File #:	F2020-46		
Type:	Communication	**Status:**	Placed on File
File created:	7/22/2020	**In control:**	City Council
		Final action:	7/22/2020
Title:	Metropolitan Water Reclamation District of Greater Chicago Comprehensive Annual Financial Report (2019)		
Sponsors:	Misc. Transmittal		
Indexes:	Annual		
Attachments:	1. F2020-46.pdf		

Date	Ver.	Action By	Action	Result
7/22/2020	1	City Council	Placed on File	

Comprehensive Annual Financial Report of THE Metropolitan Water Reclamation District of Greater Chicago

Chicago, Illinois

As of and for the year ended
December 31, 2019

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

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I. INTRODUCTORY SECTION

Autumn colors at the MWRD's Sidestream Elevated Pool Aeration (SEPA) station in Blue Island on October 17. The SEPA station is number three of five, all of which are located on the Cal Sag Channel and function to improve water quality by adding oxygen to water via manmade waterfalls.

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Metropolitan Water Reclamation District of Greater Chicago

Board of Commissioners and Principal Officers

Board of Commissioners:

Honorable Kari K. Steele. President Honorable Barbara J. McGowan. Vice President Honorable Frank Avila. Chairman. Committee on Finance Honorable Cameron Davis Honorable Kimberly Neely Du Buclet Honorable Marcelino Garcia Honorable Josina Morita Honorable Debra Shore Honorable Mariyana T. Spyropoulos

Principal Officers:

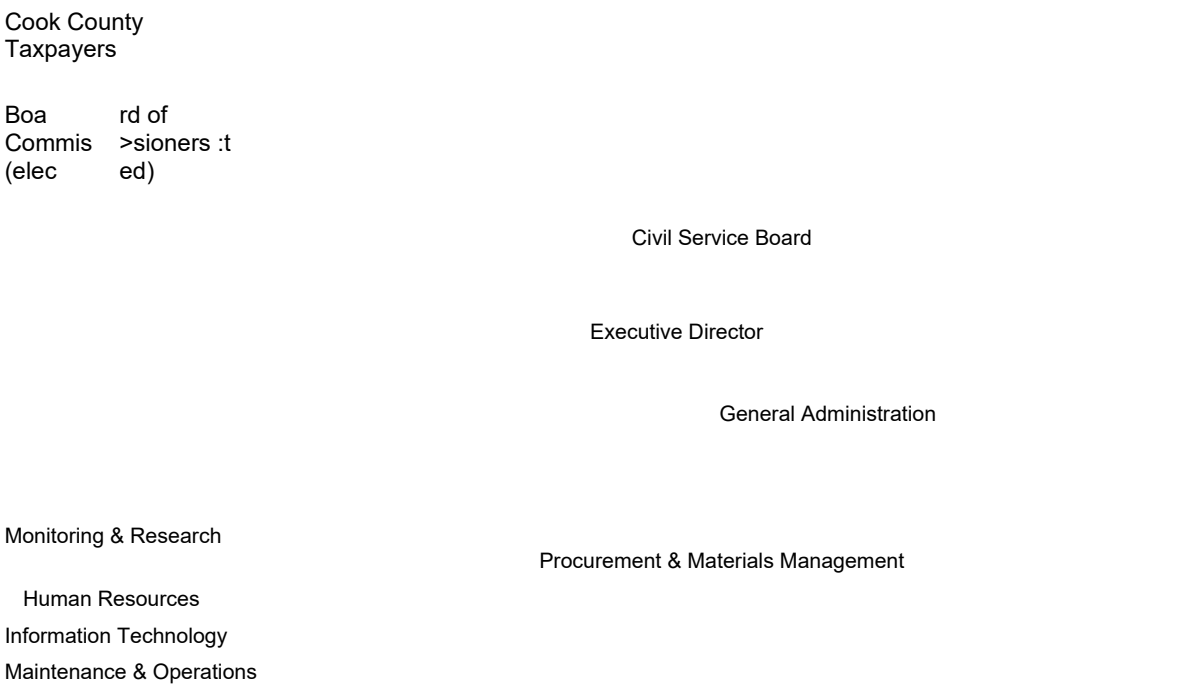
Brian Perkovich. Executive Director Mary Ann Boy le, Treasurer Allison Fore, Public and Intergovernmental Affairs Officer Darlene A. LoCascio, Director of Procurement and Materials Management Eileen M. McElligott, Administrative Services Officer Susan T. Morakalis, General Counsel John P. Murray. Director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

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

Metropolitan Water Reclamation District of Greater Chicago

Organization Chart



1,967 Budgeted Positions in 2019

Metropolitan Water Reclamation District of Greater Chicago

President's Annual Message

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2019: A Year in Review

! am honored to serve as President of one of the largest., innovative wastewater management agencies in the worlci.

I began my career working at the Metropolitan Water Reclamation District of Greater Chicago (MWRD) as a chemist. I have now served seven years as a member of the Board of Commissioners with 2019 being rny first year as President of this illustrious organization. I bring to the Board unique qualifications as a chemist, environmentalist and former employee of MWRD. I am keenly aware ofthe MWRD's commitment to exceptional work and see rny role as President as an opportunity to show young students studying Science, Technology, Engineering, and Math (STEM) and others that with hard work you can accomplish anything you set your mind to. My motto is "You Have To See It To 3e It."

As! engage with constituents throughout Cook County, whether residents, water industry professionals or elected officials, I am grateful for rhe reminders that, the MWRD name continues lo shine bright: for its strong record of reliability, ingenuity and commitment to quality service Marking our i30th year, 2019 brought us an opportunity to reflect on our rich history of service and protection for our region's health and environment Climate change challenged us with major rain events but we addressed each storm by confronting the surplus water with res.liency and hard work. I will continue making the protection of our most precious natural
resource Lake Michigan - my top priority along with emphasizing the
use of green infrastructure as a cornerstone for building the Cook Courty of the future.

Here are a ʳew memorable highlights and achievements from tins year.

Kari K. Stoclo
President ofthe Board of Commissioners

Firsts in 2019

My fellow commissioncs and ⁝ unanirrious'y ap:;- over: plans i-i Ap.nl <http://Ap.nl>co aurhouze CuokCoorry's O'i co o" Indcoonde"' iiisr.-ecco' Geueal to serve as rhe MW'RD's nspei :■: :r genei ai tor a cbree-yeat ps; ;ocl We are one o" roe oes: i jr.ar/.eftt.'es in :ne ccjntry. cue c neve' acres co have additional ovoisigh:

Innovative Solutions

Wo enlisted ihe set vices of goals ai d sheep Co -ed.F'o rhe use or horoicicies ana tc dear our shcaus, run hack \w»i growth, remove invasive oianrs a no ma utain a"dscapng ;r hard ro reac sti etches cf Lemonc W:P "hese haici workers rr-nmori Che grounds covering several acres, "cving quickly across .naocess hie areas, wh le a so e:imn"ar;ng roe need for heroic des or fee to oower iawn mowers

We hosred ou'" naugura L.-if.ox celebration and held a P: de f ag rasing ce'er-ony

TARP

Wo receivee gooo news this year ivIW'RD sec area $£« 3 nvlko"-fieri; rue jnitec States Amry Coros of rnginee-s (USACF) lo rove' rhe federal port on of :ne rww).rw»g M-; Cook Susw vor costs I his landing wil help me k'WRLJ ccrnprea? Stage 2 o" me VcCock Reserve' by 2C20, addirg b S n#or ga tors cf add tiers! sro'agc rorhe -none and Reset vot Pan ("AR[3]; 'v'eanwhle, Scage 1, wn-ch contains 3 5 ':: liion galh)'i'-, oi sio'age.:·· now :n its seconc year of oueuuiou an:: has captured over 50 r*Hio^ {•ailor^ofronb-red sewage, r:never-ti;:g this po.loted wale' from ove-flowing to the ware'ways o[r] flooding hen es anc: businesses The Thonotou Compos-re Peseivoir. wric" banc: es scorrruvarer so-th oi'3/cli Scieec r 1 Ch cage, has caularecl ·,2 billion galons of combined sewage since incept.on 11 December 20's

Toe MWRD continues to .-is oca r a AAA oond racing to~ nrcr-Ratings and a AA*- bond raring from Standard & °oor's. wh le also managing a stable corporace fund along with a sustainable oapira :mp'o,'emen; p-ogrorn Our iiuarcial scar;d 'ag has ciawi 1 si.opo': oi che Civic Federar.on and che Government 1 nance O'f cars Asscc·anon of rue Umted Stares anc Canaoa (G-OA) rhe GPOA manorec: ihe MWRD m 20'i9 with the Distrg..isred Budger Presenradon Award and Cercuiraces 01 Ach evemenr for E: -.ceilei;se r- F-r:=rc·a· Report rg We replaced 36 Imhoff tan-,s ar me Si (kney ware:·· Reclamation Plane (VVIP) w ch a $22* '"ilka." p-a-oct C0"S:sring jr" nice '60-foot diameter ;jn:-a- y selling iarii>s a"d six i32--[o]oot long ae'aceo gr 1. ranks, .-issociaied support fac i.cies. service cumieis, and ; on.luns I -e new tanks w II a'so increase anc m-p'ove gr:r remova. and protect downstream oioing and eqo pmeo:

Wn a so made key :nves;naen;s ma niao'i-g 'A.RP pumps and omer WR[L]' ;ifu-isin;i.iure, ·.ind comnatied co rehabil-rating rhe · (ickuo-r ^owerhoase ana fonrrnl: up Wotks We ccp eted nceicepringsewei cons[rr]ucr;on pio]ec;s ma; m orove conveyance f "om local municipal sewe'S Co ou' WRPs The Sa t dee-; 2 imeTepcing iewer oro;ecc w ii oenefic 1/3,000 peooie vaig >■■ Lyons, 3-oo-rrield. R ve-'Side. a[r]:d Mo-el' Riveiside. wh -i: •iio ;'ili.mer iO- Inre'cepc ng Sewer oroiec' wi I oenefiC anorner 60,000 peop e ·iv i;g in the onloy Pa'k a·-ea

Turning Wastewater into Clean Water

Tnis yeas we a·e on pace co creac near y rvOO '"1 li-ou ga Ions o[f]wasce--wacei; -ecarning is to oar environment r; a far becrei srace ct"an wnen we arse received it " he Naao-al Assoc aaori ol Clean Warei Agencies (MACWA; in 2di -i lecogni/ed mr> MWRD wirh sn PiaCin.jm Peak '"erionnance Awards for ac lease[£] ve conseculive yea's o[f] :"eecing sc; mgenr penr: I guirieanes al si:-; nianrs I he annua awards honor creatmcnt 0 ants fo[r] meecing 100 pccefit corn:: ance of National Po l.jra;T D sc large Einn:nac on Sys"e;·' (NPD·"S; fie: m:i s We ac-compiisheo cms by modernizing and uodaling ag ng nf-asmjetj-'e. erihanceig ooe-"arioi"!3 and ha^·ng an e>\ciemely oualif ed scacf

As changing weather patterns meet a region ft.I or impervious pajomeno we con: noe cn al-ncace more lesocrces co romage scrji m-watei arid mingate flo-jd ng ."hisyeai we joined out :ja"tne;s in Ap- I to hipak g-oand on rhe fn sc of cwo Addison Cree~ pro|ec;s rhac w i onav de boet cs for Bei wooo, Ko'tnla^e. Stone Par-a Vlokose Park. Weslchesier and Broadvievj The &00-acre-fooc Adchson Cieek Reseivon m Beilwoocl wi I nold Close Co 200 million gallons of stoiage capao-ry and comocc wicn me And son Creek Channe . wnere oodiciona! mpi ovemencs w-I rerpjee overnank tioodmg 10 apnrovrnato y 2,200 structures, nekading an est rnared 1,700 structures rhar will be oved fiom me "loud pla n I he Anoison Gee--, proioci, wi'ach ii orovide Slid mi I or: 10 hood beue'os. Iiigulignren a number of oorn cca' and regional srormwacer man-agemenc oroiecrs rhac will pi ocecc o..' commun.t-es from flooomg. wn le imo;ev·ng so ea"l'"oarKS arid conveyance ·n local ware- wayj Later m Api 1. duung a lathe: sy'boiic dowrpour. we inned our pa: tneis :n Pales 1 leig·'cs and che Foresc -reserves of Cook Cconcy to 'cma ly «-ck nrl i;|- e Arrowhead cake p'O ect to -'eniove 70 scroc-n.■•'(.;•: Pom rhe "iood plain We nave ;.o-iiinnr';j ;o m.ike si rides on trie N.acal e Creek flood concroi p'o ecr co benef:c Midlothian and Oak Pores; and wc an: expancing rhe Velv na Lhccn Reset voir co aid fiurbank anc: Oak Lawn This yea-' we s_.bscanc;a iy cornpleren che Rnlfaio Cn'i-'K Rese-vmr 'o .'illo'.v it ro srore an accl-C onal 5H u n 1:! I - cj ■ i gailorrs a"d -eheve a'ea floodirrg II is estunared chat this propc c wi I pioieci '07 srojccures from vanous hooding nte: va;s ami provme in excess o· S2S rn kin-- n ilooT -e ie[f] oenefics We are also work ng on othe' stonr'waier management sok.r ons for tne south Sijl.11.1ros <http://Sijl.11.1ros> I'he '{' 1 m Ikon Miciothian Ceek project in

10 INTRODUCTORY SECTION

Robbins is a three-phase project that will include the construction of a diversion channel that connects to the Calumet-Sag Channel, channel improvements on Midlothian Creek and the construction of a naturalized detention area that is designed to resemble a park setting

We advanced our flood prone property acquisition program in Des Plaines, Riverside Lawn and Franklin Park to remove homes from the flood plain, create passive spaces and allow homeowners to sell their homes through voluntary means

Protecting our Water Environment

Throughout the year, we co lected more than 750 pounds of medications at our WRPs and downtown headquarters, and our boats removed 2.700 yards of debris from our warerways In Apnl, we coordinated a household haza'oous waste co lectior event at Brookfielci Zoo. attracting 1,500 res dents

Green Infrastructure

In 2019, we authorized iiocergovemmenta· agreements (IGAs) fc 20 new green nfiastructure piojects and entered into 25 IGAs '"or oca' stoonwater and green infrastructure partnership projects with a tota cost ot Si 5 mill on We celebrated the con >pleficn of p'Ojecrs r Rivers'dc, La G"ange anc Tinley Par-r, wnere we came together with municipalities to fund and ove[r]see dynamic land use upgrades We completed five more Soace lo Grow orojects with our par trie's to ut'lize green infrastructure and

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permeable surfaces The schoolyards can captur e collectively more than 880,000 gallons of water per storm event Space to Grow not only practices water conservation out also teaches school children the value of being environmentally conscious Through our popular Restore the Canopy program, we distributed more than 14,000 free oak tree saplings to empower residents to play a role in managing water from their own community This brings our total to more than 72,000 oak tr ees since we launched the program only three years ago

Resource Recovery

As new technology has emerged in energy savings, our irivenuve staff has worked to build solutions n the realm of resource recovery 3y reclaiming resources, like biosolids, energy and nutrients, we have found a way to provide a return on investment that benefits taxpayers and the environment Each year, we recover 1*5,000 tons of biosolius, and we took more steps this year to return that to the env ronrnenr as a soi amendment to aid turf and p-ant growth througoout Cook County Through our EQ Compost, we established pic'-.up sites ar ou; Water Reclamation Plants (WRPs) for cisribur on of rhe compost co businesses and the public each Wednesday We also deliverer: EQ Comoost orders to oackyarcs and community gardens, go f cou'ses and parks to keep the product local, which also reduces oir ca- boo footprint "o expand the awareness and use of ou' l-'G Compost, V1WRD participated in the 2019 Ch cago "lower and Ga'cen Show at
Navy P'er During tne 5 day show, our staff nostec an informational 300th and distributed 800 jars ot EQ Compost to visitors from around the world Our participation in the Chicago Flower and Garden Snow was one of che many unique opportunities co share awareness about the use of our in-house produced EQ soil amendment

i'hanks to our oiogas utilization evaluation team, we methodically studied ways to optimize renewable energy produced at our WRPs Our Lockporc Powerhouse is also working co generace hydroelectric energy by using cwo turbines co provide a safe and environmentaily-fr lendly energy source that is sold back to Commonwealth Edison For 201'·) and 2020, che projected annual gene; anon s 40 million kilowatt hours of oower, with corresponding annual revenues cf 11 2 nnll'on

WEFTEC in Chicago

The wo'k of oui talented scientists and engmee'S was on ful display n September when we welcomed the wodc of ware' professionals to cur akef'onr ar tne 02nd Annua! Water Environment Federation's Technical Exhibition and Conference IWEFTEC) Vice man 22.500 pin uopsrts and 9*52 emu'iiics descended cm McCormick P ace co exchange Knowledge in oursuic oca healthy water environment I was honored to give a welcoming address anc introduce our Assistant Dn ectoi of Monitor "g and Research ..md WEF President "bm Kune'.z Our Sewer Rats Team performed well at the Operations Cha lenge, showing off their wide range o- fast-oaced skills We gave tours of our fac lities to water professionals from Denmark. Singapore, South Korea, Ethiopia, Brazil and che USAGE We also conducted guided tours of Stickney WRP for future career leaders through WEF's INFLOW (introducing Future Leaders to Opportunities in Water) program, connecting underrepresenced minority scudencs co water We hosted the Water Palooza educational fair at Saucedo Scholastic Academy and then returned ro Saucedo the next day co construct a ram garden A ream of scientists and engineers from the MWRD and Illinois State University were honored for creating a system that optimizes chemical usage to control odors and corrosion at the Kirie WRP in Des Plaines

Watershed Management Ordinance

We amended the Watershed Management Ordinance (WMO) in 20".9 to adoot watershed specific releases races, update requirements for 'edevelopmeut anc ncorporace recently updated rainfall data We ssuec more man 500 permits and reviewed approximately 50,000 underground construction notices co protect MWRD infrastructure While improving stormwater d'amage and cierer iion conriirons as oa' i. of new development, rhe WMO continues ro be a guiding force reducing flooding and soi' erosion and ensuring me prelection o"' wetlands anc upanan a'eas. this o'diriance wi·l be reviewed and updated as needed

Diversity & Inclusion

In conjunction with our Human Resources and Diversity sections, MWRD increased our promotions and hiring of minority candidates in 2019 In addition, for the first time, MWRD has entered into an apprenticeship agreement with one of our unions to assist in increasing diversity in their trade We also have a robust internship program iha; provides training in various departments for future career consider ation at MWRD Introducing and inspiring youth at an early age to the many facets of stormwater and wastewater management is an impor tant component of our outreach goals In 2019, we leao trie charge to participate in the annual Historically Black Colleges and Univoi sines (HBCU) Chicago Football Classic at Soldier Field to engage attendees with information about MWRD careers and internship opportunities

Outreach

We attended hundreds o""events througoout the year to educate the pub ic on the roles we all p ay in protecting our water environment "o cont nue celebratng the MWRDs 130th arm versaiy, we held mar: show events throughout Cook County, to bring our work to the peoole we serve Each road show nt'oduced visitors ro our ccmmiss oners and star" and informed them about local p'o;ects, explored now to prevent basement backups, and shared caree- information and business oppo'tun ties in addition, the Coo. County Shor ff's Office collected unwanted medications, electronics and paper for shredding ■ he road show events were an effective avenue to connect with young auciences on STEM careers We reacnec out to otne' mportant stakeholders as well Our Diversity Section hcsred two rninority/women/ small business entity outreach events, drawing 70 prime contractors and S00 subcontractors and other local government agencies and assist agencies

We welcomed more than 1300 visitors at our open houses in May at the O'Brien, Suckney and Calumet WRPs, and as part of tne Chicago Architecture Foundation's Open

House Chicago to raise awareness of our essential facilities We hosted elected officials, farmers, soil scientists and engineers at our Fulton County site for a Field Day in July to develop best management practices in nutrient runoff reduction In the spring we had a productive annual Legislative Day with lawmakers m Springfield, in the summer we held our annua! "A Celebration of STEM" event to congratulate and reward local school science[1] fair winners, and in the fail we held the 7th annual Susrainabiiity Summit at the St ckney wrP We commemorated the contributions of many at the MWRD and beyond through our annua! African American History Month celebration and Women's History Month celebration Ail total, we particioated n 245 events, reached more than 130,000 peoole dur ng outreach inilatives, provided tours to 3,700 visitors, and reached opto 300.000 peoole on social media And last but defn Eely rrot east, we launched our new webs te mwrd.org' <http://mwrd.org'>

MWRD Tours

MWRD hosted various tour groups at aH of our Water Reclamation Plants, including water industry leaders, youth and mentoring groups, nature conservationists and various summer programs in 2019, we invited and opened our doors to many first time visitors to explore ou' Water Reclamation Plants to learn about the fascinating world of wastewater treatment and stormwater management This effort increases awar eness of our services across all communities and age groups lb name a few, in 2019 we welcomed the following first tirre visitors 100 Black Men of Chicago, Youth for .A Better Tomorrow. My Block My Hood My City. Mature Conse'vancy Indian Boundary Pran ic ■ Environrnenrai fhrnkers, Chicago-Lawndale Amacfn Mentoring Program from trie Chicago Mayor's Oᶠfice One Summer Chicago Prog'arn. Pra' e jr High School (Purure City Competition part cipants) aruj numerous col eges and un versites Each youth and bus ness group is provided me oopo'tonity to see our fac lires and speak with our team of professionals first-hand ""his is another opportunity for MWRD ro exoouon uoor; the thoughts of youth and me ■ v sion of the future to dcss biy =nc!ude a career at MWRD

Goals and Milestones

The mission and gcais of MWRD is aⁱways cu-[1] rop p[1] onty. wh en are to p- oteet and mprove the quality of water n our 833 5 square miles of me Cook County se-vice area As we com nue to work diligently with the h gfiest s:a'\daids of qua ;ty to o-otect businesses and nomes from f˙ooc damages, we are often challenged to find additional ways to imo'ove and budd uoon rue services and resources that we provide Tne MWRD ofthe future will rely more on green infrastructure orojects, n addition to the gray infrastructure pro.eccs we currently ublcte win our Tunnel and Reservoir Plan Study sessions are be-ng planned to determine how to add the 5% of Cook County an rently not rn our wastewater treatment service area to par ticipate in our Green infrastructur e (Gl) prog; am Gl funds will help address flooding issues during these times of ever-changing weather patterns Complex issues like comprehensive ethics reform have oeen worked on for the 12 months of my presidency We fully expect to realize the strongest ethics ordinance in the State or" Illinois m 2020

Conclusion

My first year serv ng as president -has been incredibly fulfi'lmg. and 11hank rny fellow commissioners and staff for supporting me in this ■ole We know there will be envronrriental challenges to maintain a clean water env ronmenr, bur by continuing ro work together, our nescience will yield additional success I bck forward to partnering with our staff and leadership in 2020 ro manage an effic.enr government organization tha: resooncs to cur taxpayers with essentia: services to orotect the health and safety of toe ouol c, protect our ware-' supp y source (Lake Michigan), irnonove the duality of ware' in watercourses ■ lis sei vice aiea. piocet: busu'esses and homes from 'food damages, and maˉnr.a n a dean water environm ent

12 INTRODUCTORY SECTION

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Metropolitan Water Reclamation District of Greater Chicago

Multi-Year Awards 1975-2018

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

1993-2018

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

1985-2019

Government Finance Officers Association ofthe United States and Canada Award for Distinguished Budget 1'resentation

2007-2018

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

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

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

Individual Year Awards (partial listing) 2016

American Infrastructure Magazine; American Public Works Association: American Public Works Association. Chicago Metro Chapter: American Society of Civil Engineers - Illinois Section: Water and Wastes Digest PUBBY Award for Water Project oj the Year Thornton Composite Reservoir Project ofthe Year for the Thornton Composite Reservoir Outstanding Civil Engineering Achievement Award. Over $25 Million Category, for the Thornton Composite Reservoir lop Projects for 2016 Award

American Society of Civil Kngineers - Illinois Section Outstanding Civil Engineering Achievement Award. Under S10 Million Category, for the Busse Reservoir South Dam Modification Project

Federation of Women Contractors Advocate ofthe Year Award

Friends ofthe Chicago River Chicago River Blue Awards Green Ribbon Award for Disinfection at the Calumet Water Reclamation Plant and O 'linen Water Reclamation Plant and Thornton Reservoir

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

National Association of Clean Water Agencies, formerly known as Association of Metropolitan Sewerage Agencies
Utility ofthe Future Today Recognition

National Association of Flood and Stormwater Management Agencies (NAFSMA) Green Infrastructure Award. First Place in the Large Agency Category for the Space to Grow Program

Risk and Insurance Magazine Honorable Mention in the national Theodore Roosevelt Workers' Compensation and Disability Management (TEDDY) Award competition for excellence in solely and workers compensation risk management

Stormwater Solutions Magazine Top 10 Stormwater Project for the Blue Island Green Infrastructure Project

Metropolitan Water Reclamation District of Greater Chicago

2017

American Council of Engineering Companies of Illinois Special Achievement Water Resources Award for the Wescott Park Stormwater Storage Facility Project tn the I dlage oj' Northbrook

Friends ofthe Chicago River Chicago River Blue Awards Green Ribbon Award for the Wescott Park Stormwater Storage Facility Project m the Ullage of Northbrook

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

Illinois Department of Natural Resources Illinois Mined Land Reclamation Award m the non-coal categoryJ'or the McCook Composite Reservoir

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

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

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

2018

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

American Public Works Association Chicago Metro Chapter Suburban Branch Public Works Project ofthe Year Award J'or the Niles Flood Relief Project

American Society of Civil Engineers Outstanding Civil Engineering Award. Over SI00 Million Category, for the McCook Reservoir

American Society of Landscape Architects - Illinois Chapter Merit Award for Planning

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and Analysis for the Robbms Park Pro/eel

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

Illinois Association for Floodpluin and Stormwater Management Flood Reduction Project Award for Floodway Buyouts m the Ullage of Glenview

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

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

National Hiosolids Partnership Ten-year Platinum Award J'or the Dedication to Environmentally Sound Biosolids Management Practices

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

Water Environment Federation Project Excellence Award for the McCook Reservoir

2019

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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District of Greater Chicago, Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Executive Director/CEO

Metropolitan Water Reclamation District of Greater Chicago

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

Jacqueline Torres
Clerk/Director of Finance

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BOARD OF COMMISSIONERS

Kan K Steele
President Barbara J McGowan
Vice President Frank Avila
Chairman of Finance

Cameron Davis Kimberly Neely Du Buclet Marcelino Garcia Josma Monta Debra Shore Manyana T Spyropoulos

May 8. 2020

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

The Comprehensive Annual Financial Report (C A FR), 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 31,2019. 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 ofthe close of each fiscal year.

The CAFR'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, 2019. have been subject to an audit by independent accountants. The unmodified opinion of RSM US LLP has been included in the Financial Section ofthis 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 ofthe District has establ ished 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 ofthe 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 elTcctiveness of these controls. District management and Internal Audit staff continually evaluate the internal control structure.

Both the investment community and taxpayers rely on the CAFR 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 ofthe 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 ofthe public in its service area, protect the quality ofthe 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 ofthe Illinois General Assembly.

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

The District 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

The MWRD Board of Commissioners, Sealed (L-R) Vice President Barbara J. McGowan, President Kari K. Steele and Chairman of Finance Frank Avila. Standing (L-R) Commissioner Mariyana T. Spyropottlos, Commissioner Marcelino Garcia. Commissioner Debra Shore. Commissioner Josina Morita. Commissioner Kimberly Du Buclet and Commissioner Cameron Davis

control municipal sewer construction by permits in suburban Cook County. Furthermore, the District provides the main sewer lines for the collection of wastewater from local sewer systems together with the treatment and disposal thereof. Combined sewage and stormwater runoff is stored, treated, and released using District facilities. The District owns and operates 7 water reclamation plants (WRP) and 23 pumping stations that treat an average of 1.3 billion gallons of wastewater each day. The Central (Stickney) WRP is the largest plant in the world. The District controls approximately 76.1 miles of navigable waterways that serve as headwaters ofthe 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.

I he 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

The District cost effectively collected and treated approximately 540.1 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. Disinfection technology has been implemented and placed into service at two plants using multiple cost-effective strategies. Chlorination/de-chlorination has been implemented at the Calumet Water Reclamation Plant and ultraviolet technology at the O'Brien Water Reclamation Plant.

Provide Stormwater Management

Flooding continues to be the number one issue facing the District. The Stormwater Management Program is aggressively working to minimize flooding damage by helping communities with local flooding issues, acquiring flood-prone properties, and partnering with municipalities or other local governments on large capital green infrastructure projects.

The District has made significant investments in developing over 100 capital stormwater projects since it assumed the authority for stormwater management in 2004. These projects provide relief from flooding for over 5,000 homes, businesses and critical infrastructure. They include large regional stormwater projects, partnerships through intergovernmental agreements (IGAs) with local governmental organizations to address local Hooding through the use of green and gray infrastructure, as well as through

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the acquisition of flood-prone properties. Below are several examples of projects under construction or completed in 2019.

- Buffalo Creek Reservoir Expansion Project
- Addison Creek Reservoir Project
- Natalie Creek Flood Control Project

Along with the important flood control improvements planned, the Buffalo Creek Reservoir Expansion project will incorporate other aesthetic and environmental enhancements: wetlands will be created and restored; hundreds of new trees and shrubs will be planted; upland prairie will be restored west of Schaeffer Road; two tributaries entering the reservoir will be restored; one tributary will be stabilized. Public access improvements include new pedestrian boardwalks and raised trails, and an expanded parking lot. In addition, the Buffalo Creek Reservoir will be expanded to store an additional 58.6 million gallons and relieve area flooding.

The Addison Creek Reservoir Project is being constructed in Bellwood. The project will create a 196-million-gallon reservoir which includes a control structure, inlet structure, spillway and pumping station. The Addison Creek Channel Project will be constructed through Northlake, Stone Park. Melrose Park, Bellwood. Westchester and Broadview. The channel improvement project will include a mix of natural design, gabion baskets, soldier pile walls, concrete, riprap, articulated concrete blocks, vegetation clearing and removal of three bridges. When completed the projects will reduce flooding to approximately 2.200 structures along Addison Creek.

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

On October 3, 2013, the District's Board of Commissioners adopted the Watershed Management Ordinance (WMO), which replaced the Sewer Pennit 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 ofthe WMO serve to prevent the flooding situation in Cook County from worsening through development or redevelopment. Over 2,100 WMO permits have been issued to date. Since the development ofthe WMO, the District has conducted numerous training events in addition to presenting at various seminars and conferences hosted by professional organizations.

20 INTRODUCTORY SECTION

Natalie Creek flood control project

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 ofthe first flush of sewage contaminated stormwater from combined sewers which had previously flowed into the area waterways.

I he 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 AlittoMajewski. 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 ofthe three, was completed in 1998 at a cost of S45 million and has prevented over 7 billion gal Ions of CSO from entering the waterways and mitigated over

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$542 million in flood damages. The Thornton Composite Reservoir became operational in 2015 and. through the end of 2019, more than 32.9 billion gallons have been captured during 74 fill events. The first stage ofthe McCook Reservoir was completed in 2017 and the second stage will be completed in 2029. Through the end of 2019. more than 52.4 billion gallons have been captured by the first stage reservoir during 91 till events. The McCook Reservoir is projected to bring S143 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 SI .48 billion, with the Corps and the District providing approximately S540 million and $940 million, respectively.

A consent decree between MWRDGC and the U.S. Department of Justice was entered into in 2014. One section 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 MWRDGC to develop a Green Infrastructure Program Plan, which was approved by the Environmental Protection Agency in 2015. In 2014. MWRDGC partnered with Chicago Public Schools System (CPSS) and the Chicago Department of Water Management (CDWM) to incorporate stormwater retention at four elementary schools while reconstructing substandard playgrounds under a program known as Space

to Grow. The projects serve to educate the public on the importance of stormwater management and the value of green infrastructure to reduce basement backup flooding. The success ofthis project led MWRDGC. CPSS. and CDWM to agree to partner on 30 more schools from 2015 through 2020. Since 2015, twenty more CPSS school playgrounds were completed, and design is underway for five additional schools to be improved in 2020. The District completed construction of a green infrastructure project in the City of Blue Island, where permeable pavement and rain gardens were installed to combat local flooding. In 2015, the District partnered with (he City of Evanston to install permeable pavement, swales, and rain gardens at the City's Civic Center, and also partnered with the Village of Wilmette to install four green alleys. In 2016, the District partnered with the Village of Northbrook in its installation of a green stormwater detention system at Wescott Park, and also partnered with the Village of Kenilworth on rain garden installations. In 2017. the District completed the construction of a permeable parking lot at its John E. Egan Water Reclamation Plant.

The District also partnered with the City of Berwyn on a green alley project, and the Village of Niles on a bioswale and permeable parking lot. Also in 2017 and again in 2018 and 2019. the District solicited information from Cook County communities and other governmental organizations for additional green infrastructure partnership opportunities. Based on the project submittals received, the District has agreed to partner on an additional 60 green infrastructure projects to be constructed within its service area so far. Ten of these projects have already been completed. Projects in the Village of Arlington Heights, the Cily of Des Plaines and the Wheeling Park District were completed in 2018. Projects in the Villages of Forest Park, Harwood Heights, La Grange. Maywood, Riverside and Tinley Park were completed in 2019. The consent decree provides an enforceable schedule for implementing MWRDGC'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.

A new permeable paver project on North Street in Tinley Park was unveiled by MWRD Commissioners Debra Shore and Kim Du Buclet along with Tinley Park officials in October as part of the Harmony Square development near the Metra Station. The MWRD contributed $200,000 to replace asphalt with 16,500 square feet ofpermeable pavers on North Street, which will provide more than 69,000 gallons of stormwater storage on site.

22 INTRODUCTORY SECTION

Maintenance of Facilities and Infrastructure

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

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

RESOURCE RECOVERY

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

Phosphorus

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

In fulfillment ofthe special provisions ofthe 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. A Igac treatment technology has several advantages over the trad itional chemical precipitation approach including the ability to recover and reuse the phosphorus, the ability to generate revenue through sale ofthe harvested algae as a raw material for sustainable commodity products, sequestration of atmospheric

The MWRD Operations Challenge team (the "Sewer Rats ") competed under the bright lights at WF.FTF.C 2019 at McCormick Place in September. Sewer Rats team member and MWRD Machinist Carlos Garihay is seen in action during the Laboratory event.

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 ofthe 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 a one-year study to determine the performance ofthe unit on nutrient uptake, algae biomass production, performance with and without artificial augmentation, and the effects of seasonal variations on performance. Results from these pilot studies will be used to inform the projected performance, life-cycle costs, and design criteria for what a full-scale installation at OWRP would entail.

Biosolids

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

Water

Efforts have been focused on reuse applications for the high quality water produced at the plants and the capture and reuse of stormwater. We have sold small quantities of water for industrial reuse from the Stickney WRP and are seeking

MWRD Commissioners, the Forest Preserves oj Cook County, representatives from the cily ofPalos Heights and area neighbors participated in the groundbreaking ceremony for the Flood Control Project at Arrowhead Lake in April. The SI.6 million flood control project will bring much needed relief for area residents, while restoring and improving forest preserve amenities at Arrowhead Lake. In addition to increased flood storage and the removal of70 structures from the FEMA Zone A flood plain in Palos Heights, approximately 2,675feet of a multi-use pedestrian path will also be resurfaced with new asphalt and an eroded bank al the soulh side of Arrowhead Lake will be regraded and restored with native seed, plant plugs and trees.

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. I he 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 Calumet and Stickney Water Reclamation Plants produce biogas as a natural byproduct ofthe digestion process. The biogas contains methane gas, which is currently used as fuel for the plants" boilers. The Stickney WRP currently utilizes all of their digester gas. Once the new Primary Settling tanks are fully on-line, the Stickney WRP is projected to double digester gas production. A task force has been created to study the biogas utilization options at both the Stickney and Calumet WRPs. A final report of their recommendations to the Board of Commissioners will be prepared in 2019. Upon direction from the Board, the District may initiate projects related to the utilization of our excess biogas. Existing initiatives are also being examined for further reduction of energy consumption. Another initiative is to optimize the aeration process through the implementation of ammonia-based controls. However, as part ofthis, our blower systems and their complex piping configuration, as well as turn down capacities and blower control systems, require evaluation. The District is looking to maximize use of digester capacity, market electrical capacity at Lockport to maximize return on investment and optimize the aeration processes to further reduce energy consumption by 25%.

BUDGET PROCESS

The Board of Commissioners is required to adopt an annual budget no later than the close ofthe 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 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 arc tested for the sufficiency of avai lable appropriation before any obligations resulting from purchase requisitions, purchase orders, or contracts are formally

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recognized, or payments resulting from payroll or other expenditures are released.

ECONOMIC BASE OUTLOOK

The District's service area is sizable, encompassing 98 percent ofthe assessed valuation of Cook County. The Equalized Assessed Valuation (EAV) ofthe District has experienced a 0.65 percent average reduction over the last ten years and the current equalized assessed valuation of SI 55.788.046,903 is 5.03% higher than the previous year. 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 District operates a fiscally sound organization, maintaining a AAA bond rating with Fitch Ratings and AA- with Standard and Poor's. Our finances are managed in a prudent manner, as evidenced by our excellent bond ratings, healthy fund balance, and continuing efforts to manage costs. To ensure that the District's finances remain healthy, projects arc prioritized to ensure best use of current funding, project base budget targets assure funding above the base are tied to strategic initiatives, and resources are managed to ensure financial stability targets are met.

FINANCIAL POLICIES

ln order to protect the strong financial position ofthe 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. I he General Corporate Fund policy was amended on December 10. 2009. The Bond Redemption & Interest Funds Investment Income policy was amended on November 3, 2011. The Stormwater Management Fund policy was adopted on December 10, 2009 and amended on November 3, 2011 and December 17. 2015."

To ensure the long-term financial health of the pension program and other post-employment benefits, the Pension Funding Policy and the amended OPEB Advance Funding Policy were adopted on October 2, 2014.

General Corporate Fund

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

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

Reserve Claim Fund balance will be targeted toward the maximum level permitted by statute, 0.05 percent of the EAV. whenever economically feasible. This will be linanced through tax levies at the maximum 0.5 cents per S100 of Equalized Assessed Valuation when economically feasible and financially prudent. This level of funding will protect the District in the event that environmental remediation costs cannot be recovered from former industrial tenants of District properties, catastrophic failure of District operational infrastructure or other claims. As the District is partially self-insured, adequate reserves are critical.

The District will appropriate funds from the unassigned fund balance for emergencies as well as for other requirements that the District believes to be in its best interest. In the event that any of these specific component objectives cannot be met, the Executive Director will report this fact and the underlying causes to the Board of Commissioners w ith 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 ofthe Executive Director.

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Stormwater Management Fund
Ihe maximum property tax levy of five cents per SI 00 of EAV for the Storm water Management Fund shall be allocated at a maximum two cents per $ 100 of EAV to fund operations and maintenance expenditures and the remainder ofthe 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 lev ies or for other corporate needs. This practice will also limit the payment of arbitrage rebates.

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

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

Capital Improvements Bond Fund Accumulated Income
Revenues that have accumulated in the Capital Improvements Bond Fund from investment income, grants, or Slate 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 ofthe 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 ofthe 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 ofthe pension program while balancing the interests ofthe 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 (I) satisfies the statutory requirements every year and (2) achieves a funded ratio of 100 percent by 2050. The projection multiple will serve as a guide for determining employer contributions until the next projection is performed and the funded ratio calculated each year by the Fund actuary will serve as a benchmark to determine the progress toward the funding goal.

OPEB Trust

The OPEB Trust establishes a reserve that will help ensure the financial ability to provide health care coverage for District retirees and their beneficiaries in the future. The Advance Funding Policy for the OPEB Trust Fund, amended in October 2014, reflects a 100 percent funding goal to be achieved by 2027 with no further advance contributions required after 2026. "I he 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 ofthe United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Water Reclamation District of Greater Chicago for its Comprehensive Annual Financial Report for the fiscal year ended December 31. 2018. The Metropolitan Water Reclamation District has achieved this prestigious award for 44 consecutive years. In order to be awarded a Certificate of Achievement, agovemment must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate ofAchievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate ofAchievement 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 I, 2019. 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 35 consecutive years.

ACKNOWLEDGMENTS

Preparation ofthis report reflects the combined efforts ofthe dedicated professional personnel ofthe operating and support departments. Their expertise, enthusiasm, and unswerving focus on excellence are gratefully acknowledged. I he general citizenry, in our opinion, may fully rely on the 2019 Comprehensive Annual Financial Report as a fair and accurate presentation, in all material aspects, ofthe financial position and operational results ofthe Metropolitan Water Reclamation District of Greater Chicago.

Respectively submitted,

Jacqueline Torres Clerk/Director of Finance

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28 INTRODUCTORY SECTION

BOARD OF COMMISSIONERS

Kan K Steele

President Barbara J McGowan

Vice President Frank Avila

Chairman of Finance

Cameron Davis

Kimberly Neely Du Buclet Marcelino Garcia

Metropolitan Water Reclamation District of Greater Chicago Josma Monta

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600 ^ITs

May 8. 2020

STATEMENT OF RESPONSIBILITY

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

The Board of Commissioners and management ofthe 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 ofthe Metropolitan Water Reclamation District of Greater Chicago, and its component units, for the fiscal year ended December 3 1,2019, in accordance with accounting principles generally accepted in the United States of America; and

The statements contain no untrue statement of material facts; and

There are no omissions of material fact(s).

Kari K. Steele President
Brian Perkovich Executive Director

Matthew Glavas Comptroller

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II. FINANCIAL SECTION

MWRD Vice President Barbara J. McGowan, Commissioner Kimberly Du Buclet and President Kari K. Steele pause for a photo with WE FT EC 2019 keynote speaker Lera Boroditsky, who is an Associate Professor of Cognitive Science at the University of California-San Diego and founding editor-in-chief of Frontiers in Cultural Psychology.

RSM

RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements ofthe governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Water Reclamation District of Greater Chicago, as of and for the year ended December 31, 2019, and the related notes to the financial statements, the respective changes in financial position thereof, and the respective budgetary comparisons for the General Corporate Fund and the Retirement Fund for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metropolitan Water Reclamation District Pension Trust Fund (Pension Fund), which represents 81 percent and 75 percent, respectively, ofthe assets and revenues/additions ofthe aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Fund, is based solely on the report ofthe other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General ofthe United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, based on our report and the report ofthe other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Water Reclamation District of Greater Chicago, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Corporate Fund and the Retirement Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information

The basic financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's basic financial statements for the year ended December 31, 2018, from which such partial information was derived. Our audit report on the financial statements for the year ended December 31, 2018, dated May 10, 2019, expressed an unmodified opinion.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, modified approach information, and pension and other postemployment benefit plans schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part ofthe 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 and other auditors 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.

Offier Information

Our audit for the year ended December 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements The Combining and Individual Fund Statements and Schedules and the Introductory and Statistical and Demographic Section for the year ended December 31, 2019, are presented for purposes of additional analysis and are 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 Combining and Individual Fund Statements and Schedules have been subjected to the auditing procedures applied in the audit ofthe financial statements for the year ended December 31, 2019, 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 by us and other auditors. In our opinion, based on our audit and that ofthe other auditors, the procedures performed as described above, and the report ofthe other auditors, the Combining and Individual Fund Statements and Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019

FINANCIAL SECTION 33

Our audit report on the financial statements for the year ended December 31, 2018, dated May 10, 2019, expressed an unmodified opinion. The report stated that the Combining and Individual Fund Statements and Schedules for the year ended December 31, 2018, were subjected to the auditing procedures applied in the audit ofthe 2018 basic financial statements and certain additional auditing 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 and, in our opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

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

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2020, on our consideration ofthe 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 ofthe 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 District's internal control over financial reporting and compliance.

'fcSM US JULP

Chicago, Illinois May 8, 2020

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

Year ended December 31. 2019 *Metropolitan Water Reclamation District of Greater Chicago*

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 ofthe basic financial statements and their relationship to each other. It also offers an analysis ofthe 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. A budgetary analysis ofthe District's General Corporate Fund is provided, as well as, an analysis of capital assets and debt activity. Finally, the MD&A concludes with a discussion of issues that are expected to be significant to the District's finances.

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

2019 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is S4.736.560,000. This can be attributed to the District's positive balance of $4,950,141.000 in net investment in capital assets.
- The District's government-wide net position increased by SI 16.181,000. This is mainly attributable to the $127 million increase in net investment in capital assets.
- The District's combined fund balances for its governmental funds at December 31.2019 totaled $718.431,000, a decrease of $59,736,000 from the prior year. The decrease is primarily attributable to not issuing general obligation bonds in 2019, an increase in deferred tax revenue, and an increase in spending on projects in the Stormwater Funds.
- The District's government-wide liabilities increased by $203,448,000 in 2019 which is primarily attributable to the increase in the net pension liability. Both interest and net investment loss contributed to the increase the District's pension liability.

DISCUSSION OFTHE 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: (I) 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 ofthis 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 ofthe District's finances, similar to a private-sector business. Government-wide statements consist ofthe 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 ofthe District. The fiduciary funds are not reported in the government-wide financial statements. Due to the implementationofGASB68.-(cr«j//7//Hg«/7t/F/H«««c7c// Reporting For Pensions and GASB 75 Accounting and Financial Reporting For Postemploymcnl 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 ofthe 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 ofthe District is improving or declining.

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

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

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

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

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

KEY FINANCIAL COMPARISONS

Property taxes. The primary source of revenue for the District is ad valorem property taxes. All District funds, with the exception of the District's Capital Improvements Bond Fund, derive their revenues primarily from property taxes. In 2019, total tax revenues increased by $21,198,000 in the District's Statement of Activities, as shown on page 39. The property tax levies for the Corporate Fund, Debt Service Fund and Stormwater Management Fund all increased from the prior year accounting for a portion ofthe increase. The remainder ofthe increase is due to Personal Property Replacement Taxes (PPRT). A strong economy throughout 2019, distributions of accumulated funds by the State, and a decrease in federal corporate taxes all resulted in an increase in PPRT.

Program revenue. The other notable changes were in user charge revenue and land rentals. The user charge revenue increase of S4.526.000, as shown on page 39, was due to a 20% increase in discharge by our largest User, Ingredion Inc. Due to the specific timing nature of User Charge revenues, this increased discharge resulted in $4,000,000 in additional cash receipts. Payments from Ingredion Inc. in 2020 are expected to revert back to 2018 levels. The increase of $2,149,000 in land rental revenue is due to new and renewal agreements at higher rental amounts and an increase in the Consumer Price Index.

Construction costs. The decrease in construction costs of S20.821,000, as shown on page 39, is attributable to the completion of several large projects in the prior year including: Calumet Water Reclamation Plant (CWRP) Tarp Pumping Station improvements, McCook reservoir Des Plaines inflow tunnel and slope stabilization, and Stickney Water Reclamation Plant (SWRP) West Side Settling Tanks.

Pension costs. The 2019 pension cost increased $31,906,000 from 2018, as seen on page 39. The increase can be mainly attributed to the difference between projected and actual earnings. The fund's annual income from investments was lower than projected. This expense will be amortized over

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the next five years. Pension expense is calculated from a variety of items including employee service cost, interest, differences between expected and actual experience, benefit payments, contributions, net investment income, di(Terences between projected and actual investments, and administrative expenses.

Claims and judgments. The $14,548,000 increase in the Statement of Activities claims and judgments expense on page 39 is due to a predicted increase in future claims for both Workmen's Compensation cases and Environmental remediation.

Employee costs. The District's employee-related expenditures are comprised of employee base salaries and overtime pay, employee benelits, including social security. Medicare, health, dental and life insurances, as wel I as. tuition, training, mileage and other travel expenses. The District's employee-related expenditures are the largest single cost ofthe General Corporate Fund, comprising 66.1% ofthe total outlays for 2019. The 0.4% increase in employee costs of S883.000, is largely attributable to the current mandatory annual salary adjustments as agreed upon in the District's various collective bargaining agreements for approximately 775 represented employees effective through June 30. 2020, as well as, promotions and step increases for employees.

Energy costs. In 2019, energy costs in the General Corporate Fund showed a decrease of $428,000 or 1% as seen on page 41. Energy costs are made up of electricity and natural gas. Changes in operational factors at the water reclamation plants cause variations in these accounts. As the energy costs remained relatively flat, the gallons of water treated for the past two years remained steady and McCook Reservoir has now been operational for 2018 and 2019. Additionally, the District participates in a reverse electricity auction to manage electricity costs.

FINANCIAL SECTION 37

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

Year ended December 31, 2019

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison ofthe Statements of Net Position for Decembers 1.2019 and 2018, is presented in the following schedule (in thousands of dollars):

Increase (Decrease)

Percent Increase (Decrease)

Assets:
Current and other assets Capital assets Total assets Deferred Outflows of Resources' Loss on prior debt refunding Deferred amounts related to pension Total deferred outflows of resources Liabilities:
Current liabilities Long-term liabilities Total liabilities Deferred Inflows of Resources: Deferred inflows lor other pension and OPLIS amounts
Total deferred inflows of resources Net Position:
Net investment in capital assets Restricted
Unrestricted (Deficit) Total net position

S 44.626 48.017 92.643

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(527) 201.484 200.957
361.828 327.814 4.287.289 4.117.855
4.649.1 17
4.445.669
100.669 100.669

4.822.53 I 706.425 (908.577)

34.014 169.434 203.448
74.641
74.641
4.950.141 716.218 (929,799)

(26.028) (26.028)

127.610 9.793 (21.222)
% 4.736.560 $ 4.620.379 $ 116.181

3.3%
0.6
1.0

(12.1)
120.2
116.9

10.4 4.1 4.6

(25.9)

2 6 1.4 2 3 2.5%

The above schedule reports that the District's net position totaled $4,736,560,000 at December 31, 2019. which represents the amount the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion ofthe net position, S4,950,141.000, 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 assets totaled $716,218,000 and represent 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 ofthe unrestricted net position is a deficit of $929,799,000.

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Metropolitan Water Reclamation District of Greater Chicago

A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2019 and 2018 is presented in the following schedule (in thousands of dollars):

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
General RevLMiues'				
Taxes	S 657.440	S 636.242	S 21.198	3.3%
Interest	18.293	15.531	2.762	17 8
Other	21.222	15.263	5.959	39.0
Program Revenues:				
User charges	48.526	44.000	4.526	10.3
Land rentals	24.827	22.678	2.149	9.5
Fees, forfeits, and penalties	4.044	5.116	(1.072)	(21.0)
Capital grants	18.271	17.086	1.185	6.9
Total revenues	792.623	755.916	36.707	4.9
Expenses				
Board of Commissioners	4.400	4.167	233	5.6
General Administration	17.104	16.063	1.041	6.5
Monitoring and Research	30.385	30.262	123	0.4
Procurement and Materials Management	5.714	7.102	(1.388)	(19.5)
Human Resources	53.585	53.182	403	0.8
Infonnation Technology	15.534	15.173	361	2.4
Law	5.951	6.023	(72)	(12)
Finance	3.618	3.460	158	4.6
Engineering	25.192	27.800	(2.608)	(9 4)
Maintenance and Operations	190.841	187.660	3.181	1.7
Pension costs	134.899	102.993	31.906	31.0
OPEB Trust Fund costs	(3.146)	(6.955)	3.809	(54.8)
Claims and judgments	10.489	(4.059)	14.548	(358.4)
Construction costs	64.992	85.813	(20.821)	(24.3)
Loss on disposal of capital assets	-	92	(92)	(100.0)
Unallocated depreciation	11.719	11.849	(130)	(1.1)
Interest	105.165	108.107	(2,942)	(2 7)
Total expenses	676.442	648,732	27.710	4.3
Increase in net position	116.181	107.184	8.997	8.4
Total net position, beginning of year	4.620.379	4.513.196	107.183	2.4
Total nol position, end of year	S 4.736.560	$ 4.620.379	It 116.181	2.5%

Total revenues increased by $36,707,000 in 2019, or 4.9% from the prior year, and total expenses increased by $27,710,000 in 2019 or 4.3%. The major reasons for the variances are detailed under Key Financial Comparisons on pages 36-37.

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

Year ended December 31. 2019

The following charts show the major sources of revenue and expenses for the year ended December 31, 2019:

Revenue by Source

Maintenance and
Operations 28.2%

ANALYSIS OF DISTRICT'S GOVERNMENTAL FUND FINANCIAL STATEMENTS

As previously discussed, the focus ofthe District's governmental funds is on short-term inflows, 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 2019, 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. Ihe 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 $718,431,000, a decrease of $59,736,000 or 7.7% from 2018. A total of $40,955,000 of the fund balances represents non-spendable fund balances. Restricted fund balances totaled $587,966,000, assigned fund balances totaled $ 167,233,000, and the remaining deficit of $77,723,000 was unassigned.

General Corporate Fund

The General Corporate Fund is the principal operating fund ofthe 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 ofthe current fiscal year totaled $277,859,000. The fund balance represented 78.2% ofthe General Corporate Fund expenditures, a positive indication ofthe fund's liquidity. The total fund balance for the General Corporate Fund had a decrease of $6,683,000 from 2018. The District's General Corporate Fund consists ofthe Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note I b on pages 64 -70.

The General Corporate Fund ended the year w ith an unassigned fund balance deficit of S77.648.000 due to the required reserve claims restriction, non-spendable inventories and restricted working cash.

A detailed comparison ofthe General Corporate Fund revenues for the years ended December 31. 2019 and 2018 is shown in the following schedule (in thousands of dollars):

General Corporate Fund Comparative Revenue Schedule

Revenues:

Property taxes

Personal property replacement tax

Total tax revenue Interest on investments Land sales

Tax increment financing distributions Claims and damage settlements User charges Land rentals

Fees, forfeits, and penalties Federal and state grants Miscellaneous Total revenues

2019

Amount

S 215.370 27,385 242.755 6.843 3,073 10.345 415 48.526 24.827 2.628 77 4.981 $ 344.470

% of Total

2018

Amount

62.5% 7.9

70.4 2.0 1 0 3.0 0.1

14.1 7.2 0.8

B 235.471 17,970 253.441 5.256

6,153 1.470 44.000 22.678 5.113

1 4 4.724 100.0% $ 342.835

% of Total

68.7% S 2

(8.5)%

52 4

(4.2)

30.2 3.073

68.1 (71.8)

10 3 9.5 (48.6)

77.0 5.4

0.5 %

Percent Increase Increase (Decrease) (Decrease)

73 9 1.5

1.8 0.4 12.9 6.6 1.5

S (20.101) 9.415

(10.686) 1.587 3.073 4.192 (1.055) 4.526 2.149 (2.485) - 77

1.4 257

100.0% 1 1.635

Revenues for the General Corporate Fund come from various major sources: property taxes, replacement taxes, user charges, interest on investments, rental income and tax increment financing distributions. In 2019. General Corporate Fund revenues totaled $344,470,000. an increase of $ 1.635,000, or 0.5%. from 2018. The major variances in revenues arc explained under Key Financial Comparisons on pages 36-37.

A comparative analysis ofthe General Corporate Fund expenditures by object class for the years ended December 3 I 2019 and 2018. is shown in the following schedule (in thousands of dollars):

General Corporate Fund Comparative Expenditures Schedule

Expenditures: Employee Cost Energy Cost Chemicals

Solids & waste disposal Repairs to structures/equipment Materials, parts. & supplies Insurance

Professional services Claims and judgments Other

Total expenditures

2019

Amount

$ 234.785 41.818 9.943 13,940 17.201 11.156 2.974 3.500 4.547 15.489 $ 355.353

% of I ota I

2018

66.1% 11.8

2.7

4 0

4.8

3.1

0.8

1.0

1.3

4 4

Amount

; 233.902 42.246 9.564 13.451 15.800 13.746 2.143 4.063 5.497 14.024

100 0% S 354,436

% of Total

66 0% 11.9 2.6 3.8 4.5 3.9 0.6 I I I 6 4.0 100.0%

Increase (Decrease)

$ 883 (428) 379 489 1.401 (2.590) 831 (563) (950) 1.465 "$ 9IT

Percent Increase (Decrease)

0.4% (1.0) 4.0 3 6 8.9 (18.8) 38.8 (13.9) (17.3) 10 4 0.3%

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

Year ended December 31, 2019

In 2019. General Corporate Fund expenditures totaled $355,353,000. an increase of $917,000, or 0.3%. from 2018. Employee costs, energy costs, and solids and repairs to structural equipment were the three largest expenditure components of the General Corporate Fund in 2019, accounting for 82.7% of total expenditures versus 82.4% in 2018. I he major variances in expenses are explained under Key Financial Comparisons on pages 36-37.

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 $111,435,000. The fund balance represented 46.8% ofthe total Debt Service Fund expenditures. The fund balance for the Debt Service Fund decreased by $23,015,000 in the current year, as a result of an increase in deferred property tax revenue.

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 ofthe current fiscal year totaled $244,568,000. This amount will provide resources for the 2020 capital

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construction program. The fund balance represented 311.7% of the fund's expenditures. The fund balance decrease of $25,560,000 in the current year was primarily due to continued construction of capital projects and no issuance of general obligation bonds in 2019.

The Retirement Fund is classified as a major fund because total liabilities in prior years have been greater than 10% ofthe 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 ofthe current fiscal year, as all funds are transferred, and due to. the District's Pension Fund.

GENERAL CORPORATE FUND BUDGET ANALYSIS

The General Corporate Fund budget includes the budgetary accounts ofthe Corporate Fund and Reserve Claim divisions. A comparison ofthe 2019 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 ofthe General Corporate Fund's 2019 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 ofthe 2019 General Corporate Fund budget and actual amounts is presented in the following schedule (in thousands of dollars):

Revenues:
Property and personal properly replacement taxes
Adjustment for working cash borrowing
Adjustment for estimated tax collections
Tax revenue available for current operations
User charges
Interest on investments
fax increment financing distributions

Land rentals
Land sales
Claims and damage settlements
Equity transfer
Other
Total revenues

Operating expenditures: Board of Commissioners General Administration Monitoring and Research Procurement and Materials Management Human Resources Information Technology Law-Finance Engineering
Maintenance and Operations
Claims and judgments Total expenditures Revenues over (under) expenditures Fund balance at beginning of year Net assets available for future use Fund balance at beginning of year Fund balance at end ofthe vear

Budget
Original

$ 266.486 (4.564)

261.922 46.000 3.200 9.725 21,500

4.200 5,371 351.918

5.256 18.714 31.548 9.821 60.229 18,593 7.178 3.740 25.941 196.592 31.768 409.380 (57.462) 156.856 (99,394) 57.462

Actual Amounts

$ 266.468 (4.564)

140

262.044 51.783 4,410 10.834 25.760 3.073 1.456 4.200 8,996 372.556

4.385 16.878 29.627
9.172 54.239 15.657
6.136
3.588 23.519 189.739
4,546 357.486
15.070
162.678

162.678 S 177.748

Actual Variance with Final Budget -Positive (Negative)

(18)

140
122 5.783 1.210 1.109 4.260 3.073 1.456

3.625

20.638

871 1.837 1.920
789 5.989 2.849 1.042
152 2.422 6.801 27.222
51.894
72.53
5.822 99.394
105.216
177.748

Actual revenues on a budgetary basis for 2019 in the General Corporate Fund totaled $372,556,000. or $20,638,000 more than budgeted revenues, a 5.9% variance. Property taxes and personal property replacement taxes were $121.910 more than the budget, due to the timing of collections and an increase in 2019 PPRT revenue. User charge receipts were $5,783,000 more than budgeted due primarily to the timing of collections and a 20% increase in discharge by our largest User. Ingredion. Food processing and chemical industries, two major contributors to the User Charge are economically sensitive and fluctuate with the state ofthe economy. Interest on investments was SI,210.000 over budget

as of result ofthe steady rise in interest rates from the previous few years. Land rentals were $4,260,000 more than the budget due to a continued effort to maximize the District's real estate portfolio.

The 2019 General Corporate Fund final appropriation of $409,380,000 decreased from the original amount. Actual budgetary expenditures totaled $357,486,000, or 85.8%. ofthe total appropriation. The S51,894.000 excess of appropriations over actual expenditures was primarily due to claims and judgments costs being $27,222,000 less than appropriations, and positive variances in expenditures from all departments, most noticeably a $6,801,000 positive variance for Maintenance and Operations and a $5,989,000 positive variance for Human Resources. The District spent less than budgeted on health care expenses in 2019 due to claims expense for the PPO plan and prescription drug coverage coming in below projected trends. Expenditures for the Maintenance and Operations department were below appropriations, for reasons that include salary savings resulting from position vacancies throughout the year, an adjustment to chemical usage in response to changing operations, the timing of project awards, and fewer than anticipated expenditures for parts and supplies.

I he 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 ofthe 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, 2019, amounted to $7,700,052,000. Reportable capital assets, net of accumulated depreciation, for 2019 as compared to 2018 are as follows (in thousands of dollars):

Land
Permanent easements Buildings
Machinery and equipment Computer software Depreciable infrastructure Modilied infrastrueture Construction in progress Total

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)

					146.800	$ 145.533	1.2670.9%
2.208	2.076132	6.4					
6.614	6.799(185)(2.7)						
24.694	**24.679**	**150.1**					
657	1.059(402)(38.0)						
1.628.873	1.640.144	(11.271)	(0.7)				
5.470.518	5.410.700	59.818	I.I				
					419.688	421.045	(1.357) (0.3) '
S 7.700.052	S 7.652.035	$ 48.017	0.6%.				

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

- Total capital asset additions exceeded retirements and depreciation by $48.017,000 in 2019.
- Construction in progress decreased by $1,357,000 from 2018 to 2019. The slight decrease displays that the District continues to construct facilities to improve District operations and prevent flooding. Major projects which remained in progress during 2019 include: the Addison Creek Reservoir, Buffalo Creek Reservoir Expansion, and the Flood Control Project on Natalie Creek.
- The increase in the Modified Infrastructure is primarily due to the substantial completion ofthe Phosphorous Recovery System, this move to infrastructure comprised over S40 million in infrastructure assets. An additional S10 million increase is due to the completion ofthe D799 Switchgear Replacement project at the Stickney Water Reclamation Plant. The remainder ofthe increase is due to the residual costs of construction projects completed in the prior year being added directly to infrastructure.

In addition to the above, commitments totaling $302,748,000 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 making 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 infonnation to bond rating agencies help to insure that the District's bond rating is maintained at the highest level.

The Kirie, Hanover, Egan, Central (Stickney), O'Brien. Calumet, Lemont. and Waterways network assets had their initial condition assessments completed between 2002 and 2006. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. Kirie, Central (Stickney) and Waterways each had its most recent condition assessment completed in 2017. The Egan and O' Brien networks each had its most recent condition assessment completed in 2019. (See further discussion ofthe modified approach in the Required Supplementary Information Section).

As noted in the Required Supplementary Information, 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 1.1. and Note 6 to the basic financial statements and in the Required Supplementary Information section.

DEBT ACTIVITY

Long-term Debt. I he District's long-term liabilities as of December 31,2019. totaled $4,440,999,000. The breakdown ofthis debt

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and changes from 2018 to 2019 are as follows (in thousands of dollars):

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Net bonds payable	$ 2,956,178	$ 2,978,999	$ (22.821)	(0.8)%
Bond anticipation notes	27.275	109.866	(82.591)	(75 2)
Claims payable	27.055	21.113	5.942	28 1
Compensated absences	19.653	21.478	(1.825)	(8.5)
Capital lease	33.257	35.979	(2.722)	(7.6)
Net Pension liability	1.244.395	985.074	259.321	26.3
Net OPEB liability	133.186	113.548	19,638	17.3
Total	S 4,440.999	$ 4.266.057	li 174.942	4.1 %

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

- Net bonds payable decreased by $22,821,000 in 2019 as a result ofthe retirement of debt.
- Bond anticipation notes decreased by $82,591,000 in 2019 due to the conversion of bond anticipation notes to bonds.
- Claims payable increased by S5.942.000 primarily due to an increase in the potential environmental remediation claims.

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- A number of items factor into the Net Pension Liability: however, the S259,321,000 increase is mostly attributable to $182,881,000 in interest and the $42,744,000 difference between actual and expected earnings. Other factors that affect the net pension liability include the net change of increases in service cost, administrative costs, contributions, net investment income, and administrative expenses. See Note 7 for additional details.

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

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

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

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

Effective October 1, 1997, the District may fund up to 100% ofthe 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 ofthe 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 ofthe District's debt may not exceed 5.75% of the last published equalized assessed valuation of taxable real estate within the District, which was S155.788.046.903 for the 2018 property tax levy. At December 31.2019. the District's statutory debt limit of $8,957,812.697 exceeded the applicable net debt amount of $2,823,181,000 by S6,134,631.697: therefore, the District is in compliance.

The Illinois Compiled Statutes provide authorization for the funding of the District Capital Improvement Program by the issuance of non-referendum capital improvement bonds. Starting in 2003. bonds may be issued during any budget year in an amount not to exceed $150 million plus the amount ofany 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 ofthe American Recovery and Reinvestment Act

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of 2009, issued prior to January I. 2011, commonly known as "Build America Bonds". Bonds authorized, unissued and carried forward were S450.000,000 at December 31, 2019.

Effective January 1. 2020, the District has authority to issue bonds without seeking voter approval via referendum through the year 2034. When the Property Tax Extension Limitation Law was made applicable to Cook County the legislature recognized that the completion ofthe funnel 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 2019 is $169,221,733 (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% ofthe last known equalized assessed valuation of taxable property within the District. At December 31, 2019, the District's outstanding capital improvement and refunding bonds (excluding State Revolving Fund bonds and alternate bonds) of SI,703.220,000 did not exceed the limitation of $5,218.899.571.

46 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 3 1, 2019, 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	$ 264	$ -	$ 264
2009	600	600	-
2011	263	263	-
2014	200	159	41
2016	376	54	322
Total bonds outstanding at December 3 1. 2019	1.703	$1.076	$ 627
Remainingbond authorization at December 31. 2019	3.516		
Total bond authorization at December 31.2019	$ 5.219		

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% ofthe 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% ofthe District's last known entitlement ofthe 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 1-12 ofthe Statistical Section.

ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

The equalized assessed valuation ofthe District has experienced a (0.65)% average growth rate over the last ten years although the 2018 equalized assessed valuation of $ 155.788,046,903 is 5% higher than the previous year. The pace of home sales is slowing. Illinois homeowners are subject to a high tax burden, including the second highest property taxes in the nation. As these costs rise, the value of home ownership in Illinois falls relative to other areas, reducing demand for housing.

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The United State economic outlook appeared healthy as evidenced by an increase in Gross Domestic Product (GDP) throughout 2019. Most economic indicators were released before the COVID-19 pandemic. The future impact due to the pandemic is still uncertain.

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 ofthe District encompass 91 % ofthe land area of Cook County. The District is located in one ofthe strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division decreased to a seasonally adjusted rate of 3.8% for 2019, down from 4.1% from 2017. Employment, tourism, manufacturing, and the commercial and residential real estate markets have all been holding steady the past few years.

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 2020. The total appropriation for the Corporate Fund in 2020 is

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$398.2 million, an increase of $20.6 million, or 5.2% from the 2019 Adjusted Budget. The 2020 tax levy for the Corporate Fund is $266.5 million, an increase of $11.9 million or 4.7% compared to the 2019 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 4lcents per $100 of equalized assessed valuation. The estimated tax rate for the Corporate Fund in 2020 is 16.12 cents, a decrease of 0.1 cent from 2019 as adjusted. User charges are collected from industrial, commercial, and non-protit organizations to recover operations, maintenance, and replacement costs proportional to their sewage discharges, in excess of property taxes collected. The major categories of payers: chemical manufacturers, food processors, and government services, are generally expected to maintain their recent level of discharges.

Stormwater Management Fund. Ihe 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 ofthe Engineering and Maintenance & Operations Departments.

The Stormwater Management Fund appropriation for 2020 totals $116.3 million, an increase of $24.8 million or 27.2% from the 2019 Adjusted Budget. Property taxes are the primary funding source for the District's Storm water Management Fund. Illinois law limits the tax rate ofthis fund to 5 cents per $100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2020 is 3.2 cents, which is a decrease of 0.2 cents from 2019 as adjusted.

Although the primary funding source forthe Fund is the Stormwater Property fax 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 ofthis 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. "I he 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 ofthe SSMP, the M&O Department works to reduce Hooding in urbanized areas. The streams that flow through the neighborhoods of Cook County are more than just a scenic part ofthe landscape but also serve the vital function of draining stormwater and preventing Hooding. In order to function, the streams must be maintained, which includes removing

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blockages and preventing future blockages by removing dead and unhealthy trees and invasive species.

48 FINANCIAL SECTION

Metropolitan Hater Reclamation District of Greater Chicago

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 is comprised of 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 ofthe 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 ofthe property acquisition alternative be less than the structural project, and the benefits at least equivalent, the acquisition alternative will be pursued in lieu ofthe 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 2020 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 ofthe District's Capital program. These future projects will be requested for appropriation subject to their priority, design, and available funding.

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

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

The 1995 Tax Extension Limitation Law (Fax Cap), and subsequent amendments to the bill, dramatically impacted the methods of financing the Capital Improvements Bond Fund. I he original legislation required, in general, that all new debt be approved by referendum. However, an exemption for projects initiated before October 1, 1991 was granted to the District to enable completion of the Tunnel and Reservoir Plan (TARP). Ihe 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.

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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 2019, the District received S32.241.800 in cash receipts for SRF projects.

Construction Fund. The Construction fund appropriation for 2020 totals $18,044,400, a decrease of $295,900 or 1.6% from the 2019 Adjusted Budget.

Capital projects in the Construction Fund are primarily supported by property taxes and thus subject to the Tax Cap. The 2020 tax levy planned for the Construction Fund is $7,000,000, a decrease of $0.6 million or 7.9% from the 2019 Adjusted Levy.

Capital Improvements Bond Fund. Ihe 2020 appropriation for the Capital Improvements Bond Fund is $244,547,400. a decrease of $133,626,400 or 35.3% from the 2019 Adjusted Budget. Capital projects pursued by the District are: mission critical, improve environmental quality, preservation/rehabilitation of existing infrastructure or commitment to the community through process optimization. The appropriation is based on the scheduled award of $211,940,000 in projects. The remaining S32,607,400 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 $133,626,400 reflects the pattern in the award of major projects. An appropriation for the open value of existing contracts is also carried forward from the prior year.

The remaining appropriation for this fund will provide for studies, services, and supplies to support District design and administration of proposed and ongoing construction activity, including the TARP reservoirs. A comprehensive narrative, and exhibits detailing our entire Capital program, are provided in the Capital Budget (Section V) ofthe 2020 budget document.

A listing and description of proposed projects, and projects under construction scheduled for 2020. can be found in the Capital Budget (Section V) ofthe 2020 Budget document.

Other Post-Employment Benefits (OPEB) Trust. The District provides subsidized health care benelits 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 ofthe future liability for maintaining these benefits in the Comprehensive Annual Financial Report (CAFR). 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 $ 137,400.000 million into the OPEB Trust Fund. The District has continued to contribute $5.0 million per year until the Trust is fully funded. Total net position was S232,515,000 million as of December 31, 2019. I he accumulated unfunded OPEB obligation was estimated at approximately $72,208,136 million at December 31. 2019.

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50 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

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 775 ofthe District's employees for the purposes of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2017 and will expire in 2020.

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

REQUESTS FOR ADDITIONAL INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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

December 31. 2019
(with comparative amounts for prior year)

(in thousands of dollars)

Assets and deferred outflows of resources
Assets Cash
Certificates of deposit Investments (note 4) Prepaid expenses Taxes receivable, net (note 5) Other receivables, nel (note 5) Due from other funds (note 12) Restricted deposits Inventories
Capital assets not being depreciated/amortized (note 0) Capital assets being depreciated/amortized, net (note 6) Total assets Deferred outflows of resources Loss on prior debt refunding
Deferred outflows for pension and OPEB related amounts
Total deferred outflows of resources
T otal assets and deferred outllows of resources
Liabilities, deferred inflows of resources, and fund balances/net position
Liabilities
Accounts payable and other liabilities (note 5)
Due to Pension Trust fund (note 12)
Due to other funds (note 12)
Accrued interest payable
Unearned Revenue (note 5)
Long-term liabilities (note 11)
Due within one year
Due in more than one year Total liabilities Deferred inflows of resources
Unavailable tax revenue (note 5) Other unavailable revenue (note 5) Deferred inflows for pension and OPEB related amounts Total deferred inflows of resources fund balances Nonspendable
Prepaid insurance
Inventories Restricted for
Deposits
Working cash
Reserve claims
Debt service
Capital projects
Construction Assigned
Unassigned (Deficit) Total fund balances
Total liabilities, deferred inflows, and fund balances 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 (Dellcil)
Total net position See accompanying notes lo the basic financial statements

Debt Service Fund
Capital Improvement Bond Funds

2018
2019
2018
2019
2019

General Corporate fund

7,449 $ 63.9X4 172,490 5,825 252.901 2.643 224 436 35.056

2018

5.256 $ 34.914 S
1.641 15.008 70.391
I 1.717 109.514 169.738
88.748 134.292
19.037 01.587

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230.351
234.5 17
9.263

8.021 33.009
300,232
541.008
506.269
303,984
316.231

7.624 $ 63.695 144.404 5.201 237.839 8.588 132 350 33,436
321.557
S 25,456 $ 29,156

$ 541.008 $ 506.269 $ 321.557 $ 316.231 $ 303.984 $ 300,232
33.009

$ 27.047 $ 25.626 $
58.465 29.156

9.51.3 8.427
181.781
36.560 34.053
948
951
948
951
226.589 187.674 210.P"'
5.825 35.056

436 284.425 29.765
226.589 187.674 210,122 181.781

5.201 33.436
11 1.435

350 282.055 28.272
77.335
134,450
167.23
I I 1.809

158.319
277.859
(77.648) (64.772)
284.542 111,435 134,450 244.568 270.128
S 541.008 S 506.269 S 321,557 S 316.231 $ 303.984 S 300,232

Retirement I-11 nd		Other Governmental / Nonmajor Funds		Total Governmental Funds		Ad justments (Note 2a)		Statements of Net Position	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018

1.959 S 27.745 56.049 74 58.408

1.061

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145.296

195.485 433.222 5.899 621.562 1 1.725 224 33.445 35.056

1.695 S 50.963 $ 26.292 $
1.387.581

237,769 421.655 5.277 599.147 18.805 132 350 33.436

1.342,863
- S

(224)

6.039.214 1.660.838 7.699.828

(132)

.979.354 .672.681
7.651,903
50.963 195.485 433.222 5.899 621.562
11.725

33.445 35.056 >,039.214 ,660.838

9.087,409
26.292 237.769 421.655 5.277 599.147
18.805

■ 350 33.43(i 5,979,354 1.672.681 8.994.766

-	-	-	-	-	-	3.845					
	4.372					3,845	4.372				
-	-	^	-	-	-	369.064	167.580	369.064167.580			
-	-	-	-		-	372.909	171.952	372.909171.952			
%	75.736	$	73.515	$	145,296	%	146.616	$ 1.387.581	S 1.342.863	S 8,072.737	$
7.823.855								S 9.460.318	% 9.166.718		

$ - $ - S

13.859 19.034

- 13.859 132 224

- 42.522
12.107 S 60.674 % 66,889 S
19.034 73,58768.133

132 (224)(132)
17.476 17,129

8.427 --
87.446
60.674 S 66.889
87.167

17,476 17.129
42,522 8.427

153.710 4,287,289 4.531.838

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148,202 4.117.S55 4,351.187
153.710 4.287.289 4,649.1 17
148,202 4.117.855 4,445,669

61.877 54.481 52.332 45.330 550.920 469.266 (550.920) (469.266) - -

- - - - 951 948 (451) (948) - -

- - - - - - 74,641 100,669 74.641 100.669
61.877 54,481 52.332 45.330 551.871 470.214 (477,230) (369,545) 74,641 100.669

74

60.681

16.136 7.753

(75)
84,569
76

60.093

21.711 7.243

(76)
89.047
5.899 35,056

436 345.106 29.765 111.435 93.471 7.755 167.233 (77.723)
718,431
5.277 33.436

350 342.148 28.272 134.450 133.520 7.243 158.319 (64.848)
778.167
(5.899) (35.056)

(436) (345.106) (29.765) (111.435) (93,471) (7,753) (167,233) 77.723 (718.431)
(5.277) (33.436)

(350) (342.148) (28.272) (134.450) (133.520) (7,243) (158,319) 64,848 (778,167)
$ 75.736 $ 73.515 $ 145,296 $ 146,616 $ 1.387,581 S 1.342.863

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

4.950.141 284.425 9.194 304.084 57.835 22,713 37.967 (929,799)
4,822.531 282.055 11.728 299.1 (16 53.443 22,395 37,698 (908,577)
4.950.141 284.425 9.194 304.084 57,835 22.713 37.967 (929.799)

4.822,531 282,055 1 1,728 294.106 53.443 22.395 37.698 (908.577)
S 4,736.560 % 4.620.379 $ 4.736.560 $ 4.620.379

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

Year ended December 31. 2019

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(with comparative amounts for prior year)

(in thousands of dollars)

Revenues
General revenues Property taxes
Personal property replacement tax Interest on investments Land sales
Tax increment financing distributions Claims and damage settlements Miscellaneous
Gain on sale of capital assets Program revenues Charges for services
User charges
Land rentals
I ces, forfeits, and penalties Capital grants and contributions
federal and state grants Total revenues Expenditures/Expenses Board of Commissioners General Administration Monitoring and Research Procurement and Materials
Management Human Resources Information Technology Law finance Engineering
Maintenance and Operations
Pension costs
OPEB costs
Claims and judgments Construction costs Loss on disposal of capital assets Depreciation and amortization (unallocated) Debt service
Redemption of bonds and capital lease
Interest and bond issuance costs
Total expenditures/expenses Revenues over (under) expenditures Other financing sources (uses)
Bond anticipation notes issued
Bond anticipation notes converted
Bond anticipation notes refunded
Transfers
Total other financing sources (uses)
Revenues and other financing sources (uses) over (under) expenditures
Change in net position fund balances/net position
Beginning ofthe year
End ofthe year

General Corporate Kund

Debt Service Fund

2018
2018
2019
2019
2019

Capital Improvement Bond I- u nds

206.777 S2.708

35.489 $ 2.458

36
2018

$ 215.370 $ 235.471 S
6.540
6,188
27,38517.970
6.8435.256
10 2,646
3.073 -
47 2.359
10,3456.153
4151.470

44.000 22.678 5.113

4,9814.724
17,875

48.526 24,827 2.628

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77

209,537
26,821
237.983
344.470

4,3% 16,023 30.325
5,705 53,668 15.585
6,134
3.592 23.528 190.950
16.736
25.580
342.835

4.148 15.816 30.204
7.236 53.227 15.125
6.139
4.547
3.450 26.031 187.563
74.080
5.497
123,307 I 15,017 238,324 (28,787)
141.701 1 14.603 256,304 (18,321)
123.029
2,722 1.668
355.353
354.436

2,595 1,795 127,419

(1 1.601)
(10.883)
78.470
(51.649) (101.839)

30.289 I 13.912 (113.912) (4.200)

5.772
4.200
4.200

5.771 5.771 (12.550)

5.772
26.089
4.200
4.200
(23.015)
(6.683)
(7.401)

64,170 254,21 I (254,21 I) (4,200) 59.970 (41.869)

284.542
291.943
134,450
147.000
511.997
(25.560)

270,128
$ 277,859 % 284.542 S 111.435 $ 134.450 S 244,568 $ 270,128

See accompanying notes to the basic financial statements

Retirement Fund		Other Governmental / Nonmajor Funds		total Governmental Funds		Adjustments (Note 2h)		Statements of Activities	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
S 61,792	S 73,609	S 51.416	$ 58,675	$ 535.355	S 603.244	$ 74.259	$ (4.020)	$ 609.614	$ 599.224
20.441	19,048	-	• -	47.826	37.018	-	-	47.826	37.018

- -2,2021.62918.29315.531--18.29315.531
- ---3.073-(3.073)---
- ---10.3456.153-■-10.3456.153
- -2824901.482-4901,482
- 1511122497,4197.666(84)(38)7.3357.628
- -----3.052-3.052-

48.526 24.827 4.044
44.000 22.678 5.116
48,526 24,827 4,044
44.000 22.678 5.1 16

18.268
718.466

4.396 16,923 30,325
5,705 53.668 15,585
6,134
3.592 23,528 190.950 82.248

4.547 128.176
17,082
759.970

4.148 15.816 30.204
7.236 53.227 15.125
6.139
3.450 26.031 187.563 92.668

5.497 158.670

74.157

4 181
60 9

(83) (51) (183) 26 1.664 (109) 52.651 (3.146) 5,942 (63.184)

11,719

(4,054)

19 247 58 (134) (45) 48 (116) 10 1.769 97 10.325 (6.955) (9.556) (72.857) 92 11.849
18.271
792,623

4.400 17.104 30.385 5.714 53.585 15.534 5.951 3.618 25.192 190.841 134.899 (3.146) 10.489 64.992

11.719
17.086
755.916

4.167 16.063 30.262
7.102 53.182 15.173
6.023

3.460 27.8(10 187.660 102,993 (6,955) (4.059) 85,813 92 I 1,849

126.029 144.296
116.685 116.398
808.491 866.468

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64,170 254,211 (254.211)
(90.025)(106,498)

30.289 113,912 (I 13.912) 3,073

30,289
(.59.736)

64,170 (42.328)
(126,029) (1 1,520)
(132.049) (217.736) 206.206 213.682
(64.170) (254.21 I) 254.211

59.736 I 16.181

(30.289) (113.912) I 13.912 (3.073)

(.30,289) (64.170)
42.328

107.184

105.165 676,442

116.181

108,107 648.732

107,184

4.620,379
% 84.569 S 89.047 $ 718,431 S 778.167 S

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. 2019

Revenues:

Property taxes: Gross levy

Allowance for uncollectible taxes Net property tax levy Property tax collections Personal property replacement tax: Entitlement

Total tax revenue Adjustment for working cash borrowing Adjustment for estimated tax collections

fax revenue available for current operation Interest on investments Land sales

Tax increment financing distributions Miscellaneous User charges Land rentals

Claims and damage settlements Equity transfer from capital improvement bond fund fees, forfeits, and penalties Total revenues Expenditures:

Board of Commissioners

General Administration

Monitoring and Research

Procurement and Materials Management

Human Resources

Information Technology

Law

finance

Engineering

Maintenance and Operations Claims and judgments

Total expenditures Revenues over (under) expenditures fund balances al beginning of year

fund balances available for future use fund balances at beginning ofthe year fund balances at end of year

(in thousands of dollars!

Budget Original Final

254.574 S (8.910)

245.664 5.822

15.000 266.486 (4.564)

261.922 3.200

9.725 3.787 46.000 21.500

4.200 1.584 351.918

5.256 18.714 31.548 9.821 60.229 18.593 7.178 3.740 25.94 I 196.592 31.768 409.380 (57.462) 156.856 (99.394) 57.462

Actual Variance

Actual Amounts

With Final Budget -Positive

(Negative)

254.574 (8.910) 245.664 5.804

140

20.638

15.000 266.468 (4.564) 140 262.044 4.410 3.073 10.834 8.026 51.783 25.760 1.456 4.200 970

372.556

871 1.837 1.920

789 5.989 2.849 1.042

152 2.422 6.801 27.222

51.894

72.532

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5.822 99,394

4.385 16.878 29.627 9.172 54.239 15.657 6.136 3.588 23.519 189.739 4.546 357.486 15.070
162.678

162.678
105.216
S 177.748 S 177.748

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. 2019

(in thousands o f dollars ':

Retirement Fund

Revenues:

Property tuxes

Personal property replacement tax Miscellaneous

Total tax revenue Operating expenditures: Pension costs

Total expenditures Revenues over (under) expenditures Fund balances at beginning ofthe year Fund balances at end ofthe vear

Actual on Budgetary Basis

61.792 20.441 15

82.248

82,248 82.248

Actual Variance with Final Budget -Positive **(Negative)**

(7.239) 2.191 15

(5.033)

5.033 5.033

See accompany ing notes to the basic financial statements

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

December 31, 2019

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(wilh comparative amounts for prior year)

Assets Cash

Receivables

Employer contributions - taxes (net of allowance for uncollectible amounts)

Securities sold

Forward foreign exchange contracts Accrued interest and dividends Accounts receivable Total receivables

tin thousands of dollars) 2019 2018

87.319 38.456

3.600 78

243 $

87.281

129.453

1 1 1.905 3.939 53

203.178

Investments at fair value Equities

U.S Government and government agency obligations Corporate and foreign government obligations Fixed Income Mutual Funds Mutual and exchange traded funds Pooled funds - equities Pooled funds - fixed income Limited partnerships - real estate Short-term investment funds Total investments

546.409 91.857 120.775 76.435 245.035 250.571 165.735 106.872 51.653

1.655.342

470.320 91.161 145.707 69.189 203.989 215.174 152.257 63.898 19.214

1.430.909

Securities lending capital Total assets

liabilities

Accounts payable Due to broker

Securities lending collateral Total liabilities

1.251

44.437 12.776

58.464

1.224 102.681 14.166

1 18.071

Net position restricted for pension and OPEB benefits

See accompanying notes to the basic financial statements

60 FINANCIAL SECTION

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

Year ended December 31. 2019
(with comparative amounts for prior year)

(in thousands oj dollars)

Additions:
Contributions:
Employer contributions Employee contributions Total contributions Investment income:
Net appreciation (depreciation) in fair value of investments Interest and dividend income
Total investment income (loss) Less investment expenses
Investment income (loss) net of expenses Security lending activities: Security lending income Borrower rebates Bank fees
Net income from securities lending activities
Other
Total additions
2019

105.146 21.182
126.328

237.987 31.379

269.366 (5.210)

264.156

432 (.105) (72)

255

390,742
2018

104.738 21.033
125.771

(138,954) 28.879
(110.074) (5.079)

(1 15.153)

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556 (164) (85)

307

10.939

Deductions:

Annuities and benefits Employee annuitants Retiree health care benefits Surviving spouse annuitants Child annuitants Ordinary disability benefits Duty disability benefits

Total annuities and benefits Refunds of employee contributions Administrative expenses Total deductions

139.788 12.700 26.741 137 748 67

180.181 1.828 1.696
183.705

133.184 12.571 25.264 143 856 113

172.13 1 1.762 1.727
175.620

Net increase (decrease)

Net position restricted for pension and OPEB benefits Beginning of year End ofvear

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the Basic Financial Statements

Metropolitan Water Reclamation District of Greater Chicago

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Notes to the Basic Financial Statements

Year ended December 31. 2019

1. Summary of Significant Accounting Policies

The signiticant 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 - I he 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 ofCommissioners ofthe District, fourare District employees elected by members ofthe fund and one is a retired employee ofthe 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 ofthe 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 <http://mwrdrf.org>. Complete financial statements ofthe OPEB Trust Fund can be obtained from the Treasurer of the Metropolitan Water

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Reclamation District at 100 East Erie Street. Chicago, Illinois 60611-2829 or on the District's website: mwrd.org <http://mwrd.org>.

b. Government-wide and Fund Financial Statements - The District's basic linancial 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 linancial 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 ofthe 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 ofthe 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 ofthe 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/% ofthe 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 ofthe 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 ofthe General Corporate Fund, detailed as to the Corporate. Working Cash, and Reserve Claim account divisions at December 3 1. 2019 are as follows (in thousands of dollars):

Total General Corporate Corporate Fund Division
Corporate Working
Cash Division

Reserve Claim Division

Assets

Cash
Certificates of deposit Investments Prepaid insurance Receivables
Properly taxes receivable
Allowance for uncollectible taxes faxes receivable, net
User charges
Miscellaneous Due from Stormwater Management Fund Restricted deposits Inventories
Total assets

Liabilities, Deferred Inflows and Fund Balances

Liabilities
Accounts payable and olher liabilities Unearned revenue Due to corporate fund from corporate working cash
Total liabilities Deferred inflows of resources Unavailable tax revenue
T otal deferred inflows of resources fund balances Nonspendable
Prepaid insurance Inventories Restricted for Deposits Working cash Reserve claims Unassigned (Deficit)
Total fund balances
Total liabilities, deferred inflows and fund balances

7,449 63,984 172,490 5,825

267.210 (14.309)

195 $ 518 27.876 19.067 66,354 9.785

252.901 2 242 401 224 436 35,056

7.625 (388)
7,237
280
36,887

245.664 2 242 121 224 436 35.056
658
541.008 $ 409.696 $ 94.425 $

$ 27,047 $ 26.409 $

9.513 9.513 -
36.560
225.922
658

- 190.000 (190.000)
6.484
20.105
(190.000)
6.484
220.105
226.589
226.589

5.825 5.825 35.056 35.056

436
284.425
29.765
436 284.425 29.765 (77,648)
277,859
284,425
29.765
(77.648)
(36,331)
$ 541.008 $ 409.696 $ 94.425 S 36.887

Notes to the Basic Financial Statements

Year ended December 31. 2019

The revenues, expenditures, and changes in fund balances ofthe General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions for the year ended December 31, 2019. are as follows (in thousands of dollars):

TotalCorporate
GeneralWorkingReserve
CorporateCorporate CashClaim

	Fund	Division	Division	Division
Revenues:				
Property taxes				
Personal property replacement tax				
Total tax revenue Interest on investments Land sales				
lax increment financing distributions Claims and damage settlements Miscellaneous User charges Land rentals				
Fees, forfeits and penalties Federal and state grants Total revenues Operations:				
Board of Commissioners				
General Administration				
Monitoring and Research				
Procurement and Materials Management				
I luman Resources				
I n lbrmat ion Techno 1 ogy				
Law				
Finance				
Engineering				
Maintenance and Operations Claims and judgments Total expenditures				

27.385

S 215.370 $ 210.033 S

242.755 6.843 3.073 10.345 415 4.981 48.526 24.827 2.628

77_
344,470

4.396 16.923 30.325
5.705 53.668 15.585
6.134
3.592 23.528 190.950
4,547 355.353
27.385

237.418 3.771 3.073 10.345 415 4.981 48.526 24,827 2.628

77_
336.061

4.396 16.923 30.325
5.705 53,668 15.585
6.134
3.592 23.528 190.950

350.806

5.337

5.337 703

6.040

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4.547
4.547

Revenues over (under) expenditures

Other financing sources/discs): Transfer in/(oul)

Net Chatme in Fund balance

Fund balance al the beginning of year Fund balance at the end of vear

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) ofthe 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, 2019, are as follows (in thousands of dollars):

Assets

Cash
Certificates of deposit
Investments
Receivables:
Property taxes receivable
Allowance for uncollectible taxes faxes receivable, net Miscellaneous
Total assets

Liabilities, Deferred Inflows of Resources, and Fund Balances
Liabilities:
Accounts payable and other liabilities
Due lo Construction Fund from Construction Working Cash

Total liabilities
Deferred inflows of resources:
Unavailable tax revenue
Total deferred inflows of resources
Fund balances:
Restricted for:
Working cash
Construction
Total fund balances
Total liabilities, deferred inflows, and fund balances

Total Construction Fund

846 $ 10,669 19.264

7.843 (509)
7.334
745
38,858 S

1.819 $

.819

6.573
6.573

22.713 7.753
30.466

38.858 S

Notes to the Basic Financial Statements

Year ended December 31. 2019

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, 2019, are as follows (in thousands of dollars):

Total Construction Fund

Construction Division
Construction Working Cash Division

Revenues:
Property taxes
Total tax revenue Interest on investments Claim and damage settlements Miscellaneous Fees, forfeits and penalties
Total revenues Construction Costs: Contractual services Machinery and equipment Capital projects
Total expenditures

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9.505 S

9.505 759
28->

10.294

619 2.848 5.999
9.466

9.505 $

9.505 441 28?

9.976

619 2.848 5.999
9.466

Revenues over (under) expenditures

Other financing sources (uses): T ransfer in/out

Net Channe in Fund balance

Fund balance at the beginning of year Fund balance at the end of year
29.638
30.466 ~S~

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Metropolitan Water Reclamation District of Greater Chicago

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 ofthe Stormwater Management Fund, detailed as to the Working Cash and Stormwater Management account divisions at December 31, 2019. are as follows (in thousands of dollars):

	Stormwater Management Division	Stormwater Working Cash Division
Assets		
Cash	909 $ 15.067 27.531 74	204 2.009 9.254
Certificates of deposit Investments Prepaid insurance Receivables:		
Property taxes receivable Allowance for uncollectible taxes faxes receivable, net Other receivables Total assets	53.920 (2.846) 51.074 316	11.467
Liabilities, Deferred Inflows, and Fund Balances		
Liabilities:		
Accounts payable and other liabilities	94.971 S	
Due to Stormwater Management Fund from Stormwater Working Cash		
Total liabilities		
Deferred inflows of resources:		
Unavailable tax revenue		
T otal deferred inflows of resources		
Fund balances:		
Nonspendable:		
Prepaid insurance		
Restricted for		
Working Cash		
Capital projects		
Unassigned		
T otal fund balances		
Total liabilities, deferred inflows, and fund balances	$ 6.352 $	

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224
6,576

45.759
45.759

74

37.967 16.136 (74)
54.103
106,438 $

6.352 $ 26.724
33.076

45.759
45.759

74

16.136 (74)
16.136
94.971 $

Notes to the Basic Financial Statements

Year ended December 31. 2019

The revenues, expenditures, and changes in fund balances ofthe Stormwater Management Fund, detailed as to the Stormwater Management and Working Cash account divisions for the year ended December 31, 2019, are as follows (in thousands of dollars):

Revenues:
Property taxes
Total tax revenue Interest on investments Fees, forfeits, and penalties Grant revenue Miscellaneous
Total revenues Construction Costs: Personal services Contractual services Material and supplies Capital projects
Total expenditures
Total Stormwater Management
Fund

41.91 I

41.911 1.443 1.416 316 10
45.096

9.730 4.145 85 30.670

44.630

Stormwater Management Division

41.911 $

41.91 I 1.174 1.416 316 10

44.827

9.730 4.145 85 30.670

44.630

Stormwater Working Cash Division

269

269

Revenues over expenditures

Other financing (uses): Transfer in/(out)

Net Chance in Fund balance

Fund balance at the beginning of year Fund balance at end of year

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 ofthe Internal Revenue Code of 1986. as amended. A private letter ruling regarding the exclusion ofthe Trust's income from gross income under Section 115 has been received from the IRS.

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Metropolitan Water Reclamation District of Greater Chicago

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 ofthe 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 susceptible to accrual. In general, the revenue recognition period is limited to amounts collected during the period or within sixty days following year-end. Revenues that are unavailable are reported as deferred inflows of resources.

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 ofthe 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 I and ends on December 3 1. The District's procedure for adopting the annual budget consists ofthe 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 ofthe 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's Committee on Budget and Employment holds public meetings with the Executive Director and department heads regarding the Executive Director's proposals.

5) 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 ofthe Tentative Budget for inspection at the main office

ofthe District, and specifying the time and date ofthe public hearing.

6) 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 lo participate.

7) 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.

8) The Budget, as adopted by the Board, can be amended once at the next Regular Meeting ofthe Board. No amendment, however, can be requested before a minimum of five 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.

9) 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 ofthe fiscal year.

10) Budget implementation begins on January I. 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.

11) 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. Alter March I 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.

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

e. Deposits with Escrow Agent in the amount of S280.000 are currently held with the District's workman's compensation third party provider, all others (if any) represent cash with the escrow agent for the subsequent payment of interest on debt.

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

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Metropolitan Water Reclamation District of Greater Chicago

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

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

The investment with the State Treasurer's Illinois Funds is measured at the net asset value per share provided by the pool. The Illinois Funds arc 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 ofthe Pension and OPEB Trust Funds, other than short-term investments, are also stated at fair value.

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

i. Prepaid Assets represent services the District has paid for but has not received the full benefit. Prepaids are

recorded as expenditures/expenses when consumed.

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

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

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

Notes to the Basic Financial Statements

Year ended December 31, 2019

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

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

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

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

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The District is using the modified approach as an alternative to depreciation to report its eligible infrastructure assets, with the exception ofthe TARP deep tunnels and drop shafts, which are depreciated. The modified infrastructure assets are categorized into networks, systems, and subsystems. Each ofthe 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., line screens and grit chambers are subsystems of the treatment processes system). Condition assessments at each network are performed at the subsystem level and these assessments are compiled into a single assessment for each system. The rating scales used in the condition assessments are explained in the Required Supplementary Information immediately following the notes. Infrastructure assets reported under the modified approach are not depreciated, since the District manages these assets using an asset management system, and documents that the assets are being preserved at a level of acceptable or better, as evidenced by a condition assessment.

In compliance with Governmental Accounting Standards Board (GASB) Statement 34. existing infrastructure assets accounted for with the modified approach are not reported in the government-wide financial statements until an initial condition assessment is completed for the assets' network. Currently, all the District's WRPs infrastructure assets are reported as infrastructure under the modified approach in the government-wide financial statements. Condition assessments of eligible infrastructure assets must be completed at least every three years following the initial assessments. The Kirie, Central (Stickney), Hanover. O'Brien. Egan, Calumet, Lemont WRPs, and Waterways had their initial condition assessments completed between 2002 and 2006. The Egan and O'Brien networks each had its most recent condition assessment completed in 2019. The Hanover, Calumet and Lemont networks each had its most recent condition assessment completed in 2018. The Kirie, Central (Stickney) and Waterways networks each had its most recent condition assessment completed in 2017. (See further discussion ofthe modified approach in the Required Supplementary Information Section).

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

m. Compensated Absences for accumulated unpaid vacation, holiday, overtime, severance and sick leave are paid to employees upon retirement or termination. An employee is eligible to receive 100 percent of earned

vacation, holiday and overtime pay. Depending upon the date of hire and/or collective bargaining agreements, employees may also be eligible to receive severance pay and 50% of accumulated sick pay up to a maximum of sixty days. Compensated absences are accrued as they are earned in the government-wide financial statements. Expenditures and liabilities for compensated absences are recorded in the fund financial statements when due and payable. Included in the long-term liabilities ofthe Statements of Net Position at December 3 1, 2019, are liabilities for compensated absences of S2,956.000, due within one year, and SI6.697,000 due in more than one year.

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

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

p. Long-Term Obligations - Long-term debt and other long-term obligations are reported in the government-wide Statements of Net Position. Bond premiums are reported with bonds payable and amortized over the life ofthe 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 ofthe amount required to refund debt over the book value ofthe old debt, is reported as a deferred outflow of resources and amortized over the shorter ofthe life ofthe old debt or new debt in the government-wide financial statements.

The face amounts ofthe debt and bond premiums are recognized as other financing sources during the issuance period in the fund financial

statements, while bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and issuance costs are recognized as debt service expenditures in the fund linancial statements.

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

r. Postemployment Benefits OthcrThan 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 ofthe 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.

Notes to the Basic Financial Statements

Year ended December 31, 2019

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

Nonspcndablc 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 $167,233,000 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

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last. When an expenditure is incurred for purposes for which restricted fund balance is available, the District will first utilize assigned amounts, followed by committed amounts, and then restricted amounts.

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

Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances ofany 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 $716,218,000 of restricted net position.

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

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

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Metropolitan Water Reclamation District of Greater Chicago

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

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

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Notes to the Basic Financial Statements

Year ended December 31, 2019

2. Reconciliation of Fund and Government-wide Financial Statements

a. Reconciliation of Total Fund Balances to Total Net Position - Ihe following explanations are provided for the reconciling adjustments shown in the Governmental Funds Balance Sheets/Statements of Net Position at December 31, 2019 (in thousands of dollars):

Total fund balances of governmental funds	S 718.43 1

Amounts reportedJbr governmental activities m 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. I he cost of capital assets and accumulated depreciation is as follows:

Capital assets 8.025.820 Accumulated depreciation/amortization (325.768) Capital assets, net 7.700.052 Long-term liabilities arc nol 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. T he long-term liabilities consist of:

Compensated absences	(19.653)
Claims and judgments	(27.055)
Capital lease	(33.257)
Bond anticipation notes	(27.275)
General obligation debt	(2.800.782)
NetOPFB liability	(133.186)
Net Pension liability	(1.244.395)
Due to Pension T rust Fund	(73.587)
Total long-term liabilities	(4.359.190)

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 ofthe bonds for the Statements of Net Position. They consist of:

Bond premium	(155.396)	
Bond refunding transactions	3.845	
T otal bond premium and refunding transactions		(151.551)

I merest 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. T he 2019 amount is:

Accrued interest	(17.476)

Some assets reported in governmental funds do not increase fund balance because the assets are not "available" to pay for current-period expenditures. T hese 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 550,920

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Grants and rents	951
Deferred inflows for pension and OPEB related amounts	(74.641)

Adjustment to deferred inflows of resources 477.230 Deferred outflows of resources represent items related to pension, 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. T hey consist of:

124.898 244.166 369.064
224 _T224]

Deferred outflows for employer contributions subsequent to measurement date Deferred outflows for other pension and OPKB related amounts Ad justment to deferred outllows of resources Interfund transactions are eliminated for Government-wide reporting. T hese transactions consist of: Due from other funds

Due to other funds

Total interfund

Total net position of governmental activities	S 4.736.560

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. 2019 (in thousands of dollars):

Net change in fund balances of governmental funds	$ (59.736)

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. I lowever. 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	63.184	
Depreciation expense-allocated to various departments (3.343)		
Depreciation/amortization expense-unallocated	(11.719)	
Excess of construction and capital outlay costs over depreciation expense		48,122

Debt proceeds provide current linancial 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	(30.289)
Debt proceeds total	(30.289)

Repayment of long-term debt is reported its 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	126.029
Debt service principal retirement total	126.029

Some expenses reported in the Statements of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in compensated absences-allocated to various departments	1.825	
Change in claims and judgments	(5.942)	
Change in bond interest	(347)	
Change in bond anticipation notes interest	(1.032)	
Amortization of bond issuance/refunding costs	(527)	
Amortization of bond premium	13.426	
Change in net pension liability	(52.651)	
Change in net OPEB liability	3.146	
Total additional expenses		(42.102)

I he proceeds from the stile of bind and equipment are reported as revenue in the governmental funds. 1 lowever. the cost ofthe 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 stiles:

Total land and equipment sales	(105)

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Unavailable tax revenues and certain other revenues that are earned but "unavailable" for the current period are not recognized in governmental funds. T hese revenues consist of

Property tax - net	74.259	
Grant and rent adjustment	3	
Total adjustments		74.262
Change in net position of governmental activities	$ 1 16.181	

Notes to the Basic Financial Statements

Year ended December 31. 2019

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 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 (tises) over (under) expenditures on a budgetary basis	$ 15.070	
Adjustment from Budget to GAAP for:		
fax revenues	(19.289)	
Cash basis other revenues	(4.597)	
GAAP versus budgetary expenditure differences	2.133	
Revenues and other sources (uses) over (under) expenditures on GAAP basis	$	(6,683)

4. Deposits and Investments

Deposits

As of December 3 1, 2019, the District, the Pension Trust Fund and OPEB Trust Fund deposits were fully insured and collateralized.

Investments (excluding Trust Funds)

'The investments which the District may purchase are limited by Illinois law to the following: (1) securities which are fully guaranteed by the U.S. Government as to principal and interest; (2) certain U.S. Government Agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (4) short-term discount obligations ofthe Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two ofthe major rating services; (6) fully collateralized repurchase agreements: (7) the State Treasurer's Illinois funds; (8) money market mutual funds and certain other instruments; and (9) municipal bonds ofthe State of Illinois, or ofany 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. 2019 (in thousands of dollars):

		Investment Maturities	
Investment Type	Fair Value	Less Than I Year	1-5 Years
U.S. Agencies	$ 229.737S	144,903$	84.834

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Municipal Bonds	42.30518.07124.234			
Commercial Paper	160.735160.735-			
State'Treasurer's Illinois Funds1I-				
'Total Investments	$ 432.778	S 323,710	$ 109.068	

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 above fair value amount excludes accrued interest receivable of $444,000.

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 ofthe 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 ofthe 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, 2019 (excluding investments in U.S. Treasuries, if any, which are not considered to have credit risk), are as follows:

Investment Type		Credit Ratings at 12/31/2019 S&IVMoody's/Fitch	% of Investment Type	% of Total Investments in Debt Securities		
AA+/Aaa/NR	36.1%					
AA+/Aaa/AAA	35.7%					
AA+/Aaa'AAA	26.5%					
AA+/Aaa/AAA	1.7%					
					100.0%	53.1%
		A-1 P-l I I			100.0%	37.1%
AAAm/NR/NR	100.0%	0.0%				
AA/NR/AA-i-	35.6%	3 5%				
AA-/Aa3/AA-	20.7%	2 0%				
NR/Aal/AA-^	IK.5%	1.8%				
AA-/Aa3/NR	8 4%	0.8%				
NR/Aa3/A+	4.1%	0.4%				
AA/Aa2/A.A	3.0%	0.3%				
AA/A2/A+e	3.0%	0.3%				
AA-i7Aal/NR	2.4%	0 2%				
AAA/Aaa/NR	1.8%	0.2%,				
AA+/NR/AA-	1.6%	0.2%.				
		A/NR/AA-			0.9%	0.1%

U.S. Agencies

Federal Home Loan Banks (I I 11,13) Federal Home Loan Mortgage Corporation (Fi ll,VIC) Federal Farm Credit Banks (FFCB) Federal National

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Mortgage Association (FNMA) Total U S. Agencies
100.0%

Commercial Paper State Treasurer's Illinois Funds Illinois State Regional Transportation Authority * California State Health Facilities Finance Authority* New York State Dormitory Authority Personal Income fax* Lansing Board of Water and Light* New York State Dormitory Authority Revenue Bonds* Milwaukee County, Wisconsin* l.ousiana State University and Agricultural College* Minnesota State Housing Finance Agency* Oklahoma City. Oklahoma* Chicago Park District, Illinois* Chicago Illinois Wastewater Transmission*

* Municipal Bond NR - Not Rated

Notes to the Basic Financial Statements

Year ended December 31. 2019

Concentration of Credit Risk

The District's goal is to limit the amount that can be invested in commercial paper to one-third ofthe District's total investments, and no more than 20% ofthe amount invested in commercial paper can be invested in any one entity, ln 2019, the fair value of commercial paper represented 25.6% ofthe District's total investments, including certificates of deposit. None ofthe District's commercial paper in any one entity exceeded the 20% goal.

As of December 31, 2019, the following investments were greater than 5% of total investments (in thousands of dollars):

Investment	Fair Value
Federal I lome I.oan Hank (F'HLB)	$ 82,903
Federal ITome Loan Mortgage Corporation (FHLMC) 81.845 Federal Farm Credit Banks (FFCB) 60.988	
	$ 225.736"

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

Custodial Credit Risk

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

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Pension Trust Fund's deposits may not be returned to it. The Fund does not have a formal policy for custodial credit risk. The Pension Trust Fund's deposits consist of monies held in checking and money market accounts. The Fund places its cash with financial institutions deemed to be credit worthy. Balances are insured by FDIC up to S250.000 per financial institution. As of December 31.2019. the Fund had approximately S20.000 of uninsured, uncollateralized deposits with financial institutions.

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) ofthe 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. 2019, 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 Pension Trust Fund uses the "prudent person rule" as the Fund's investment authority as set forth in the Illinois Compiled Statutes. The Fund's asset allocation policy allows investments in domestic equities, international equities, fixed income securities, and core open-end real estate. The composition ofthe policy index is 21% S&P 500 Index, 10% Russell Midcap

Index, 11% Russell 2000 Index, 11% MSCI ACWI ex U.S. Index, 6% S&P Developed Small Cap ex-US Index. 6% MSCI Emerging Markets Index, 7% Barclays Global Aggregate (Hedged)

Index,;23%LBarclays;Aggregateilndexrand;5%L7slFI-ODCE Index. During!.theiyeariended:DecemberG I.[2019, there were no significant changes to the investment policy.

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, 2019. the OPEB Trust's assets were invested in mutual funds traded on national securities exchanges. Investments are stated at fair value. "I he fair value of mutual fund units traded on national securities exchanges is the last reported sales price on the last business day ofthe fiscal year ofthe 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. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates becomes. 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 ofthe Pension Trust Fund. The Pension Trust Fund does not maintain an investment policy relative to interest rate risk: however, the Board of Trustees recognizes that its investments are subject to short-term volatility and their goal is to maximize total return within prudent risk parameters.

The following table categorizes the Pension Trust Fund's interest bearing investments and presents the fair value and segmented time distribution of debt securities held by the Pension Trust Fund as of December 3 1, 2019 (in thousands of dollars):

Type of Investment	Maturity	Fair Value	Percentage
U S. Government and government agency obligations	< I year	$ 2,636	2.9%
	1-5 years	16.674	18.1
	5-10 years	12.601	13.7
	OverlOvears	59.946	65.3
		91.857	100.0%
Corporate and foreign government obligations	<I year	1.355	1.1
	I-5 years	38.467	31.9
	5-10 years	26.565	22.0
	OverlOvears	54.388	45.0
		$ 120.775	100.0%
Pooled funds - fixed income	5-l0vears	$ 165.735	100.0%
Short-term investment fund	< I year	% 44.259	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.

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Notes to the Basic Financial Statements

Year ended December 31. 2019

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, 2019 (in thousands of dollars):

Investment Type
Fixed Income Funds:
Dodge & Cox Income Fund Payden Core Bond Fund Western Asset Core Plus Bond Fund Total Fixed Income Funds Domestic Equity Funds:
Fidelity 500 Index Fund Fidelity Contrafund Fidelity Mid Cap Index Fund CSV Value Equity Institutional Vanguard Small Cap Index Institutional
Total Domestic Equity Funds International Equity Funds:
Fidelity International Index Fund Vanguard Global Minimum Volatility Total International Equity Funds Money Market Funds
Total Fair Value
42.6% 14 3% 43.1%

Fair Value Percentage

S 32.585 10.947 32.903 76.435

24.139 17.524 22.882 16.330 22.462 103.337

34.034 1 1.246 45.280
7.394
$ 232.446

Average Maturities (years)

7.9 8.5 13.6

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 Pension Trust Fund's investment managers which are included within their respective investment Management Agreements.

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Metropolitan Water Reclamation District of Greater Chicago

The following table presents a summarization ofthe Pension Trust Fund's credit quality ratings ofthe holdings within the investments at December 31, 2019 (in thousands of dollars):

Disclosure Ratings for Debt Securities (1) (As a percentage of total fair value for debt securities)

Credit Rating

A A Not Rated

AAA AA A BBB BB B

CC Not Rated

AAA BB

Not Rated

Investment Type

U.S. Government and Government Agency U.S. Government and Government Agency

Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government Corporate and Foreign Government

Pooled Funds - Fixed Income (2) Pooled Funds - Fixed Income

Short-Term Investment Fund

Fair Value

$ 90.607 1.250 $ 91,857 6.853 17.841 46.521 33.395 1.979 612 12

13.563 S 120.776 153.332

12.403 % 165.735 $ 44.259

%

98.6%

1.4 100.0% 5.7 14.8 38.5 27.7 1.6 0.5 0.0 11 2 100.0% 92.5 7 5 100.0% 100 0%

1) Quality ratings are provided by Standard & Poor's.
2) For pooled funds, 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 ol 75% of the fixed income holdings ot 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.

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Notes to the Basic Financial Statements

Year ended December 31. 2019

The following are the percentages of fixed income investment portfolio securities within each credit-quality rating asofDecember31.20l9:

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

Credit Rating	Dodge <& Cox Income Fund	Payden Core Bond Fund	Western Asset Core Plus Fund
AAA	**57.2%**	**1.0%**	**57.6%**
AA	4.7	53 0	2.8
A5.49.016.7			
BBB	27 5	24 0	13 6
BB	5.2	5.0	5.6
B 3.02.0			
Below B--1.7			
Not Rated	-	5_0	-_
Total	100.0%	100.0%	100.0%

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

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

Foreign Currency Risk

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency denominated investments are in equities, fixed income and foreign cash. The Pension Trust Fund's exposure to foreign currency risk at December 3 I, 2019 was as follows:

Equities	Fair Value%
Australian Dollar	$7.641,4251.4
British Pound Sterling	24.928.8594 6
Canadian Dollar	4.795.2620.9
Danish Krone	2.598.2580.5
European Euro	35.640.0396.5
1 long Kong Dollar	4.034.2510.7
Israeli Shekel	884.3080.2
Japanese Yen	41.998.4857.7
New Zealand Dollar	1.684.2270.3
Norwegian Krone	2.841,8360.5
Singapore Dollar	1.898.9990.3

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Swedish Krona	5.022.9390.9		
Swiss Franc	8,484.5891.6		
U.S Dollar	403.956.00773.9		
	Total	$ 546.409.484	100.0 %

Metropolitan Water Reclamation District of Greater Chicago

Corporate and Foreign Government Obligations	Fair Value	%
US. Dollar	120.775.498	100.0
Total	S 120.775.498	100.0 %

Short-Term Investment Funds

Australian Dollar British Pound Sterling Canadian Dollar Danish Krone European Euro Hong Kong Dollar Israeli Shekel Japanese Yen New Zealand Dollar Norwegian Krone Singapore Dollar South African Rand Swedish Krona Swiss Franc U S. Dollar

	Total Fair Value
	~S 64.944 65.109 156.393 14.708 94.494 44.580 15.655 I 1.094 7.923 25.983 16.438 1 14.553 10.975 43.716.204 $ 44.259.054
%	0.2 0.2 0.4 0.0 0.2 0.1 0.0 0.0 0.0 0.1 0.0 0.0 0.0 0.0 98.8 100.0

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 ofthe investment portfolio.

As of December 31, 2019, the OPEB Trust's investments in international equity mutual funds stated at fair market value arc as follows (in thousands of dollars):

Fund Name	Fair Value
Fidelity International Index Fund	$ 34.034
Vanguard Global Minimum Volatility	11.246
	li 45.280

Securities Lending

The Pension Trust Fund lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Ihe Bank of New York Mellon, the Fund's master custodian, lends for collateral in the form of cash, irrevocable letters of credit or other securities worth at least 102% ofthe lent securities" market value, and international securities for collateral worth at least 105%. I he contract with the Fund's master 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 ofthe investment pool and the Pension Trust Fund's loans is affected by the maturities ofthe securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Pension Trust Fund cannot pledge or sell collateral securities without borrower default: as such.

Notes to the Basic Financial Statements

Year ended December 31, 2019

the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 127 days for 2019: however, all securities loans can be terminated on demand by either the Pension Trust 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 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 ofthe 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 2019, there were no losses due to default of a borrower ofthe lending agent. A summary

of securities loaned at fair value as of December 3 1, 2019 is as follows:

Securities loaned - backed by cash collateral	
U.S and international equities	$ 10.535.606
Exchange traded funds	1.560.598
Corporate bonds	426.265
fotal securities loaned - backed bv cash collateral	12.522.469
Securities loaned - backed by non-cash collateral	
U.S. and international equities	60.663.167
Exchange traded funds	775.278
Corporate bonds	136.388
Total securities loaned - backed bv non-cash collateral	61.574.833
Total	S 74.097.302

The value ofthe cash collateral held and a corresponding liability to return the collateral have been reported in the accompanying statement of fiduciary net position.

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
The District, the Pension Trust Fund and the OPEB Trust Fund have adopted GASB Statement No. 72, Fair Value Measurement and Application, which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

The District and its fiduciary funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value ofthe 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 unobservablc. 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, 2019 is shown in the following schedule (in thousands of dollars):

Fair Value Measurements Using

Investments Measured at f air Value Debt Securities

U.S. Agencies Municipal Bonds Commercial Paper

Total Investments at f air Value

Quoted Prices in Active Markets for Identical Assets (Level 1)

12/31/2019

S 229.736 S

42.306

160.735

$ 432.777 S

Significant Other Observable Inputs (Level 2)

229.736 42.306 160.735

432.777 $

Investments Not Measured at Fair Value

State Treasurer's Illinois Funds

Total Investments $ 432.778

The District does not have Level 1 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 District does not have Level 3 investments.

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Notes to the Basic Financial Statements

Year ended December 31. 2019

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. 2019 (in thousands of dollars):

Fair Value Measurements Using

Investments by Fair Value Level

Equities

U.S. Govt and Govt Agency Obligations Corporate and Foreign Govt Obligations Mutual and Exchange Traded Funds Total investments bv Fair Value Level

Significant Other Observable Inputs (Level 2)

49.486 120.775

170.261 $

Investments Measured at NAV

Total Investments at Fair Value

Pension Trust Fund

Investments Measured at NAV Pooled funds - equity (1)

SSGA S&P 500 Flagship Fund SSGA S&P Mideap Index Fund SSGA MSCI ACWT Fund

Redemption

Unfunded Frequency Redemption

N/A N/A N/A

Fair Value Commitments (If Eligible) Notice Period

Daily Daily 2 times monthlv

Pooled funds - fixed income (2)

SSGA U.S. Aggregate Bond Index 153.332

Neubenzer Beniian Hiuh Income Fund 12.403

Daily Monthlv

N/A N/A

Limited partnership - real estate (3)

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Trumbull Property Fund

Real estate investment trust (4)

PREEE America REIT II

Short-term investment fund (5)

BNY Melon EB Temporary Investment Fund

Total investments measured at NAV

1) Pooled funds - equity - The investment objective of these investments is to track the performance ofthe S&P 500. S&P MidCap 500 and MSCI ACW'I ex USA indexes over the long term. The fair value ofthe investments in these funds has been determined using the NAV per share ofthe investments.
2) Pooled funds - fixed income - The investment objective ofthe U S. Aggregate Bond Index is to track the performance ofthe Barclays U.S. Aggregate Bond Index over the long term. The investment objective ofthe ITigh Income Fund is to achieve an attractive total return of income and capital appreciation by investing primarily in high yield fixed income securities and bank loan interests, including secured and unsecured bank loans. T he fair value of the investments in these funds has been determined using the NAV per share ofthe investments.

3) Limited partnership - real estate - The partnership's investment objective is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The fair value ofthe investments in these funds has been determined using the NAV per share ofthe investments
4) Real estate investment trust - The fund's investment objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return. The fair value of the investments in these funds has been determined using the NAV per share of the investments
5) Short-term investment - T his 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 ofthe investments in these funds has been determined using the NAV per share ofthe investments.

The carrying amount of investments and fair value hierarchy ofthe OPEB Trust is shown in the following schedule as of December 31. 2019:

Fair Value Measurements Using

Fair Value of Investments

Domestic Equity funds International Equity Funds Domestic Fixed Income Funds Money Market Funds

12/31/2019

S 103.337 45.280 76.435 7.394

Quoted Prices in Active Markets for Identical Assets (Level 1)

S

103.337 45.280 76.435 7.394

Significant Other Observable Inputs (Level 2)
Significant Unobservable Inputs (Level 3)

Total Fair Value of Investments $ 232.446 $

Investments classified in Level 1 ofthe 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.

Notes to the Basic Financial Statements

Year ended December 31, 2019

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, 2019 in the District's governmental funds and government-wide financial statements, net of uncollectible accounts, are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improvements Bond	Governmental Retirement	Governmental	Net Position	Other	Total	Statement
Receivables at December 31. 2019									
Properly taxes	S 267,210	$ 247.984	$ -	$ 73.052	S 61.763	S 650.009	$ 650.009		
Allowance for uncollectible taxes		(14.309)	(13.467)		-	(3.991)	QMS)	(35.122)	(35.122)
Net property taxes	252.901	234.517	-	69.061	58.408	614.887	614.887		
Personal property replacement tax	-	-	-	6,675	-6.675	6.675			
Total taxes receivable, net		252,901	234.517		-	75.736	58.408	621.562	621.562
Other receivables									
User charges	2.242	-	-	-	-2.242	2.242			
Stale revolving fund loans	-	-	5,101	-	-5,101	5,101			
Miscellaneous		401	■-_	2.920		1.061	4.382		
Total other receivables, net		2.643		-	8.021	-	1.061	11,725	I 1.725
T otal net receivables al December 31.2019		$ 255.544	$ 234.517	$ 8.021	S 75.736		$ 59.469	$ 633,287	$ 633.287

The property tax receivable includes a nominal amount that is not expected to be collected within one year ofthe financial

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statement date.

Deferred Inflows of Resources

Unavailable tax revenue is reported in the Governmental Funds Balance Sheets in connection with receivables for property taxes that are not considered to be available to liquidate liabilities ofthe current period. Other unavailable revenue is reported in the Governmental Funds Balance Sheets and the government-wide Statements of Net Position for rental resources that have been received, but not earned. Other unavailable revenue is reported in the Governmental Funds Balance Sheets for the federal subsidy accrual relating to the direct reimbursement for the District's Build America Bonds. A summary of unavailable revenue as of December 31. 2019 is as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve-ments Bond	Retirement	Other Govern-mental	Total Govern-mental	Statement Adjust-ments	of Net Position
Deferred inflow's of resources at December 31. 2019								
Property tax revenue	$ 226.589	$210,122	$ -	$ 61.877	S 52.332	S 550,920	S (550.920)	S -
Other amounts								
Grant revenue	-	-	951	-	-	951	(951)	
	$ 226.589	$210,122	$ 951	$ 61.877	$ 52.332	S 551,871	S (551.871)	S

Payables

Payables reported as '"Accounts payable and other liabilities" at December 31,2019 in the District's governmental funds and government-wide financial statements are detailed as follows (in thousands of dollars):

	General Corporate	Debt Service	Capital Improve ments Bond	Other Govern mental	Total Govern mental	Statement of Net Position
Accounts payable and other liabilities at December 31. 2019						
Vouchers payable and other liabilities						20.922 5.529 596
Accrued payroll and withholdings						% 27.047 $
Mid deposits						8.171
Total accounts payable and other liabilities as of December 31, 2019						54.549 5.529 596
						% 8,171 $ 60.674 S 60,674

6. Capital Assets

A summary ofthe changes in capital assets for the year ended December 31, 2019, are as follows (in thousands of dollars):

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Governmental activities

Capital assets not depreciated/amortized Land

Permanent easements

Construction in progress

Infrastructure under modified approach Total capital assets not depreciated/amortized Capital assets depreciated/amortized

Buildings

Equipment

Computer software

Infrastructure and easements Total capital assets being depreciated/amortized Less accumulated depreciation/amortization

Buildings

Equipment

Computer software

Infrastructure and easements Total accumulated depreciation/amortization Total capital assets depreciated/amortized, net Governmental activities capital assets, net

Balances January I, 2019

145,533 2.076 421,045 5.410.700

5,979.354

13.226 64.661 7.629 1,898.576

1.984.092

6.427 39,982 6.570 258,432

311.411

1.672.681

7,652,035

Additions

1.272 132 64.816 61.662

127.882

3.273

46

3.319

185 3,158 402 11.317

15,062

(11,743)

116.139 S

Balances December 31, 2019

66.173 1,844

68.022

146.800 2.208 419,688 ;.470,518

6.039.214

805

805

13,226 67.129 7.629 1,898,622

1.986.606

705

705

6.612 42.435 6.972 269.749

1.660.838
325.768
7.700.052
100
68.122 $

Notes to the Basic Financial Statements

Year ended December 31, 2019

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 3 I, 2019, was charged to the District's governmental functions as follows (in thousands of dollars):

Department	Amount
Board of Commissioners	$ 15
General Administration	125
Monitoring and Research	257
Procurement and Materials Management	12
Human Resources	18
Information Technology	34
Law	11
finance	8
Engineering	2.192
Maintenance and Operations	671
Total allocated depreciation	3.343
Unallocated infrastructure depreciation	11.719
Total depreciation	$ 15.062

During the year ended December 31, 2018, the governmental activities recorded a $7.7 million impairment loss for the portion ofthe Calumet Concentration Building that was destroyed in an explosion and no longer used in operations as originally intended. There have been no changes in the estimate ofthe impairment loss in 2019.

7. Pension Plan Plan Description

The Metropolitan Water Reclamation District Retirement Fund (Pension Trust 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 ofthe Illinois Pension code grants the authority to establish the defined benefits ofthe Plan, as well as the employer and employee contribution levels ofthe 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 31,2019, the District's average contribution rate was 40% of annual payroll. The District's actual contribution to the Retirement Fund was $87,446,000.

The Pension Trust Fund issues a linancial 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, III II. Eric. Chicago, IL, 60611-2898 or electronically on their website: www.mwrdrf.org <http://www.mwrdrf.org>.

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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 I, 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 ofthe Plan on an actuarially funded basis.

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

Tier I employees must have at least five years of service al 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 arc 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% ofthe final average salary for each ofthe 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 ofthe 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 SI 14,952 in 2019 for Tier 2 employees. Tier 2 employees receive a cost of living adjustment as the lesser of 3% or half of the CPl-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 arc two other types of annuities available to family members of the plan: Surviving Spouse Annuity and Children's Annuity. I he 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% ofthe 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% ofthe 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 S500 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, 2019, the following employees were covered by the benefit terms:

	Inactiv c Employees	
Employees or beneficiaries currently receiving benefits		
Entitled but not vet receiving benefits	Active llmployees	Total Members

Notes to the Basic Financial Statements

Year ended December 31. 2019

Basis of Accounting

T he 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 ofthe 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 94 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 3 1, 2018. The Pension Plan has a measurement date of December 3 1. 2019. A copy of the Pension Plan CAFR for 2019 may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at www.mwrdrf.org <http://www.mwrdrf.org>. The net'pension liability al December 31, 2019 is $1,244,395,000. which is an increase from the December 3 1. 2018 balance of $985,074,000.

tin thousands oj dollars)

Balances at December 31, 2018	
Service Cost Interest	
Difference between expected and actual experiences	
Changes of assumptions	
Benefit payments	
Contributions-employer	
Contributions-employee	
Net investment income	
Administrative expenses	
Other	
Balances at December 31, 2019	
Total Pension Liability	
1 (2.486.867) T	
(32.213) (182.881) (12.158) (35.593) 161.324	
(2.588.388) $	

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

At December 31, 2019, 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 $87,446,000, will be recognized as a reduction ofthe 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):

Balance as of December 31. 2018	
Changes in Employer contribution subsequent to measurement date	
Differences with regard to economic or demographic assumptions	
Differences between expected and actual experience	
Changes in assumptions	
Current year amortization due to changes in assumptions	
Difference between projected and actual earnings on pension plan investments	
Current year amortization from difference between projected and actual earnings	
Balance as of December 31.2019	
$	**Deferred Outflows of Resources**
150.009	
	279
12.157	
(8.542)	
35.593	
(5.932)	
213.585	
(65.537)	
331.612 S	
Deferred Inflows of Resources	
89.056	

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(332)

(22.793)
65.931

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:	
2020	$141,493
2021	32.257
2022	33.629
2023	50.344
2024	7.958 S 265.681

Notes to the Basic Financial Statements

Year ended December 31, 2019

Actuarial Methods and Assumptions
The District's net pension liability was measured as of December 31. 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The District chose to use a measurement date one year in arrears. The total pension liability in the December 31. 2018 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.5%

Salary increases Varies by service
Investment rate of return 7.25% Cost of living adjustment 'fieri:
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.

T he actuarial assumptions used in the December 31, 2018 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 18.25% for the year ended December 31, 2019. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined

contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return of 7.25% was applied to all periods of projected benefit payments to determine the pension liability.

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

	1% Decrease	Current Discount	1% Increase
	6.25%	Rate of 7.25%	8.25%
Nel Pension Liability li	1.539.876 1	1.244.395 1	995.556

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Payable to the Pension Plan and Pension Expense
At December 3 I, 2019, the District reported a payable of $87,446,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019. The pension expense for the year ended December 3 I, 2019 was $ 142.039,000.

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 ofthe 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
December 3 1. 2019. the following employees were covered by the benefit terms:

Inactive employees		
Inactive plan members currently receiving benefits	1.544	
Beneficiaries of deceased plan members currently receiving benefits	434	
Inactive plan members entitled to but not yet receiving benefits	37	
Active Plan Members	1,817	
Total Members		3.832

Benefits Provided
The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All full-time employees ofthe District are eligible to receive postemployment benefits. Coverage for retirees and their spouses and dependents is provided for life. The T rust was established to advance fund benefits provided under the Plan.

Eligibility for Insurance Coverage
Employees must have at least ten years of service with the District, and coverage does not commence until the member starts receiving payments from the District's Retirement Fund. Eligibility is based on the employee's hire date as follows: age 50 for those hired before June 13, 1997, age 55 for those hired between June 13, 1997 and January 1, 2011 and age 63 for those hired after January 1, 2011.

Health Care Insurance
Retirees and their dependents who meet the age and service requirements above are eligible for medical and prescription drug benefits payable for life.

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

The retiree contribution rates are set based on prior year claims incurred and become effective July 1st each year. The retiree contribution rate utilized is based on the contribution rate policy established by the Board of Commissioners. This policy calls for a 2.5% increase in the contribution rate on January I st of each year until the contribution rate reaches 50.0%, projected to be in 2021. The contribution rate for 2020 will be 47.5%.

In future years, contributions are assumed to increase at the same rate as premiums.

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 3 I, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
BarCap Int Aggregate	20.0%	3.1 %
Core Plus	15 0	4.0
US Large-Cap Core	10.0	7.4
US Large-Cap Value	7.5	7.5
US Large-Cap Growth	7.5	7.4
US Mid-Cap Core	10.0	7.8
US Small-Cap Core	10.0	8.1
Global Low Volatility	5.0	6.9
Non-US Large-Cap Core	l_5_0	7.2
Total	100.0%	

The Long-Term Expected Rate of Return calculated using the method described above exceeds 6.5% (assuming 3% inflation).

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

Rate of Return
For the year ended December 31,2019, the annual money-weighted rate of return on investments, net of investment expense, was 20.38%. 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, 2018.
- The measurement period for the OPEB expense is January 1 . 2018 to December 3 1. 2018.
- The reporting period is January 1, 2019 through December 3 1. 2019.
- The District's Net OPEB Liability was measured as of December 31. 2018.

Actuarial Assumptions
The Total OPEB Liability was determined by an actuarial valuation as of December 3 1. 201 7 using the following actuarial assumptions:

Inflation	3.0%
Salary Increases	4.3 - 7.0%

Discount rate	6.5%
Investment Rate of Return	6.5%
Initial Healthcare trend rate	8.0%
Ultimate I lealthcare trend rate	4.5%
Years to ultimate Healthcare rate	6

For all employees, mortality rates were based on the RP-2000 combined health mortality tables with fully generational mortality improvements using scale AA.

The information included in the report is based on the actuarial valuation performed as of December 31. 2017. Actuarial valuations ofthe total OPEB liability are required to be completed every two years for the Trust. The next valuation date is December 3 I, 2019.

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%.

Notes to the Basic Financial Statements

Year ended December 31. 2019

Change in OPEB Liability
fin thousands of dollars')

Reporting Period Ending December 31. 2018 Changes for the Year:

Service Cost

Interest

Differences between expected and actual experience Changes of assumptions Changes of benefit terms Contributions - Employer T rust Contributions - Pay-as-you-go Net Investment Income Explicit Gross Benefit Payments Administrative expense Net Changes

Reporting Period Ending December 31. 2019

Increase (Decrease)

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	Total OPEB	Plan Fiduciary	Net OPEB Liability (a)	Net Position (b)	Liability (a)-(b)
$	308.747 ~$	195.199 "$	I 13.548		
				5.314	- 5.314
				20.012	- 20.012
	• 5.000 (5,000)				
	• 12,571 (12.571)				
	• (11.841) 11.841				
	• (12.571) (12.571) -				
				(42)	42_
	12.755	(6.883)	19,638		
$	321.502 ~$	188.316	$ 133,186		

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

The following presents the Net OPEB Liability ofthe 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	~% 176.463 1	133.186 1	98.323

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 8.5% 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 7.5%) or one percentage point higher (5.0% to 9.5%) than the current rale (in thousands of dollars):

	1% Decrease (3.0%-7.5%)	Healthcare Cost Trend Rates (4.0% -8.5%)	1% Increase (5.0% -9.5%)
Net OPEB Liability	1 91.149 1	133.1861	185.690

OPEB Plan Fiduciary Net Position

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Tor ihe year ended December 31. 2019. the District recognized OPEB Expense of SI4.554,090. On December 3 1.2019. ihe District reported Deferred Outflows of Resources and Deferred Inflow's of Resources related to OPEB from the following sources (in thousands of dollars):

Differences between expected and actual experience Changes of assumptions
Net difference between projected and actual earnings on OPEB Plan Investments

Employer contributions made subsequent to the measurement date Total
Deferred Outflows of Resources

19.752 %

17.700
37.452 $
Deferred Inflows of Resource

8.710

8.710

Note: Employer contributions made subsequent to the measurement date are actual employer contributions for the fiscal year ending December 31. 2019.

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

Year Ended December 31:

2.035 2.035 4.938

2020 2021 2022 2023 2024
Thereafter

9. Commitments and Rebatable Arbitrage Earnings

The General Corporate Fund has existing purchase order encumbrances of $1,615,000 at December 31, 2019. Construction. Stormwater Management, and Capital Improvements Bond Funds' contract commitments (encumbrances) were $302,748,000 at December 31. 2019. State Revolving Fund Loan commitments of $ 119,276,000 at December 3 1, 2019, 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. T he District has made a determination of their probable liability for amounts potentially due to the United States government. As of December 3 1, 2019, the District has no arbitrage rebate liability.

National Pollutant Discharge Elimination System

NPDES Permits. The District operates its water reclamation plants (the "WRPs") in accordance with National Pollutant Discharge Elimination System ("NPDES") permits issued by the Illinois Environmental Protection Agency (IEPA). Pursuant to negotiated conditions in the District's NPDES permits for its Stickney, Calumet and O'Brien WRPs, the District has hired a consultant to study potential phosphorus impacts on the Chicago Area Waterway System. If the study identifies problems caused by phosphorus levels in the water, the consultant will

prepare a phosphorus reduction plan to address those problems. Such a plan would potentially require the District to

significantly reduce phosphorus levels in the effluent of its WRPs that would result in substantial costs.

Moreover, costly phosphorus reductions might also be required for the District's Egan, Hanover Park, Lemont and Kirie WRPs. IEPA has recently issued draft permits for those WRPs which similarly contain conditions requiring a Nutrient Assessment and Reduction Plan to address any problems caused by nutrients in the waterways downstream ofthe WRPs.

Class Action Flooding Claims. The District has previously been and presently is a party to several proposed class-action lawsuits pending in the Circuit Court of Cook County arising out of local sewer back-ups and overland flooding resulting in basement Hooding. The District is also in receipt of flooding claims in which lawsuits have not yet been filed. These lawsuits and claims are generally brought in tort or for constitutional or statutory violations. As ofthe date ofthis CAFR, the Circuit Court of Cook County and the Illinois Appellate Court for the First District have ruled in the District's favor in every fully-adjudicated matter. A constitutional question was appealed to the Illinois Supreme Court was answered and remanded back to the Circuit Court for further proceedings. Other cases are currently on appeal to the Illinois Appellate Court for the First District.

Tax Rate Objection Litigation. Tax rate objection litigation refers to lawsuits brought by taxpayers seeking refunds for all or a portion of their property tax payments. 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 2018 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 ofthe 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 ofany constitutional or statutory right or protection; for all expenses, fees, and costs, both direct and in support ofany property owned by such sanitary district which is damaged by fire, flood, explosion, vandalism orany other peri I, natural ormanmadc. The aggregate amount that may accumulate in the Reserve Claim Fund cannot exceed .05% ofthe equalized assessed valuation. The Reserve Claim Fund accounts are included in the General Corporate Fund as described in Note l.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.

The District may also be involved in various litigation for claims relating to environmental regulations. Under current environmental protection laws, the District may be ultimately responsible for the environmental remediation of some of its leased-out properties. The District has developed a preliminary estimate of en vironmental remediation costs for major lease sites. The range of such estimated costs at December 31, 2019, is between $34,000,000 and $52,900,000. The District is ofthe opinion that the tenants (except for those who arc bankrupt, out of business, or otherwise financially unable to perform) would ultimately be liable for the bulk, if not all. of these site cleanup costs. Negotiations are ongoing between the District's lawyers and the tenants to resolve remedial activity and cost liability issues. The current estimated cost was determined to be S42,700,000 with an estimated cost recoverable amount of $28,900,000, resulting in SI3,800.000 being recognized at December 31.2019. in the liabilities of the government-wide financial statements. Ofthis amount, $7,500,000 of the current liability is classified as short-term and $6,300,000 is considered a long-term liability. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations. These estimates were generated using the expected cash (lows technique. GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope ofthe document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset.

The District provides health insurance benefits to employees through a fully insured health maintenance organization and a self-insured comprehensive indemnity/PPOplan. 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, 2019, are listed below. Coverage for Cyber Liability was added in 2019. There were increases in the Deductibles for Excess Liability and a reduction in the Sublimit for Flood and Water Damage under the Property Insurance. There were no other reductions in insurance coverage from the prior year. Settled claims have not exceeded this coverage in any ofthe past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

Marine Liability	
Aggregate	SI 0,000.000
Deductible	SI 0.000
Excess Liability	
Aggregate	$50,000,000
Deductible	S3.000.000
Deductible - Flood Class Action	S5.000.000
Deductible - Employers Liability	S3.000.000
Government Crime	
Forgery or Alteration	
Per Occurrence	$750,000
Deductible	550,000

Notes to the Basic Financial Statements

Year ended December 31, 2019

Employee I heft (including Faithful Performance)	
Per Occurrence	$6,000,000
Deductible	$100,000
Computer Fraud	
Per Occurrence	$6,000,000

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Deductible	$100,000
Funds Transfer Fraud	
Per Occurrence	$6,000,000
Deductible	$100,000
Property Insurance	
Per Occurrence	SI,000,000,000
Deductible	$10,000,000
Earth Movement	
Per Occurrence/Aggregate	S250.000.000
Deductible	SI 0.000.000
Flood and Water Damage	
Per Occurrence	SI00,000,000
Deductible	SI 0,000,000
Flood and Water Damage - Lockport Powerhouse	
Per Occurrence	$200,000,000
Deductible	$10,000,000
Group Travel Accident	
Aggregate Limit	$10,000,000
Accidental Death	
Per Employee (5 times salary up to this maximum)	$500,000
Accidental Dismemberment, Paralysis and other Coverages	
Per Loss	% per Schedule
Pension cv Welfare Fiduciary Liability	
Aggregate	$5,000,000
Self-Insured Retention	$10,000
Group Perm Life (basic)	
Per Employee	$20,000
Cyber Liability	
Aggregate	$5,000,000
Deductible	S50.000

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 linancial statements (in thousands of dollars):

	2019	2018
Claims Payable at January I	$ 21.113	$ 30.669
Claims incurred	4.547	5.497
Changes in prior years" claims estimate	5.942	(9.556)
Claim payments	(4.547)	(5,497)
Claims Payable at December 31	S 27.055	S 21.113

11. Long-Term Debt

The following is a summary of general long-term liability activity ofthe District for the year ended December 3 I 2019 (in thousands of dollars):

	Balance January I. 2019"
Balance Due	

December 31, Within
2019 One Year

Governmental long-term liabilities:

Bonds and notes payable:
General obligation debt
Converted bond anticipation notes
Bond anticipation notes
Total bonds & notes payable Other Bond Cost:
Premium
Net bonds and notes payable Other liabilities:
Claims and judgments
Compensated absences
Capital lease (note 14)
Net OPI-B liability (note 8)
Net pension liability, (note 7)

Total "overnmental lonu-term liabilities

113.912 31.321
(237.219)
2.828.057
145.233

$ 49.270 70.809
(13.426) (250.645)

5.942 (1.899) (2.722)

120.079
168.822
155.396
145.233
3.088.865

21.113 21.478 35,979 113.548 985.074
2.983.453

27.055 19.653 33.257 133.186 1.244.395

13.426 133.505

74

19.638 478.115

14.393 2,956 2.856

(218.794)
$ 4,266,057 S 643.060 $ (468.118) S 4.440.999 S 153.710

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

As of December 31, 2019. the annual debt service requirements for general obligation bonds are shown below (in thousands of dollars):

Bonds Payable Maturity Table

Maturing

2020
2021
2022
2023
2024 2025-2029 2030-2034 2035-2039 2040-2044 2045-2046

Capital Improvement & Alternate Revenue Bond Series (2.000-5.720%) (Issued 08/09 to 7/16)

S

13.740 15.065 11.605 22.515 23.570 113.345 327.895 496.500 119.895 27.950

Refunding (2.00-5.00%) (Issued 03/07 to 7/16)

$ 35.530
35.500
40.350
29.670
30.920
185.470
224.025

45.880

State Revolving Funds Series (0.0-2.905%)
(Issued 06/96 to 07/16)

$ 70.809
71,536 ■
71.744
71.937
70.391
320.990
215.850
108.100

Total Principal

'. 120.079
122.101
123.699
124.122
124.881
619,805
767.770
650.480
I 19.895

27.950

Total Interest

1 12.942 109.124 105.288 101.329
97.340 425.644 302.375 I 18.060
26.080 1.398
1.001.357 S 2.800.782 S 1.399.580

Alternate Revenue Bonds
Bond proceeds of $50.0 million 2016 Tax Series E bonds. S50.0 million 2014 Tax Series B bonds and $3.0 million IEPA Series 14P bonds are used to fund a portion ofthe Stormwater Management Program projects. The pledge ofthe Stormwater Management Fund tax levy will remain until their final maturities in December 2045. The District has covenanted in the Series 20I6E. 20I4B and I4P Bond Ordinances to provide for. collect, and apply such Stormwater Management Tax Receipts to the payment ofthe 2016E. 2014B and 140 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, 2019, is $177,318,000 as shown below (in thousands of dollars).

	Pledged Revenue Issue	Debt Service Collected	Expenditures Total Principal Interest	Remaining
2016 fax Series E	$ 5.000	$ 46.205	$ 35.555	$ 81.760
2014 T ax Series B	15.208	50.000	41.962	91.962
State Revolv ins; Funds- IEPA Series 140	-	3.048	548	3.596
Total	$ 20.208	$ 99.253	$ 78.065	% 177.318

2016 Bond Issues
In June 2016, the District issued S280.930.000 in General Obligation Refunding Bonds. Unlimited Tax Scries A, with maturity dates from 2023 to 2031. T he 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. T he 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. T he 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 T ax 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 S4.718.891. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June 1.

ln June 2016. the District issued $50,000,000 of Taxable General Obligation Bonds. (Alternate Revenue Source), Unlimited fax Series E (Green Bonds), with maturity dates from 2022 to 2045. The bonds were issued at a premium of S10.545.322. Interest accrues on the bonds at a rate of 5.0%, payable on December 1 and June I.

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

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

In January 2015, the District issued $50,000,000 ofTaxable General Obligation Bonds, (Alternate Revenue Source), Unlimited fax 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 I and June 1.

In January 2015, the District issued $75,000,000 ofTaxable 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 S 14.022,875. Interest accrues on the bonds at rates ranging from 2.0% to 5.0%, payable on December I and June I.

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

2011 Bond Issues
In July 2011. the District issued $270,000,000 of General Obligation Capital Improvement Bonds, Limited T ax Series B, with maturity dates from 2017 to 2032. T he bonds were issued at a premium of S27.686.556. Interest accrues on the bonds at rates ranging from 3.0% to 5.0%, payable December 1 and June 1.

In July 2011, the District issued SI 00,000,000 of General Obligation Capital Improvement Bonds, Unlimited fax Series C, with maturity dates from 2013 to 2031. The bonds were issued at a premium of $9,657,071. Interest accrues on the bonds at rates ranging from 3.0% to 5.0%. payable December I 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 ofthe 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 ofthe bonds. The federal subsidy reduces the effective interest rate on the bonds to 3.72%. Sequestration may reduce the subsidy received from the U.S. Treasury in future years.

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

In March 2007, the District issued $91,845,000 in General Obligation Refunding Bonds, Unlimited Tax Series B, at a premium of $17,462,417. The bonds have an interest rate of 5.25%, payable on December I and June Land 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.

ln 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.

Notes to the Basic Financial Statements

Year ended December 31. 2019

Capital Improvement Bonds, IEPA Series
The District has adopted bond ordinances authorizing issuance of its general obligation bonds to the Illinois Environmental

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Protection Agency (IEPA). The most recent such authorization was pursuant to a bond ordinance adopted in calendar year 2016 in the amount of S500.000.000 for Capital Improvement Bonds. 2016 IEPA Series. The IEPA approves various capital improvements related to sewage treatment works and flood control facilities for funding from the State Water Pollution Control Revolving Loan Fund (SRF). Once a project has been approved, the State offers the District a loan from the State's Revolving Loan Fund, which the District incorporates into the form ofthe 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 ofthe loan fully advances, whichever occurs first. In general, within two years of the tirst 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:

201')	S67,400,000
2018	S34.600.000
2017	S7.900.000
2016	S155.900.000

ln 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	S151,200,000
2015	$54,600,000
2014	$83,600,000
2012	$17,400,000

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

2015	$12,800,000
2014	$66,100.000
2013	$194,900.000
2012	$15,000.000

State Revolving Fund (SRF) Loan proceeds of $30,289,000 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.

110 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

The District refinances bond anticipation notes through the issuance of its Capital Improvement Bonds in the amount ofthe 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 S30.289.000 and interest of $ 1.032,000 through the balance sheet date on bond anticipation notes resulting in the total increase to long-term debt of $31,321,000.

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The converted bond anticipation notes, a reduction of long-term debt, of $113,912,000 in 2019 represented the sum of converted bond anticipation note principal of $111,170.000 and interest in the amount of $2,742,000.

2019 Bond Issues and adjustments to existing issues under the IEPA 2012, 2014 and 2016 authority included:

July 2019 - The District issued $325,000 of Capital Improvement Bonds - IEPA Series 12C. through the conversion ofthe sum of bond anticipation note principal of $3 19.000 and interest of S6.000 with maturity-dates from January 1, 2020 to January 1,2036. Interest on the bonds accrues at a rate of 1.995%. payable January I and July I.

July 2019 The District issued $1,333,000 of Capital Improvement Bonds - IEPA Series I2F, through the conversion ofthe sum of bond anticipation note principal of SI.310.000 and interest of S23.000 with maturity dates from January 1, 2020 to July I, 2032. Interest on the bonds accrues at a rate of 1.93%. payable January 1 and July 1.

- July 2019 - Ihe District issued $1,067,000 of Capital Improvement Bonds - IEPA Scries I2G. through the conversion ofthe sum of bond anticipation note principal of $1,051,000 and interest of $16,000 with maturity dates from January 1, 2020 to January 1, 2038. Interest on the bonds accrues at a rate of 1.93%, payable January I and July 1.

July 2019-The District issued $260,000 of Capital Improvement Bonds - IEPA Series 12M, through the conversion ofthe sum of bond anticipation note principal of $257,000 and interest of S3.000 with maturity-dates from January I. 2020 to July I. 2037. Interest on the bonds accrues at a rate of 2.21%. payable January I and July I.

July 2019-The District issued $572,000 of Capital Improvement Bonds - IEPA Series 141), through the conversion ofthe sum of bond anticipation note principal of $564,000 and interest of $8,000 with maturity-dates from January 1, 2020 to January 1, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July I.

- July 2019-The District issued $8,816,000 of Capital Improvement Bonds - IEPA Series I4E. through the conversion ofthe sum of bond anticipation note principal of $8,718,000 and interest of $98,000 with maturity dates from January 1. 2020 to July I, 2038. Interest on the bonds accrues at a rate of 1.86%, payable January I and July I.

- July 2019 - The District issued $79,738,000 of Capital Improvement Bonds - IEPA Series 14F, through the conversion ofthe sum ofbond anticipation note principal of $77,400,000 and interest of $2,338,000 with maturity dates from January 1. 2020 to July 1. 2039. Interest on the bonds accrues at a rate of 1.75%. payable January I and July I.

- July 2019 - The District issued S4.277,000 of Capital Improvement Bonds - IEPA Series 14G, through the conversion ofthe sum ofbond anticipation note principal of S4,221.000 and interest of S56,000 with maturity dates from January 1, 2020 to July 1. 2038. Interest on the bonds accrues at a rate of 1.86%, payable January I and July 1.

July 2019 - The District issued $ 1,518,000 of Capital Improvement Bonds - IEPA Series 141, through the conversion ofthe sum ofbond anticipation note principal of SI,500.000 and interest of $18,000 with maturity dates from January 1, 2020 to July 1. 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

July 2019 - The District issued $567,000 of Capital Improvement Bonds - IEPA Series I4J. through the conversion ofthe sum ofbond anticipation note principal of $557,000 and interest of $10,000 with maturity dates from January 1, 2020 to January 1. 2036. Interest on the bonds accrues at a rate of 2.21 %. payable January 1 and July 1.

July 2019 The District issued $336,000 of Capital Improvement Bonds - IEPA Series I4K. through the conversion ofthe sum ofbond anticipation note principal of $333,000 and interest of $3,000 with maturity-dates from January 1, 2020 to January 1. 2038. Interest on the bonds accrues at a rate of 1.86%, payable January 1 and July 1.

July 2019 - The District issued $15,000 of Capital Improvement Bonds - IEPA Series 14L. through the conversion ofbond anticipation note principal of $15,000 with maturity dates from January 1, 2020 to January 1. 2038. Interest on the bonds accrues at a rate of 1.75%, payable January I and July 1.

July 2019 - I he District issued $20,000 of Capital Improvement Bonds - IEPA Series 14M, through the conversion ofbond anticipation note principal of $20,000 with maturity dates from January 1. 2020 to January 1, 2038. Interest on the bonds accrues at a rate of 1.75%, payable January I and July 1.

July 2019 - The District issued S69,000 of Capital Improvement Bonds - IEPA Series I4N, through the conversion ofbond anticipation note principal of S69,000 with maturity dates from January 1. 2020 to January 1. 2038. Interest on the bonds accrues at a rate of 1.995%. payable January I and July 1.

July 2019 The District issued $3,048,000 of Capital Improvement Bonds - IEPA Series 140. through the conversion ofthe sum ofbond anticipation note principal of $3,004,000 and interest of S44,000 with maturity dates from January 1. 2020 to July I. 2038. Interest on the bonds accrues at a rate of 1.75%, payable January 1 and July 1.

July 2019 - The District issued $3,387,000 of Capital Improvement Bonds - IEPA Series I4P, through the conversion ofthe sum ofbond anticipation note principal of $3,360,000 and interest of S27.000 with maturity dates from January 1. 2020 to July 1. 2038. Interest on the bonds accrues at a rate of 1.56%, payable January 1 and July 1.

July 2019 - The District issued $5,820,000 of Capital Improvement Bonds - IEPA Series 16C, through the conversion ofthe sum ofbond anticipation note principal of $5,763,000 and interest of S57.000 with maturity dates from January 1. 2020 to July 1. 2039. Interest on the bonds accrues at a rate of 1.76%, payable January I and July 1.

July 2019 - The District issued $2,744,000 of Capital Improvement Bonds - IEPA Series 16D. through the conversion ofthe sum ofbond anticipation note principal of $2,709,000 and interest of S35.000 with maturity dales from January 1. 2020 to January 1. 2038. Interest on the bonds accrues at a rate of 1.75%, payable January I and July 1.

Beginning in 1991. the District's Board of Commissioners adopted ordinances providing for the issuance ofbond 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 S27.275.000 at December 31.2019. Ofthe bond anticipation notes outstanding at December 31, 2019,

$525,000 will be financed through IEPA Series 2012 bonds, $22,691,000 will be financed through IEPA Series 2014 bonds, and the remaining $4,059,000 will be financed through IEPA series 2016 bonds. None of these outstanding bond anticipation notes are expected to be repaid within the next year; therefore, the notes are reported as part of long-term debt.

Refunding Transactions
The District had no outstanding defeased obligations at December 3 I. 2019.

12. Interfund Transactions

The interfund receivable and payable balances at the end ofthe 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 ofthe year in the fund balance sheet. Interfund balances are generally repaid within twelve months ofthe fiscal year end.

Individual interfund receivable and payable balances at December 3 1,2019. areas follows (in thousands of dollars):

	Interfund Receivables	Payables
General Corporate Fund	$ 224	$ -
Capital Projects Funds'		
Stormwater Management Fund (Nonmajor Fund)		- 224
	li 224~	I 224~

In addition to the previous table, amounts were due from the Primary Government to the Pension T rust Fund of $13,859,000 at December 31, 2019, that represented earned but uncollected property taxes in the Retirement Fund and the Government-w ide Statements of Net Position.

Transfers between funds as authorized in the budget are recorded as "other financing sources (uses)" in the fund operating statements. In 2019, the Treasurer ofthe District transferred S5,772,000 for principal and interest payments on the 2014 Alternate Bond Debt service from the Stormwater Management Fund to the Debt Service Fund. There was also a transfer of $4,200,000 made from the Capital Improvement Bond fund to the General Corporate Fund. The transfer of funds into the Corporate Fund and out ofthe Stormwater Fund resulted in a net transfer of $5,772,000 as presented on Exhibit A-2 in the Other Governmental/Nonmajor funds. Transfers are eliminated in the Government-wide Statements of Activities.

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% ofthe 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 ofthe District's Property Tax Levy subject to the Illinois Property Fax 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 ofthe 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, MWRD requests the County Clerk to reduce the entire reduction to the aggregate levy by reducing the Construction Fund as required by Section 18-195 ofthe 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% ofthe 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% ofthe 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% ofthe equalized assessed valuation. The Stormwater Management Fund levy cannot exceed .05% ofthe equalized assessed valuation as a result of statutory changes. The Debt Service Fund is limited through debt service extension limitations under the Property Tax Extension Limitation Law.

14. Leases

Capital Lease
In December 2000, the Board of Commissioners authorized the District to enter into a long-term contract with an engineering firm to design, build, finance, own, operate, and maintain a 150 dry ton per day biosolids processing facility at the District's

Central (Stickney) Water Reclamation Plant, and beneficially use the final product for a period of twenty years.

The cost ofthe biosolids processing facility is considered a capital lease since it will become the property ofthe District at the end ofthe contract. The District also has an option to purchase the facility at the end ofthe fifth, tenth, and fifteenth year of operation for the remaining principal portion ofthe debt. Total payments for the capital lease are estimated at S83.123,000 for the full term ofthe contract, which will be paid from the Capital Improvements Bond Fund. The gross amount of assets acquired under the capital lease is S54.535.000. During 2019. the District incurred expenses of approximately $2,722,000 for principal and $1,668,000 for interest. The contract expires twenty years from the date of commercial operation, which was declared in July 2010.

As of December 31. 2019, the future minimum lease payments for the biosolids facility are shown below (in thousands of dollars):

Capital Lease Payable Maturity Table

Maturing	Total Principal	Total Interest	Total Payments
2020	S2.855$	1.534$	4.389
2021	2.996	1.394	4.390
2022	3,143	1.247	4.390
2023	3.297	1.093	4.390
2024	3.459	931	4.390
2024	2025-2029	17.507	1.965 19.472
I'otal Minimum Lease Payments	S 33.257	$ 8.164	$ 41.42

Lease Rentals

The District leases land to governmental and commercial tenants under operating lease agreements for periods of up to 99 years. There were no contingent lease rentals for the period. T he commercial leases are considered non-cancellable and the following is a summary of the minimum future rentals for these leases at December 3 1, 2019 (in thousands of dollars):

2020	S 18.733
2021	1X.733
2022	18.608
2023	18.502
2024	18,182
2024	Later Years 466.689
Total Minimum future Rental Income	S 559.447

The cost ofthe land associated with the commercial leases is $5.83 1.090. The District does not lease any depreciable assets.

15. Tax Abatements

T he District has one tax abatement agreement with the Boeing Company with regard to the Corporate Headquarters Relocation Act in which property taxes are being abated. The agreement was entered into at the authority ofthe Metropolitan Water

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Reclamation District (as a taxing district) and the District's Board authorization. Eligibility began with the Boeing Project whereby Boeing moved its corporate headquarters to the City of Chicago and qualified as an eligible business under the Relocation Act. This includes $25,000,000 annual world-wide revenues, satisfaction ofthe MBE/WBE requirements, compliance with the resident hiring and prevailing wage requirements, and employing at least 500 full time employees within the City of Chicago, and lease and occupy not less than 150,000 rentable square feet in the 100 North Riverside building.

T he District's taxes are reduced by way of a reimbursement to Boeing in an amount equal to the allocable share ofthe real estate taxes, or 5.533%. The District is entitled to terminate the agreement or recover all payments if Boeing defaults on their commitments. The 2019 taxes abated totaled $134,946.

Cook County granted special assessments for the development or redevelopment of commercial and industrial properties. The properties receive a real estate tax incentive as a reduction in the assessment rate. The total estimated impact of these incentives to the District is approximately $12,400,000 in reduced property taxes.

16. Subsequent Event

The District evaluated its December 31. 2019 financial statements for subsequent events through the date the financial statements were issued. As a result ofthe spread ofthe COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net interest income. Other financial impact could occur, though such potential impact is unknown at this time.

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

Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31. 2019

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 ofthe seven plants represents a separate network, while the waterway assets represent an eighth network. T he eight networks are as follows:

2. O'Brien WRP Basin

3. Calumet WRP Basin

4. Egan WRP Basin

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5. Kirie WRP Basin

6. Hanover Park WRP Basin

7. Lemont WRP Basin

8. Waterways

I. Central (Stickney) WRP Basin Allsystems.subsystems,andcomponentsassociatedwiththeCentral(Stickney) WRP service area (excluding Waterways Network assets).

All systems, subsystems, and components associated with the O'Brien WRP service area (excluding Waterways Network assets).

All systems, subsystems, and components associated with the Calumet WRP service area (excluding Waterways Network assets and Lemont Network).

All systems, subsystems, and components associated with the Egan WRP service area (excluding Waterways Network assets).

All systems, subsystems, and components associated with the Kirie WRP service area (excluding Waterways Network assets).

All systems, subsystems, and components associated with the Hanover Park WRP service area (excluding Waterways Network assets).

All systems, subsystems, and components associated with the Lemont WRP service area (excluding Waterways Network assets).

All waterways under the jurisdiction ofthe District including the Waterways Control System. Lockport Powerhouse and Controlling Works, Chicago River Controlling Works, Wilmettc Pumping Station, all District Hood control reservoirs and pump stations, sidestream elevated pool aeration stations, instream aeration stations. Melas Park, and Centennial Fountain.

Each ofthe 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 tine 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.

Metropolitan Water Reclamation District of Greater Chicago

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' svstems is as follows:

Asset Condition

1) Excellent

2) Very Good

3) Good

4) Acceptable

5) Fair

6) Poor

Assessment Description

Relatively new asset or recently rehabilitated or otherwise restored to a like-new asset condition.

Performance' successful, operation reliable, no significant maintenance required beyond routine preventative maintenance or minor repair in foreseeable future.

Performance successful, operation reliable, significant maintenance required in foreseeable future.

Performance successful, operation reliable, significant rehabilitation/ replacement planned in near future.

Performance marginal, operation not reliable without immediate repair/ replacement.

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 ofthe Kirie, Hanover, Egan, O' Brien. Central (Stickney), Calumet, Lemont and Waterways WRP networks were completed between 2002 and 2006.

Condition assessments of each network will continue at least every three years following the initial assessment. The Egan and O'Brien networks were rc-assessed in 2019, the Hanover, Calumet and Lemont networks were re-assessed in 2018. and the Kirie, Central (Stickney) and Waterways networks were re-assessed in 2017.

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Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2019

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

Condition Assessment Ratings Kirie WRP Network

Subsequent assessment - 2011 Subsequent assessment - 2014 Subsequent assessment - 2017

Hanover W RP Network

Subsequent assessment - 2012 Subsequent assessment - 2015 Subsequent assessment - 2018

Egan W RP Network

Subsequent assessment - 2013 Subsequent assessment - 201 6 Subsequent assessment - 2010

O'Brien W RP Network

Subsequent assessment - 2013 Subsequent assessment - 2016 Subsequent assessment - 2010

Central (Stickney) W RP Network Subsequent assessment - 2011 Subsequent assessment - 2014 Subsequent assessment - 2017

Waterw ays WRP Netw ork Subsequent assessment - 2011 Subsequent assessment - 2014 Subsequent assessment - 2017

Calumet WRP Network

Subsequent assessment - 2012 Subsequent assessment - 2015 Subsequent assessment - 2018

Lemont WRP Network

Subsequent assessment - 2012 Subsequent assessment - 2015 Subsequent assessment - 2018

Maintenance/Preservation Costs Kirie WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

I reatment Processes Svstem

NA NA NA

Collection Processes Svstcm

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NA NA NA

3 3
420.042

400.101 452.100

1.065.433 1.014.160

4.410.046 4.454.223

670.865 3,475.534

S 11.167,600 $ 1.092.700 S
353,344

3.779,701 807,689

3.304,900 540,658

5.176,151 2.015,494

1.073,222 2.405,430

Solids Processing Svstem

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NA NA NA

494

1.139 11.007

465 12.067

533.408 763.968

Flood and Pollution Control Svstem

NA NA NA

NA NA NA

NA NA NA

NA NA NA

NA NA NA

NA NA NA

NA NA

129

517.500 12.066

786,000 267,794

223.105

Solids Drying/ Ionization Svstem

NA NA NA

NA NA NA

NA NA NA

NA NA NA

NA NA NA

528.008

120 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

Collection Processes Svstem

Treatment Processes Svstem

Solids Processing Svstem

Rood and Pollution Control Svstem

Solids Drying/ Utilization System

Hanover WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

Egan WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

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O'Brien W RP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

Central (Stickney) W RP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

132.900 100.568

94.100 102.473

123.300 162.368

484.028 646.796

1,054.822 1.703.347

553.200 412.022

392.053 333.327

568.170 547.567

1.831.349 1,889.009

1.513.197 2,261.452

2,617.400 1.726.147

1.598.100 1.700.91 1

4,005.365 2,494.728

9,572.949 10,162.949

2,771.072 6.890.505

8,181.200 5,972.992

36.068.365 9,850.199

9.704.500 23.677.548

22.316.620 72.698.955

51.338.722 14.497.1 19

652.400 244.058

443.1 13 307,1 10

647.312 684.767

3.1 19,591 2.424,545

696,765 2.534,283

2.713,000 530.868

1.539,717 542.917

2.457.544 1.602,807

6,066,015 8.092,469

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4.403,940 3.590.430

5.414,200 1.620,486
12.148.400 1.637.026
5.503.337 5.309.1 18
13,372,590 14,791,414
6,201.615 8,135,664

1 7.042,400 3,76.3.578
15.186,927 14.761.309
11,806.700 18.501,753
48.806.200 32.685,410
19,534.565 1 1,535.580

2.212.000 205.085
212,500 206,225
221.947 210.660
676.096 720.040
519.408 1.213.150

801.400 268.381
891,011 467,280
1,612.479 991.795
5.202.317 7.057.944
3.821,483 4.257.420

552.400 313.227
I 5.337.600 298.797
371.200 389.566
690.100 891.486
1,501.758 1,260.479

37,639.300 6,850.985
5,006.400 1.272.868
7.004.600 6.361,137
24.028.680 33.364.380
8,059.908 3.029.722

200.000

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37.900 21.420

37,075 20.227

28.150 15.584

77.905 87.156

610.475 14.735

84.900 63.983

670.037 640.049

2.621.400 2.136.685

1.383.300 792.719

2,740.624 3.840.355

645.600 1.017.789

1.775.374 945.043

742.000 1,237.008

412.700 6,012.677

4.725.000 781.105

34.600 32.640

33.70(1 34.262

33.200 33.476

214.300 377.701

517.408 33.479

14.400 253.655

41.100 42.768

1,331.400 1.075.340

508.100 396.1 54

1,521.700 1.705.427

7,274.800 21.228.946

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4,528.808 964.557

Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31. 2019

Collection Processes Svstem

Treatment Processes Svstem

Solids Processing Svstem

Flood and Pollution Control Svstem

Solids Drying/ Utilization System

Waterways WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

Calumet WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

Lemont WRP Network

Estimated 2019 Actual 2019

Estimated 2018 Actual 2018

Estimated 2017 Actual 2017

Estimated 2016 Actual 2016

Estimated 2015 Actual 2015

246,100 10.955,571

115.525 1.149.455

4.933.600 3.478.800

4.834.200 3.081.864

3.244,935 3.330.986

24.346,293 12.644,323

15.532,197 5.004.441

8.446

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540

70.200 1 15.903
837.722 1.415.229

10.240

5.485.300 2.137,143
4,005,602 3.166.505
8.423.738 8.956.454
16.082.140 18.205.026
3.612,840 7.014.378

10,300 22,812
10.800 3.468
8.800 4.739
126.100 348.026
443.665 1.321.857

1.239.300 $ 1.009.331
795.600 1.053.258
1.737.410 1.848.660
5.211.367 5.457,023
1,904,283 3.798.937

262.007

23.898

7.872.800 1.872.589
17.406.595 2.763.017
11.957.187 1.151,151
27.544,100 3.178.612
9.534.574 6.365.775

175.100 S 178.033
161.200 186.323
172,787 173,529
1,392.200 294.1 11
21.221.249 5.1 19.450

538,900 130,634
103,600 126,643
558,800 509.922
744.800 675.730
14.000 780.400

122 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

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

	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	$ 32.213	S 32.370	$ 32.058	$ 32.228	S 31.602
Interest	182.881	179.038	173.861	168.530	163.338
Changes of benefit terms		-	- -		
Differences between expected and actual experience	12,158	(1.991)	13.814	14.422	10.861
Changes of assumptions	35.593	-	-	- -	
Benefit payments, including refunds of emplovee contributions " '	(161.324)	(154.713)	(147,336)	(140.509)	(133.898)
Net change in total pension liability	101.521	54.704	72.397	74.671	71.903
Total pension liability-beginning	2,486.867	2.432,163	2,359.766	2.285.095	2.213.192
Total pension liability - ending	2,588.388	2.486.867	2,432.163	2.359.766	2.285.095
Plan fiduciary net position:					
Contributions - employer	87.167	89.858	80.259	71,041	73,906
Contributions - employee	21.033	20,840	20.831	21.385	18.975
Net investment income	(103.006)	194.822	113.586	(1.428)	81.601
Benefit payments, including refunds of employee contributions '	(161.324)	(154.713)	(147.336)	(140.509)	(133.898)
Administrative expense	(1,685)	(1.614)	(1,503)	(1.660)	(1.407)
Other	15	3	107	29	4
Net change in plan fiduciary net position	(157.800)	149,196	65.944	(51,142)	39.181
Plan fiduciary net position - beginning	1.501.793	1.352.597	1.286.653	1.337.795	1.298.614
Plan fiduciary net position - ending	1.343.993	1,501.793	1.352.597	1.286.653	1.337.795
Net pension liability-ending	$1,244,395	$ 985.074	$1,079,566	$1,073,113	$ 947.300
Plan fiduciary net position as a percentage of					
the total pension liability	5192%	60.39%	55.61%	54 52%	58.54%
Covered payroll	S 187,850	S 184.385	S 182.640	$ 177.792	S 176.184
Net pension liability as a percentage of covered payroll ' "	662.44%	534.25%	591 09%	603.58%,	537.68%

(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.

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Required Supplementary Information (RSI) Other than MD&A - Unaudited

Year Ended December 31, 2019

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

Year	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)
2019	$ 64.989	i 87.167	$ (22.179)
2018	65.728	89.858	(24,130)
2017	64,596	80.259	(15.664)
2016	62.603	71.041	(8.438)
2015	64.478	73.906	(9.428)
2014	68.414	92.944	(24.530)
2013	74.829	65.098	9.731
2012	69.393	37.379	
2011	61,873	29.918	
2010	54.790	32.154	

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32.014
31.955
22.636

Covered Payroll
187.850
184.385
182.640
177.792
176.184
169.376
163.817
164.275
174.486
176,915

Contribution as a Percentage of Covered-employee Payroll

46.40%
48.73%
43.94%
39 96%
41.95%
54.87%
39.74%
22.75%
17.15%
18.17%

Notes to the Schedule of District Contributions

Valuation Date: The District's actuarially determined contribution (ADC) is calculated as of December 3 1, 2018. Methods and Assumptions used to determine the ADC:

Actuarial cost method Amortization method

Remaining amortization period Asset valuation method Investment rate of return I nil at ion Salary increases Payroll growth Termination rates Mortality rates

Retirement rates Disability rates

Entry age normal

Level percent of pav. Prior to 2013. 30 vear open amortization. From the 2013 ADC calculation, closed to 2050.

32 years

5 years smoothed value

7.25%

2.5%

Varies by service 3.00%

Termination rates vary by age and gender.

Healthy Members: RP-2000 Combined Healthy Mortality Table w ith Generational Mortality Improvements (Scale AA).

Disabled Members: RP-2000 Disabled Retiree Mortality fable.

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Retirement rates are based on the most recent experience analysis and vary by age and service of member. Rates were reduced by 20% as ofthe 2011 ADC calculation to reflect actual experience.

Disability rates varv bv tme.

Acopy ofthe Pension PlanCAFR may be obtained by accessing the Metropolitan Water Reclamation District Retirement Fund's website at www.mwrdrf.org <http://www.mwrdrf.org>.

124 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

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

Reporting period ending Measurement date

Total OPEB liability:
Service cost Interest
Changes of benefit terms
Differences between expected and actual
Changes of assumptions
Benefit payments
Net change in total OPEB liability
12/31/2019 12/31/2018

5.315 20,012

(12.571)
12.756
12/31/2018 12/31/2017

5.098 19.260

(13.431)
10.927

Total OPEB liability - beginning Total OPEB liability - ending

Plan fiduciary net position:
Employer trust contribution
Pay-as-you-go contributions
Net investment income
Benefit payments
Administrative expense
Net change in plan fiduciary net position

308.747
321.503

5.000 12,571 (I 1.841) (12.571) (42)

(6.883)
297.820
308.747

5.000 13.431 25.392 (13.43 I) (37)

30,355

Plan fiduciary net position - beginning Plan fiduciary net position - ending

Net OPEB liability - ending

Plan fiduciary net position as a percentage of the total OPEB liability

Covered payroll
113.547
133.186 S

58.57% 63.22% S 192.662 S 184.807

District's net OPEB liability as a percentage of covered payroll

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

Actuarial valuations are required to be completed every two years. The most recent actuarial valuation was completed as of December 3 1, 2017.

A copy ofthe OPEB Trust Fund CAFR may be obtained by accessing the District's website at www.mwrd.org <http://www.mwrd.org>

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OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

CONSTRUCTION FUND

Fund established to account for proceeds of annual property tax levies and certain other revenues used for the acquisition of long-term assets used in principal functions ofthe 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, 2019
(with comparative amounts for prior year)

			Assets				
Cash	**S 846**		**$ 152**	**$ 1.113**			
Certificates of deposit Investments	10,669		22,453	17.076			
Prepaid insurance	19.264		8.887	36.785			
Taxes receivable, net					-	-	74
Other receivable					7.334	11.290	51.074
Total assets					745	792	316
			Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:							
Accounts payable and other liabilities	S 38,858		$ 43,574	$ 106,438			
Due to other funds					-	-	74
Total liabilities							
Deferred inflows of resources:							
Unavailable tax revenue							
T otal deferred inflows of resources							
f und balances:							
Nonspendable:							
Prepaid insurance							
Restricted for:							
Working Cash							
Capital projects							
Unassigned							
Total fund balances							
Total liabilities, deferred inflows, and fund balances							

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				22.713	22,395	37.967
				7.753	7.243	16.136
		(.74)				
				30.466	29.638	54.103
S 38.858	S 43.574	$ 106.438				
$ 1.543	S 1,959	$ 1.695				
23,070	27,74545.523					
32,039	56.04940.926					
				76	74	76
46.152	58.40857.442					
				162	1.061	954
$ 103.042	S 145,296	$ 146.616				
				76	74	76
37.698	60.68060.093					
21.711	23.88928.954					
				(76)	(74)	(76)
59.409	84.56989.047					
$ 103.042	$ 145.296	$ 146.616				

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

Year ended December 31. 2019
(with comparative amounts for prior year)

(in thousands of dollars)

Stormwater Management Fund
Total Nonmajor Governmental Funds

Revenues

Revenues:

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Property taxes Interest on investments Grant revenue Fees, forfeits and penalties Claims and damage settlements Miscellaneous Total revenues

2019

9.505 759

28 ->

10.294

2018

S 16.049 632

3

80_

16.766

2019

41.911 1.443 316 1.416

10

45.096

2018

42.626 997 346

169

44.138

2019

51.416 2.202 316 1.416 28n

55.390

2018

58.675 1.629 346

->

249

60.904

Expenditures						
Current Operations						
	Construction costs	9,466	15.028	44,630	20,613	54.096 35.641
	Total expenditures	9.466	15.028	44.630	20.613	54.096 35.641

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Revenues over (under) expenditures					
Other financing sources (uses):					
T ransfer out to Debt Service Fund					
Total other financing sources (uses)					
Revenues over (under) expenditures and other financing uses					
Fund balances					
Beginning ofthe year					
End ofthe vear					

			828	1.738	466
		(5.772)			
-	^	(5.772)			
			828	1.738	(5.306)
			29.638	27.900	59.409
$	30.466 1	29.638 ~$	54,103		
	23.525	1.294	25,263		
	(5.771)	(5,772)	(5.771)		
	(5,771)	(5.772)	(5.771)		
	17.754	(4.478)	19.492		
	41.655	89.047	69.555		
$	59.409 1	84.569 1	89.047		

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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.

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

Year ended December 31. 2019

Corporate Division

Board of Commissioners' Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions T uition and training payments Personal services not otherwise classified Total personal services

Contractual services Travel

Meals and lodging Subscriptions and membership dues Payment for professional services Contractual services not otherwise classified Total contractual services

Materials and supplies

Ofiice. printing, and photographic supplies T otal materials and supplies Board of Commissioners total

General Administration: Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions T uition and training payments Total personal services

Contractual services Travel

Meals and lodging

Postage, freight, and delivery charges Compensation for personally owned autos Motor vehicle operating services Reprographic services Electrical energy Natural gas

Water and water services Communication services Subscriptions and membership dues Rental charges Advertising

Administration building operation

fin thousands of dollars)

Budget Amounts

Original

Net Transfer

3.712 55 87 20 428

4.302

20 22 28 858

928

26_

26_

5.256

(80) 80

.019 667 162 33

.881

6 15

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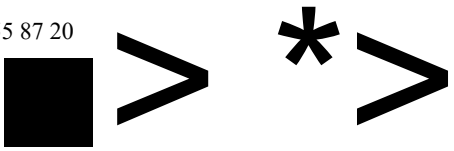
10 17 I 10 4 63 103 325 25 7 3

(25)
71

933 94 13
.313

Final

.712 55 87 20
428
4.302
20



28 858

928

26
26
5.256

10,939 747 162 33

1.881

10 17 110 5 69 118 325 25 7 3

908 94 13
.384

Actual Amounts

3.490 7 76 16 348 3.937

7 14 26 394

442

4.385

10,617 746 159 20

I 1.542

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7 12 1 10 4 66 105 312*) *)

6 3

868 47 6

1.213
Actual Variance with Final Budget -Positive (Negative)

222 48 11 4 80
365

13 8 2
464 (1) 486

20 20 871

322 I
3 13
339

3 5

1

3 13 13 3 1

40 47 7 171

132 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

Corporate Division

General Administration (continued):

Administration building operation annex Payment for professional services Contractual services nol otherwise classified Repairs to buildings Repairs to office furniture and equipment Communication equipment maintenance Repairs to vehicle equipment Total contractual services

Materials and supplies

Electrical parts and supplies Plumbing accessories and supplies I lardware

Office, printing, and photographic supplies Cleaning supplies Wearing apparel Books, maps, and charts Communication Supplies Materials and supplies not otherwise classified Total materials and supplies

Machinery and equipment Vehicle equipment

Machinery and equipment not otherwise classified Total machinery and equipment General Administration total

Monitoring and Research Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions Salaries of non-budgeted employees Tuition and training payments Total personal services

Contractual services Travel

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Meals and lodging

Postage, freight, and delivery charges Compensation for personally owned autos Rental charges

Intergovernmental agreements Governmental services charees

(in thousands of dollars)

Budget Amounts

Net Transfer

Original

201

$ 783 324 332 566 48 23 440 5.536

9 8 16 137 I

53

(105) (.95) (200)

52 302

I

900 95 995

18.714

(55)

28.3 I I 819 412

78

29.620

18

(I)

40 9 27

50 17

Final

829 457 332 502 74 23 432

5.737

9 8

16 137 I

53 1

302

795

795

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18.715

28.256 819 412 55

78_
29.620

20 40 9 27

50 17

Actual Amounts

715 252 280 26 65 22 355

4.496

7 7 15 I 12 I

35

22 28
227

613 613
16.878

26.966 479 383 55 77
27.960

20 37 6 25

50 17

Actual Variance with Final Budget -Positive (Negative)

% 1 14 205 52 476 9 I

77_

1.241

25

18

24 75

182

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182
.837

1.290 340 29

1.660

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, 2019

Corporate Division

Monitoring and Research (continued): Payment for professional services Contractual services not otherwise classified Repairs to marine equipment
Computer software Computer software maintenance Repairs to testing and laboratory equipment Total contractual services

Materials and supplies
Office, printing, and photographic supplies farming supplies
Laboratory testing supplies and small equipment
Wearing apparel
Fuel
Materials and supplies not otherwise classified Total materials and supplies

Machinery and equipment
Testing and laboratory equipment Total machinery and equipment Monitoring and Research total

Procurement and Materials Management: Personal services
Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions T uition and training payments Total personal services

Contractual services Travel
Meals and lodging
Compensation for personally owned autos Advertising
Payment for professional services Repairs to buildings
Repairs to office furniture and equipment Computer software maintenance Repairs to vehicle equipment Repairs to not otherwise classified
Total contractual services

Materials and supplies Metals

(in thousands of dollars)

	Budget Amounts				
	Net Actual Original	Transfer	Final Amounts		
$ 92	S (I) $ 91	S 62	$ 29		
			336	(118) 218	165 53

24 1438344
- 181818-
- 38382810

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- 392(7)38531966

1.006 (73) 933 763 r70

30 535314
28 (12)1611 5
415 (18)397 34849
13 -1312I
14 -14122
38 I 39 32 t
538 (6)53246567

384 78_ 462 439 23
384 78 462 439 23

296 51 8

355
5.419
29
76
I
5.525
5.715 80 84
I
5.880
31,548 (7) 31.547 29.627 1.920

5.715 80 84
1_
5,880

2 (2) ---
1 I -I
1-11 -
120 (21) 99909
15 (15) ---
8 106 114114-
2 22
- 28 2828-
7 (l) 642

156 95 251 239

104 34 138 135 3

134 FINANCIAL SECTION

Metropolitan Water Reclamation District of Greater Chicago

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Corporate Division

Procurement and Materials Management (continued): Electrical parts and supplies Plumbing accessories and supplies I lardware
Buildings, grounds, paving materials, and supplies
Fiber, paper and insulation materials
Paints, solvents, and related materials
Vehicle parts and supplies
Mechanical and repair parts
Office, printing, and photographic supplies
Laboratory testing supplies and small equipment
Cleaning supplies
Tools and supplies
Wearing apparel
Safety and medical supplies
Computer supplies
Fuel
Gas (in containers) Communications supplies Lubricants
Materials and supplies not otherwise classified Total materials and supplies

Machinery and equipment Computer equipment Computer software Farming equipment
Total machinery and equipment

Capital projects Buildings
Total capital projects

Procurement and Materials Management total

Human Resources: Personal services
Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions Employee claims Tuition and training payments Health and life insurance premiums Personal services not otherwise classified Total personal services

(in thousands of dollars)

Budget Amounts

Net Transfer

Original

7 21

19
3

$303 343 80 357 43 51 10 238 15 625 266 100 175 71 40 285 85 7
226 72 3.496

(55)
140
(32)
53
(8)

117 172
(8)

17
140
17

powered by Legistar™

9.821
(50)

50 (115)
(115)

6.803 316 140 60 710 46.804 360 55.193

Final

303 353 80 191 57 51 13 217 20 665 286 11 I 175 78 61 285 104 10 226 72
3.496

140 85
225

109
109
9.961

6.803 266 140 110 595
46.804 360
55.078

Actual Amounts

295 351 79 190 56 49 13 200 14 665 285 108 173 78 60 204 87 10 224
5J_
3.327

81
81

9.172

5.766 199 100 72 454 42.607 209
49.407

Actual Variance with Final Budget -Positive (Negative)

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17 6

1
3 2

I
81 17

2 21 169

140 4
144

109
109
789

1.037 67 40 38 141 4.197 151 5.671

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. 2019

Corporate Division

Human Resources (continued): Contractual services Travel

Meals and lodging

Compensation for personally owned autos Court reporting services Medical services Insurance premiums Rental charges

Payment for professional services Contractual services not otherwise classified Safety repairs services Total contractual services

Materials and supplies

Office, printing, and photographic supplies Books, maps, and charts Safety medical supplies Materials and supplies not otherwise classified

Total materials and supplies Human Resources total

Information Technology: Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions Tuition and training payments Total personal services

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Contractual services Travel

Meals and lodging

Postage, freight, and delivery charges Compensation for personally owned autos Communication services Rental charges

Payment for professional services Contractual services not otherwise classified Computer equipment maintenance Computer software maintenance Communication equipment maintenance Total contractual services

(in thousands of dollars)

Budget Amounts

Original

Net Transfer

17 1

(62)

60 1 14

12 121 3.471 22 1.005 72 107 4.833

30 1

166

6

(1)

203

60,229

8.352 234 122 38

8.746

151

(36) (181)

(35)

(50)

2 5 2 2

1.575 475

1.281 10 340

(150)

4.334 779

8.805

Final

s

17 1

15 121 3.584

22 943

72 167

powered by Legistar™

4.947

30 1
166 6
203
60.228

8.352 234 122 38

8.746

1.726 439
1.100 10 305
4.334 729
8.655

Actual Amounts

3
10
I

13 89 3.573 17 747 50 147 4.652

28

147 5

180
54.239

7.665

164

107

\J_

7.949

2 4 2
1
1.613 391 268 6 164
3.942 599
6,992

Actual Variance
with Final Budget -Positive

powered by Legistar™

(Negative)

-> 32 11

5

196 22 20
295

19 1
23 5.989

687 70 15 25
797

I 13 48 832 4 141 392 130 1.663

Corporate Division

Information Technology (continued): Materials and supplies

Office, printing, and photographic supplies Computer software Computer supplies Communication supplies

Total materials and supplies

Machinery and equipment Computer equipment Computer software

Total machinery and equipment Information Technology total

Law:

Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions Tuition and training payments Total personal services

Contractual services Travel

Meals and lodging

Postage, freight, and delivery charges Compensation for personally owned autos Reprographic services Court reporting services Payment for professional services Contractual services not otherwise classified Total contractual services

Materials and supplies

Otlice. printing, and photographic supplies Books, maps, and charts

Total materials and supplies

fixed and other charges Taxes on real estate

Total fixed and other charges Law total

finance:

Personal services

Salaries of regular employees

(in thousands of dollars)

Budget Amounts

Original

Net Transfer

53 50
103

16 100 556 156 828

7

(40)
(40)
(87)
(99) 99

207 214 18,593

5.494 140 80

I4_
5.728

s

13 I

5

60
60

17 27 500 108 676

6

L5_

19

(60)
(60)

755 755 7.178

3.187

Final

16 100 609 206

powered by Legistar™

931

7

167
174
18.506

5.395 239 80 14

5.728

13 1
5

17 27 560 108

736

19

695
695
7.178

3.198

Actual Amounts

9 34 534 132

709

15.657

4.841 238 71 14

5.164

powered by Legistar™

17 146 94

274

s
10
15

683
683
6.136

3.187

Actual Variance with Final Budget -Positive (Negative)

7 66 75 74

167 167 2.849

554

564

4

2 16 10
414 14
462

12

1.042

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. 2019

Corporate Division

Finance (continued):

Compensation plan adjustments Social Security and Medicare contributions T uition and training payments Total personal services

Contractual services Travel

Meals and lodging

Postage, freight, and delivery charges Reprographic services Court reporting services Discount Lost

Payments for professional services Contractual services not otherwise classified Repairs to office furniture and equipment Total contractual services

Materials and supplies

Office, printing, and photographic supplies Books, maps, and charts Materials and supplies not otherwise classified Total materials and supplies Finance total

Engineering:

Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions T uition and training payments Total personal services

Contractual services Travel

Meals and lodging

Postage, freight, and delivery charges Compensation for personally owned autos Reprographic services Water and water services Payments for professional services Contractual services not otherwise classified Repairs to waterway facilities

tin thousands of dollars)

	Budget Amounts	
	Net Transfer	**Original**
		$ 115 47
		30_
		(4) 4
		3.379
	6 I	
		2 50 3
		258
		338
		21
		23_
		3.740
		(375) 300
		(75)

powered by Legistar™

24.611 459 356 118
25.544

10 18 I

(1)
75

10 4 4 127 83 71

Final

104 47 30
3.379

7
10 I

2 50 3

258 ~>

338

3.740

24.236 759 356 118
25.469

10 18 I

9 4 5
202 83 71

Actual Amounts

I

44 29
i.26l



3 8

48

253

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317

10
3.588

22.216

568

315

81_
23.180

7 18 1
7 3 5 85 82 71

Actual Variance with Final Budget -Positive (Negative)

$ 103 3

118 4

2 1
5 I
5
~

13 152

2.020 191 41 37
2 289

117 1

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Metropolitan Water Reclamation District of Greater Chicago

Corporate Division

Engineering (continued):

Repairs to testing and laboratory equipment Repairs not otherwise classified Total contractual services

Materials and supplies

Ollice. printing, and photographic supplies T ools and supplies Books, maps, and charts < Total materials and supplies Engineering total

Maintenance and Operations: Personal services

Salaries of regular employees Compensation plan adjustments Social Security and Medicare contributions Salaries of non-budgeted employees T uition and training payments Total personal services

Contractual services Travel

Meals and lodging

Compensation for personally owned autos Motor vehicle operating services Electrical energy Natural gas

Water and water services Communications services T esting and inspection services Rental charges

Governmental service charges

Maintenance of grounds and pavements

Payments for professional services

Contractual services not otherwise classified

Waste material disposal charges

Farming services

Sludge disposal

Repairs to collection facilities

Repairs to waterway facilities

Repairs to process facilities

tin thousands of dollars)

Budget Amounts

Net Transfer

Original

75

S 5 10

343

(2)

43 8

3

54

(1.071) 995

76

25.941

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92.221 4.844 1.365 5
(16) 1
25

2.330 (216) 128

3

(27) (10) 121 (923) (317) (101) (175) (6) (711) 332 (6) 78

202 98.637

29 62 108 2

36.445 2.945 2.110

167 161 3.650 1.431 489 645 10.823 24 4.100 3.486 48 5.983
129

Actual Variance with Final Budget -Actual Positive Amounts (Negative)

289

39 6 5
2.422
50
23.519

1.759 334 40 34 102
2.269

89,391 5.505 1.325 47 100 96.368
1 I
9 153
3 29
4 45 48 53 61 97

12 56 128 I

38.764 2.720 2.085
474
98

111 147 3.726 460 119 483 10,551 18 3.389 3.344 42 5.963

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. 2019

Corporate Division

Maintenance and Operations (continued): Repairs to railroads Repairs to buildings
Repairs to material handling and farm equipment Safety repairs and services Repairs to marine equipment Computer software maintenance
Repairs to vehicle equipment Repairs not otherwise classified Total contractual services

Materials and supplies Metals
Electrical parts and supplies Plumbing accessories and supplies Hardware
Buildings, grounds, paving materials, and supplies
Fiber, paper and insulation materials
Paints, solvents, and related materials
Vehicle parts and supplies
Mechanical repair parts
Manhole materials
Office, printing, and photographic supplies Farming supplies Processing chemicals
Laboratory testing supplies and small equipment
Cleaning supplies
T ools and supplies
Wearing apparel
Safety and medical supplies
Computer software
Computer supplies
Fuel
Gas (in containers) Communication supplies Lubricants
Materials and supplies not otherwise classified Total materials and supplies

Machinery and equipment
Equipment for collection facilities Equipment for process facilities Railroad equipment
tm thousands of dollars)

Budget Amounts

Net Transfer
Original
151
(59)
(10)
26 (7)

S 267 1.015 316 334 65 8 141
612
28_
74.882
6 150 (32)
21
259

31 2.695 828 8 145 11 13 168 3.612 25 39 4
(1.120)
12.445 29
7
10
(53)

248 4 42 39 170 332 1
2
(5)

powered by Legistar™

15 8
(755)
(8) 109 21
117 21.031

60 177

Final

418
956 306 334
65 9 167
21
75.494

37 2.845 796 8
149 11 13 189 3.871 25 42 4
1 1.325 29 2
258 4 42 39 117 332 I
15 10 112 20.276

52 286 21

Actual Amounts

399 743 274 266 36 8
152 5
74.002

32 2.547 695 5
126 5 4 170 3.212 19 39 3

9.936 26

7
245

35 32 68 289

15 9
86_
17.600

50 272 21

Actual Variance with Final Budget -Positive (Negative)

S 19 213 32 68 29 I
15 16 1.492

powered by Legistar™

3
298 101 3 23 6 9 19 659 6

1.389 3

13 4 7 7 49 43

26_
2,676

2 14

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Metropolitan Water Reclamation District of Greater Chicago

Corporate Division

Maintenance and Operations (continued): Farming equipment Marine equipment Computer equipment Vehicle equipment
Materials and equipment not otherwise classilied Total machinery and equipment Maintenance and Operations total

Corporate Division Total

Total all departments:
Personal services
Contractual services
Materials and supplies
Machinery and equipment
Fixed and other charges Capital Projects
Total Corporate Division

Reserve Claim Division

Employee claims
General claims and emercencv repair and replacement cost over $10,000
Total Reserve Claim Division

Total General Corporate Fund
Final

311 80 138 1.192
53

18 1

320 9

Actual Variance with Final Budget -Actual Positive Amounts (Negative)

293 $
79 138 872
364
2.133
44
196.540

6.801
1.769
248.720 98.437 25.862 3.789 695 109 377.612
189.739
234.293 14.427
92.466 5.971
22.589 3.273
2.909 880
683 12
24.672
- 109
10.000 21.768
352,940
,768
4.546
3.316 6.684 1.230 20.538
27.222
$ 409,380 S 357.486 $ 51,894

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

Year ended December 31. 2019
(wilh comparative amounts for prior year)

Personal services: Salaries and wages

Employee health and life insurance premiums Social Security and Medicare contributions Tuition and training payments Other

Total personal services Contractual services: Electrical energy Natural gas

Postage, freight, and delivery charges Waste material disposal charges Administration building operation Communication services

Farming services Court reporting services Water and water services Motor vehicle operating services Employee travel and transportation Medical services Rental charges

Maintenance of grounds and pavements

Governmental service charges

Repairs to process facilities

Other repairs

Other contractual services

Total contractual services Materials and supplies: Processing chemicals Laboratory testing supplies Mechanical repair parts Fuels and lubricants Electrical parts and supplies Plumbing accessories and supplies Office, printing, and photographic supplies Buildings, grounds, paving materials, and supplies Cleaning supplies Metals

Computer supplies

Other materials and supplies

Total materials and supplies (continued)

188.154 42.607 2.657 804 72

234.294

39.076 2.742 I 19 10.551 1.928 1.616 18 80 2.096 68 402 89 601 460 3.785 5.987 11.214 11.128 91.960

9.943 1.044 2.834 851 2.545 920 291 292 298 162 700 1,219 21.099

(in thousands oj dollars) 2019 2018

S 186,997 42.874 2.634 830

64_

233.399

39.114 3.132 110 9.665 1.837 2.199 20 69 2.046 65 413 90 482 809 3.780 5.330 10.470 I 1.21 I 90.842

9.564 978

3.510 847

2.641

1.090 313 436 306 130 457

3.038

23.310

Percent

1.157 (267) 23 (26) 8

Increase Increase (Decrease) (Decrease)

1% (1) 1

895

(38) (390) 9

886 91

(583) (2) 11 50 3

(3) 13 0

0

powered by Legistar™

(12) 8 9 5

(27) (10) 16

7

5

(1) 1 19 (349) 5

657 744 (83)

(3) (I) 25 (43)

0 12

7

(1)

4

7

(19) 0

(4) (16)

(7) (33)

(3)

25

53 (60)

(9)

118

379 66 (676) 4

(96) (170)

(22) (144) (8)

243 (1.819)

(2.21 I)

Percent of Total 2019

53% 12

0 0 66

I

0 0

I

0 0 0 0 0

1

2 3 3 26

3 0

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Metropolitan Water Reclamation District of Greater Chicago

Machinery and equipment: Vehicle equipment Testing and laboratory equipment Equipment lor collection facilities Computer software Com m un icat i on eq u i pm ent Other machinery and equipment

T otal machinery and equipment Fixed other charges: Taxes on real estate

T otal fixed other charges Claims and judgments

Total expenditures

thousands of dollars) _ ”

									Increase	Percent Increase	Percent of Total
	2019		**2018**		**(Decrease)**	**(Decrease) 2019**					
%	**1.486**	**$**	**-**	**S**	**1.486**	**0%**	**0%**				
	439		**3598022**		**0**						
	32		**67(35)(52)**		**0**						
	-		14		(14)(100)0						
	-		15		(15)(100)0						
			SO_		2505632250						
	2.770		7052.065		293i						
	683		683		-	0 0					
									683	683	0 (T~
	4.547		5.497		(950)	(17)I					
S	355.353 1		354,436 ~S		9?7	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. 2019

(in thousands of dollars)

Revenues:			
Property taxes			
Total lax revenue			
	Actual on Final Budgetary Budget Basis		
'30.951			
$ 235.259	$ 230.951 S		
235.259			
	Actual Variance with Final Budget -Positive (Negative)		
	(4,308)		
	(4.308)		
Interest on investments Miscellaneous			
Total revenues			
2.765 52			
233.768			
865 52			
(3.391)			
Expenditures:			
Debt service Revenues over (under) expenditures			

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Other financing sources (uses): Transfers from Stormwater Fund

Total other financing sources (uses)

Revenues and Other financing sources (uses) over (under) expenditures

Fund balances at beginning of year Fund balances at end ofthe vear

(3.981) 30.022
26.041

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 ofthe 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. 2019

Construction Fund:

Contractual services

Testing and Inspection Services Intergovernmental Agreements Payments lor professional services Preliminary engineering reports and studies

Contractual services not otherwise classified Total contractual services

(in thousands of dollars)

Budget Amounts

Original

Net Transfers

19

(19)

1.303 1.069 1.131 213 50 3.766

Actual Amounts

1.322 S 1.069 1.1 12 213 50

3.766

Actual Variance with Final Budget-Positive **(Negative)**

391 .000 514 192 50

2.147

Machinery and equipment						
Equipment for collection facilities	641-641210431					
Equipment for waterway facilities	17871041013					
Equipment for process facilities	1.297(110) 1.187604583					
Material Handling and Farming Equipment	740(87)653 6476					
Computer software	45-4545					
Communications equipment	150-150- 150					
Vehicle equipment	180	HO	290	286	4	
Total machinery'and equipment		3.070	-	3.070	1,848	1.222
Capital Projects						
Collection facilities structures	300(32)268 20860					

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Process facility structures	1.209(438)	771363408				
Buildings	3,061588	3.6492.4821,167				
Capital projects not otherwise classified	1,388(825)	563562I				
Preservation of collection facility structures	2,540341	2.8811.1511.730				
Preservation of waterway facility structures	3O0-30075225					
Preservation of process facility structures	1.415(850)	565339226				
Preservation of buildings	1.238355	1.593802791				
Preservation capital projects not otherw ise classified	54861915	16899				
Total capital projects	I 1.505	-	11.505	5.998	5.507	
Construction Fund Summary:						
Contractual services 3.766	-	3.766			1.619	2,147
Machinery and equipment 3.070	-	3.070			1.848	1.222
Capital projects	11.505	-	11.505	5.998	5.507	
Construction Fund total	18.341	-	18.341	9.465	8,876	

(continued)

Metropolitan Water Reclamation District of Greater Chicago

(in thousands oj dollars)

	Budget Amounts				
	Net Actual Original	Transfers	Final Amounts		
Stormwater Management Fund:					
Personal services					
Salaries of regular employees	$ 8.627	S (110)	$ 8.517	$ 8.431	$ 86
Compensation plan adjustments	293	110	403	369	34
Social Security and Medicare contributions	127	-127	123	4	
Salaries of nonbudgeled employees	20-20	-20			
Tuition and training payments	II-II	10I			
Health and life insurance premiums	879	-879	770	109	
Total personal services	9,957	~	9.957	9.703	254
Contractual services					
Travel	224	31			
Meals and lodging	47II	101			
Postage, freight and delivery charges	3-32	I			
Compensation for personally owned autos	25-	2513	12		
Motor vehicle operating services	I-II				
Court reporting services	126	1816	2		
Rental charges	3-31	2			
Intragovemmental agreements	34.532	(9)34.523	14.45220.071		

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Payments for professional services	775	-775	516	259		
Preliminary engineering reports and studies	7.606	(208)	7.398	1.416	5.982	
Professional engineering services for construction projects "	6.534	-6.534	1.839	4.695		
Contractual services not otherwise classified	205	202	407	373	34	
Waste material disposal charges	60-60	3426				
Repairs to waterways facilities	2.500	-2.500	2.473	27		
Computer Software	145	-145	140	5		
Repairs nol otherwise classified	2-21	I				
Total contractual services		52.409	-	52.409	21.289	31.120
Materials and supplies						
Building and grounds materials and supplies	5-55	-				
Office, printing, and photo supplies	12-	12	75			
Processing chemicals	5-52	3				
fools and supplies	II-II	7	4			
Wearing apparel	9-97	2				
Materials and supplies not otherwise classified	90-90	54	36			
Total materials and supplies		132	-	132	82	50

(continued)

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

Year ended December 31. 2019

Stormwater Management Fund (continued):

Capital Projects

Waterways facilities structure Army Corps of Engineers Services Capital projects not otherwise classified Preservation of waterway facility structures

Total capital projects

(in thousands of dollars)

Actual Amounts

Budget Amounts

Original

Final

Net Transfers

$ 22,725	S (5.771)	S 16.954	$ 11.318	$ 5.636	
2.146	-2.146	1.660	486		
			400	- 400	- 400
27.515					
12.978					

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8.766
2.244 -2.244 -2.244
(5.771) 21.744

Land Land

Total land

Fixed and other charges Pavments for easements

T otal fixed and other charges

Stormwater Management Fund Summary:
Personal services Contractual services Materials and supplies Capital projects Land
Fixed and other charges

Stormwater Management Fund total

9.957 52.409 132 27.515 1.000 400 91.413

(5.771) 3.832 1.909
(30)

9.957 52.409 132 21.744 4.832 2.309 91.383

9.703 21.289 82 12.978 637 164 44.853

254 31.120 50 8.766 4.195 2.145
46.530

Capital Improvements Bond Fund Summary:
Contractual services Capital projects Land
Fixed and other charges

Capital Improvements Bond Fund total * Capital Projects Funds total

10.898 (91.791)

4.390

378.174 (76.503) 301,671
$ 487.928 $ (76,533) $ 411,395 S 131,474 S 279.921

* 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.

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TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

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

Year ended December 31, 2019
(wilh comparative amounts for prior year)

Asscls Cash

Receivables

Employer contributions - taxes (net of allowance for uncollectible amounts)

Securities sold

Forward foreign exchange contracts Accrued interest and dividends Accounts receivable Total receivables

Investments at fair value Equities

U.S. Government and government agency obligations

Corporate and foreign government obligations

Fixed Income Mutual Funds Mutual and exchange traded funds Pooled funds - equities Pooled funds - fixed income Limited partnerships - real estate

Short-term investment funds Total investments

Securities lending capital Total assets

Liabilities

Accounts payable Due to broker Securities lending collateral Total liabilities

Net position restricted for pension and OPEB benefits
(in thousands of dollars)

Pension Trust Fund	OPEB Trust F'und	Total Fiduciary Funds

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2019	2018	2019	2018	2019	2018
S 243	S 2.131	$ -	S -	$ 243	S 2.131
87.319	87.281	-	-	87.319	87,281
38.456	-	-	-	38.456	-
				-	111.905
				3.502	3.844
78	54	-	-	78	53_

546,409 91.857 120.775

96,418 250.571 165.735 106.872

44.259 1.422.896

12.776

470,320 91,161 145.707

89.341 215.174 152.257
63.898

14,814 1.242.672

14.166
470,320

91,161

145.707 69.189 203.989 215.174 152.257 63.898

19.214 1.430.909

14.166 1.650.384
129.355 203.084 98 95 129.453 203.178

546.409

91.857

76.435 148.617
69.189 114.647

120.775 76.435 245.035 250.571 165.735 106.872
7.394
4.400
188.236
232.446

51.653 1.655.342
232.544
188.331

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12.776 1.797.814
.565.270 1.462,053

				1.222	1,210	29	13	1.251	1.224
44.437	102.682	-		44.437	102.681				
12.776	14,166	-	-12.776	14.166					
58.435	118.058	29	1358.464	118.071					

$1,506,835 $1,343,995 $ 232.515 $ 188.318 $1,739,350 $1,532,313

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

Year ended December 31, 2019
(with comparative amounts for prior year)

(in thousands of dollars)

Total Fiduciary Funds

Additions:
Contributions:
Employer contributions
Employee contributions
Total contributions
Investment income.
Net appreciation (depreciation) in fair value of investments
Interest and dividend income
Total investment income (loss)
Eess investment expenses
Investment income (loss) net of expenses
Security lending activities
Security lending income
Borrower rebates
Bank fees
Net income from securities lending activities

2019
87.446 21.182
2018
108.628

87.167 21.033
108.200
204.1 19 25.941

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230.060 (5,155)

(122.365) 24.076 (98.289) (5.024)

224.905 (103.313)

432 556 (105) (164) (72) (85)

307

2019

2018

17.571

S 17.700 $ 17.571

33.868 5.438

17.700

39.306 (55)

; 16.589) 4.803

39,251

(11.785) (55)

(11.840)

2019

2018

125.771

S 105.146 S 104.738 21.182 21.033

237.987 31.379

126.328

138.954) 28.879

269.366 (110.074) (5.210) (5.079)

432 (105) (72)

264.156 (115.153)

233

556 (164) (85)

307

Other

Total additions

Deductions: Annuities and benefits Employee annuitants Retiree health care benefits Surviving spouse annuitants Child annuitants Ordinary disability benefits Duly disability benefits

Total annuities and benefits Refunds of employee contributions Administrative expenses Total deductions

Net increase (decrease)

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Net position restricted for pension and OPEB benefits
Beginning of year
find of year
12.700
12,571
139.788

26.741 137 748 67

167.481 1.828 1.642
170,951

162.840
133.184

25.264 143 856 113 159.560 1.762 1,685 163.007

(157.799)

12,700 54

139.788 12.700 26.741 137 748
67_
12.571
42
12.754
12.613
44.197
(6.882)

180,181 1.828 1,696 183,705

.501.794
1.696.994
188.318
195,200
.532.313

207.037

1.343.995
S 1.506.835 $1,343,995 $ 232.515 $ 188.318 S 1.739.350 S 1.532.313

Page intentionally left blank

III. STATISTICAL AND

DEMOGRAPHICS

The Kirie Water Reclamation Plant in October.

SECTION

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Statistical and Demographics Section (Unaudited)

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

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Contents Exhibits

Financial Trends **1-1 through 1-4**

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

These schedules contain information to help the reader assess the District's most significant local revenue sources, property taxes and user charges.

Debt Capacity

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 **1-13 and 1-14**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's linancial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in this financial report relates to the services the District provides and the activities it performs.

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

Exhibit 1-1
Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	2019	2018	2017	2016
Net investment in capital assets *	$ 4,950,141	$ 4,822,531	S 4.710,123	S 4,591,899

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Restricted			
Restricted for corporate working cash	284,425282,055	280,437279.390	
Restricted for reserve claim	9,19411,728	9,9762,128	
Restricted for debt service	304,084299,106	318,646318,575	
Restricted for capital projects	57.83553,443	32.06775,762	
Restricted for construction working cash	22,71322,395	22,20422,070	
Restricted for stormwater working cash	37,96737,698	37,50937.384	
Unrestricted (Deficit)	(929,799)	(908.577)	(897.766)(787,263)
Total net position	$ 4,736,560	$ 4,620,379	S 4.513,196S 4.539,945

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

2014

4,630,463 $ 4,548,793 S 4,506,950 $ 4,514,633 $ 4,506,544

S 4,492.81:

278,852 6,499 310,383

21,947 37,216
278,148 7,764
305.375 15.457 21,833 37,035
276,894 9,861
278,970 28,886 21,644 37,690
277,006 4.524
268,760 18,828 21,649 37,737
277.270 6,21 1
257,418 29,908 21,611 39.573
277,249 22,521
227,320 38,018 27,377 39,554

(756,154)

4,529,206 S 4,491,456 $ 5,164,932 $ 5,142,131 $ 5,085,058 $ 5.027,916

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Exhibit 1-2
Changes in Net Position

Last Ten hiscal Years

(accrual basis of accounting)

(in thousands of dollars)

Revenues

General Revenues: Property taxes
Personal property replacement tax
Interest on investments
T ax increment financing distributions
Claims and damage settlements
Miscellaneous
Gain on sale of capital assets Total general revenues Program Revenues: Charges for services User charges Land rentals
Fees, forfeits and penalties Capital grants and contributions
Federal grants
Total program revenues Total revenues Expenses Board of Commissioners General Administration Monitoring and Research
Procurement and Materials Management Human Resources Information Technology Law Finance Engineering
Maintenance and Operations Pension costs OPEB T rust Fund costs * Claims and judgments Construction costs Loss on sale of capital assets Depreciation (unallocated) Interest on bonds Total expenses Chaime in Net Position

2019

609,614 47,826 18,293 10,345 490 7,335 3,052

696,955

48,526 24.827 4.044

18,271
95,668
792,623

4,400 17,104 30,385
5,714 53.585 15,534
5.95 I
3.618 25.192 190.841 134.899 (3,146) 10.489 64.992

11.719 105,165
676,442
16.181 $

2018

599,224 37,018 15,531 6.153 1,482 7.628

667,036

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44,000 22,678 5,116

17,086
88,880
755,916

4,167 16,063 30,262 7.102 53.182 15.173 6,023 3.460 27.800 187,660 102.993 (6,955)
(4,059) 85,813 92 1 1,849 108,107
648,732
107,184 $

2017

563.764 43.194 8,784 9,100 783 5,819 50
.494

51.098 17,352 5,401

14,558
88,409
719,903

4,094 15.791 29.591 5,947 54.267 12.734 5.830 3.520 27,830 178,994 106,814 1,486
(2,662) 85,535 202 12,063 109,550
651,586
68,317 $

2016

556,648 38,961 6,181 9,228 209 5,527 1,210 617.964

48,621 20,166 4,164

12.825 85.776 703,740

4,166 15,690 28.753 6,602 54.447 14.702 6,709 3,570 28.002 177,829 108,606 (7,008)
(8,548) 136,203 13
12,083 11 1,182 693,001

10.739

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

2012	2011	2010
$ 533.240	S 526.851	S 470.855
37.863	39.571	40.737
5.381	9,486	3,051
13.069	4,925	3,361
350	630	2,271
5,804	5,290	4,765
2.922	8_	923_
598,629	586,761	525,963
46.238	50,696	49,182
18.189	16,357	14,851
4,885	5,456	3,396
11,170	11,089	11,110
80.482	83.598	78.539
679,111	670,359	604,502
$ 486.316	$ 506,888	$ 409,550
35.605	36.849	39,352
11,123	13.156	9,119
6.239	12,715	6,818
1,472	1.298	285
5,822	4,859	5.181
676_	2,736	
546,577	576,441	473,041
69,322	57.469	49.433
12,081	12.161	10,040
3,353	3.279	2,731
22.164	17,218	17,156
106.920	90,127	79,360
653,497	666,568	552,401
3,671	3,721	3,520
14,835	15,096	14,426
27,259	26,922	25,294
6,801	6,331	5,660
58,512	72,896	67,841
14.602	14,708	14,331
6.008	6,812	6,975
3.401	3,433	3,394
27,232	26,561	25,051
173,177	169,234	162,372
87,145	92.944	52.065
(5,408)	(19.449)	(19.567)
23,560	2,660	3.369

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69.434 77.191 88,528
32 127 173
12,123 12,229 12,020
118,977 114,328116,249
641,361 625,744581,701
$ 37,750 $ 44.615 S 22.801 $
3,471 3.348 3,627
14,296 14,844 15,767
24,689 25,221 28.450
5,694 6,928 6,447
63,103 47,683 46,882
13.714 14,423 16,127
5.942 7,151 8,132
3.175 2,962 3,189
4,332 4.028 6,245
161,919 178,438 191.090
78,360 70,331 62.996
(7.155) 10,251 24,540
25,738 25,488 9,134
75,496 84,240104,947
147 95 381
12,459 12,23511,428
111,044 101,760 95.382
57,142 $
596,424 609,426634.764
57.073 $

Exhibit 1-3
Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	(in thousands o> 2019
General Corporate Fund Nonspendable:	
Prepaid insurance	S 5,825
Inventories	35,056
Restricted	314,626
Unassigned (Deficit)	(77,648)
Total General Corporate Fund	277.859
All Other Governmental Funds Nonspendable:	
Prepaid insurance	74
Restricted	273.340
Assigned	167,233

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Unassigned (75)

'ars)

2018 2017 2016

$ 5,201 $ 4,101 $ 2.117

33.436 34.787 35,502

310.677 306.854306.800

(64,772) (53,799) (44,428)

284.542 291,943299,991

76 79 -

335,306 381,079 451,657

158,319 147,473 145,341

(76) (79) (13.525)

Total Governmental Funds $ 718,431

Metropolitan Water Reclamation District of Greater Chicago

	2015	**2014**	**2013**	**2012**	**2011**	**2010**
$	2.137	S	2,143	S	2.391	$
--	$	-	$ -			
	37.623	39,586	40,136	39.467	38.922	38,924
	305.779	307.147	344.558	344,186	342,398	341,381
	(58,427)	(61.850)	(51.960)	(19,151)	(96.225)	(175.521)
	287,112	287.026	335.125	364,502	285,095	204.784
	378.458	219,606	328.953	575.796	763,064	519.456
	127,920	112.768	112.478	-	-	
	(9,090)	~_			-	
S	784.400	$	619,400	S	776,556	$
940,298	$	1,048,1.59	$ 724,240			

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Exhibit 1-4
Changes in Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basts of accounting) Revenues
General Revenues Property taxes
Personal property replacement tax Interest on investments Land sales
Tax increment financing distributions Claims and damage settlements Miscellaneous Program Revenues Charges lor services User charges Land rentals
fees, forfeits and penalties Capital grants and contributions Government grants Total revenues
Expenditures
Operations
Hoard of Commissioners
General Administration
Monitoring and Research
Procurement and Materials Management
I luman Resources
Information Technology
Law
Finance
Engineering
Maintenance and Operations
Pension costs
Claims and judgments
Construction costs Debt service
Redemption of bonds
Interest on bonds Total expenditures Revenues over (under) expenditures Other f inancing Sources (Uses)
Payment to escrow agent
State revolving fund loan proceeds
Sale ol refunding bonds
Proceeds from sale of bonds
Premium on sale of bonds
Proceeds from capital lease
Total other financing sources (uses)
Net change in fund balance
Debt service as a percentage of non-capital expenditures

(in thousands of dollars)
603.244 37,(118 15,531

6,153 1,4X2 7,666
583,875 38,061 6.1SI 1.233 9.228 209 5.540

2oT) 2(M8 2017 2016

47.S26 18.203
3.073 10.345 400
7.410

48.526 24.827 4.044
44.000 22.678 5.1 16
48.621 20.166 4.164

526.032 43.194 8.784 50 9.100 783 5.878

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17.082 759.970
12.817 730.905
18.268 718,466

51.008 I 7.352 5,401

4,158 15,400 28,400
6,611 54,606 14,213
6.707
3,597 26.051 177.695 77,712
4.786 206,768
4.596 16.023 30.325
5.705 53,668 15.585
6.134
3,502 23.528 100.050 82.248
4.547 128.176
4.148 15.816 30.204
7.236 53.227 15.125
6.130
3.450 26.031 187.563 02.668
5,497 158.670

14,555 683,127

4.075 15.766 29.606
5.054 54.225 I2.72S
5.922
3.530 26.068 170.181 75.570
126.020 116.685 808.491 (90.025)
6.005 268.407
144,296 116.398
I 13.605 110.520
921.341
866,468
(106.408)
(238.214)

102.670 117,474 037.028 (206.033)

30.280
175.245
64,170
30.289 (59.736)
64.170 (42.328)
175.245 (62.969)

(399.432) 179.224 322.260 104.000 90.045

32 8%
32 6%
31 6%

305.097 00.064
28 4%

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2015

525.302 37.863 5.381 3.164 13.060 350 5.869
516.316 30.571 0.486 8
4.925 630 5.445

454.966 40.737 3.051 2.575 3.361 2.271 4.765
480,168 35,605 1 1, 123

6.239 1.472 5.822

492.75 I 36.849 13.156 2.326 12.715 1.298 4.859

410,663 30,352 9.1 19 3.045 6.818 285 5.181

46,238 18,189 4.885

50,696 16,357 5,456

40.182 14.851
3.396

60.322 12.081 3.353
57.460 12.161 2.534
49.433 10.040 2.731

20,233 556.900

3.662 14.833 27.486
6.885 58,441 14,697
6,018
3.427 25,971 173.534 62.498
5.658 326,430
3.710 14.820 26.687
6,325 72.870 14,582
6,802
3.425 25,278 168,376 75.556 44,088 236.250
3,514 14,111 25,128
5,671 67.856 14.024
6.984
3,393 23.987 161.787 67.523
4.970 100.231

3.463 13,877 24,495 5.698 63.105 13.167 5.942 3.172 3.229 161.188 66.191 5.99X 259.315
3.344 14.332 25.084 6.940 47,710 13,820 7,166 2,965 2.975 177.908 36.635 6.923 337.05 I
3.628 15.411 28.445 6.403 46.944 15.823 8.164 3.203 5.367 191.165 30.000 6.728 496.885

101.220 1 18.680
949.440
(277.965)
89.118 110.1 15
898.920
(238.877)
85.709 11 1.665
795.553
(205.288)
71.400 118,854
819,094
(162,745)
64.112 98.015

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844.989
(191.653)
60,602 104,414 1,023.371 (466,471)

(82.906) 181.537
70.805 225.000
48,520

442.965
165,000
(253) 78.481

400.000 37,344

515.572
323,919

152.465

54.535 207.000 (259.471)

29 9%

Exhibit 1-5
Equalized Assessed Value, Direct Tax Rate and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars, except tax rates)

Fiscal Year Ended December 31,

Chicago Equalized Assessed Value (4)

Suburbs Equalized Assessed Value (4)

Total Equalized Assessed Value (4)

Total Direct lax Rate (1)

Estimated Full Taxable Value (3)

Equalized Assessed Value as a Percentage of Full Value

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

84,586.808 $ 89,880,835 S 174.467.643 0.261 $ 550,135,370 31.7%

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82,087.170	84,830.896	166.918.066	0.274	449,811.540	37.1
75.122.914	73.925.579	149.048.493	0.320	442.787.689	33.7
65.250,387	68.147.608	133.397.995	0.370	414,382.389	32.2
62.363,876	61.055.668	123.419.544	0.417	459.860.597	26.8
64.908,057	60.828.131	125.736.188	0.430	499.136.554	25.2
70.963.289	59.341,515	130.304.804	0 426	528.843.259	24.6
74.016.506	66.735.695	140,752.201	0 406	559.685.160	25.1
76.765,303	71.180,521	147,945.824	0.402	585.800.000	25.3
86,326,179	69.461.868	155,788.047	0.396	585.800.000 (2)	27.1

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

1) Tax rates per $100 equalized assessed valuation.
2) Current data not available from Civic Federation.
3) Does not include values for Railroad. Pollution Control or the part of O'llare Airport located in DuPage County.
4) Reassessed for 2018.

166 STATISTICAL SECTION

Exhibit 1-6
District Direct Property Tax Rates, Overlapping Property Tax Rates of Major Local Governments, and District Tax Levies by Fund

Last Ten Fiscal Years

(rales per SI 00 of assessed value)

District direct rates
Corporate
Reserve Claim

Retirement

Debt Service

Construction

Stormwater Management

Total direct rale
2017
2016
2015
2014
2013
2012
2011
2010

0 159 0 095 0 044 0 155 0 005

0 158 0 004 0 047 0 161 0 008

$ 0 152 0 004 0 050 0 157 0 01 I

0 161 0 004 0 047 0 160 0 010

$ 0 182 0 005 0 042 0 163 0 009

$ 0 179 0 005 0 021 0 135 0 015

0 175 0 004 0 044 0 175 0 013

0 019

0 183 0 002 0 040 0 174 0 014

0 017

(I 168 0 002 0 010 0 I 14 0 001

0 016
2019(1) 2018
0 033
0 03 I
0 024
0 028
0 014
0 015

$ 0 144 0 001 0 016 0 094 0 005
0 016

$ 0 401 S 0 409 S 0 402 S 0 406 $ 0 430 S 0 430 S 0 417 S 0 370 $ 0 320 S 0 274

Major local governments' tax rates (2)

City of Chicago

Chicago Board of Education

Chicago Park District

Cook County

Cook County forest Preserve Dist

Commumtv Collesie #508 (CTty'Coll)

City of Chicago Library fund

City of Chicago School Bldg/lmprvnu
S - $ I 565

- 3 552
- 0 330
- 0 489
- 0 060
- **0 147**

0 111

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0 136
3 455 0 372 0 552

0 069

0 177

0 123

0 134
3 660 0 401 0 568

0 069

0 103

0 134

0 146
3 671 0 402 0 560

0 069

0 198

0 135

0 152
3 422 0 395 0 531

0 063

0 190

0 128

0 146
2 875 0 346 0 462

0 058

0 165

0 11 I

0 I 10
1652 $ 1630 $ 1549 $ 1193 S 1209 $ 1151 S 0 009

3 726 0 362 0 533

0 063

0 169

0 122

0 128
0 914

2 581 0 310 0 423

0.05 I

powered by Legistar™

0 15 I

0 102

0 116

District's tax levies by fund (in thousands)
Corporate
Stormwater Management
Reserve Chum
Retirement
Debt Service
Construction
Total tax levies

24.020 1.951 26.478 156,000 8.749

52.926 7.500
71,565 249.209 7,600

40.856 5.900 73.438 232.751 17.000
34.250 5.800 65.161 225.715 13.785
24.050 5.700 58.004 228,728 16,500
21.000 3.000 50.531 218.319 17,400
24.100 3.400 28.163 169.645 1.819
20.000 6,500 51,621 202.290 11.079

20.000 6,670 28.400 180.748 20.418
S254.574 $240,466 $224,825 $226,743 $227,106 $230,000 S224.400 S237.I03 $249,828 $240,050

47.826 6.000 71,534 244.850 11,700

$643,374 $622,385 $594,770 $571,454 S560.178 $540,250 1515,890 $403,519 $476,955 $457,356

Source: Cook County Clerk

1) District's tax rates are estimated based on 2018 equalized assessed valuation of $159 billion.
2) Major local governments' rates for 2019 are not yet available.

Exhibit 1-7
Principal Property-Taxpayers

20 IS and Nine Years Ago

(in thousands of dollars)

2018(1)

Taxpayer

Willis Tower Merchandise Mart (2) I Prudential Plaza IICSC / BCBS Tower 400 W Lake Street AON Center Water Tower Place 300 N LaSalle Citadel Center AT&T Corporate Center 3 First National Plaza Equity Office Chase Tower 1 North Wacker Drive

Type of Business

Retail & Office Business & Office Financial Services Insurance Office Insurance Retail & Office Office

Retail & Office Communications Retail & Office-Property Management Banking Office
I

2 3 4 5 6 7 8 9 10

Equalized Assessed Value Rank

508.636 498.654 285.268 283.972 278.891 255.795 251.219 234.420 227.822 218.162

Percentage of Total Equalized Assessed Value (2)

0.33%
0.32
0.18
0.18
0.18
0.16
0.16
0.15
0.15
0.14

Equalized Assessed Value

S 505.515

318.635 375.441

235.907

212.724 256.590 231,027 320,899 231.694 211.528

Rank

9 5 8 3 7 10

Percentage of Total Equalized Assessed Value

0.29%

0.18 0.22

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0.14

0.12 0.15 0.13 0.18 0.13 0.12

$ 2.899.960

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

(I) 2019 information is unavailable.

(2) The total Equalized Assessed Valuation for 2018 is $ 155.788.046.903

Exhibit 1-8
Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year
Ended December 31

Taxes Levied for the Fiscal Year

(in thousands of dollars)

Collected within the First Year

Percentage of Levv

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

457,356 476,955 493,573 514,659 540,666 555,098 571,454 593.135 616,946 637,188

435,009 460,618 476,881 497,452 523,203 541,008 559,938 581,007 613.477

95.1%

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96.6
96.6
96.7
96.8
97.5
98.0
98.0
99.4
11/01/11 08/01/12 08/01/13 08/01/14 08/01/15 08/01/16 08/01/17 08/01/18 08/01/19 08/01/20

Exhibit 1-9
User Charge Rates
Last Ten Fiscal Years

2019201820172016

Large Commercial/Industrial User Rates (2)

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Flow per million gallons	$ 269.04	$ 264.28	S 259.61	$ 255.02
5-day BOD per 1,000 lbs. (5)	216.64	223.03	229.13	234.95
SS per 1,000 lbs. (6)	130.38	136.48	142.47	148.33

Tax-Exempt User Rates (3) Flow per million gallons 5-day BOD per 1,000 lbs. (5) SS per 1,000 lbs. (6)

OM&R Rate (4)

S 269.04 S 264.28
216.64 223.03
130.38 136.48

0.3280 0.3010

$ 259.61 S 255.02
229.13 234.95
142.47 148.33

0.3390 0.3440

1) The Large Commercial-Industrial and Tax-Exempt Users Rates are the same beginning with tax year 2014.
2) Large Commercial-Industrial Users are non-governmental, non-residential Users engaged in significant commercial or industrial activities.
3) Tax-Exempt Users are exempt from payment of property taxes.
4) This rate represents the OM&R costs as a percentage ofthe District's total tax levy and it is applied to Commercial-Industrial Users' real estate tax credits for determining their final User Charge.
5) BOD = Biochemical Oxygen Demand
6) SS = Suspended Solids

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170 STATISTICAL SECTION

				Metropolitan Water					*Reclamation District of Greater Chicago*			
2015		**2014(1)**		**2013**		**2012**		**2011**		**2010**		
$	250.51	$	246.08	$	241.73	$	256.48	$	243.99	$	262.44	
	240.49		245.75		250.76		259.22		247.48		270.68	
	154.08		159.72		165.24		195.95		194.18		200.33	
$	250.51	$	246.08	$	245.18	$	263.48	$	250.31	$	269.25	
	240.49		245.75		254.34		266.27		253.89		277.70	
	154.08		159.72		167.60		201.24		199.21		205.53	
	0.3910		0.4350		0.4240		0.4860		0.4730		0.5570	

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Exhibit 1-10
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)

General Fiscal Obligation Near Bonds

Bund

Capital

Anticipation Lease
Notes and Payable
Interest (4)

Total Debt

Resources Available
for Repavmcnt 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)

2010 20II 20I2 2013 2014 2015 2016 2017 20I8 2019

S 1.961,974 2.466.464 2.515.376 2.481.973 2.500.785 2.770.788 2.965.282 2.879.915 2.978.999 2.956.178

196.225 108.008 44.527 35.800 90.460 161.697 157.300 296,529 109.866 27,275

$ 53.688 51,784 40.838 47.795 45.65.3 43.405 41.047 38,574 35,970 33.257

S 2,211.887 2,626.256 2,609.740 2.565.577 2.636.898 2.975.890 3.163.719 3.215.018 3.124.844 3.016.710

11 1.055 137,217 136,173 122.527 140.162 140,806 163,508 147,000 134.450 11 1.435

i 2.100.832 2.489.039 2.473.567 2.443.050 2.406.736 2.835.084 3,000.21 1 3,068.018 2,900.394 2.905.275

1 44% I 87 I 79 I 73 I 83 I 01 I 86 I -65 I 56 I 46

S 422 12 503 50 506 75 480 52 495 84 565 76 603 88 619 70 601 28 585 09

0 47% 0 56 0 60 0 53 0 50 0 57 0 60 0 58 0 53 0 50

S 400 92 477 19 480 30 466 14 469 49 538 00 572 67 591 37 575 41 563 47

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1) Represents long-term debt for general bonded debt, and bond anticipation notes, including interest, which are eventually converted to general bonded debt. Details ofthe District's long-term debt can be found in the notes to the basic linancial statements.
2) Represents the restricted fund balance in the Debt Service Fund.
3) See Exhibit 1-13 for personal income and population information, and Exhibit 1-5 for estimated full taxable value information.
4) The District entered into a capital lease agreement in 2010.

Exhibit 1-11
Estimate of Direct and Overlapping Debt

As of December 31. 2019

(in thousands of dollars)

Direct debt

Bonds and notes payable Capital lease

S 2.800.782 3.1257

Overlapping bonded debt of major local governments (I) City of Chicago (4) Chicago Board of Education (4)(5) Chicago Park District (4) City Colleges (District 508) (4) Cook County

Cook Countv Forest Preserve District

Net Debt (2)

$ 8.058.222 8.156.011 799,840 314.798 3.305,647 143.822

%

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Applicable (3) 100.00% 100 00 100.00 100.00
98.10
98.10
Applicable Amount
$ 8.058.222
8.156.011
799.840
314.798
3.242.727
141.089

Total overlapping debt (6) Total direct and overlapping debt
20.712.686 S 23.546.725

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 ofthe respective taxing districts, current as of 12/31/2019.
3) Based on 2016 Equalized Assessed Valuations, which are the most recent available.
4) Includes approximately $162 million. $7.25 billion and $278,395 million of general obligation bonds ofthe City of Chicago. Chicago Board of Education and the Chicago Park District, respectively, issued as "alternate revenue bonds" secured by alternate revenue sources.
5) Includes approximately $28 million of Public Building Commission Bonds debt.
6) Does not include debt issued by other taxing authorities located in Cook County.

Exhibit 1-12
Computation of Statutory Debt Margin

Last Ten Fiscal Years

(in thousands of dollars) 2019(1) 2018

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Equalized assessed valuation

Statutory debt limit (5.75% of equalized assessed valuation)

Total debt applicable to debt limit:

General obligation bonds outstanding

Less: alternate bonds (2)

Adjusted general obligation bonds outstanding

Bond anticipation notes outstanding

Capital lease outstanding

Liabilities of tax linanced funds:

Corporate

Stormwater

Reserve claim

Construction

Total applicable debt

Less applicable assets:

Debt service funds unrestricted cash and investments

Interest payable in the next twelve months

Total applicable assets

Total net debt applicable to debt limit

Statutory debt margin

Total applicable net debt as a

percentage of statutory debt limit

8.957.813
8.506.885

$ 155,788.047 $ 155.788.047 $ 147.945.823

2.800,782 (99,253)

8,957.813
2.599.522
2,701.529

2.810.177 (97.190)

27.275 33,257

26.409 6.352 638 1.819

109.866 35.979

24.983 7.090 643 5.017

2.712.987

296.529 38.574
2.797.279
2.896,565

21.650 1.715 274 3.171

87.040 (112.942)

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85,880 (I 15,017)
2.961.435
(25.902)
(29.137)

109.965 (1 14,603)
2.823.181
2.925.702
(4.638)
6.134.632
5.581.183
2.966.073
34.4%
5.540.812
34.9%

$ 140.752.201 8.093.252

2.769.608
(99.080)

2.670.528
157.390 41.047

27.952 2.062 174 3.368

2.902.521

115.673 (I 17.604)
.93 I)
2.904.452
5.188.800

35.9%

(I) Debt limit calculation based on 2016 equalized assessed valuation since 2017 value is not yet available. (2) Alternate bonds do not count against the debt limit.

2015

S 130.304.804 $ 125.736.188 % 123.419.544 $ 133.397.995 $ 149.048,493 $ 166.918.066

7.492,526 7.229,831 7.096.624 7.670.385 8.570.288 9.597.789

2,655.365 (50.000)

2.605.365

161.697 43,405
2.422.620

90.460 45.653
2.481.973

35.809 47,795
2.515.375

44.527 49.837
2.466.464

108.008 51.784
1.961.974

196.225 53.688

23.647 6.973

37.136 5.689

30.150 3.515

30.076 2.496

35.347 1.956

45.381 2.496

205 4,812

681 6,648

380 2.816

1.110 4.062

1.381 1.542

410 1.732

2.666.482

108.671 (115.735) (7.064) 2.853.168 4.639.358

108.392 (106.175)

!17

2.606.670

4.623.161
98.006 (107.868)
(9.862)
2.612.300
4,484.324
105.285 (109.300)
(4.015)
2.651.498
5.018.887
1 14.344 116.410)
(2.066)
2.668.548
5.901.740
88.710 (92.619) (3.909) 2.265.815 7.331.974

36.1%

Exhibit 1-13
Demographic and Economic Statistics
Last Ten Fiscal Years

(population and dollars in thousands)

20I9 2018 2017 20I6 2015 2014 20I3 2012 20ll 20I0

Year Population

5.156 5,197 5,188 5.239 5,260 5,318 5.241 5,150 5.216 5,240

Personal Income

198,958,400 191,289,682 186,434,150 170,081,127 155,734,043 144,394,219 148,352,487 145,456,281 140,483,393 153,959,010

Per Capita Personal Income

I 38,588
36,806

35,936

32,464

29,607 27,152 28,304 28,246 26,933 29,381

Median Household Income

67,783

65,818

63,794

58,708

54,461

53,653

51,391

53,852

54,036

59,201

Unemployment Rate

4.1 4.8 5.8 5.8 7.0 9.1

9.8 10.4

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% ofthe assessed valuation of Cook County.

176 STATISTICAL SECTION

Exhibit 1-14 Principal Employers

2019 and Nine Years Ago

2010

Percentage

of Total Employment (5)

Percentage of Total Employment

U.S. Government (1)	45.736
Chicago Public Schools (2)	37.731
City of Chicago	31.621
Advocate Aurora I lealthcare	25.917
Cook County	22.438
Northwestern Memorial I lealthcare (3)	21.264
Amita Health (2)	20,046
University of Chicago (2)	18.276
Amazon.Com Inc. (4)(5)	14.610
United Continental Holdings Inc.	14.520
State of Illinois	-
Wal-Mart Stores Inc.	-
J.P. Morgan Chase & Co.	-
Walgreen Co	-
Abbott Laboratories	-

4 5 6 7 8 9 10

0.95%

0.78

0.65

0.53

0.46

0.44

0.41

0.38

0.30

0.30

49,573 40.883 35.237 14.873 23.083

25.700 21.329 13.639 13.122 13.000

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4 6 8 9 10
0.95%
0.78
0.67
0.28
0.44

0.49 0.41 0.26 0.25 0.25

252.159

1) fiscal year ends in September.
2) Fiscal year ends in June. (3) Fiscal year ends in August.
4) Includes Whole Foods employees.
5) Grain's estimate of employees.

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

Exhibit 1-15
Budgeted Positions by Fund/Department

Last Ten Fiscal Years

Budgeted Positions

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Corporate Fund									
Board of Commissioners						383838	383737	37374045	
General Administration						119121	123122	119112	109114	125124
Monitoring and Research						300312	309308	297288	286280	303308
Procurement and Materials Management						63	63	63	63	63	62	62	62	69	70
Human Resources						9391141	737472	58575960							
Information Technology						717375	767070	70697171							
Law						393738	383736	38373840							
Finance						272828	282929	29293131							
Engineering (Corporate Fund) (I)						212242	246244	242241	242293234						
Maintenance & Operations						920904	922927	955951	947943	1.0291,047					
1.878	1.657	1.797	1.830												
Engineering (Construction Fund) (2)													0	85	0
Engineering (Stormwater Management)												0	0	57	59	0	0
Engineering (Capital Improvements Bond Fund)(2)													0	59	0
													0	59	0
													0	63	0
						0	21	28	45	49	48	44	50	0	196	202	191
.966	2,042	1,976	1.982	1,961													

1) Increase due lo the transfer of positions from ihe Capital Improvements Bond and Construction Funds to the Corporate Fund
2) Decrease due to the transfer of positions from the Capital Improvements Bond and Construction Funds to the Corporate Fund

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Exhibit 1-16 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)

2019 2018 2017 2016 2015 2014 2013 2012 2011 2010

882 882 882 883 883 883 884 884 884 884

129 129 129 129 129 129 126 126 126 126

5,156,329 5,197,297 5.188.486 5,239,253 5.260.069 5.318.365 5.241.489 5.149.578 5,215.968 5.239.879

4.500.000 4,500.000 4,500.000 4.500,000 4.500.000 4.500.000 4,500.000 4.500.000 4.500.000 4.500.000

10.000 10,000 10.000 10.000 10.000 10.000 10.000 10.000 10,000 10.000

4,000,000 4.000.000 4.000.000 4.000.000 4,000.000 4.000.000 4.000.000 4.000.000 4.000.000 4.000,000

1.479.800 1.300.000 1.251.000 1.300.000 1.244.200 1.288.600 1.218.200 1.070.200 1.342.800 1.245.200

2.000.000 2.000.000 2.000.000 2.000.000 2.000.000 2.000.000 2.000.000 2.000.000 2.000.000 2.000.000

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

Exhibit 1-17
Capital Asset Statistics

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Last Ten Fiscal Years

	20I9	2018	2017	2016	2015	2014	2013	2012	2011 2010
Miles ul' intercepting sewers									
unci force mains operated	560	560	560	560	560	560	560	550	559 559
Miles of waterwav water levels controlled	76	76	76	76	76	76	76	76	76 76
Acres ol'slrip-mined land utilized for solids									
processing	13.796+	13.796+	13.796+	13.796+	13.796+	13.796+	13.796+	13.796+	13.796^-
Number of water reclamation plants 7777777777									
Number of pumping stations	23	23	23	23	23	23	23	23	23 23
Miles of TARP tunnels constructed for pollution									
and tlood control	109 4	109 4	109 4	100 4	100 4	109 4	109 4	109 4	100 4
Number of TARP reservoirs									
constructed	2	2	2	2	2	I	I	1	1 I
Number of TARP reservoirs									
under construction	I	1	I	I	12		2	2	2 2
Number of tlood control									
reservoirs	35	34	34	34	34	33	31	31	31 31
Inslream aeration stations 2222222222 Sidestream elevated pool aeration stations	5	5	5	5	5	5	5	5	5 5

Source: District's Engineering Department

IV. SINGLE AUDIT SECTION

MWRD President Kari K. Steele joined students, faculty and community members to celebrate the opening of a new Space to Grow schoolyard shared by Nash Elementary School and KIPP Academy Chicago during a ribbon cutting ceremony on November 18, marking the 18th schoolyard to be transformed by the Space to Grow program and its partners. The MWRD contributes capital funds and technical guidance to the Space to Grow program and schoolyards, which feature improved playground amenities and stormwater storage. The Nash/KIPP playground can hold as much as 152,841 gallons of rain per storm event.

RSM

RSM US LLP

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Water Reclamation District of Greater Chicago (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Corporate Fund and the Retirement Fund for the year then ended, which collectively comprise District's basic financial statements, and have issued our report thereon dated May 8, 2020. Our report includes a reference to other auditors who audited the financial statements ofthe District's 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 separately by those auditors.

Internal Control over Financial Reporting
In planning and performing our audit ofthe financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the

purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness ofthe 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 ofthe entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

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182 SINGLE AUDIT SECTION

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

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness ofthe District'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.

^SM US JULP

Chicago, Illinois May 8, 2020

SINGLE AUDIT SECTION 183

1837 S. Michigan Ave., Chicago. Illinois 60616 tel (312) 567-1330 fax (312) 567-1360 www.pradorenteria.com <http://www.pradorenteria.com>

INDEPENDENT AUDITORS' REPORT

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

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), for the year ended December 3 1, 2019 and the related notes to the Schedule.

Management's Responsibility for the Schedule of Expenditures of Federal Awards

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

Auditor's Responsibility

Our responsibility is to express an opinion on this Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Regulation Part 200, Uniform Administrative Requirements, Cost Principles,

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and Audit Requirements for Federal Awards (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement

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

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

Opinion
In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards ofthe District for the year ended December 3 1, 2019, in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements
In accordance with Title 2 U S. Code of federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), we have also issued a report dated May 8, 2020 on our consideration of the District's compliance with requirements that could have a direct and material effect on the major program and on internal control over compliance in accordance with the Uniform Guidance. That report is an integral part of an audit performed in accordance with the Uniform Guidance and should be read in conjunction with this report.

Chicago, Illinois May 8, 2020

1837 S. Michigan Ave., Chicago, Illinois 60616 tel (312) 567-1330 fax (312) 567-1360 www.pradorenteria.com <http://www.pradorenteria.com>

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

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

Report on Compliance for the Major Federal Program

We have audited the Metropolitan Water Reclamation District of Greater Chicago's (the "District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal programs for the year ended December 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General ofthe United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform

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Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

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

186 SINGLE AUDIT SECTION

Opinion on the Major Federal Program
ln 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 its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph ofthis section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

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

Chicago, Illinois May 8, 2020

Schedule of Expenditures of Federal Awards

Year ended December 31. 2019

federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Federal Entity CIDA Identifying Number Number	Pass-Through Total Awardto Federal Suhrecipients	Date	Expenditures
U.S. Environmental Protection Agency				
Passed through Illinois Environmental Protection Agency Capitalization Grants for Clean Water State Revolving funds				
Project Descriptions				
F&I Odor Control Systems. Calumet. Kirie, Hanover Park WRP?				
Salt Creek Intercepting Sewer 2 Rehabilitation. SSA				
Calumet TARP Pumping Station Improvements, Calumet WRP				
A/B and C/D Service Tunnel Rehabilitation - Phase T wo, SWRP				
Calumet T ARP Screens, CWRP				
D799 Switchgcar Replacement, SWRP				
Calumet Intercepting Sewer I9I-' Rehabilitation, CSA				
Streambank Stabilization on Oak Lawn Creek, Cal-Sag Ch Watershed				
Conversion of GC Is to Waste Activated Sludge Stripping. SWRP				
McCook Reservoir Des Plaines Inflow Tunnel, SSA				
Conversion of GCT's to Sludge 1'ermenters and Gas DS Inst. SWRP				
Addison Creek Reservoir, Bellwood, SSA				

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North liranch Pumping Station Rehabilitation. NSA

Total U S Environmental Protection Agency

funding of Capitalization Grants for Clean

Water Stale Revolving funds $ 17,409,100

Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title
Pass-Through Federal Entity CTDA Identifying Number Number

Award Date

Pass-Through Total
to Federal Subrccipicnls Expenditures

U.S. Department of Housing & Urban Development
Passed through Illinois Cook County Department of Planning & Development
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants

Project Descriptions

Addison Creek Reservoir Flood Control Project
2013-DR-IN-R4-06

National Disaster Resilience Competition Application Services
2013-DR-PE-R4-0I

Total U S Department of Housing & Urban Development funding of Community Development Block Grants Disaster Recovery-'

U.S. Department ofthe Army
Passed through U S Army Corps of Engineers. Chicago District for Stage 2
ofthe McCook Reservoir Underflow Plan

Project Descriptions

Completion of Stage 2 of the Chicagoland Underflow Plan. McCook Reservoir. McCook, 11.	N/A	73-161-21-1	January 2010	-	$ 1,554.055

T otal U S Department of ihe Army
funding of Chicagoland Underllow Plan of
Stage 2 of the McCook Reservoir S 1.554.055

Total Federal Expenditures S 24,279.567

Sec Accompanying Notes to Schedule of Expenditures of Federal Awards

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Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Note I - Basis of" Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity ofthe Metropolitan Water Reclamation District of Greater Chicago (the "District") under programs ofthe federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements. Cost Principles, and A ttdit 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 ofthe 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 does not receive funding for indirect costs. Note 4 - Programs

Description

CFDA # 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 inter-municipal and interstate agencies. The States must agree to enter into binding commitments with recipients to provide financial assistance from the SRF in an amount equal to 16.67% ofthe total SRF loan, with the federal share being 83.33%. Those loans awarded under the American Recovery and Reinvestment Act of 2009 (ARRA) are funded 50% from ARRA funds and 50% from SRFs. There were no loans awarded under ARRA for the year ended December 31. 2019.

CFDA # 14.269 - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants

The Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBGDR)are provided by the

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U.S. Department of Housing and Urban Development (HUD) and passed through Illinois Cook County Department of Planning and Development. HUD provides flexible grants to help cities, counties, and States recover from Presidentially declared disasters, especially in low- and moderate-income areas. Because CDBG-DR funds a broad range of activities, HUD can help communities and neighborhoods that otherwise might not recover due to limited resources.

190 SINGLE AUDIT SECTION

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31. 2019

Note 4 - Programs Description - Continued

U.S. Department ofthe Army Funding for Stage 2 ofthe McCook Reservoir Underflow Plan

The McCook Reservoir Project was authorized by the Water Resources Development Act of 1988. The District and the Assistant Secretary of the Army for Civil Works 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 ofthe reservoir, with a tlood storage of 3.5 billion gallons, was completed on December 31, 2017. Stage 2 ofthe 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 ofthe Water Resource Reform and Development Act of 2014. Section 1043 provides the federal share of the project cost directly to the local sponsor. The District will build the final components of the reservoir with the U.S. Army Corps of Engineers, Chicago District monitoring the District's activities to ensure the reservoir is completed to the federal standard. Funding in the amount of $33,820,000 was provided to the District in February 2019 for the pilot project.

Note 5 - Project Descriptions

Descriptions of projects, funded wholly or partially by federal sources, for which the District received funds during the year ended December 31. 2019:

Capitalization Grants for Clean Water 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 WRPs. Project 17-844-3P. The maximum SRF loan amount is $4,216,511. The maximum pass through federal funding is $3,513,619. A total of $364,100 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019, $1,124,170 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L173062 was awarded to the District on December 17, 2015, under Public Law 95-217 (Federal Water Pollution Control Act). I he loan provides for Salt Creek Intercepting Sewer 2 Rehabilitation, SSA, Project 06-155-3S. The maximum SRF loan amount is $45,056,403. The maximum pass through federal funding is $37,545.501. A total of $1,651,100 in federal funds was disbursed by the I EPAduring fiscal year 2019. As of December 31,2019, $ 143,502 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

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Notes to Schedule of Expenditures of Federal Awards

Year ended December 31. 2019

Note 5 - Project Descriptions - Continued

Loan #L174923 was awarded to the District on May 2. 2013, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Calumet TARP Pump Station Improvements, Project 06-212-3M. The maximum SRF loan amount is $32,893,059. The maximum pass through federal funding is $27,409,786. A total of $93,900 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019, $263,962 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175152 was awarded to the District on March 25,2016, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for A/B and C/D Service Tunnel Rehabilitation - Phase Two. SWRP, Project 04-132-3D. The maximum SRF loan amount is $21.111,910. The maximum pass through federal funding is $17,592,555. A total of $749,500 in federal funds was disbursed by the I EPA during fiscal year 2019. As of December 31,2019, $ 151,407 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175168 was awarded to the District on March 20,2015, under Publ ic Law 95-217 (Federal Water Pollution Control Act). The loan provides for Calumet TARP Screens, CWRP. Project 13-246-3M. The maximum SRF loan amount is $13,105.926. The maximum pass through federal funding is $ 10,921.168. A total of $ 14,700 in federal funds was disbursed by the I EPA during fiscal year 2019. As of December 31, 2019. $260,807 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175223 was awarded to the District on December 15, 2015, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for D799 Switchgear Replacement, SWRP, Project 09-182-3E. The maximum SRF loan amount is $9,800,000. The maximum pass through federal funding is $8,166,340. A total of $617,600 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019, $1,278,676 was outstanding. T he outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175263 was awarded to the District on May 27, 2016, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Calumet Intercepting Sewer 19F Rehabilitation, CSA, Project 11-239-3S. T he maximum SRF loan amount is $12,746,856. The maximum pass through federal funding is $10,621,955. A total of $744,600 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31, 2019, $1,063,290 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175305 was awarded to the District on September 22, 2016, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Streambank Stabilization Project on Oak Lawn Creek, Project 10-237-3F. T he maximum SRF loan amount is $3,121,415. The maximum pass through federal funding is $2,601,075. A total of $490,300 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31, 2019. there was no outstanding balance.

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Notes to Schedule of Expenditures of Federal Awards

Year ended December 31. 2019

Note 5 - Project Descriptions - Continued

Loan #L175366 was awarded to the District on May 9. 2016, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Conversion of Gravity Concentration Tanks to Waste Activated Sludge Stripping Reactors at Stickney WRP. Project 15-120-3P. I he maximum SRF loan amount is $5.374.018. The maximum pass through federal funding is $4,478.169. A total of $103,700 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019. there was no outstanding balance.

Loan #L175367 was awarded tothe District on June 22, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for McCook Reservoir Des Plaines Inflow T unnel. SSA. Project I3-106-4F. The maximum SRF loan amount is $33,382,100. T he maximum pass through federal funding is $27,817,304. A total of $970,400 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31, 2019. $2,935,278 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175369 was awarded to the District on September 8, 2017, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Conversion of Two New GCT's to Primary Sludge Fcrmenters and Installation of a Gas Detection System. SWRP, Project 15-124-3P. The maximum SRF loan amount is $4,000,000. T he maximum pass through federal funding is $3,333,200. A total of $629,500 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019, $399,124 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175517 was awarded to the District on March 12. 2019 (later amended on August 1. 2019). under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for Addison Creek Reservoir in Bellwood. SSA. Project 11-186-3F. The maximum SRF loan amount is $60,063,632. The maximum pass through federal funding is $50,051,025. A total of $ 10,595,900 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019. $ 17,505.235 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Loan #L175539 was awarded tothe District on June 28. 2018. under Public Law 95-217 (Federal Water Pollution Control Act). T he loan provides for North Branch Pumping Station Rehabilitation. NSA. Project I6-079-3D. The maximum SRF loan amount is $4,713,744. T he maximum pass through federal funding is $3,927,963. A total of $383,800 in federal funds was disbursed by the IEPA during fiscal year 2019. As of December 31. 2019, $1,755,055 was outstanding. The outstanding amount is presented as a bond anticipation note in the District's financial statements.

Hurricane Sandy Community Development Block Grant Disaster Recovery Grants

Grant # 2013-DR-IN-R4-06 was awarded to the District on August 24, 2018, under Disaster Relief Appropriations Act. 2013 Public Law 113.2. Public Law 113-2. The grant provides for Addison Creek Reservoir Flood Control, Project 11-186-3F. The maximum grant amount is $5,000,000 which was all expended in 2019.

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Note 5 - Project Descriptions - Continued

Grant # 2013-DR-PL-R4-01 was awarded to the District on August 24, 2018. under Disaster Relief Appropriations Act. 2013 Public Law 113.2, Public Law 113-2. I he grant provides for National Disaster Resilience Competition Application Services. The maximum grant amount is $316,412 which was all expended in 2019.

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

On January 31. 2019. the District entered into a Project Partnership Agreement with the U.S. Department ofthe Army for completion of Stage 2 ofthe McCook Reservoir Underflow Plan. Project 73-161-2H. The U.S. Department ofthe 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 $ 1,477,360 in 2018 and $76,695 in 2019.

Year ended December 31. 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS Financial

Statements

Type of report the auditor issued on whether the financial statements

audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness)es) identified?	Yes	X No
Significant deficiency(ies) identified?	Yes	X None reported
Noncompliance material to financial statements noted?	Yes	X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	Yes	X No
Significant deficiency(ies) identified?	Yes	X 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 200.5 16(a)?

Yes X No

Identification of major federal programs: U.S. Environmental Protection Agency

CFDA Number	Name of Federal Program or Cluster
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants
N/A	U.S. Department ofthe Army Stage 2 ofthe McCook Reservoir Underflow Plan

Dollar threshold used to distinguish between Type A and Type B programs: S750.000

Auditee qualified as low-risk auditee? X Yes No

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

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV-SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None.

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