Investments	42,962	15,320	72,431	47,654	115,393	62,974
Prepaid insurance	—	—	1,085	4	1,085	4
Taxes receivable, net	6,857	8,315	51,507	67,695	58,364	76,010
Other receivable	746	745	115	50	861	795
Total assets	$ 60,255	$ 36,252	$ 130,749	$ 128,714	$ 191,004	$ 164,966
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and other liabilities	$ 3,435	$ 1,252	$ 13,468	$ 12,170	$ 16,903	$ 13,422
Due to other funds	—	—	402	371	402	371
Total liabilities	3,435	1,252	13,870	12,541	17,305	13,793
Deferred inflows of resources:						
Unavailable tax revenue	6,079	6,755	45,674	55,899	51,753	62,654
Total deferred inflows of resources	6,079	6,755	45,674	55,899	51,753	62,654
Fund balances:						
Nonspendable:						
Prepaid insurance	—	—	1,085	4	1,085	4
Restricted for:						
Working Cash	22,277	21,742	37,222	36,863	59,499	58,605
Capital projects	28,464	6,503	32,898	23,407	61,362	29,910
Total fund balances	50,741	28,245	71,205	60,274	121,946	88,519
Total liabilities, deferred inflows, and fund balances	$ 60,255	$ 36,252	$ 130,749	$ 128,714	$ 191,004	$ 164,966

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

Year ended December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues						
Revenues:						
Property taxes	$ 7,566	$ 5,871	$ 61,980	$ 44,391	$ 69,546	$ 50,262
Personal property replacement tax	25,000	—	—	—	25,000	—
Interest on investments	2,261	(34)	3,545	378	5,806	344
Tax increment financing distributions	9,500	—	—	—	9,500	—
Grant revenue	—	—	9,500	14,396	9,500	14,396
Fees, forfeits and penalties	—	—	799	1,271	799	1,271
Claims and damage settlements	—	5	115	—	115	5
Miscellaneous	3	—	26	50	29	50
Total revenues	44,330	5,842	75,965	60,486	120,295	66,328
Expenditures						
Current Operations:						
Construction costs	21,834	6,541	55,503	43,790	77,337	50,331
Total expenditures	21,834	6,541	55,503	43,790	77,337	50,331
Revenues over (under) expenditures	22,496	(699)	20,462	16,696	42,958	15,997
Other financing sources (uses):						
Transfer out to Debt Service Fund	—	—	(9,531)	(9,168)	(9,531)	(9,168)
Total other financing sources (uses)	—	—	(9,531)	(9,168)	(9,531)	(9,168)
Net change in fund balance	22,496	(699)	10,931	7,528	33,427	6,829
Fund balances						
Beginning of the year	28,245	28,944	60,274	52,746	88,519	81,690
End of the year	$ 50,741	$ 28,245	$ 71,205	$ 60,274	$ 121,946	$ 88,519

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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, 2023

(in thousands of dollars)

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Board of Commissioners:					
Personal services					
Salaries of regular employees	$ 3,854	$ —	$ 3,854	$ 3,672	$ 182
Compensation plan adjustments	70	—	70	18	52
Social Security and Medicare contributions	97	—	97	78	19
Tuition and training payments	26	—	26	9	17
Personal services not otherwise classified	542	—	542	346	196
Total personal services	4,589	—	4,589	4,123	466
Contractual services					
Travel	16	—	16	8	8
Meals and lodging	31	—	31	14	17
Subscriptions and membership dues	29	1	30	29	1
Payment for professional services	1,210	(1)	1,209	495	714
Contractual services not otherwise classified	1	—	1	1	—
Total contractual services	1,287	—	1,287	547	740
Materials and supplies					
Office, printing, and photographic supplies	27	—	27	4	23
Books, maps, and charts	1	—	1	—	1
Total materials and supplies	28	—	28	4	24
Board of Commissioners total	5,904	—	5,904	4,674	1,230
General Administration:					
Personal services					
Salaries of regular employees	13,636	(385)	13,251	11,474	1,777
Compensation plan adjustments	1,320	385	1,705	1,684	21
Social Security and Medicare contributions	193	—	193	184	9
Tuition and training payments	85	—	85	51	34
Total personal services	15,234	—	15,234	13,393	1,841
Contractual services					
Travel	18	—	18	8	10
Meals and lodging	32	—	32	18	14
Postage, freight, and delivery charges	86	—	86	85	1
Compensation for personally owned autos	4	—	4	1	3
Motor vehicle operating services	69	13	82	62	20
Reprographic services	161	—	161	18	143
Electrical energy	372	—	372	348	24
Natural gas	40	—	40	31	9
Water and water services	7	—	7	5	2
Communication services	3	—	3	3	—
Subscriptions and membership dues	913	—	913	865	48
Rental charges	72	180	252	67	185
Advertising	13	—	13	7	6
Administration building operation	1,252	—	1,252	1,213	39

(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):					
Administration building operation annex	$ 812	$ —	$ 812	$ 708	$ 104
Intergovernmental agreements	80	—	80	76	4
Payment for professional services	909	110	1,019	390	629
Contractual services not otherwise classified	250	—	250	146	104
Repairs to buildings	415	—	415	288	127
Repairs to office furniture and equipment	70	—	70	53	17
Computer software maintenance	333	33	366	242	124
Communication equipment maintenance	18	—	18	18	—
Repairs to vehicle equipment	414	142	556	454	102
Total contractual services	6,343	478	6,821	5,106	1,715
Materials and supplies					
Electrical parts and supplies	10	—	10	8	2
Plumbing accessories and supplies	10	—	10	8	2
Hardware	18	—	18	11	7
Office, printing, and photographic supplies	132	4	136	124	12
Cleaning supplies	2	—	2	1	1
Wearing apparel	49	—	49	44	5
Books, maps, and charts	2	—	2	—	2
Computer supplies	25	(9)	16	6	10
Materials and supplies not otherwise classified	67	5	72	65	7
Total materials and supplies	315	—	315	267	48
Machinery and equipment					
Office furniture and equipment	40	23	63	46	17
Computer equipment	200	(200)	—	—	—
Vehicle equipment	1,228	(301)	927	716	211
Machinery and equipment not otherwise classified	89	—	89	13	76
Total machinery and equipment	1,557	(478)	1,079	775	304
General Administration total	23,449	—	23,449	19,541	3,908
Monitoring and Research:					
Personal services					
Salaries of regular employees	30,348	—	30,348	27,353	2,995
Compensation plan adjustments	1,063	—	1,063	732	331
Social Security and Medicare contributions	437	—	437	389	48
Tuition and training payments	77	—	77	71	6
Total personal services	31,925	—	31,925	28,545	3,380
Contractual services					
Travel	43	(5)	38	13	25
Meals and lodging	69	(5)	64	35	29
Postage, freight, and delivery charges	10	—	10	3	7
Compensation for personally owned autos	31	—	31	24	7
Motor vehicle operating services	1	—	1	—	1

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

Year ended December 31, 2023

(in thousands of dollars)

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Monitoring and Research (continued):					
Rental charges	$ 1	$ —	$ 1	$ 1	$ —
Governmental services charges	17	1	18	18	—
Payment for professional services	737	(36)	701	183	518
Contractual services not otherwise classified	456	(54)	402	277	125
Repairs to marine equipment	36	—	36	21	15
Computer software maintenance	29	4	33	33	—
Repairs to testing and laboratory equipment	401	(5)	396	349	47
Total contractual services	1,831	(100)	1,731	957	774
Materials and supplies					
Office, printing, and photographic supplies	34	—	34	31	3
Farming supplies	18	—	18	16	2
Laboratory testing supplies and small equipment	664	—	664	613	51
Wearing apparel	20	—	20	16	4
Books, maps, and charts	1	—	1	1	—
Computer supplies	120	—	120	95	25
Fuel	26	—	26	16	10
Materials and supplies not otherwise classified	65	100	165	138	27
Total materials and supplies	948	100	1,048	926	122
Machinery and equipment					
Marine equipment	150	(15)	135	124	11
Computer equipment	184	(22)	162	93	69
Testing and laboratory equipment	622	37	659	645	14
Total machinery and equipment	956	—	956	862	94
Monitoring and Research total	35,660	—	35,660	31,290	4,370
Procurement and Materials Management:					
Personal services					
Salaries of regular employees	6,223	—	6,223	5,301	922
Compensation plan adjustments	94	—	94	32	62
Social Security and Medicare contributions	92	—	92	74	18
Tuition and training payments	12	—	12	7	5
Total personal services	6,421	—	6,421	5,414	1,007
Contractual services					
Travel	1	(1)	—	—	—
Meals and lodging	1	—	1	—	1
Compensation for personally owned autos	1	1	2	—	2
Advertising	136	—	136	95	41
Payment for professional services	61	—	61	13	48
Repairs to buildings	30	—	30	14	16
Repairs to office furniture and equipment	2	—	2	—	2
Computer software maintenance	398	—	398	62	336

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Procurement and Materials Management (continued):					
Repairs to vehicle equipment	$ 11	$ —	$ 11	$ 5	$ 6
Total contractual services	641	—	641	189	452
Materials and supplies					
Metals	253	(4)	249	245	4
Electrical parts and supplies	593	(99)	494	428	66
Plumbing accessories and supplies	693	—	693	659	34
Hardware	81	24	105	102	3
Buildings, grounds, paving materials, and supplies	248	(10)	238	227	11
Fiber, paper and insulation materials	61	4	65	65	—
Paints, solvents, and related materials	48	(4)	44	37	7
Vehicle parts and supplies	32	—	32	28	4
Mechanical and repair parts	208	25	233	232	1
Office, printing, and photographic supplies	13	—	13	6	7
Laboratory testing supplies and small equipment	811	—	811	758	53
Cleaning supplies	290	40	330	327	3
Tools and supplies	110	5	115	111	4
Wearing apparel	242	—	242	211	31
Safety and medical supplies	71	5	76	65	11
Computer supplies	48	(26)	22	21	1
Fuel	390	(40)	350	266	84
Gas (in containers)	111	25	136	105	31
Communications supplies	9	5	14	13	1
Lubricants	313	50	363	353	10
Materials and supplies not otherwise classified	130	(99)	31	6	25
Total materials and supplies	4,755	(99)	4,656	4,265	391
Machinery and equipment					
Farming equipment	—	99	99	—	99
Total machinery and equipment	—	99	99	—	99
Procurement and Materials Management total	11,817	—	11,817	9,868	1,949
Human Resources:					
Personal services					
Salaries of regular employees	7,779	—	7,779	6,806	973
Compensation plan adjustments	251	—	251	149	102
Social Security and Medicare contributions	148	—	148	119	29
Employee claims	100	—	100	74	26
Tuition and training payments	766	—	766	421	345
Health and life insurance premiums	51,007	—	51,007	43,478	7,529
Personal services not otherwise classified	460	—	460	258	202
Total personal services	60,511	—	60,511	51,305	9,206
Contractual services					
Travel	8	—	8	2	6

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, 2023

(in thousands of dollars)

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Human Resources (continued):					
Meals and lodging	$ 16	$ —	$ 16	$ 10	$ 6
Compensation for personally owned autos	1	—	1	—	1
Court reporting services	16	—	16	8	8
Medical services	666	(52)	614	484	130
Insurance premiums	4,598	206	4,804	4,804	—
Rental charges	13	—	13	6	7
Advertising	31	—	31	5	26
Payment for professional services	1,056	(112)	944	806	138
Contractual services not otherwise classified	107	—	107	22	85
Safety repairs services	158	—	158	124	34
Total contractual services	6,670	42	6,712	6,271	441
Materials and supplies					
Office, printing, and photographic supplies	46	—	46	26	20
Books, maps, and charts	1	—	1	—	1
Safety medical supplies	271	—	271	258	13
Materials and supplies not otherwise classified	11	—	11	4	7
Total materials and supplies	329	—	329	288	41
Machinery and equipment					
Safety medical equipment	55	(23)	32	28	4
Computer equipment	42	(42)	—	—	—
Vehicle equipment	—	23	23	22	1
Total machinery and equipment	97	(42)	55	50	5
Human Resources total	67,607	—	67,607	57,914	9,693
Information Technology:					
Personal services					
Salaries of regular employees	9,095	—	9,095	7,549	1,546
Compensation plan adjustments	195	—	195	108	87
Social Security and Medicare contributions	127	—	127	105	22
Tuition and training payments	39	—	39	16	23
Total personal services	9,456	—	9,456	7,778	1,678
Contractual services					
Travel	2	—	2	1	1
Meals and lodging	5	—	5	2	3
Postage, freight, and delivery charges	2	—	2	1	1
Compensation for personally owned autos	1	—	1	1	—
Communication services	2,428	332	2,760	2,494	266
Rental charges	267	(23)	244	173	71
Payment for professional services	1,400	48	1,448	1,041	407
Contractual services not otherwise classified	10	—	10	—	10
Computer equipment maintenance	350	(78)	272	119	153
Computer software maintenance	5,545	(255)	5,290	5,075	215

(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)
Information Technology (continued):					
Communication equipment maintenance	$ 833	$ (24)	$ 809	$ 798	$ 11
Total contractual services	10,843	—	10,843	9,705	1,138
Materials and supplies					
Office, printing, and photographic supplies	11	—	11	—	11
Computer software	243	—	243	178	65
Computer supplies	916	—	916	816	100
Communication supplies	275	—	275	234	41
Total materials and supplies	1,445	—	1,445	1,228	217
Machinery and equipment					
Computer equipment	1,045	(45)	1,000	996	4
Computer software	—	35	35	35	—
Communication equipment	106	10	116	115	1
Total machinery and equipment	1,151	—	1,151	1,146	5
Information Technology total	22,895	—	22,895	19,857	3,038
Law:					
Personal services					
Salaries of regular employees	6,207	—	6,207	5,597	610
Compensation plan adjustments	127	—	127	53	74
Social Security and Medicare contributions	88	—	88	79	9
Tuition and training payments	17	—	17	14	3
Total personal services	6,439	—	6,439	5,743	696
Contractual services					
Travel	5	—	5	2	3
Meals and lodging	14	—	14	9	5
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	5	—	5	3	2
Reprographic services	7	—	7	1	6
Court reporting services	50	—	50	9	41
Payment for professional services	1,139	—	1,139	480	659
Contractual services not otherwise classified	103	103	103	66	37
Waste material disposal charges	78	78	78	54	24
Total contractual services	1,402	—	1,402	625	777
Materials and supplies					
Office, printing, and photographic supplies	6	—	6	3	3
Books, maps, and charts	13	—	13	9	4
Total materials and supplies	19	—	19	12	7
Fixed and other charges					
Taxes on real estate	780	—	780	700	80
Total fixed and other charges	780	—	780	700	80
Law total	8,640	—	8,640	7,080	1,560

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, 2023

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Net Transfer	Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Finance:					
Personal services					
Salaries of regular employees	$ 3,430	$ —	$ 3,430	$ 3,390	$ 40
Compensation plan adjustments	86	—	86	12	74
Social Security and Medicare contributions	49	—	49	47	2
Tuition and training payments	40	—	40	37	3
Total personal services	3,605	—	3,605	3,486	119
Contractual services					
Travel	10	—	10	3	7
Meals and lodging	15	—	15	7	8
Postage, freight, and delivery charges	1	—	1	—	1
Compensation for personally owned autos	1	—	1	—	1
Reprographic services	3	—	3	1	2
Court reporting services	50	—	50	28	22
Discount Lost	3	2	5	4	1
Payments for professional services	500	(2)	498	307	191
Contractual services not otherwise classified	2	—	2	1	1
Repairs to office furniture and equipment	6	—	6	—	6
Total contractual services	591	—	591	351	240
Materials and supplies					
Office, printing, and photographic supplies	26	—	26	10	16
Books, maps, and charts	1	—	1	—	1
Materials and supplies not otherwise classified	1	—	1	—	1
Total materials and supplies	28	—	28	10	18
Finance total	4,224	—	4,224	3,847	377
Engineering:					
Personal services					
Salaries of regular employees	25,078	—	25,078	21,477	3,601
Compensation plan adjustments	845	—	845	364	481
Social Security and Medicare contributions	362	—	362	304	58
Tuition and training payments	196	—	196	72	124
Total personal services	26,481	—	26,481	22,217	4,264
Contractual services					
Travel	12	—	12	5	7
Meals and lodging	24	—	24	10	14
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	8	—	8	1	7
Motor vehicle operating services	1	—	1	—	1
Reprographic services	3	—	3	2	1
Water and water services	4	1	5	5	—
Testing and inspection services	2,997	(167)	2,830	733	2,097
Rental charges	1	—	1	—	1

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Engineering (continued):					
Governmental Service Charges	$ —	$ 10	$ 10	$ 10	$ —
Payments for professional services	652	(26)	626	257	369
Contractual services not otherwise classified	5	1	6	6	—
Repairs to waterway facilities	—	12	12	12	—
Repairs to buildings	260	163	423	111	312
Repairs to office furniture and equipment	7	1	8	5	3
Communication equipment maintenance	—	1	1	2	(1)
Repairs to testing and laboratory equipment	10	—	10	4	6
Repairs not otherwise classified	1	—	1	1	—
Total contractual services	3,986	(4)	3,982	1,165	2,817
Materials and supplies					
Office, printing, and photographic supplies	48	4	52	33	19
Tools and supplies	19	(3)	16	13	3
Books, maps, and charts	9	(4)	5	4	1
Computer software	42	4	46	46	—
Total materials and supplies	118	1	119	96	23
Machinery and equipment					
Materials and equipment not otherwise classified	59	3	62	62	—
Total machinery and equipment	74	3	77	75	2
Engineering total	30,659	—	30,659	23,553	7,106
Maintenance and Operations:					
Personal services					
Salaries of regular employees	100,266	(90)	100,176	97,509	2,667
Compensation plan adjustments	5,634	(32)	5,602	4,916	686
Social Security and Medicare contributions	1,496	—	1,496	1,433	63
Salaries of non-budgeted employees	5	122	127	116	11
Tuition and training payments	219	—	219	104	115
Total personal services	107,620	—	107,620	104,078	3,542
Contractual services					
Travel	17	—	17	8	9
Meals and lodging	65	—	65	50	15
Compensation for personally owned autos	109	—	109	101	8
Motor vehicle operating services	2	—	2	—	2
Electrical energy	55,257	(929)	54,328	49,363	4,965
Natural gas	6,892	(2,900)	3,992	2,167	1,825
Water and water services	1,965	—	1,965	1,672	293
Testing and inspection services	209	—	209	60	149
Rental charges	153	21	174	151	23
Governmental service charges	4,354	827	5,181	4,649	532
Maintenance of grounds and pavements	2,366	(170)	2,196	1,724	472
Payments for professional services	104	—	104	67	37

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, 2023

(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):					
Contractual services not otherwise classified	$ 1,076	$ (220)	$ 856	$ 673	$ 183
Waste material disposal charges	14,307	3,030	17,337	15,804	1,533
Farming services	89	—	89	19	70
Sludge disposal	5,800	—	5,800	3,554	2,246
Repairs to collection facilities	5,649	(36)	5,613	4,452	1,161
Repairs to waterway facilities	410	—	410	162	248
Repairs to process facilities	14,772	(620)	14,152	12,185	1,967
Repairs to railroads	476	(194)	282	93	189
Repairs to buildings	2,411	(182)	2,229	1,465	764
Repairs to material handling and farm equipment	436	25	461	436	25
Safety repairs and services	382	14	396	355	41
Computer software maintenance	10	—	10	10	—
Repairs to vehicle equipment	139	42	181	157	24
Repairs not otherwise classified	24	—	24	7	17
Total contractual services	117,474	(1,292)	116,182	99,384	16,798
Materials and supplies					
Metals	33	—	33	28	5
Electrical parts and supplies	5,272	382	5,654	3,786	1,868
Plumbing accessories and supplies	949	168	1,117	966	151
Hardware	4	—	4	1	3
Buildings, grounds, paving materials, and supplies	229	—	229	174	55
Fiber, paper and insulation materials	6	—	6	4	2
Paints, solvents, and related materials	8	8	16	15	1
Vehicle parts and supplies	212	—	212	169	43
Mechanical repair parts	6,844	(330)	6,514	4,417	2,097
Manhole materials	70	—	70	69	1
Office, printing, and photographic supplies	64	—	64	59	5
Farming supplies	4	—	4	4	—
Processing chemicals	19,396	(230)	19,166	15,518	3,648
Laboratory testing supplies and small equipment	44	25	69	43	26
Cleaning supplies	6	—	6	5	1
Tools and supplies	314	9	323	307	16
Wearing apparel	4	—	4	3	1
Safety and medical supplies	55	(5)	50	37	13
Computer software	41	—	41	13	28
Computer supplies	58	—	58	34	24
Fuel	608	(28)	580	349	231
Communication supplies	25	—	25	25	—
Lubricants	67	—	67	33	34
Materials and supplies not otherwise classified	112	—	112	90	22
Total materials and supplies	34,425	(1)	34,424	26,149	8,275

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
(in thousands of dollars)					
Maintenance and Operations (continued):					
Machinery and equipment					
Equipment for collection facilities	$ 123	$ (71)	$ 52	$ 30	$ 22
Equipment for process facilities	1,578	1,152	2,730	1,106	1,624
Farming equipment	1,502	151	1,653	1,652	1
Vehicle equipment	907	5	912	98	814
Materials and equipment not otherwise classified	581	56	637	375	262
Total machinery and equipment	4,691	1,293	5,984	3,261	2,723
Maintenance and Operations total	264,210	—	264,210	232,872	31,338
Corporate Division Total					
Total all departments:					
Personal services	272,281	—	272,281	246,082	26,199
Contractual services	151,068	(876)	150,192	124,300	25,892
Materials and supplies	42,410	1	42,411	33,245	9,166
Machinery and equipment	8,526	875	9,401	6,169	3,232
Fixed and other charges	780	—	780	700	80
Total Corporate Division	475,065	—	475,065	410,496	64,569
Reserve Claim Division					
Employee claims	10,000	—	10,000	2,874	7,126
General claims and emergency repair and replacement cost over $10,000	36,014	—	36,014	237	35,777
Total Reserve Claim Division	46,014	—	46,014	3,111	42,903
Total General Corporate Fund	$ 521,079	$ —	$ 521,079	$ 413,607	$ 107,472

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

Year ended December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2023
Personal services:					
Salaries and wages	$ 198,915	$ 190,436	$ 8,479	4%	48%
Employee health and life insurance premiums	43,478	44,663	(1,185)	(3)	11
Social Security and Medicare contributions	2,814	2,696	118	4	1
Tuition and training payments	802	686	116	17	—
Other	74	—	74	—	—
Total personal services	246,083	238,481	7,602	3	60
Contractual services:					
Electrical energy	49,711	37,980	11,731	31	12
Natural gas	2,199	3,463	(1,264)	(37)	1
Postage, freight, and delivery charges	91	77	14	18	—
Waste material disposal charges	15,859	12,535	3,324	27	4
Administration building operation	1,921	1,845	76	4	1
Communication services	2,497	1,932	565	29	1
Farming services	19	29	(10)	(34)	—
Court reporting services	45	70	(25)	(36)	—
Water and water services	1,682	1,615	67	4	—
Motor vehicle operating services	62	67	(5)	(7)	—
Employee travel and transportation	337	288	49	17	—
Medical services	484	120	364	303	—
Rental charges	398	300	98	33	—
Maintenance of grounds and pavements	1,724	1,131	593	52	—
Governmental service charges	4,678	4,617	61	1	1
Repairs to process facilities	12,185	13,661	(1,476)	(11)	3
Other repairs	14,801	13,058	1,743	13	4
Other contractual services	14,899	16,476	(1,577)	(10)	4
Total contractual services	123,592	109,264	14,328	13	31
Materials and supplies:					
Processing chemicals	15,501	11,766	3,735	32	4
Laboratory testing supplies	1,328	946	382	40	—
Mechanical repair parts	4,100	3,731	369	10	1
Fuels and lubricants	1,129	1,167	(38)	(3)	—
Electrical parts and supplies	3,980	3,351	629	19	1
Plumbing accessories and supplies	1,370	1,102	268	24	—
Office, printing, and photographic supplies	302	251	51	20	—
Buildings, grounds, paving materials, and supplies	383	331	52	16	—
Cleaning supplies	345	350	(5)	(1)	—
Metals	251	242	9	4	—
Computer supplies	950	711	239	34	—
Other materials and supplies	2,754	2,168	586	27	1
Total materials and supplies	32,393	26,116	6,277	24	7

(continued)

(in thousands of dollars)	2023	2022	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2023
Machinery and equipment:					
Vehicle equipment	$ 836	$ 999	$ (163)	(16%)	—%
Testing and laboratory equipment	645	393	252	64	—
Equipment for collection facilities	25	15	10	67	—
Office furniture and equipment	46	21	25	119	—
Computer software	128	266	(138)	(52)	—
Communication equipment	115	21	94	448	—
Other machinery and equipment	4,256	2,181	2,075	95	1
Total machinery and equipment	6,051	3,896	2,155	55	1
Fixed other charges:					
Taxes on real estate	700	708	(8)	(1)	—
Total fixed other charges	700	708	(8)	(1)	—
Claims and judgments	3,111	4,335	(1,224)	(28)	1
Total expenditures	$ 411,930	$ 382,800	$ 29,130		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, 2023

(in thousands of dollars)

	Final Budget	Actual on Budgetary Basis	Actual Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	$ 239,554	$ 285,389	$ 45,835
Total tax revenue	239,554	285,389	45,835
Interest on investments	1,931	4,570	2,639
Miscellaneous	—	109	109
Total revenues	241,485	290,068	48,583
Expenditures:			
Debt service	238,065	238,064	1
Revenues over (under) expenditures	3,420	52,004	48,584
Other financing sources (uses):			
Transfers from Stormwater Fund	9,531	9,531	—
Total other financing sources (uses)	9,531	9,531	—
Net change in fund balances	12,951	61,535	48,584
Fund balances at beginning of year	226,603	251,658	25,055
Fund balances at end of the year	$ 239,554	$ 313,193	$ 73,639

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, 2023

(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	$ 250	$ 156	$ 406	$ 178	$ 228
Intergovernmental Agreements	4,939	(796)	4,143	1,790	2,353
Payments for professional services	950	—	950	556	394
Professional engineering services for construction projects	1,404	—	1,404	432	972
Total contractual services	7,543	(640)	6,903	2,956	3,947
Capital Projects					
Process facility structures	27,137	400	27,537	14,161	13,376
Buildings	1,835	(350)	1,485	740	745
Preservation of collection facility structures	1,943	300	2,243	363	1,880
Preservation of waterway facility structures	1,512	640	2,152	19	2,133
Preservation of process facility structures	4,905	(265)	4,640	1,375	3,265
Preservation of buildings	5,625	(370)	5,255	1,375	3,880
Preservation capital projects not otherwise classified	1,000	265	1,265	927	338
Land	—	20	20	—	20
Total capital projects	43,957	640	44,597	18,960	25,637
Construction Fund Summary:					
Contractual services	7,543	(640)	6,903	2,956	3,947
Capital projects	43,957	640	44,597	18,960	25,637
Construction Fund total	51,500	—	51,500	21,916	29,584
Stormwater Management Fund:					
Personal services					
Salaries of regular employees	11,204	—	11,204	10,382	822
Compensation plan adjustments	739	—	739	243	496
Social Security and Medicare contributions	165	—	165	149	16
Salaries of nonbudgeted employees	10	—	10	—	10
Tuition and training payments	66	—	66	40	26
Health and life insurance premiums	1,077	—	1,077	920	157
Total personal services	13,261	—	13,261	11,734	1,527
Contractual services					
Travel	7	2	9	8	1
Meals and lodging	19	—	19	14	5
Postage, freight and delivery charges	2	—	2	1	1
Compensation for personally owned autos	6	(2)	4	1	3
Motor vehicle operating services	3	(2)	1	—	1
Court reporting services	19	—	19	7	12

(continued)

(in thousands of dollars)

	Budget Amounts				
	Original	**Net Transfers**	**Final**	**Actual Amounts**	**Actual Variance with Final Budget - Positive (Negative)**
Stormwater Management Fund (continued):					
Subscriptions and membership dues	$ 26	$ 2	$ 28	$ 28	$ —
Rental charges	53	—	53	51	2
Intragovernmental agreements	30,782	—	30,782	19,525	11,257
Payments for professional services	621	—	621	370	251
Preliminary engineering reports and studies	3,095	—	3,095	297	2,798
Professional engineering services for construction projects	8,929	—	8,929	3,794	5,135
Contractual services not otherwise classified	322	—	322	156	166
Waste material disposal charges	260	—	260	136	124
Repairs to waterways facilities	2,600	—	2,600	2,095	505
Repairs Marine Equipment	77	—	77	32	45
Repair Office Furniture Equipment	6	—	6	4	2
Repairs Vehicle Equipment	5	—	5	—	5
Repairs not otherwise classified	2	—	2	—	2
Total contractual services	46,834	—	46,834	26,519	20,315
Materials and supplies					
Building and grounds materials and supplies	5	—	5	5	—
Office, printing, and photo supplies	15	—	15	8	7
Processing chemicals	5	—	5	4	1
Tools and supplies	11	—	11	3	8
Wearing apparel	10	—	10	7	3
Fuel	18	—	18	7	11
Materials and supplies not otherwise classified	160	150	310	195	115
Total materials and supplies	224	150	374	229	145
Machinery and equipment					
Vehicle equipment	370	—	370	—	370
Machinery and equipment not otherwise categorized	30	—	30	13	17
Total machinery and equipment	400	—	400	13	387
Capital Projects					
Waterways facilities structure	66,152	(753)	65,399	16,920	48,479
Army Corps of Engineers Services	—	50	50	50	—
Capital projects not otherwise classified	100	(73)	27	—	27
Preservation of waterway facility structures	211	626	837	151	686
Total capital projects	66,463	(150)	66,313	17,121	49,192
Land					
Land	400	—	400	—	400
Total land	400	—	400	—	400

(continued)

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

Year ended December 31, 2023

(in thousands of dollars)	Budget Amounts				
	Original	**Net Transfers**	**Final**	**Actual Amounts**	**Actual Variance with Final Budget - Positive (Negative)**
Stormwater Management Fund (continued):					
Fixed and other charges					
Right-of-Way Properties	$ 1,000	$ —	$ 1,000	$ —	$ 1,000
Payments for easements	400	—	400	—	400
Total fixed and other charges	1,400	—	1,400	—	1,400
Stormwater Management Fund Summary:					
Personal services	13,261	—	13,261	11,734	1,527
Contractual services	46,834	—	46,834	26,519	20,315
Materials and supplies	224	150	374	229	145
Machinery and equipment	400	—	400	13	387
Capital projects	66,463	(150)	66,313	17,121	49,192
Land	400	—	400	—	400
Fixed and other charges	1,400	—	1,400	—	1,400
Stormwater Management Fund total	128,982	—	128,982	55,616	73,366
Capital Improvements Bond Fund Summary:					
Contractual services	8,365	7,754	16,119	5,459	10,660
Capital projects	365,240	(102,623)	262,617	94,069	168,548
Land	300	—	300	—	300
Fixed and other charges	706	4,390	5,096	4,492	604
Capital Improvements Bond Fund total *	374,611	(90,479)	284,132	104,020	180,112
Capital Projects Funds total	$ 555,093	$ (90,479)	$ 464,614	$ 181,552	$ 283,062

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

TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

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

December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2023	2022	2023	2022	2023	2022
Assets						
Cash	$ 274	$ 356	$ —	$ —	$ 274	$ 356
Receivables						
Employer contributions - taxes (net of allowance for uncollectible amounts)	86,440	103,536	—	—	86,440	103,536
Securities sold	2,118	1,048	—	—	2,118	1,048
Accrued interest and dividends	4,405	3,957	166	138	4,571	4,095
Accounts receivable	102	87	—	—	102	87
Total receivables	93,065	108,628	166	138	93,231	108,766
Investments at fair value						
Equities	433,831	319,090	—	—	433,831	319,090
U.S. Government and government agency obligations	121,104	110,559	—	—	121,104	110,559
Corporate and foreign government obligations	100,815	100,661	—	—	100,815	100,661
Fixed Income Mutual Funds	—	—	100,437	90,210	100,437	90,210
Mutual and exchange traded funds	52,927	66,876	203,307	165,151	256,234	232,027
Pooled funds - equities	418,372	428,980	—	—	418,372	428,980
Pooled funds - fixed income	159,867	129,372	—	—	159,867	129,372
Real estate funds	120,730	144,437	—	—	120,730	144,437
Limited partnership	15,282	—	—	—	15,282	—
Short-term investment funds	34,423	35,883	8,648	8,677	43,071	44,560
Total investments	1,457,351	1,335,858	312,392	264,038	1,769,743	1,599,896
Securities lending capital	11,406	8,840	—	—	11,406	8,840
Total assets	1,562,096	1,453,682	312,558	264,176	1,874,654	1,717,858
Liabilities						
Accounts payable	1,092	1,023	17	28	1,109	1,051
Due to broker	3,018	6,163	—	—	3,018	6,163
Securities lending collateral	11,406	8,840	—	—	11,406	8,840
Total liabilities	15,516	16,026	17	28	15,533	16,054
Net position restricted for pension	$ 1,546,580	$ 1,437,656	—	—	$ 1,546,580	$ 1,437,656
Net position restricted for OPEB	—	—	$ 312,541	$ 264,148	$ 312,541	$ 264,148

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

Year ended December 31, 2023
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2023	2022	2023	2022	2023	2022
Additions:						
Contributions:						
Employer contributions	$ 117,373	$ 118,459	$ 13,524	$ 15,719	$ 130,897	$ 134,178
Employee contributions	21,665	21,177	—	—	21,665	21,177
Total contributions	139,038	139,636	13,524	15,719	152,562	155,355
Investment income (loss):						
Net appreciation (depreciation) in fair value of investments	150,327	(249,827)	35,854	(57,718)	186,181	(307,545)
Interest and dividend income	24,123	21,751	7,652	5,807	31,775	27,558
Total investment income (loss)	174,450	(228,076)	43,506	(51,911)	217,956	(279,987)
Less investment expenses	(4,584)	(4,451)	(68)	(59)	(4,652)	(4,510)
Investment income (loss) net of expenses	169,866	(232,527)	43,438	(51,970)	213,304	(284,497)
Security lending activities:						
Security lending income	714	226	—	—	714	226
Borrower rebates	(587)	(128)	—	—	(587)	(128)
Bank fees	(26)	(20)	—	—	(26)	(20)
Net income from securities lending activities	101	78	—	—	101	78
Other	2	7	—	—	2	7
Total additions	309,007	(92,806)	56,962	(36,251)	365,969	(129,057)
Deductions:						
Annuities and benefits						
Employee annuitants	161,618	157,310	—	—	161,618	157,310
Retiree health care benefits	—	—	8,524	10,719	8,524	10,719
Surviving spouse annuitants	32,593	30,830	—	—	32,593	30,830
Child annuitants	111	112	—	—	111	112
Ordinary disability benefits	840	1,030	—	—	840	1,030
Duty disability benefits	85	62	—	—	85	62
Total annuities and benefits	195,247	189,344	8,524	10,719	203,771	200,063
Refunds of employee contributions	1,883	2,239	—	—	1,883	2,239
Administrative expenses	2,953	2,135	45	45	2,998	2,180
Total deductions	200,083	193,718	8,569	10,764	208,652	204,482
Net increase (decrease)	108,924	(286,524)	48,393	(47,015)	157,317	(333,539)
Net position restricted for pension						
Beginning of year	1,437,656	1,724,180	—	—	1,437,656	1,724,180
End of year	$ 1,546,580	$ 1,437,656	$ —	$ —	$ 1,546,580	$ 1,437,656
Net position restricted for OPEB						
Beginning of year	—	—	264,148	311,163	264,148	311,163
End of year	$ —	$ —	$ 312,541	$ 264,148	$ 312,541	$ 264,148

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III. STATISTICAL AND DEMOGRAPHICS SECTION

The MWRD's Operations Challenge Team, named Second City Sewer Crew, competed in the Lab event during WEFTEC 2023 in Chicago. The team, from left to right, Associate Civil Engineer Thomas Sinickas, Pipefitter Foreman Andre Almaraz, Carpenter Leadman Dave Garza and Principal Engineer Lynn Kohlhaas, demonstrated their skills in an international competition for water utilities and took home numerous awards. Representing the Illinois Water Environment Association, the team finished second in its division overall, and captured second place honors in the Process Control and Collections events in the annual Operations Challenge. The competition brought together more than 50 water utilities teams from around the world to test their wastewater collection and treatment skills.

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Statistical and Demographics Section (Unaudited)

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

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

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

Exhibit I-1
Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	2023	2022	2021	2020
Net investment in capital assets (2)	$ 5,290,863	$ 5,275,501	$ 5,137,179	$ 5,035,623
Restricted				
Restricted for corporate working cash	280,138	276,836	279,816	279,364
Restricted for reserve claim	35,045	26,597	25,122	15,227
Restricted for debt service	323,375	312,190	311,839	305,643
Restricted for capital projects	126,099	103,098	76,612	66,728
Restricted for construction working cash	22,277	21,742	21,943	21,960
Restricted for stormwater working cash	37,222	36,863	37,147	37,136
Unrestricted (Deficit)	(724,324)	(674,370)	(846,714)	(936,329)
Total net position	$ 5,390,695	$ 5,378,457	$ 5,042,944	$ 4,825,352

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

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

2019	2018	2017	2016	2015	2014
$ 4,950,141	$ 4,822,531	$ 4,710,123	$ 4,591,899	$ 4,630,463	$ 4,548,793
284,425	282,055	280,437	279,390	278,852	278,148
9,194	11,728	9,976	2,128	6,499	7,764
304,084	299,106	318,646	318,575	310,383	305,375
57,835	53,443	32,067	75,762	—	15,457
22,713	22,395	22,204	22,070	21,947	21,833
37,967	37,698	37,509	37,384	37,216	37,035
(929,799)	(908,577)	(897,766)	(787,263)	(756,154)	(722,949)
$ 4,736,560	$ 4,620,379	$ 4,513,196	$ 4,539,945	$ 4,529,206	$ 4,491,456

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

(accrual basis of accounting)

(in thousands of dollars)

	2023	2022	2021	2020
Revenues				
General Revenues:				
Property taxes	$ 676,921	$ 653,400	$ 634,776	$ 618,130
Personal property replacement tax	114,173	149,136	78,699	41,130
Interest on investments	43,162	(8,278)	775	7,972
Lease interest revenue	8,557	8,005	8,003	—
Tax increment financing distributions	21,773	15,455	18,125	18,520
Claims and damage settlements	535	169	140	1,163
Miscellaneous	4,398	5,555	5,401	5,976
Gain on sale of capital assets	—	—	206	—
Total general revenues	869,519	823,442	746,125	692,891
Program Revenues:				
Charges for services				
User charges	41,890	35,937	39,189	47,216
Land rentals	9,479	17,402	9,188	25,044
Lease revenue	13,919	13,311	12,927	—
Fees, forfeits and penalties	4,054	4,627	4,207	3,499
Capital grants and contributions				
Federal grants	28,115	29,375	11,808	13,623
Total program revenues	97,457	100,652	77,319	89,382
Total revenues	966,976	924,094	823,444	782,273
Expenses				
Board of Commissioners	4,700	4,384	4,044	4,591
General Administration	20,060	17,664	16,960	18,115
Monitoring and Research	31,965	30,607	30,026	30,705
Procurement and Materials Management	6,228	6,109	5,930	6,130
Human Resources	57,606	57,191	53,914	51,224
Information Technology	19,843	18,097	15,652	15,349
Law	7,074	6,999	6,453	6,186
Finance	3,867	3,652	3,260	3,539
Engineering	24,329	25,591	23,655	25,390
Maintenance and Operations	234,959	210,462	195,781	191,573
Pension costs	217,307	69,796	84,265	151,651
OPEB Trust Fund costs *	(5,341)	(21,948)	(16,452)	(9,874)
Claims and judgments	1,003	6,362	(2,595)	1,495
Construction costs	230,341	51,497	72,068	84,642
Loss on sale of capital assets	132	84	—	3
Depreciation (unallocated)	11,440	11,559	11,654	11,597
Redemption of bonds	1	—	(3)	—
Interest on bonds	89,224	90,475	101,240	101,165
Total expenses	954,738	588,581	605,852	693,481
Change in Net Position	$ 12,238	$ 335,513	$ 217,592	$ 88,792

2019	2018	2017	2016	2015	2014
$ 609,614	$ 599,224	$ 563,764	$ 556,648	$ 533,240	$ 526,851
47,826	37,018	43,194	38,961	37,863	39,571
18,293	15,531	8,784	6,181	5,381	9,486
—	—	—	—	—	—
10,345	6,153	9,100	9,228	13,069	4,925
490	1,482	783	209	350	630
7,335	7,628	5,819	5,527	5,804	5,290
3,052	—	50	1,210	2,922	8
696,955	667,036	631,494	617,964	598,629	586,761
48,526	44,000	51,098	48,621	46,238	50,696
24,827	22,678	17,352	20,166	18,189	16,357
—	—	—	—	—	—
4,044	5,116	5,401	4,164	4,885	5,456
18,271	17,086	14,558	12,825	11,170	11,089
95,668	88,880	88,409	85,776	80,482	83,598
792,623	755,916	719,903	703,740	679,111	670,359
4,400	4,167	4,094	4,166	3,671	3,721
17,104	16,063	15,791	15,690	14,835	15,096
30,385	30,262	29,591	28,753	27,259	26,922
5,714	7,102	5,947	6,602	6,801	6,331
53,585	53,182	54,267	54,447	58,512	72,896
15,534	15,173	12,734	14,702	14,602	14,708
5,951	6,023	5,830	6,709	6,008	6,812
3,618	3,460	3,520	3,570	3,401	3,433
25,192	27,800	27,830	28,002	27,232	26,561
190,841	187,660	178,994	177,829	173,177	169,234
134,899	102,993	106,814	108,606	87,145	92,944
(3,146)	(6,955)	1,486	(7,008)	(5,408)	(19,449)
10,489	(4,059)	(2,662)	(8,548)	23,560	2,660
64,992	85,813	85,535	136,203	69,434	77,191
—	92	202	13	32	127
11,719	11,849	12,063	12,083	12,123	12,229
—	—	—	—	—	—
105,165	108,107	109,550	111,182	118,977	114,328
676,442	648,732	651,586	693,001	641,361	625,744
$ 116,181	$ 107,184	$ 68,317	$ 10,739	$ 37,750	$ 44,615

Exhibit I-3
Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2023	2022	2021	2020
General Corporate Fund				
Nonspendable:				
Prepaid insurance	$ 7,635	$ 7,177	$ 6,766	$ 6,089
Inventories	37,240	36,274	34,141	36,143
Restricted	327,938	317,567	318,272	314,398
Unassigned (Deficit)	117,286	57,183	6,234	(58,137)
Total General Corporate Fund	490,099	418,201	365,413	298,493
All Other Governmental Funds				
Nonspendable:				
Prepaid insurance	1,085	4	4	—
Restricted	345,500	318,999	408,410	252,739
Assigned	166,734	156,319	182,460	159,082
Unassigned	—	—	—	—
Total Governmental Funds	$ 1,003,418	$ 893,523	$ 956,287	$ 710,314

2019	2018	2017	2016	2015	2014
$ 5,825	$ 5,201	$ 4,101	$ 2,117	$ 2,137	$ 2,143
35,056	33,436	34,787	35,502	37,623	39,586
314,626	310,677	306,854	306,800	305,779	307,147
(77,648)	(64,772)	(53,799)	(44,428)	(58,427)	(61,850)
277,859	284,542	291,943	299,991	287,112	287,026
74	76	79	—	—	—
273,340	335,306	381,079	451,657	378,458	219,606
167,233	158,319	147,473	145,341	127,920	112,768
(75)	(76)	(79)	(13,525)	(9,090)	—
$ 718,431	$ 778,167	$ 820,495	$ 883,464	$ 784,400	$ 619,400

Exhibit I-4
Changes in Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2023	2022	2021	2020
Revenues				
General Revenues:				
Property taxes	$ 732,944	$ 554,610	$ 657,068	$ 608,559
Personal property replacement tax	114,173	149,136	78,699	41,130
Interest on investments	43,162	(8,278)	775	7,972
Lease interest revenue	8,557	8,005	8,003	—
Land sales	—	—	4	52
Tax increment financing distributions	21,773	15,455	18,125	18,520
Claims and damage settlements	535	169	140	1,163
Miscellaneous	4,448	6,076	5,812	5,992
Program Revenues:				
Charges for services				
User charges	41,890	35,937	39,189	47,216
Land rentals	9,479	17,402	9,188	25,044
Lease revenue	13,919	13,311	12,927	—
Fees, forfeits and penalties	4,054	4,627	4,207	3,499
Capital grants and contributions				
Government grants	28,115	29,375	11,808	13,621
Total revenues	1,023,049	825,825	845,945	772,768
Expenditures				
Operations:				
Board of Commissioners	4,673	4,392	4,099	4,491
General Administration	19,651	17,460	17,055	17,417
Monitoring and Research	31,955	30,792	30,416	30,090
Procurement and Materials Management	6,246	6,088	6,037	5,996
Human Resources	57,539	57,199	54,116	51,079
Information Technology	19,677	18,056	15,761	15,117
Law	7,081	7,003	6,441	6,121
Finance	3,846	3,655	3,331	3,537
Engineering	23,545	23,284	22,681	22,876
Maintenance and Operations	234,606	210,536	197,518	188,562
Pension costs	119,814	113,838	98,966	106,842
Claims and judgments	3,111	4,335	4,276	2,652
Construction costs	176,877	128,590	129,893	151,094
Debt service:				
Redemption of bonds	137,499	177,077	125,739	122,935
Interest on bonds	104,955	108,459	111,820	114,475
Total expenditures	951,075	910,764	828,149	843,284
Revenues over (under) expenditures	71,974	(84,939)	17,796	(70,516)
Other Financing Sources (Uses)				
Payment to escrow agent	—	—	(404,037)	—
State revolving fund loan proceeds	37,921	22,175	44,634	62,399
Sale of refunding bonds	—	—	356,065	—
Proceeds from sale of bonds	—	—	143,935	—
Premium on sale of bonds	—	—	87,580	—
Total other financing sources (uses)	37,921	22,175	228,177	62,399
Net change in fund balance	$ 109,895	$ (62,764)	$ 245,973	$ (8,117)
Debt service as a percentage of non-capital expenditures	24.1 %	34.3 %	30.8 %	30.6 %

2019	2018	2017	2016	2015	2014
$ 535,355	$ 603,244	$ 526,932	$ 583,875	$ 525,302	$ 516,316
47,826	37,018	43,194	38,961	37,863	39,571
18,293	15,531	8,784	6,181	5,381	9,486
—	—	—	—	—	—
3,073	—	50	1,233	3,164	8
10,345	6,153	9,100	9,228	13,069	4,925
490	1,482	783	209	350	630
7,419	7,666	5,878	5,540	5,869	5,445
48,526	44,000	51,098	48,621	46,238	50,696
24,827	22,678	17,352	20,166	18,189	16,357
—	—	—	—	—	—
4,044	5,116	5,401	4,164	4,885	5,456
18,268	17,082	14,555	12,817	11,165	11,162
718,466	759,970	683,127	730,995	671,475	660,052
4,396	4,148	4,075	4,158	3,662	3,710
16,923	15,816	15,766	15,490	14,833	14,829
30,325	30,204	29,696	28,490	27,486	26,687
5,705	7,236	5,954	6,611	6,885	6,325
53,668	53,227	54,225	54,606	58,441	72,879
15,585	15,125	12,728	14,213	14,697	14,582
6,134	6,139	5,922	6,707	6,018	6,802
3,592	3,450	3,530	3,597	3,427	3,425
23,528	26,031	26,068	26,051	25,971	25,278
190,950	187,563	179,181	177,695	173,534	168,376
82,248	92,668	75,579	77,712	62,498	75,556
4,547	5,497	6,905	4,786	5,658	44,988
128,176	158,670	268,497	296,768	326,430	236,259
126,029	144,296	113,695	102,670	101,220	89,118
116,685	116,398	119,520	117,474	118,680	110,115
808,491	866,468	921,341	937,028	949,440	898,929
(90,025)	(106,498)	(238,214)	(206,033)	(277,965)	(238,877)
—	—	—	(399,432)	(82,906)	—
30,289	64,170	175,245	179,224	181,537	81,721
—	—	—	322,260	70,805	—
—	—	—	104,000	225,000	—
—	—	—	99,045	48,529	—
30,289	64,170	175,245	305,097	442,965	81,721
$ (59,736)	$ (42,328)	$ (62,969)	$ 99,064	$ 165,000	$ (157,156)
32.6 %	32.8 %	31.6 %	28.4 %	31.7 %	26.9 %

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

Last Ten Fiscal Years

(in thousands of dollars, except tax rates)

Fiscal Year Ended December 31,	Chicago Equalized Assessed Value	Suburbs Equalized Assessed Value	Total Equalized Assessed Value	Total Direct Tax Rate (1)	Estimated Full Taxable Value (3)		Equalized Assessed Value as a Percentage of Full Value
2022	$ 96,891,179	$ 84,752,285	$ 181,643,464	0.374	$ 634,876,257	(2)	28.6 %
2021	96,913,881	75,821,309	172,735,190	0.382	634,876,257	(2)	27.2
2020	89,514,969	81,377,754	170,892,723	0.378	634,876,257	(2)	26.9
2019	87,816,177	76,238,527	164,054,704	0.389	634,876,257		25.8
2018	86,326,179	69,461,868	155,788,047	0.396	609,672,156		25.6
2017	76,765,303	71,180,521	147,945,824	0.402	585,291,776		25.3
2016	74,016,506	66,735,695	140,752,201	0.406	559,685,160		25.1
2015	70,963,289	59,341,515	130,304,804	0.426	528,843,259		24.6
2014	64,908,057	60,828,131	125,736,188	0.430	499,136,554		25.2
2013	62,363,876	61,055,668	123,419,544	0.417	459,860,597		26.8

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. Data to estimate the full value of real estate using Civic Federation's methodology will not be available for several years.

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

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

Last Ten Fiscal Years

(rates per $100 of assessed value)

	2023 (1)	2022	2021	2020	2019	2018	2017	2016	2015	2014
District direct rates										
Corporate	$ 0.155	$ 0.163	$ 0.161	$ 0.156	$ 0.155	$ 0.154	$ 0.151	$ 0.161	$ 0.174	$ 0.183
Reserve Claim	0.004	0.004	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.002
Retirement	0.038	0.040	0.042	0.042	0.044	0.046	0.050	0.047	0.045	0.040
Debt Service	0.132	0.132	0.139	0.140	0.148	0.153	0.157	0.160	0.172	0.174
Construction	0.004	0.004	0.004	0.004	0.005	0.008	0.012	0.010	0.012	0.014
Stormwater Management	0.028	0.031	0.031	0.031	0.032	0.031	0.028	0.024	0.019	0.017
Total direct rate	$ 0.361	$ 0.374	$ 0.382	$ 0.378	$ 0.389	$ 0.396	$ 0.402	$ 0.406	$ 0.426	$ 0.430
Major local governments' tax rates (2)										
City of Chicago	$ —	$ 1.628	$ 1.556	$ 1.580	$ 1.603	$ 1.565	$ 1.652	$ 1.630	$ 1.549	$ 1.193
Chicago Board of Education	—	3.757	3.517	3.656	3.620	3.552	3.890	3.726	3.455	3.660
Chicago Park District	—	0.323	0.311	0.329	0.326	0.330	0.352	0.362	0.372	0.401
Cook County	—	0.431	0.446	0.453	0.454	0.489	0.496	0.533	0.552	0.568
Cook County Forest Preserve Dist.	—	0.081	0.058	0.058	0.059	0.060	0.062	0.063	0.069	0.069
Community College #508 (City Coll)	—	0.155	0.145	0.151	0.149	0.147	0.164	0.169	0.177	0.193
City of Chicago Library Fund	—	0.133	0.129	0.140	0.121	0.111	0.118	0.122	0.123	0.134
City of Chicago School Bldg/Imprvmt	—	0.153	0.153	0.166	0.169	0.136	0.124	0.128	0.134	0.146
District's tax levies by fund (in thousands)										
Corporate	$292,900	$295,823	$270,881	$266,455	$254,574	$240,466	$224,825	$226,743	$227,196	$230,000
Stormwater Management	52,500	57,926	52,926	52,926	52,926	47,826	40,856	34,250	24,050	21,000
Reserve Claim	7,500	7,500	7,500	7,500	7,500	6,000	5,900	5,800	5,700	3,000
Retirement	70,845	72,054	72,741	72,228	71,565	71,534	73,438	65,161	58,004	50,531
Debt Service	248,932	239,056	251,562	247,314	249,209	244,859	232,751	225,715	228,728	218,319
Construction	7,000	7,000	7,000	7,000	7,600	11,700	17,000	13,785	16,500	17,400
Total tax levies	$679,677	$679,359	$662,610	$653,423	$643,374	$622,385	$594,770	$571,454	$560,178	$540,250

Source: Cook County Clerk

(1) District's tax rates are estimated based on 2022 equalized assessed valuation of $182 billion.

(2) Major local governments' rates for 2023 are not yet available.

Exhibit I-7
Principal Property Taxpayers

2022 and Nine Years Ago

(in thousands of dollars)

		2022 (1)			2013		
Taxpayer	**Type of Business**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value (2)**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value**
Willis Tower	Retail & Office	$ 730,003	1	—%	$ 370,197	1	0.30%
Merchandise Mart	Business & Office	515,974	2	—	231,146	3	0.19
CME Center	Office	481,408	3	—	209,623	7	0.17
One Prudential Plaza	Office	395,210	4	—	193,495	9	0.16
AON Center	Insurance	338,566	5	—	248,906	2	0.20
150 Riverside	Office	338,524	6	—	—	—	—
110 North Wacker	Office	319,867	7	—	—	—	—
River Point	Office	310,241	8	—	—	—	—
Blue Cross Blue Shield Tower	Office	303,047	9	—	201,987	8	0.16
One North Wacker Drive	Office	286,055	10	—	210,714	6	0.17
Citadel Center	Retail & Office	—	—	—	228,376	4	0.19
Hyatt Center	Office	—	—	—	218,526	5	0.18
Water Tower Place	Retail & Office	—	—	—	190,953	10	0.15
Total		$ 4,018,895		—%	$ 2,303,923		1.87%

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

(1) 2023 information is unavailable.

(2) The total Equalized Assessed Valuation for 2022 is $181,643,464,000

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
2023	$ 668,457	$ —	— %	*
2022	679,359	655,620	96.5	12/01/23
2021	659,867	495,067	75.0	12/30/22
2020	645,998	623,876	97.0	10/01/21
2019	638,198	619,659	97.1	08/01/20
2018	616,946	604,126	97.9	08/01/19
2017	594,770	581,007	97.7	08/01/18
2016	571,454	559,938	98.0	08/01/17
2015	555,098	541,008	97.5	08/01/16
2014	540,666	523,203	96.8	08/01/15

* Final Due Date for 2023 tax levies is not yet available.

Exhibit I-9
User Charge Rates
Last Ten Fiscal Years

	2023	2022	2021	2020
Large Commercial-Industrial User and Tax Exempt User Rates (1)(2)				
Flow per million gallons	$ 282.47	$ 277.48	$ 278.81	$ 273.88
5-day BOD per 1,000 lbs. (4)	184.33	181.07	202.93	209.94
SS per 1,000 lbs. (5)	124.16	123.05	117.81	124.16
OM&R Rate (3)	0.4010	0.3410	0.3540	0.3190

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

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

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

(4) BOD = Biochemical Oxygen Demand

(5) SS = Suspended Solids

2019	2018	2017	2016	2015	2014
$ 269.04	$ 264.28	$ 259.61	$ 255.02	$ 250.51	$ 246.08
216.64	223.03	229.13	234.95	240.49	245.75
130.38	136.48	142.47	148.33	154.08	159.72
0.3280	0.3010	0.3390	0.3440	0.3910	0.4350

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

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes and Interest	Total Debt	Resources Available for Repayment of Debt (2)	Net Debt	Total Debt as a % Personal Income (3)	Total Debt per Capita (3)	Net Debt as a % of Est Full Taxable Value (3)	Net Debt Per Capita (3)
2023	$ 2,681,872	$ 42,786	$ 2,724,658	$ 131,505	$ 2,593,153	1.12%	$ 536.46	0.41%	$ 510.57
2022	2,816,854	18,942	2,835,796	96,919	2,738,877	1.19	549.02	0.43	530.25
2021	2,956,682	47,964	3,004,646	130,308	2,874,338	1.28	581.14	0.45	555.94
2020	2,836,904	76,035	2,912,939	113,261	2,799,678	1.42	568.82	0.44	546.70
2019	2,956,178	27,275	2,983,453	111,435	2,872,018	1.44	578.60	0.45	556.99
2018	2,978,999	109,866	3,088,865	134,450	2,954,415	1.54	594.32	0.48	568.45
2017	2,879,915	296,529	3,176,444	147,000	3,029,444	1.62	612.21	0.52	583.88
2016	2,965,282	157,390	3,122,672	163,508	2,959,164	1.74	596.01	0.53	564.81
2015	2,770,788	161,697	2,932,485	140,806	2,791,679	1.79	557.50	0.53	530.73
2014	2,500,785	90,460	2,591,245	140,162	2,451,083	1.70	487.23	0.49	460.87

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

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

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

Exhibit I-11
Estimate of Direct and Overlapping Debt
As of December 31, 2023

(in thousands of dollars)

Direct debt	
Bonds and notes payable	$ 2,517,556
Bond anticipation notes	42,786
Premium	164,316
Availability payment arrangement	20,966
Total direct debt	2,745,624

Overlapping bonded debt of major local governments (1)	Net Debt (2)	% Applicable	Applicable Amount	
City of Chicago (3)	$ 5,443,934	100.00 %	$ 5,443,934	
Chicago Board of Education (3)	9,309,714	100.00	9,309,714	
Chicago Park District (3)	870,290	100.00	870,290	
City Colleges (District 508) (3)	290,743	100.00	290,743	
Cook County	2,783,732	98.10	2,730,841	
Cook County Forest Preserve District	87,430	98.10	85,769	
Total overlapping debt (4)				18,731,291
Total direct and overlapping debt				$ 21,476,915

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

(2) Source: Each of the respective taxing districts, current as of December 31, 2023.

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

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

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

(in thousands of dollars)

	2023 (1)	2022	2021	2020
Equalized assessed valuation	$ 181,643,464	$ 181,643,464	$ 172,735,190	$ 170,892,724
Statutory debt limit (5.75% of equalized assessed valuation)	10,444,499	10,444,499	9,932,273	9,826,332
Total debt applicable to debt limit:				
General obligation bonds outstanding	2,517,556	2,637,381	2,759,628	2,694,934
Less: alternate bonds (2)	(132,707)	(137,812)	(136,823)	(98,101)
Adjusted general obligation bonds outstanding	2,384,849	2,499,569	2,622,805	2,596,833
Bond anticipation notes outstanding	42,786	18,942	47,964	76,035
Availability payment arrangement	20,966	24,262	27,405	30,401
Liabilities of tax financed funds:				
Corporate	43,957	39,385	34,633	27,813
Stormwater	13,468	12,170	9,593	7,957
Reserve claim	299	308	148	13
Construction	3,435	1,252	936	1,170
Total applicable debt	2,509,760	2,595,888	2,743,484	2,740,222
Less applicable assets:				
Debt service funds unrestricted cash and investments	105,094	43,345	96,193	91,295
Interest payable in the next twelve months	(99,859)	(103,862)	(107,212)	(109,380)
Total applicable assets	5,235	(60,517)	(11,019)	(18,085)
Total net debt applicable to debt limit	2,504,525	2,656,405	2,754,503	2,758,307
Statutory debt margin	$ 7,939,974	$ 7,788,094	$ 7,177,770	$ 7,068,025
Total applicable net debt as a percentage of statutory debt limit	24.0 %	25.4 %	27.7 %	28.1 %

(1) Debt limit calculation based on 2022 equalized assessed valuation since 2023 value is not yet available.

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

2019	2018	2017	2016	2015	2014
$ 164,054,704	$ 155,788,047	$ 147,945,823	$ 140,752,201	$ 130,304,804	$ 125,736,188
9,433,145	8,957,813	8,506,885	8,093,252	7,492,526	7,229,831
2,800,782	2,810,177	2,697,667	2,769,608	2,655,365	2,422,620
(99,253)	(97,190)	(98,145)	(99,080)	(50,000)	—
2,701,529	2,712,987	2,599,522	2,670,528	2,605,365	2,422,620
27,275	109,866	296,529	157,390	161,697	90,460
33,257	35,979	38,574	41,047	43,405	45,653
26,409	24,983	21,650	27,952	23,647	37,136
6,352	7,090	1,715	2,062	6,973	5,689
638	643	274	174	205	681
1,819	5,017	3,171	3,368	4,812	6,648
2,797,279	2,896,565	2,961,435	2,902,521	2,846,104	2,608,887
87,040	85,880	109,965	115,673	108,671	108,392
(112,942)	(115,017)	(114,603)	(117,604)	(115,735)	(106,175)
(25,902)	(29,137)	(4,638)	(1,931)	(7,064)	2,217
2,823,181	2,925,702	2,966,073	2,904,452	2,853,168	2,606,670
$ 6,609,964	$ 6,032,111	$ 5,540,812	$ 5,188,800	$ 4,639,358	$ 4,623,161
29.9 %	32.7 %	34.9 %	35.9 %	38.1 %	36.1 %

Exhibit I-13
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Household Income	Unemployment Rate
2023	5,078,985	$ 231,591,211	$ 45,598	$ 77,657	4.3%
2022	5,165,243	230,458,568	44,617	76,354	4.6
2021	5,170,239	224,228,052	43,369	76,764	6.2
2020	5,121,057	197,568,600	38,580	69,884	9.3
2019	5,156,329	198,958,400	38,588	67,783	3.8
2018	5,197,297	191,289,682	36,806	65,818	4.1
2017	5,188,486	186,434,150	35,936	63,794	4.8
2016	5,239,253	170,081,127	32,464	58,708	5.8
2015	5,260,069	155,734,043	29,607	54,461	5.8
2014	5,318,365	144,394,219	27,152	53,653	7.0

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

2023 and Nine Years Ago

Employer	2023 Employees	2023 Rank	2023 Percentage of Total Employment	2014 Employees	2014 Rank	2014 Percentage of Total Employment
U.S. Government (1)	52,315	1	1.03%	45,673	1	0.86%
Chicago Public Schools	43,286	2	0.85	38,933	2	0.73
Advocate Health (2)	38,679	3	0.76	18,556	5	0.35
City of Chicago	30,918	4	0.61	30,345	3	0.57
Amazon.Com Inc. (3)	30,100	5	0.59	—	—	—
Northwestern Memorial Healthcare	25,386	6	0.50	14,550	9	0.27
University of Chicago (4)	22,395	7	0.44	16,025	6	0.30
Endeavor Health (5)	20,251	8	0.40	—	—	—
Cook County	19,797	9	0.39	21,622	4	0.41
Walmart Inc.	17,400	10	0.34	—	—	—
J.P. Morgan Chase & Co.	—	—	—	15,015	7	0.28
State of Illinois	—	—	—	14,925	8	0.28
United Continental Holdings Inc.	—	—	—	14,000	10	0.26
Total	300,527		5.91%	229,644		4.31%

(1) U.S. government's estimate.

(2) Formerly Advocate Aurora Health. In December 2022, Advocate Aurora Health and Atrium Health merged to create Advocate Health.

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

(4) Includes employees of University of Chicago medicine

(5) Formerly NorthShore – Edward-Elmhurst Health

Source: Reprinted with permission, Crain's Chicago Business [February 26, 2024] © Crain Communications, Inc.

Exhibit I-15
Budgeted Positions by Fund/Department

Last Ten Fiscal Years

Fund/Department	Budgeted Positions									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Corporate Fund										
Board of Commissioners	37	37	36	36	38	38	38	38	37	37
General Administration	129	125	123	121	119	121	123	122	119	112
Monitoring and Research	289	289	291	294	300	312	309	308	297	288
Procurement and Materials Management	60	61	61	63	63	63	63	63	63	62
Human Resources	96	95	93	92	93	91	141	73	74	72
Information Technology	68	68	70	70	71	73	75	76	70	70
Law	38	38	38	38	39	37	38	38	37	36
Finance	27	27	27	27	27	28	28	28	29	29
Engineering (Corporate Fund)	197	198	199	205	212	242	246	244	242	241
Maintenance & Operations	916	934	906	916	920	904	922	927	955	951
Total General Corporate Fund	1,857	1,872	1,844	1,862	1,882	1,909	1,983	1,917	1,923	1,898
Engineering (Stormwater Management)	100	100	96	91	85	57	59	59	59	63
Grand Total	1,957	1,972	1,940	1,953	1,967	1,966	2,042	1,976	1,982	1,961

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)
2023	882	129	5,078,985	5,290,000	10,000	4,000,000	1,190,000	2,000,000
2022	882	129	5,165,243	5,290,000	10,000	4,000,000	1,190,200	2,000,000
2021	882	129	5,170,239	5,290,000	10,000	4,000,000	1,128,200	2,000,000
2020	882	129	5,121,057	4,500,000	10,000	4,000,000	1,245,400	2,000,000
2019	882	129	5,156,329	4,500,000	10,000	4,000,000	1,479,800	2,000,000
2018	882	129	5,197,297	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2017	882	129	5,188,486	4,500,000	10,000	4,000,000	1,251,000	2,000,000
2016	883	129	5,239,253	4,500,000	10,000	4,000,000	1,300,000	2,000,000
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

(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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Miles of intercepting sewers and force mains operated	560	560	560	560	560	560	560	560	560	560
Miles of waterway water levels controlled	76	76	76	76	76	76	76	76	76	76
Acres of strip-mined land utilized for solids processing	13796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+
Number of water reclamation plants	7	7	7	7	7	7	7	7	7	7
Number of pumping stations	23	23	23	23	23	23	23	23	23	23
Miles of TARP tunnels constructed for pollution and flood control	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Number of TARP reservoirs constructed	2	2	2	2	2	2	2	2	2	1
Number of TARP reservoirs under construction	1	1	1	1	1	1	1	1	1	2
Number of flood control reservoirs	33	33	33	33	33	33	33	33	33	33
Instream aeration stations	2	2	2	2	2	2	2	2	2	2
Side stream elevated pool aeration stations	5	5	5	5	5	5	5	5	5	5

Source: District's Engineering Department

IV.
SINGLE AUDIT SECTION

Stone Park Village President Beniamino Mazzulla, Westchester Village President Greg Hribal, MWRD Commissioner Mariyana T. Spyropoulos, MWRD Commissioner Daniel Pogorzelski, Broadview Mayor Katrina Thompson, MWRD President Kari K. Steele, MWRD Vice President Patricia Theresa Flynn, Illinois House Speaker Emanuel "Chris" Welch (7th Dist.), Illinois Senate Majority Leader Kimberly A. Lightford (4th Dist.), Bellwood Mayor Andre Harvey, Illinois Emergency Management Agency and Office of Homeland Security Director Alicia Tate-Nadeau, Northlake Mayor Jeffrey Sherwin, MWRD Commissioner Precious Brady-Davis, U.S. Rep. Jesus "Chuy" Garcia (4th Dist.) and FEMA Region 5 Regional Administrator Thomas C. Sivak formally unveiled the new Addison Creek Reservoir at a ribbon cutting ceremony in August.

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago, (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 10, 2024. The financial statements of the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care Trust Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Metropolitan Water Reclamation District Pension Trust Fund and Metropolitan Water Reclamation Retiree Health Care Trust Fund. Our report includes a reference to other auditors who audited the financial statements of the Metropolitan Water Reclamation District Pension Trust Fund, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Chicago, Illinois
May 10, 2024

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Opinion

We have audited the schedule of expenditures of federal awards of the Metropolitan Water Reclamation District of Greater Chicago (the "District") for the year ended December 31, 2023, and the related notes (the Schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the District for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Responsibilities of Management for the Schedule

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

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Auditor's Responsibilities for the Audit of the Schedule

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

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

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

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

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

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

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

Adelfia LLC

Chicago, Illinois
May 10, 2024

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Metropolitan Water Reclamation District of Greater Chicago's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Adelfia LLC

Chicago, Illinois
May 10, 2024

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Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency						
Passed through Illinois Environmental Protection Agency						
CWSRF Cluster						
Capitalization Grants for Clean Water State Revolving Funds						
Project Descriptions						
F&I Odor Control Systems, Calumet, Kirie, Hanover Park WRPs	M	66.458	L172129	March 2019	—	$ 26,600
Central Boiler Facility and Electrical Updates, Hanover Park WRP	M	66.458	L172742	January 2022	—	642,100
Digester Sludge Heating System Upgrades & Boiler Removal, CWRP	M	66.458	L173798	January 2020	—	479,300
North Side Sludge Pipeline Replacement - Section 1, NSA	M	66.458	L174620	July 2022	—	2,181,200
Odor Control Facilities at Various Locations, SWRP	M	66.458	L174708	September 2019	—	266,500
Rehabilitation of Steel Spandrel Beams of Pump and Blower House, O'Brien WRP	M	66.458	L175523	January 2022	—	837,200
Furnish, Deliver, and Install Disc Filters at the Egan Water Reclamation Plant	M	66.458	L175569	April 2022	—	151,700
A/B and C/D Service Tunnel Rehabilitation Phase Three, Stickney WRP	M	66.458	L175574	April 2023	—	741,300
Rehabilitation of TARP Pumps, Mainstream Pumping Station	M	66.458	L175578	May 2021	—	855,200
		Total U.S. Environmental Protection Agency Funding of CWSRF Cluster - Capitalization Grants for Clean Water State Revolving Funds				$ 6,181,100

Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing & Urban Development						
Passed through Illinois Cook County Department of Planning & Development						
Hurricane Sandy Community Development Block Grants for Disaster Recovery						
Project Descriptions						
Diversion Channel for Flood Control Project on Midlothian Creek in Robbins, CSA	M	14.269	2013-DR-IN-R4-08	August 2018	—	$ 2,300,000
Total U.S. Department of Housing & Urban Development Funding of Hurricane Sandy Community Development Block Grants for Disaster Recovery						$ 2,300,000
U.S. Department of the Army						
Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the McCook Reservoir Underflow Plan						
Project Description						
Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL		N/A	73-161-2H	January 2019	—	$ 7,174,331
Total U.S. Department of the Army Funding of Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL						$ 7,174,331
Total Expenditures of Federal Awards						**$ 15,655,431**

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and the respective change in financial position of the District.

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

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

Note 3 – Indirect Cost Rate

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

Note 4 – Programs Description

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

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

Assistance Listing # 14.269 – Hurricane Sandy Community Development Block Grant Disaster Recovery (CDBG-DR)

The Community Development Block Grant Disaster Recovery Program's primary objectives are to provide relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster, declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 USC 5121 et seq.) (Stafford Act), due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013. The CDBG-DR program provides grants to states or units of general local government to be used for specific disaster-related purposes. Formula funds are allocated to recipients through the issuance of CDBG-DR notices in the *Federal Register*. These notices provide the requirements for the use of funds. Furthermore, the Disaster Relief Appropriations Act, 2013, made funds available from Community Development Block Grants Funds to be administered through the United States Department of Housing and Urban Development also known as Community Development Block Grant Disaster Recovery. CDBG-DR funds are used in the core aspect of disaster recovery-planning, housing, infrastructure, and economic development, especially in low- and moderate-income areas. It is intended to help communities and neighborhoods that otherwise might not recover due to limited resources. Robbins Midlothian Creek Flood Control project is specifically related to stormwater management in Village of Robbins to address flooding along the Midlothian Creek.

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

Note 5 – Projects Descriptions

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31, 2023:

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 $26,600 in federal funds was disbursed by the Illinois Environmental Protection Agency (IEPA) during fiscal year 2023. As of December 31, 2023, $60,813 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L172742 was awarded to the District on January 12, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Replacement of Boilers in the Pump and Blower Building of Hanover Park WRP, Project 19-542-3MR. The maximum SRF loan amount is $13,499,843. The maximum passthrough federal funding is $11,249,419. A total of $642,100 federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $5,588,369 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L173798 was awarded to the District on January 14, 2020, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Upgrade of Digester Sludge Heating System and Boiler Removal at Calumet WRP, Project 18-277-3M. The maximum SRF loan amount is $26,234,615. The maximum passthrough federal funding is $21,861,305. A total of $479,300 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $480,534 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L174620 was awarded to the District on July 12, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Replacement of Sludge Pipeline at North Side, Section 1, NSA, Project 07-027-3SR. The maximum SRF loan amount is $27,933,600. The maximum passthrough federal funding is $23,277,069. A total of $2,181,200 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $17,584,838 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Note 5 – Projects Description – Continued

Loan #L174708 was awarded to the District on September 5, 2019, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Odor Control Facilities for Sludge Concentration Areas at Stickney WRP, Project 17-134-3MR. The maximum SRF loan amount is $16,962,555. The maximum passthrough federal funding is $14,134,897. A total of $266,500 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $380,241 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175523 was awarded to the District on January 25, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Rehabilitation of Steel Spandrel Beams of the Pump and Blower Building at O'Brien WRP, Project 15-069-3D. The maximum SRF loan amount is $22,381,900. The maximum passthrough federal funding is $18,650,837. A total of $837,200 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $3,748,268 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175569 was awarded to the District on April 13, 2022, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Furnishing, Delivering and Installation of Disc Filters at Egan WRP, Project 18-702-31. The maximum SRF loan amount is $9,161,850. The maximum passthrough federal funding is $7,634,570. A total of $151,700 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $1,628,697 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175574 was awarded to the District on April 4, 2023, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Repair of Roof slabs, Floor slabs, Walls and Beams in A/B and C/D Service Tunnels at Stickney WRP, Project 16-127-3DR. The maximum SRF loan amount is $29,738,289. The maximum passthrough federal funding is $24,780,916. A total of $741,300 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $3,290,866 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175578 was awarded to the District on May 7, 2021, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Rehabilitation of TARP Mainstream Pumps 1, 3 and 5, Project 18-144-3M. The maximum SRF loan amount is $24,051,417. The maximum passthrough federal funding is $20,042,046. A total of $855,200 in federal funds was disbursed by the IEPA during fiscal year 2023. As of December 31, 2023, $6,157,415 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

U.S. Department of Housing and Urban Development - Hurricane Sandy Community Development Block Grant Disaster Recovery (CDBG-DR)

Grant # 2013-DR-IN-R4-08 was awarded to the District on August 24, 2018, under Disaster Relief Appropriation Act, 2013 Public Law 113.2. The grant provides for Robbins Midlothian Creek Flood Control Project. It consists of constructing a diversion channel paralleling Woodlawn Avenue to facilitate connection to the phase 2 stormwater park. CDBG-DR funds assisted with construction cost of diversion channel including demolition, excavation earthwork and all other ancillary work. The District has been working with the Village of Robbins in developing stormwater improvements to address flooding along Midlothian Creek impacting approximately 140 acres and nearly 100 homes. These constructed stormwater improvements include naturalized wetland detention and channel improvements in park setting providing opportunities for open space and recreational uses in Village of Robbins. Several development concepts were incorporated into a holistic vision plan. The maximum grant amount is $2,300,000 which was all expended in 2023.

Note 5 – Projects Description – 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 District. Out of $33,820,000 provided by the U.S. Department of the Army, the District expended $12,603,569 from inception of which $7,174,331 was expended in 2023.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
66.458	Capitalization Grants For Clean Water State Revolving Funds
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery

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 reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None reported.

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO