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

Incorporated May 29, 1889

Page intentionally left blank

TABLE OF CONTENTS

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.

Page intentionally left blank

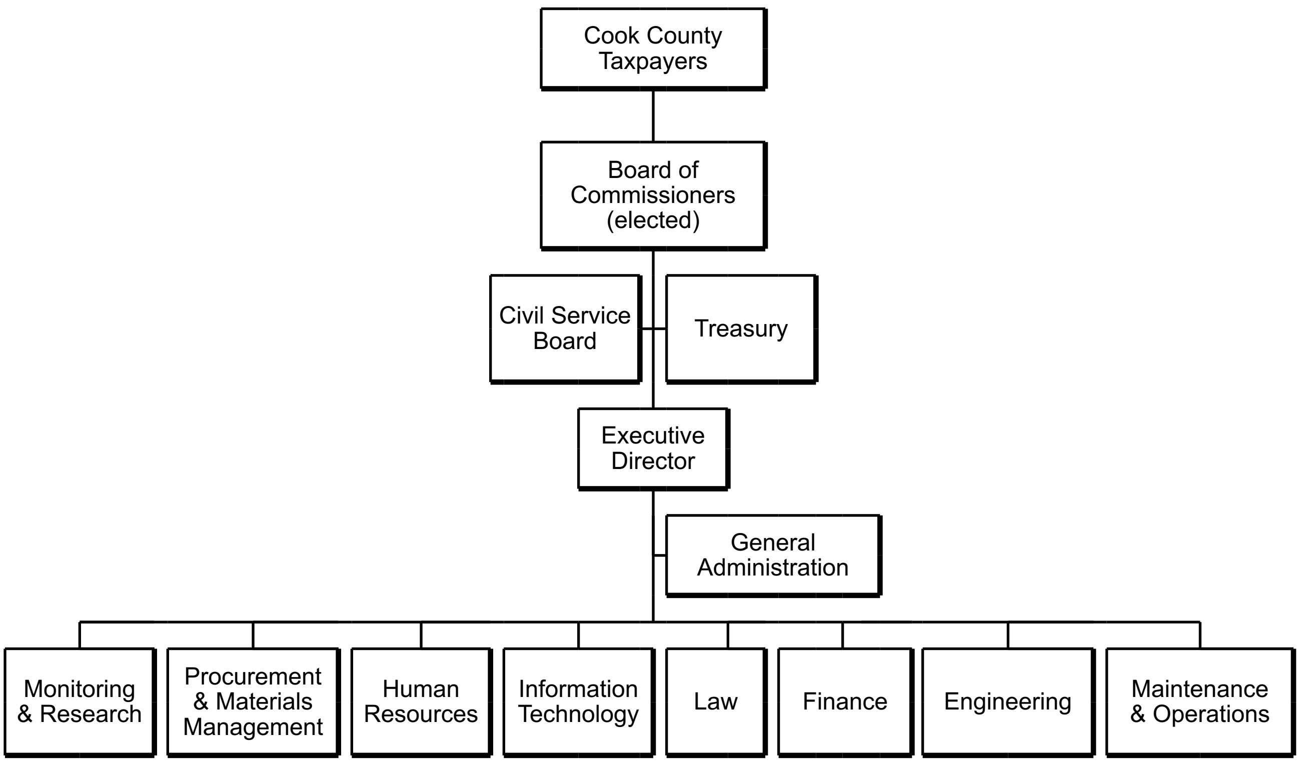
Metropolitan Water Reclamation District of Greater Chicago

Board of Commissioners and Principal Officers

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

2019: A Year in Review

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

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 my 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 of the MWRD's commitment to exceptional work and see my 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 Be It."

As I engage with constituents throughout Cook County, whether residents, water industry professionals or elected officials, I am grateful for the reminders that the MWRD name continues to shine bright for its strong record of reliability, ingenuity and commitment to quality service. Marking our 130th 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 resiliency 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 County of the future.

Here are a few memorable highlights and achievements from this year.

Kari K. Steele

Kari K. Steele
President of the Board of Commissioners

Firsts in 2019

Inspector General

My fellow commissioners and I unanimously approved plans in April to authorize Cook County's Office of Independent Inspector General to serve as the MWRD's inspector general for a three-year period. We are one of the best run agencies in the country, but it never hurts to have additional oversight.

Innovative Solutions

We enlisted the services of goats and sheep to reduce the use of herbicides and to clear out shrubs, trim back overgrowth, remove invasive plants and maintain landscaping in hard to reach stretches of Lemont WRP. These hard workers trimmed the grounds covering several acres, moving quickly across inaccessible areas, while also eliminating the need for herbicides or fuel to power lawn mowers.

Inaugural Celebrations

We hosted our inaugural Latinx celebration and held a Pride flag raising ceremony.

TARP

We received good news this year. The MWRD secured $33.8 million from the United States Army Corps of Engineers (USACE) to cover the federal portion of the remaining McCook Reservoir costs. This funding will help the MWRD complete Stage 2 of the McCook Reservoir by 2029, adding 6.5 billion gallons of additional storage to the Tunnel and Reservoir Plan (TARP). Meanwhile, Stage 1, which contains 3.5 billion gallons of storage, is now in its second year of operation and has captured over 50 billion gallons of combined sewage, preventing this polluted water from overflowing to the waterways or flooding homes and businesses. The Thornton Composite Reservoir, which handles stormwater south of 87th Street in Chicago, has captured 32.9 billion gallons of combined sewage since inception in December 2015.

Fiscally Responsible

The MWRD continues to maintain a AAA bond rating from Fitch Ratings and a AA+ bond rating from Standard & Poor's, while also managing a stable corporate fund along with a sustainable capital improvement program. Our financial standing has drawn support of the Civic Federation and the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA honored the MWRD in 2019 with the Distinguished Budget Presentation Award and Certificates of Achievement for Excellence in Financial Reporting.

We replaced 36 Imhoff tanks at the Stickney Water Reclamation Plant (WRP) with a $224 million project consisting of nine 160-foot diameter primary settling tanks and six 132-foot long aerated grit tanks, associated support facilities, service tunnels, and conduits. The new tanks will also increase and improve grit removal and protect downstream piping and equipment.

We also made key investments in maintaining TARP pumps and other WRP infrastructure, and committed to rehabilitating the Lockport Powerhouse and Controlling Works. We completed intercepting sewer construction projects that improve conveyance from local municipal sewers to our WRPs. The Salt Creek 2 Intercepting Sewer project will benefit 173,000 people living in Lyons, Brookfield, Riverside, and North Riverside, while the Calumet 19F Intercepting Sewer project will benefit another 60,000 people living in the Tinley Park area.

Turning Wastewater into Clean Water

This year, we are on pace to treat nearly 500 billion gallons of wastewater, returning it to our environment in a far better state than when we first received it. The National Association of Clean Water Agencies (NACWA) in 2019 recognized the MWRD with six Platinum Peak Performance Awards for at least five consecutive years of meeting stringent permit guidelines at six plants. The annual awards honor treatment plants for meeting 100 percent compliance of National Pollutant Discharge Elimination System (NPDES) permits. We accomplished this by modernizing and updating aging infrastructure, enhancing operations and having an extremely qualified staff.

Managing Stormwater

As changing weather patterns meet a region full of impervious pavement, we continue to allocate more resources to manage stormwater and mitigate flooding. This year we joined our partners in April to break ground on the first of two Addison Creek projects that will provide benefits for Bellwood, Northlake, Stone Park, Melrose Park, Westchester and Broadview. The 600-acre-foot Addison Creek Reservoir in Bellwood will hold close to 200 million gallons of storage capacity and connect with the Addison Creek Channel, where additional improvements will reduce overbank flooding to approximately 2,200 structures, including an estimated 1,700 structures that will be removed from the flood plain. The Addison Creek project, which will provide $116 million in flood benefits, highlighted a number of both local and regional stormwater management projects that will protect our communities from flooding, while improving streambanks and conveyance in local waterways.

Later in April, during a rather symbolic downpour, we joined our partners in Palos Heights and the Forest Preserves of Cook County to formally kick off the Arrowhead Lake project to remove 70 structures from the flood plain. We have continued to make strides on the Natalie Creek flood control project to benefit Midlothian and Oak Forest and we are expanding the Melvina Ditch Reservoir to aid Burbank and Oak Lawn. This year we substantially completed the Buffalo Creek Reservoir to allow it to store an additional 58.6 million gallons and relieve area flooding. It is estimated that this project will protect 107 structures from various flooding intervals and provide in excess of $25 million in flood relief benefits.

We are also working on other stormwater management solutions for the south suburbs. The $11 million Midlothian Creek project in

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 collected more than 750 pounds of medications at our WRPs and downtown headquarters, and our boats removed 2,700 yards of debris from our waterways. In April, we coordinated a household hazardous waste collection event at Brookfield Zoo, attracting 1,500 residents.

Green Infrastructure

In 2019, we authorized intergovernmental agreements (IGAs) for 20 new green infrastructure projects and entered into 25 IGAs for local stormwater and green infrastructure partnership projects with a total cost of $15 million. We celebrated the completion of projects in Riverside, La Grange and Tinley Park, where we came together with municipalities to fund and oversee dynamic land use upgrades. We completed five more Space to Grow projects with our partners to utilize green infrastructure and permeable surfaces. The schoolyards can capture collectively more than 880,000 gallons of water per storm event. Space to Grow not only practices water conservation but 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 trees since we launched the program only three years ago.

Resource Recovery

As new technology has emerged in energy savings, our inventive staff has worked to build solutions in the realm of resource recovery. By 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 145,000 tons of biosolids, and we took more steps this year to return that to the environment as a soil amendment to aid turf and plant growth throughout Cook County. Through our EQ Compost, we established pickup sites at our Water Reclamation Plants (WRPs) for distribution of the compost to businesses and the public each Wednesday. We also delivered EQ Compost orders to backyards and community gardens, golf courses and parks to keep the product local, which also reduces our carbon footprint. To expand the awareness and use of our EQ Compost, MWRD participated in the 2019 Chicago Flower and Garden Show at Navy Pier. During the 5 day show, our staff hosted an informational booth and distributed 800 jars of EQ Compost to visitors from around the world. Our participation in the Chicago Flower and Garden Show was one of the many unique opportunities to share awareness about the use of our in-house produced EQ soil amendment.

Thanks to our biogas utilization evaluation team, we methodically studied ways to optimize renewable energy produced at our WRPs. Our Lockport Powerhouse is also working to generate hydroelectric energy by using two turbines to provide a safe and environmentally-friendly energy source that is sold back to Commonwealth Edison. For 2019 and 2020, the projected annual generation is 40 million kilowatt hours of power, with corresponding annual revenues of $1.2 million.

WEFTEC in Chicago

The work of our talented scientists and engineers was on full display in September when we welcomed the world of water professionals to our lakefront at the 92nd Annual Water Environment Federation's Technical Exhibition and Conference (WEFTEC). More than 22,500 participants and 992 exhibitors descended on McCormick Place to exchange knowledge in pursuit of a healthy water environment. I was honored to give a welcoming address and introduce our Assistant Director of Monitoring and Research and WEF President Tom Kunetz. Our Sewer Rats Team performed well at the Operations Challenge, showing off their wide range of fast-paced skills. We gave tours of our facilities to water professionals from Denmark, Singapore, South Korea, Ethiopia, Brazil and the USACE. 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 underrepresented minority students to water. We hosted the Water Palooza educational fair at Saucedo Scholastic Academy and then returned to Saucedo the next day to construct a rain garden. A team 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 2019 to adopt watershed specific releases rates, update requirements for redevelopment and incorporate recently updated rainfall data. We issued more than 500 permits and reviewed approximately 50,000 underground construction notices to protect MWRD infrastructure. While improving stormwater drainage and detention conditions as part of new development, the WMO continues to be a guiding force reducing flooding and soil erosion and ensuring the protection of wetlands and riparian areas; this ordinance will 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 that provides training in various departments for future career consideration at MWRD. Introducing and inspiring youth at an early age to the many facets of stormwater and wastewater management is an important component of our outreach goals. In 2019, we lead the charge to participate in the annual Historically Black Colleges and Universities (HBCU) Chicago Football Classic at Soldier Field to engage attendees with information about MWRD careers and internship opportunities.

Outreach

We attended hundreds of events throughout the year to educate the public on the roles we all play in protecting our water environment. To continue celebrating the MWRD's 130th anniversary, we held road show events throughout Cook County, to bring our work to the people we serve. Each road show introduced visitors to our commissioners and staff and informed them about local projects, explained how to prevent basement backups, and shared career information and business opportunities. In addition, the Cook County Sheriff's Office collected unwanted medications, electronics and paper for shredding. The road show events were an effective avenue to connect with young audiences on STEM careers. We reached out to other important stakeholders as well. Our Diversity Section hosted two minority/women/small business entity outreach events, drawing 70 prime contractors and 500 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, Stickney and Calumet WRPs, and as part of the 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 in Springfield, in the summer we held our annual "A Celebration of STEM" event to congratulate and reward local school science fair winners, and in the fall we held the 7th annual Sustainability Summit at the Stickney WRP. We commemorated the contributions of many at the MWRD and beyond through our annual African American History Month celebration and Women's History Month celebration. All total, we participated in 245 events, reached more than 130,000 people during outreach initiatives, provided tours to 3,700 visitors, and reached up to 300,000 people on social media. And last but definitely not least, we launched our new website mwrd.org!

MWRD Tours

MWRD hosted various tour groups at all 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 our Water Reclamation Plants to learn about the fascinating world of wastewater treatment and stormwater management. This effort increases awareness of our services across all communities and age groups. To name a few, in 2019 we welcomed the following first time visitors: 100 Black Men of Chicago, Youth for A Better Tomorrow, My Block My Hood My City, Nature Conservancy Indian Boundary Prairie – Environmental Thinkers, Chicago-Lawndale Amachi Mentoring Program from the Chicago Mayor's Office One Summer Chicago Program, Prairie Jr. High School (Future City Competition participants) and numerous colleges and universities. Each youth and business group is provided the opportunity to see our facilities and speak with our team of professionals first-hand. This is another opportunity for MWRD to expound upon the thoughts of youth and their vision of the future to possibly include a career at MWRD.

Goals and Milestones

The mission and goals of MWRD is always our top priority, which are to protect and improve the quality of water in our 883.5 square miles of the Cook County service area. As we continue to work diligently with the highest standards of quality to protect businesses and homes from flood damages, we are often challenged to find additional ways to improve and build upon the services and resources that we provide. The MWRD of the future will rely more on green infrastructure projects, in addition to the gray infrastructure projects we currently utilize with our Tunnel and Reservoir Plan. Study sessions are being planned to determine how to add the 5% of Cook County currently not in our wastewater treatment service area to participate in our Green Infrastructure (GI) program. GI funds will help address flooding issues during these times of ever-changing weather patterns.

Complex issues like comprehensive ethics reform have been worked on for the 12 months of my presidency. We fully expect to realize the strongest ethics ordinance in the State of Illinois in 2020.

Conclusion

My first year serving as president has been incredibly fulfilling, and I thank my fellow commissioners and staff for supporting me in this role. We know there will be environmental challenges to maintain a clean water environment, but by continuing to work together, our resilience will yield additional success. I look forward to partnering with our staff and leadership in 2020 to manage an efficient government organization that responds to our taxpayers with essential services to protect the health and safety of the public, protect our water supply source (Lake Michigan), improve the quality of water in watercourses in its service area, protect businesses and homes from flood damages, and maintain a clean water environment.

Page intentionally left blank

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 of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for Retirement Fund's Comprehensive Annual Financial Report

1985-2019
Government Finance Officers Association of the United States and Canada
Award for Distinguished Budget Presentation

2007-2018
Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting Award
for the Retiree Health Care Trust Fund's Comprehensive Annual Financial Report

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

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

Individual Year Awards (partial listing)

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 of the Year: Thornton Composite Reservoir
Project of the Year for the Thornton Composite Reservoir
Outstanding Civil Engineering Achievement Award, Over $25 Million Category, for the Thornton Composite Reservoir
Top Projects for 2016 Award

American Society of Civil Engineers - Illinois Section
Outstanding Civil Engineering Achievement Award, Under $10 Million Category,
for the Busse Reservoir South Dam Modification Project

Federation of Women Contractors
Advocate of the Year Award

Friends of the Chicago River
Chicago River Blue Awards Green Ribbon Award
for Disinfection at the Calumet Water Reclamation Plant and O'Brien 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 of the 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 safety and workers' compensation risk management

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

2017

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

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

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

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

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

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

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

2018

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

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

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

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

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

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

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

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

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

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

Water Environment Federation
Project Excellence Award for the McCook Reservoir

2019

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

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

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

Christopher P. Morrill

Executive Director/CEO

Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

Jacqueline Torres
Clerk/Director of Finance

312.751.6500 f: 312.894.1104
jacqueline.torres@mwrd.org

May 8, 2020

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

The Comprehensive Annual Financial Report (CAFR), 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 of the 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 of this report.

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

Both the investment community and taxpayers rely on the 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 of the services provided and the related costs.

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

MISSION STATEMENT

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

BACKGROUND

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

The District 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, Seated (L-R) Vice President Barbara J. McGowan, President Kari K. Steele and Chairman of Finance Frank Avila. Standing (L-R) Commissioner Mariyana T. Spyropoulos, 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 of the Illinois Waterway system. Stringent federal and state standards require that the District's wastewater treatment processes keep the waterways free of pollution. The District monitors industries in Cook County to assure that hazardous substances not suitable for a sewer are disposed of in an environmentally responsible way that complies with applicable laws.

REPORTING ENTITY

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

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

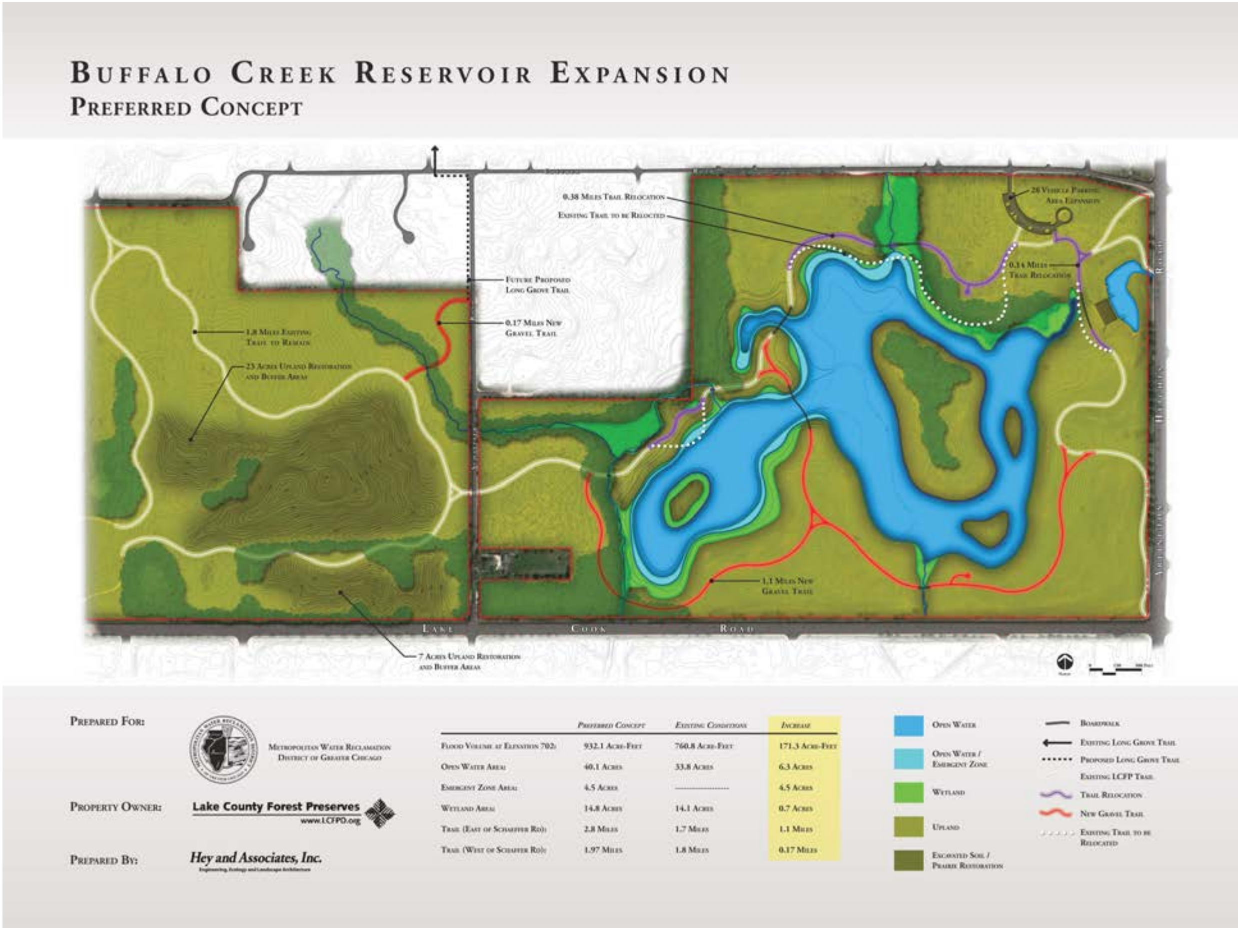
Improve Water Quality
The District cost effectively collected and treated approximately 540.1 billion gallons of wastewater from businesses and homes and captured stormwater runoff from its service area. Our performance for treating this wastewater approaches 100 percent compliance with all applicable 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 flooding through the use of green and gray infrastructure, as well as through the acquisition of flood-prone properties. Below are several examples of projects under construction or completed in 2019.

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

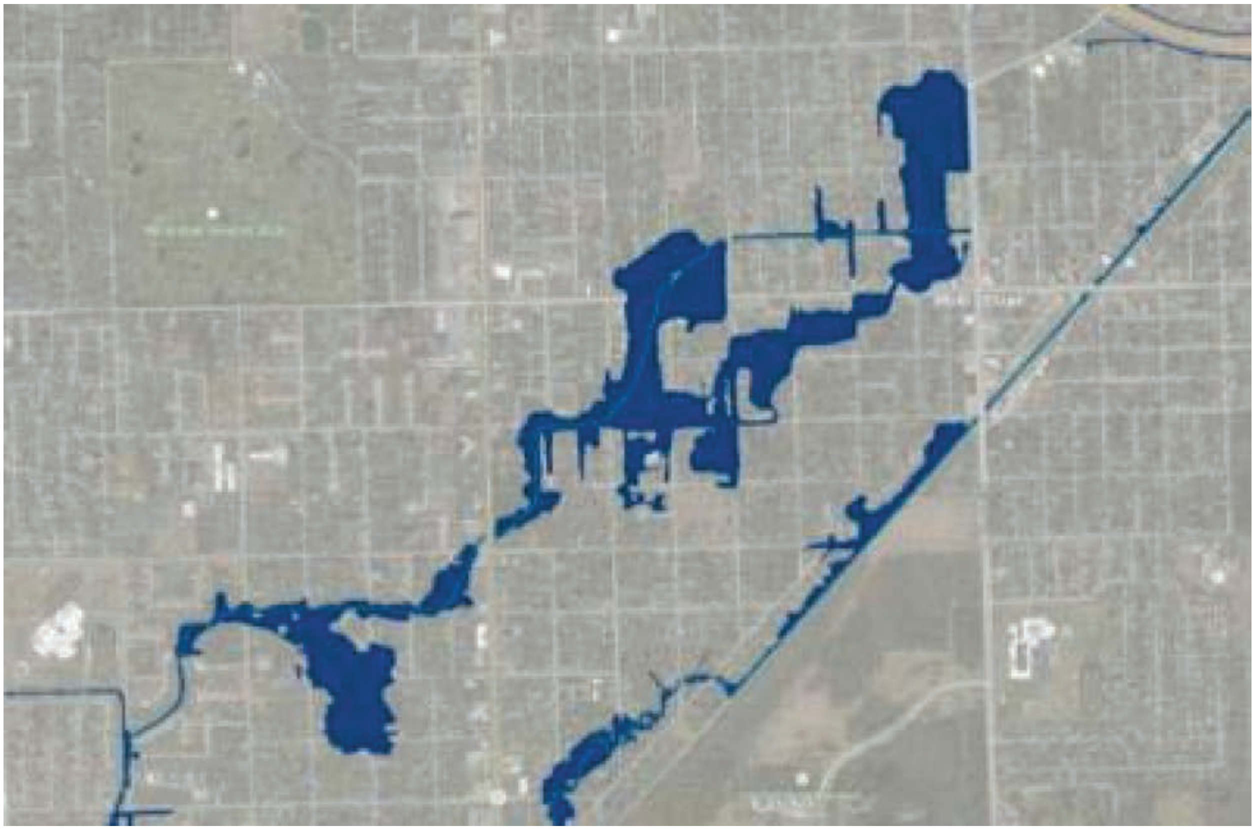
Along with the important flood control improvements planned, the Buffalo Creek Reservoir Expansion project will incorporate other aesthetic and environmental enhancements: wetlands will be created and restored; hundreds of new trees and shrubs will be planted; upland prairie will be restored west of 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 flood control project will mitigate the costly effects of overbank flooding along 15,800 linear feet of Natalie Creek by upsizing restrictive culverts, widening the channel at several locations and creating a new stormwater storage basin along the channel. During a 100-year storm event, the improvements will provide flood reduction benefits for 237 structures affected by overbank flooding from the northern end of the Central Park Detention Basin, adjacent to 157th and Long Avenue, in Oak Forest to 146th Street and Pulaski Road in Midlothian.

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



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

The flood control segment of TARP, Phase 2, consists of three storage reservoirs to serve as outlets for the Phase 1 tunnels and contain the CSOs until they can be cleaned at the water reclamation plants. The three reservoirs - Gloria Alitto Majewski, Thornton, and McCook - will provide 15.2 billion combined gallons of storage for CSOs that otherwise would spill into local waterways, degrading the water quality and causing flooding. The Gloria Alitto Majewski Reservoir, the smallest of the three, was completed in 1998 at a cost of $45 million and has prevented over 7 billion gallons of CSO from entering the waterways and mitigated over $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 of the 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 fill events. The McCook Reservoir is projected to bring $143 million per year in flood reduction benefits to its residents when fully completed. The combined engineering, construction and land rights cost for all three reservoirs is estimated at $1.48 billion, with the Corps and the District providing approximately $540 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 of this 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 the City of Evanston to install permeable pavement, swales, and rain gardens at the City's Civic Center, and also partnered with the Village of Wilmette to install four green alleys. In 2016, the District partnered with the Village of Northbrook in its installation of a green stormwater detention system at Wescott Park, and also partnered with the Village of Kenilworth on rain garden installations. In 2017, the District completed the construction of a permeable parking lot at its John E. Egan Water Reclamation Plant.

The District also partnered with the City of Berwyn on a green alley project, and 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 City of Des Plaines and the Wheeling Park District were completed in 2018. Projects in the Villages of Forest Park, Harwood Heights, La Grange, Maywood, Riverside and Tinley Park were completed in 2019. 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 of permeable pavers on North Street, which will provide more than 69,000 gallons of stormwater storage on site.

Maintenance of Facilities and Infrastructure

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

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

RESOURCE RECOVERY

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

In fulfillment of the special provisions of the O'Brien Water Reclamation Plant's (OWRP) NPDES permit, the District has created an Algae Research Facility at the OWRP. This facility carries out research on treatment technologies using algae to recover phosphorus from the wastewater. Algae treatment technology has several advantages over the traditional chemical precipitation approach including the ability to recover and reuse the phosphorus, the ability to generate revenue through sale of the harvested algae as a raw material for sustainable commodity products, sequestration of atmospheric

The MWRD Operations Challenge team (the "Sewer Rats") competed under the bright lights at WEFTEC 2019 at McCormick Place in September. Sewer Rats team member and MWRD Machinist Carlos Garibay 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 of the unit on plant effluent. The full-scale module was installed in 2018, then rebuilt with improved design features in late 2019. The District's research group is conducting a one-year study to determine the performance of the unit on nutrient uptake, algae biomass production, performance with and without artificial augmentation, and the effects of seasonal variations on performance. Results from these pilot studies will be used to inform the projected performance, life-cycle costs, and design criteria for what a full-scale installation at OWRP would entail.

Biosolids

Due to changes in Illinois law, the District can sell Exceptional Quality (EQ) biosolids and 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 of Cook County, representatives from the city of Palos Heights and area neighbors participated in the groundbreaking ceremony for the Flood Control Project at Arrowhead Lake in April. The $1.6 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 of 70 structures from the FEMA Zone A flood plain in Palos Heights, approximately 2,675 feet of a multi-use pedestrian path will also be resurfaced with new asphalt and an eroded bank at the south 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. The algae can be used in a sustainable manner such as compost, aquaculture food supplement, bio plastics, and commercial dyes.

Energy

The anaerobic digesters at the Calumet and Stickney Water Reclamation Plants produce biogas as a natural byproduct of the 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 of this, 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 of the previous fiscal year. This annual budget serves as the foundation for the Metropolitan Water Reclamation District's financial planning and control. Annual budgets are prepared for the General Corporate, Construction, Capital Improvements Bond, Stormwater Management, and Debt Service Funds.

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

ECONOMIC BASE OUTLOOK

The District's service area is sizable, encompassing 98 percent of the assessed valuation of Cook County. The Equalized Assessed Valuation (EAV) of the District has experienced a 0.65 percent average reduction over the last ten years and the current equalized assessed valuation of $155,788,046,903 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 are 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

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

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

General Corporate Fund

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

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

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

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

Stormwater Management Fund

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

Capital Improvements Bond Fund Investment Income

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

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

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

Abatement of Interest Rate Subsidies from Build American Bond Issuances

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

Capital Improvements Bond Fund Accumulated Income

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

Accounting Policies of Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balances

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

Retirement Fund

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

OPEB Trust

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Water Reclamation District of Greater Chicago for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. The Metropolitan Water Reclamation District has achieved this prestigious award for 44 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The District has been presented with the award for Distinguished Budget Presentation by the GFOA for the annual budget for the year beginning January 1, 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 of this report reflects the combined efforts of the dedicated professional personnel of the operating and support departments. Their expertise, enthusiasm, and unswerving focus on excellence are gratefully acknowledged. The general citizenry, in our opinion, may fully rely on the 2019 Comprehensive Annual Financial Report as a fair and accurate presentation, in all material aspects, of the financial position and operational results of the Metropolitan Water Reclamation District of Greater Chicago.

Respectively submitted,

Jacqueline Torres
Clerk/Director of Finance

Matthew Glavas
Comptroller

Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago

100 EAST ERIE STREET CHICAGO, ILLINOIS 60611-3154 312.751.5600

May 8, 2020

STATEMENT OF RESPONSIBILITY

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

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

- The statements fairly present the financial position and changes in financial position of the Metropolitan Water Reclamation District of Greater Chicago, and its component units, for the fiscal year ended December 31, 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
Kari K. Steele
President

Brian Perkovich
Brian Perkovich
Executive Director

Jacqueline Torres
Jacqueline Torres
Clerk/Director of Finance

Matt Glavas
Matthew Glavas
Comptroller

Page intentionally left blank

II.
FINANCIAL SECTION

MWRD Vice President Barbara J. McGowan, Commissioner Kimberly Du Buclet and President Kari K. Steele pause for a photo with WEFTEC 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 of the Board of Commissioners
Metropolitan Water Reclamation District of Greater Chicago

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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, of the assets and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 of the financial statements.

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

Opinion

In our opinion, based on our report and the report of the 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 of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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.

Other 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 of the 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 of the other auditors, the procedures performed as described above, and the report of the 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.

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 of the 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.

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 of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

RSM US LLP

Chicago, Illinois
May 8, 2020

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

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

2019 FINANCIAL HIGHLIGHTS

- The District's government-wide net position is $4,736,560,000. 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 $116,181,000. 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 OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

KEY FINANCIAL COMPARISONS

Property taxes. The primary source of revenue for the District is ad valorem property taxes. All District funds, with the exception of the District's Capital Improvements Bond Fund, derive their revenues primarily from property taxes. In 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 of the increase. The remainder of the 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 $4,526,000, 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 $20,821,000, 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 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, differences 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 benefits, including social security, Medicare, health, dental and life insurances, as well as, tuition, training, mileage and other travel expenses. The District's employee-related expenditures are the largest single cost of the General Corporate Fund, comprising 66.1% of the total outlays for 2019. The 0.4% increase in employee costs of $883,000, 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.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed comparison of the Statements of Net Position for December 31, 2019 and 2018, is presented in the following schedule (in thousands of dollars):

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other assets	$ 1,387,357	$ 1,342,731	$ 44,626	3.3%
Capital assets	7,700,052	7,652,035	48,017	0.6
Total assets	9,087,409	8,994,766	92,643	1.0
Deferred Outflows of Resources:				
Loss on prior debt refunding	3,845	4,372	(527)	(12.1)
Deferred amounts related to pension	369,064	167,580	201,484	120.2
Total deferred outflows of resources	372,909	171,952	200,957	116.9
Liabilities:				
Current liabilities	361,828	327,814	34,014	10.4
Long-term liabilities	4,287,289	4,117,855	169,434	4.1
Total liabilities	4,649,117	4,445,669	203,448	4.6
Deferred Inflows of Resources:				
Deferred inflows for other pension and OPEB amounts	74,641	100,669	(26,028)	(25.9)
Total deferred inflows of resources	74,641	100,669	(26,028)	
Net Position:				
Net investment in capital assets	4,950,141	4,822,531	127,610	2.6
Restricted	716,218	706,425	9,793	1.4
Unrestricted (Deficit)	(929,799)	(908,577)	(21,222)	2.3
Total net position	$ 4,736,560	$ 4,620,379	$ 116,181	2.5%

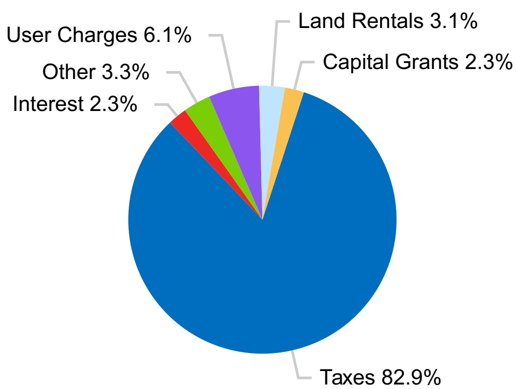
The above schedule reports that the District's net position totaled $4,736,560,000 at December 31, 2019, which represents the amount the District's assets and deferred outflows exceeded its liabilities and deferred inflows. The largest portion of the net position, $4,950,141,000, represents the District's 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 of the unrestricted net position is a deficit of $929,799,000.

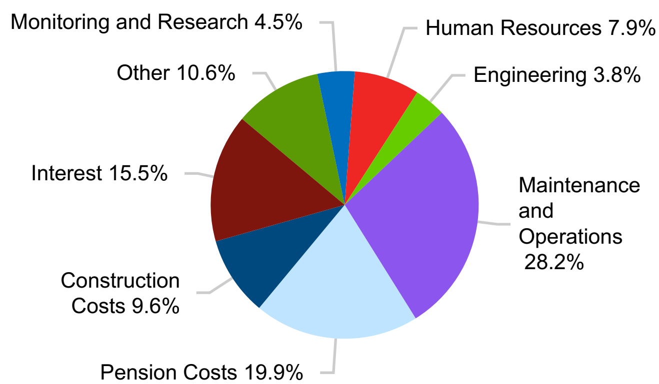
A comparison of the changes in net position resulting from the District's operations for the years ended December 31, 2019 and 2018 is presented in the following schedule (in thousands of dollars):

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
General Revenues:				
Taxes	$ 657,440	$ 636,242	$ 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
Information Technology	15,534	15,173	361	2.4
Law	5,951	6,023	(72)	(1.2)
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 net position, end of year	$ 4,736,560	$ 4,620,379	$ 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.

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





ANALYSIS OF DISTRICT'S GOVERNMENTAL FUND FINANCIAL STATEMENTS

As previously discussed, the focus of the 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. The non-major governmental funds are the Construction Fund and the Stormwater Management Fund.

The District ended the current fiscal year with combined governmental fund balances of $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 of the District. It includes annual property taxes and other revenues, which are used for the payment of general operating expenditures not chargeable to other funds. The General Corporate Fund's fund balance at the end of the current fiscal year totaled $277,859,000. The fund balance represented 78.2% of the General Corporate Fund expenditures, a positive indication of the fund's liquidity. The total fund balance for the General Corporate Fund had a decrease of $6,683,000 from 2018. The District's General Corporate Fund consists of the Corporate, Corporate Working Cash, and Reserve Claim Divisions, which are presented and explained in Note 1b on pages 64-70.

The General Corporate Fund ended the year with an unassigned fund balance deficit of $77,648,000 due to the required reserve claims restriction, non-spendable inventories and restricted working cash.

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

General Corporate Fund
Comparative Revenue Schedule

	2019		2018			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Revenues:						
Property taxes	$ 215,370	62.5%	$ 235,471	68.7%	$ (20,101)	(8.5)%
Personal property replacement tax	27,385	7.9	17,970	5.2	9,415	52.4
Total tax revenue	242,755	70.4	253,441	73.9	(10,686)	(4.2)
Interest on investments	6,843	2.0	5,256	1.5	1,587	30.2
Land sales	3,073	1.0	—	—	3,073	3,073
Tax increment financing distributions	10,345	3.0	6,153	1.8	4,192	68.1
Claims and damage settlements	415	0.1	1,470	0.4	(1,055)	(71.8)
User charges	48,526	14.1	44,000	12.9	4,526	10.3
Land rentals	24,827	7.2	22,678	6.6	2,149	9.5
Fees, forfeits, and penalties	2,628	0.8	5,113	1.5	(2,485)	(48.6)
Federal and state grants	77	—	—	—	77	77.0
Miscellaneous	4,981	1.4	4,724	1.4	257	5.4
Total revenues	$ 344,470	100.0%	$ 342,835	100.0%	$ 1,635	0.5 %

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 are explained under Key Financial Comparisons on pages 36-37.

A comparative analysis of the General Corporate Fund expenditures by object class for the years ended December 31, 2019 and 2018, is shown in the following schedule (in thousands of dollars):

General Corporate Fund
Comparative Expenditures Schedule

	2019		2018			
	Amount	**% of Total**	**Amount**	**% of Total**	**Increase (Decrease)**	**Percent Increase (Decrease)**
Expenditures:						
Employee Cost	$ 234,785	66.1%	$ 233,902	66.0%	$ 883	0.4%
Energy Cost	41,818	11.8	42,246	11.9	(428)	(1.0)
Chemicals	9,943	2.7	9,564	2.6	379	4.0
Solids & waste disposal	13,940	4.0	13,451	3.8	489	3.6
Repairs to structures/equipment	17,201	4.8	15,800	4.5	1,401	8.9
Materials, parts, & supplies	11,156	3.1	13,746	3.9	(2,590)	(18.8)
Insurance	2,974	0.8	2,143	0.6	831	38.8
Professional services	3,500	1.0	4,063	1.1	(563)	(13.9)
Claims and judgments	4,547	1.3	5,497	1.6	(950)	(17.3)
Other	15,489	4.4	14,024	4.0	1,465	10.4
Total expenditures	$ 355,353	100.0%	$ 354,436	100.0%	$ 917	0.3%

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. The 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% of the 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 of the current fiscal year totaled $244,568,000. This amount will provide resources for the 2020 capital 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% of the total governmental funds and the fund is used for collection of the tax levy which is remitted to the Pension Board. This presentation remains for comparative purposes. There is no fund balance for the Retirement Fund at the end of the current fiscal year, as all funds are transferred, and due to, the District's Pension Fund.

GENERAL CORPORATE FUND BUDGET ANALYSIS

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

	Budget			Actual Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Property and personal property replacement taxes	$ 266,486	$ 266,486	$ 266,468	$ (18)
Adjustment for working cash borrowing	(4,564)	(4,564)	(4,564)	—
Adjustment for estimated tax collections	—	—	140	140
Tax revenue available for current operations	261,922	261,922	262,044	122
User charges	46,000	46,000	51,783	5,783
Interest on investments	3,200	3,200	4,410	1,210
Tax increment financing distributions	9,725	9,725	10,834	1,109
Land rentals	21,500	21,500	25,760	4,260
Land sales	—	—	3,073	3,073
Claims and damage settlements	—	—	1,456	1,456
Equity transfer	4,200	4,200	4,200	—
Other	5,371	5,371	8,996	3,625
Total revenues	351,918	351,918	372,556	20,638
Operating expenditures:				
Board of Commissioners	5,256	5,256	4,385	871
General Administration	18,714	18,715	16,878	1,837
Monitoring and Research	31,548	31,547	29,627	1,920
Procurement and Materials Management	9,821	9,961	9,172	789
Human Resources	60,229	60,228	54,239	5,989
Information Technology	18,593	18,506	15,657	2,849
Law	7,178	7,178	6,136	1,042
Finance	3,740	3,740	3,588	152
Engineering	25,941	25,941	23,519	2,422
Maintenance and Operations	196,592	196,540	189,739	6,801
Claims and judgments	31,768	31,768	4,546	27,222
Total expenditures	409,380	409,380	357,486	51,894
Revenues over (under) expenditures	(57,462)	(57,462)	15,070	72,532
Fund balance at beginning of year	156,856	156,856	162,678	5,822
Net assets available for future use	(99,394)	(99,394)	—	99,394
Fund balance at beginning of year	57,462	57,462	162,678	105,216
Fund balance at end of the year	$ —	$ —	$ 177,748	$ 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 of the economy. Interest on investments was $1,210,000 over budget as of result of the 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%, of the total appropriation. The $51,894,000 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.

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

CAPITAL ASSETS AND MODIFIED APPROACH

Capital Assets. The District's reportable capital assets, net of accumulated depreciation, as of December 31, 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):

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Land	$ 146,800	$ 145,533	$ 1,267	0.9%
Permanent easements	2,208	2,076	132	6.4
Buildings	6,614	6,799	(185)	(2.7)
Machinery and equipment	24,694	24,679	15	0.1
Computer software	657	1,059	(402)	(38.0)
Depreciable infrastructure	1,628,873	1,640,144	(11,271)	(0.7)
Modified infrastructure	5,470,518	5,410,700	59,818	1.1
Construction in progress	419,688	421,045	(1,357)	(0.3)
Total	$ 7,700,052	$ 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 of the Phosphorous Recovery System, this move to infrastructure comprised over $40 million in infrastructure assets. An additional $10 million increase is due to the completion of the D799 Switchgear Replacement project at the Stickney Water Reclamation Plant. The remainder of the increase is due to the residual costs of construction projects completed in the prior year being added directly to infrastructure.

In addition to the above, commitments totaling $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 information 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 of the 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.l. and Note 6 to the basic financial statements and in the Required Supplementary Information section.

DEBT ACTIVITY

Long-term Debt. The District's long-term liabilities as of December 31, 2019, totaled $4,440,999,000. The breakdown of this debt 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	$ 4,440,999	$ 4,266,057	$ 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 of the 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 $5,942,000 primarily due to an increase in the potential environmental remediation claims.

- A number of items factor into the Net Pension Liability; however, the $259,321,000 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 of the Illinois Compiled Statutes establish the following limitations relative to the District's debt:

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

The amount of the District's debt may not exceed 5.75% of the last published equalized assessed valuation of taxable real estate within the District, which was $155,788,046,903 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 $6,134,631,697; 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 of any bonds authorized and unissued during the three preceding budget years. The District has issued various series of bonds since the authorization. This limitation is not applicable to refunding bonds, money received from the Water Pollution Control Revolving Fund, and obligations issued as part of the American Recovery and Reinvestment Act of 2009, issued prior to January 1, 2011, commonly known as "Build America Bonds". Bonds authorized, unissued and carried forward were $450,000,000 at December 31, 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 of the Tunnel and Reservoir Plan (TARP) was such a high priority that it exempted TARP bonds from tax cap limits. In 2010, the Local Government Debt Reform Act was amended. The District's debt service extension base for the levy year 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% of the 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 $1,703,220,000 did not exceed the limitation of $5,218,899,571.

Outstanding capital improvement and refunding bonds related to the Clean-up and Flood Control Program and the remaining authorization at December 31, 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 31, 2019	1,703	$ 1,076	$ 627
Remaining bond 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% of the amount produced by multiplying the maximum general corporate tax rate permitted by the last known equalized assessed valuation of all property in the District at the time the bonds are issued, plus 90% of the District's last known entitlement of the Personal Property Replacement Tax.

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

ECONOMY AND OTHER CONDITIONS IMPACTING THE DISTRICT

The equalized assessed valuation of the 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.

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 of the District encompass 91% of the land area of Cook County. The District is located in one of the strongest and most economically diverse geographical areas of Illinois. Unemployment for the Chicago-Naperville-Joliet Metropolitan Division decreased to a seasonally adjusted 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

$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 41 cents 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-profit organizations to recover operations, maintenance, and replacement costs proportional to their sewage discharges, in excess of property taxes collected. The major categories of payers: chemical manufacturers, food processors, and government services, are generally expected to maintain their recent level of discharges.

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

The Stormwater Management Fund appropriation for 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 Stormwater Management Fund. Illinois law limits the tax rate of this fund to 5 cents per $100 of equalized assessed valuation. The estimated tax rate for the Stormwater Management Fund in 2020 is 3.2 cents, which is a decrease of 0.2 cents from 2019 as adjusted.

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

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

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

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

The District's statutory authority for Stormwater Management in Cook County (70 ILCS 2605/7h) was amended in 2014 to allow for the acquisition of flood-prone properties. Subsequent to amending the Cook County Stormwater Management Plan to be consistent with Public Act 98-0652, the District's Board of Commissioners adopted a policy on selection and prioritization of projects for acquiring flood-prone property, which 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 of the cost for property acquisition.
- District Initiated Program: The cost of a property acquisition alternative will be estimated for any approved project and compared to the estimated cost of the structural project determined through a preliminary engineering analysis. Should the cost of the property acquisition alternative be less than the structural project, and the benefits at least equivalent, the acquisition alternative will be pursued in lieu of the structural project.
- Local Government Application Program: The District will consider applications directly from local governments requesting property acquisition of specific flood-prone structures.

Capital Improvement Program: Construction Fund and Capital Improvements Bond Fund. The District's overall Capital Program includes 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 of the District's Capital program. These future projects will be requested for appropriation subject to their priority, design, and available funding.

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

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

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

The United States Environmental Protection Agency (USEPA) implemented the State Revolving Fund (SRF) to ensure that each state's program is designed and operated to continue to provide capital funding assistance for water pollution control activities in perpetuity, but preserves a high degree of flexibility for operating revolving funds in accordance with each state's unique needs and circumstances. Funds in the SRF are not used to provide grants, but must be available to provide loans for the construction of publicly owned wastewater treatment works. Low interest SRF loans are an integral part of the District's capital improvements financing. SRF revenues are based on the award and construction schedule of specific projects. In 2019, the District received $32,241,800 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. The 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 $32,607,400 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) of the 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) of the 2020 Budget document.

Other Post-Employment Benefits (OPEB) Trust. The District provides subsidized health care benefits for its retirees. The Governmental Accounting Standards Board (GASB) Pronouncement 75 was implemented in 2018 and replaces the requirements of GASB pronouncement 45, which initially required reporting of the future liability for maintaining these benefits in the Comprehensive Annual Financial Report (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 $232,515,000 million as of December 31, 2019. The accumulated unfunded OPEB obligation was estimated at approximately $72,208,136 million at December 31, 2019.

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 of the District's employees for the purposes of establishing wages and benefits. Three-year successor agreements were negotiated with all bargaining units in 2017 and 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 determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. The employee contributions for Tier 1 employees (those hired before January 1, 2011) increased 1% each year for 3 years beginning January 1, 2013, increasing the contribution rate from 9% to 12%. The employee contributions will remain at 12% until the funded ratio reaches 90% then the contribution rate will be reduced to 9%.

REQUESTS FOR ADDITIONAL INFORMATION

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

Page intentionally left blank

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)	General Corporate Fund 2019	General Corporate Fund 2018	Debt Service Fund 2019	Debt Service Fund 2018	Capital Improvement Bond Funds 2019	Capital Improvement Bond Funds 2018
Assets and deferred outflows of resources						
Assets:						
Cash	$ 7,449	$ 7,624	$ 1,641	$ 5,256	$ 39,914	$ 11,717
Certificates of deposit	63,984	63,695	15,008	19,037	88,748	109,514
Investments (note 4)	172,490	149,404	70,391	61,587	134,292	169,738
Prepaid expenses	5,825	5,201	—	—	—	—
Taxes receivable, net (note 5)	252,901	237,839	234,517	230,351	—	—
Other receivables, net (note 5)	2,643	8,588	—	—	8,021	9,263
Due from other funds (note 12)	224	132	—	—	—	—
Restricted deposits	436	350	—	—	33,009	—
Inventories	35,056	33,436	—	—	—	—
Capital assets not being depreciated/amortized (note 6)	—	—	—	—	—	—
Capital assets being depreciated/amortized, net (note 6)	—	—	—	—	—	—
Total assets	541,008	506,269	321,557	316,231	303,984	300,232
Deferred outflows of resources:						
Loss on prior debt refunding	—	—	—	—	—	—
Deferred outflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	$ 541,008	$ 506,269	$ 321,557	$ 316,231	$ 303,984	$ 300,232
Liabilities, deferred inflows of resources, and fund balances/net position						
Liabilities:						
Accounts payable and other liabilities (note 5)	$ 27,047	$ 25,626	$ —	$ —	$ 25,456	$ 29,156
Due to Pension Trust Fund (note 12)	—	—	—	—	—	—
Due to other funds (note 12)	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—
Unearned Revenue (note 5)	9,513	8,427	—	—	33,009	—
Long-term liabilities: (note 11)						
Due within one year	—	—	—	—	—	—
Due in more than one year	—	—	—	—	—	—
Total liabilities	36,560	34,053	—	—	58,465	29,156
Deferred inflows of resources:						
Unavailable tax revenue (note 5)	226,589	187,674	210,122	181,781	—	—
Other unavailable revenue (note 5)	—	—	—	—	951	948
Deferred inflows for pension and OPEB related amounts	—	—	—	—	—	—
Total deferred inflows of resources	226,589	187,674	210,122	181,781	951	948
Fund balances:						
Nonspendable:						
Prepaid insurance	5,825	5,201	—	—	—	—
Inventories	35,056	33,436	—	—	—	—
Restricted for:						
Deposits	436	350	—	—	—	—
Working cash	284,425	282,055	—	—	—	—
Reserve claims	29,765	28,272	—	—	—	—
Debt service	—	—	111,435	134,450	—	—
Capital projects	—	—	—	—	77,335	111,809
Construction	—	—	—	—	—	—
Assigned	—	—	—	—	167,233	158,319
Unassigned (Deficit)	(77,648)	(64,772)	—		—	—
Total fund balances	277,859	284,542	111,435	134,450	244,568	270,128
Total liabilities, deferred inflows, and fund balances	$ 541,008	$ 506,269	$ 321,557	$ 316,231	$ 303,984	$ 300,232
Net position:						
Net investment in capital assets						
Restricted for corporate working cash						
Restricted for reserve claim						
Restricted for debt service						
Restricted for capital projects						
Restricted for construction working cash						
Restricted for stormwater working cash						
Unrestricted (Deficit)						
Total net position						

See accompanying notes to the basic financial statements.

	Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2a)		Statements of Net Position	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$ —	$ —	$ 1,959	$ 1,695	$ 50,963	$ 26,292	$ —	$ —	$ 50,963	$ 26,292
	—	—	27,745	45,523	195,485	237,769	—	—	195,485	237,769
	—	—	56,049	40,926	433,222	421,655	—	—	433,222	421,655
	—	—	74	76	5,899	5,277	—	—	5,899	5,277
	75,736	73,515	58,408	57,442	621,562	599,147	—	—	621,562	599,147
	—	—	1,061	954	11,725	18,805	—	—	11,725	18,805
	—	—	—	—	224	132	(224)	(132)	—	—
	—	—	—	—	33,445	350	—	—	33,445	350
	—	—	—	—	35,056	33,436	—	—	35,056	33,436
	—	—	—	—	—	—	6,039,214	5,979,354	6,039,214	5,979,354
	—	—	—	—	—	—	1,660,838	1,672,681	1,660,838	1,672,681
	75,736	73,515	145,296	146,616	1,387,581	1,342,863	7,699,828	7,651,903	9,087,409	8,994,766
	—	—	—	—	—	—	3,845	4,372	3,845	4,372
	—	—	—	—	—	—	369,064	167,580	369,064	167,580
	—	—	—	—	—	—	372,909	171,952	372,909	171,952
	$ 75,736	$ 73,515	$ 145,296	$ 146,616	$ 1,387,581	$ 1,342,863	$ 8,072,737	$ 7,823,855	$ 9,460,318	$ 9,166,718
	$ —	$ —	$ 8,171	$ 12,107	$ 60,674	$ 66,889	$ —	$ —	$ 60,674	$ 66,889
	13,859	19,034	—	—	13,859	19,034	73,587	68,133	87,446	87,167
	—	—	224	132	224	132	(224)	(132)	—	—
	—	—	—	—	—	—	17,476	17,129	17,476	17,129
	—	—	—	—	42,522	8,427	—	—	42,522	8,427
	—	—	—	—	—	—	153,710	148,202	153,710	148,202
	—	—	—	—	—	—	4,287,289	4,117,855	4,287,289	4,117,855
	13,859	19,034	8,395	12,239	117,279	94,482	4,531,838	4,351,187	4,649,117	4,445,669
	61,877	54,481	52,332	45,330	550,920	469,266	(550,920)	(469,266)	—	—
	—	—	—	—	951	948	(951)	(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	76	5,899	5,277	(5,899)	(5,277)		
	—	—	—	—	35,056	33,436	(35,056)	(33,436)		
	—	—	—	—	436	350	(436)	(350)		
	—	—	60,681	60,093	345,106	342,148	(345,106)	(342,148)		
	—	—	—	—	29,765	28,272	(29,765)	(28,272)		
	—	—	—	—	111,435	134,450	(111,435)	(134,450)		
	—	—	16,136	21,711	93,471	133,520	(93,471)	(133,520)		
	—	—	7,753	7,243	7,753	7,243	(7,753)	(7,243)		
	—	—	—	—	167,233	158,319	(167,233)	(158,319)		
	—	—	(75)	(76)	(77,723)	(64,848)	77,723	64,848		
	—	—	84,569	89,047	718,431	778,167	(718,431)	(778,167)		
	$ 75,736	$ 73,515	$ 145,296	$ 146,616	$ 1,387,581	$ 1,342,863				
Net position:										
Net investment in capital assets							4,950,141	4,822,531	4,950,141	4,822,531
Restricted for corporate working cash							284,425	282,055	284,425	282,055
Restricted for reserve claim							9,194	11,728	9,194	11,728
Restricted for debt service							304,084	299,106	304,084	299,106
Restricted for capital projects							57,835	53,443	57,835	53,443
Restricted for construction working cash							22,713	22,395	22,713	22,395
Restricted for stormwater working cash							37,967	37,698	37,967	37,698
Unrestricted (Deficit)							(929,799)	(908,577)	(929,799)	(908,577)
Total net position							$ 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
(with comparative amounts for prior year)

(in thousands of dollars)	General Corporate Fund		Debt Service Fund		Capital Improvement Bond Funds	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues						
General revenues:						
Property taxes	$ 215,370	$ 235,471	$ 206,777	$ 235,489	$ —	$ —
Personal property replacement tax	27,385	17,970	—	—	—	—
Interest on investments	6,843	5,256	2,708	2,458	6,540	6,188
Land sales	3,073	—	—	—	—	—
Tax increment financing distributions	10,345	6,153	—	—	—	—
Claims and damage settlements	415	1,470	—	—	47	10
Miscellaneous	4,981	4,724	52	36	2,359	2,646
Gain on sale of capital assets	—	—	—	—	—	—
Program revenues:						
Charges for services:						
User charges	48,526	44,000	—	—	—	—
Land rentals	24,827	22,678	—	—	—	—
Fees, forfeits, and penalties	2,628	5,113	—	—	—	—
Capital grants and contributions:						
Federal and state grants	77	—	—	—	17,875	16,736
Total revenues	344,470	342,835	209,537	237,983	26,821	25,580
Expenditures/Expenses						
Board of Commissioners	4,396	4,148	—	—	—	—
General Administration	16,923	15,816	—	—	—	—
Monitoring and Research	30,325	30,204	—	—	—	—
Procurement and Materials Management	5,705	7,236	—	—	—	—
Human Resources	53,668	53,227	—	—	—	—
Information Technology	15,585	15,125	—	—	—	—
Law	6,134	6,139	—	—	—	—
Finance	3,592	3,450	—	—	—	—
Engineering	23,528	26,031	—	—	—	—
Maintenance and Operations	190,950	187,563	—	—	—	—
Pension costs	—	—	—	—	—	—
OPEB costs	—	—	—	—	—	—
Claims and judgments	4,547	5,497	—	—	—	—
Construction costs	—	—	—	—	74,080	123,029
Loss on disposal of capital assets	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—
Debt service:						
Redemption of bonds and capital lease	—	—	123,307	141,701	2,722	2,595
Interest and bond issuance costs	—	—	115,017	114,603	1,668	1,795
Total expenditures/expenses	355,353	354,436	238,324	256,304	78,470	127,419
Revenues over (under) expenditures	(10,883)	(11,601)	(28,787)	(18,321)	(51,649)	(101,839)
Other financing sources (uses)						
Bond anticipation notes issued	—	—	—	—	30,289	64,170
Bond anticipation notes converted	—	—	—	—	113,912	254,211
Bond anticipation notes refunded	—	—	—	—	(113,912)	(254,211)
Transfers	4,200	4,200	5,772	5,771	(4,200)	(4,200)
Total other financing sources (uses)	4,200	4,200	5,772	5,771	26,089	59,970
Revenues and other financing sources (uses) over (under) expenditures	(6,683)	(7,401)	(23,015)	(12,550)	(25,560)	(41,869)
Change in net position	—	—	—	—	—	—
Fund balances/net position:						
Beginning of the year	284,542	291,943	134,450	147,000	270,128	311,997
End of the year	$ 277,859	$ 284,542	$ 111,435	$ 134,450	$ 244,568	$ 270,128

See accompanying notes to the basic financial statements.

Retirement Fund		Other Governmental / Nonmajor Funds		Total Governmental Funds		Adjustments (Note 2b)		Statements of Activities	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
$ 61,792	$ 73,609	$ 51,416	$ 58,675	$ 535,355	$ 603,244	$ 74,259	$ (4,020)	$ 609,614	$ 599,224
20,441	19,048	—	—	47,826	37,018	—	—	47,826	37,018
—	—	2,202	1,629	18,293	15,531	—	—	18,293	15,531
—	—	—	—	3,073	—	(3,073)	—	—	—
—	—	—	—	10,345	6,153	—	—	10,345	6,153
—	—	28	2	490	1,482	—	—	490	1,482
15	11	12	249	7,419	7,666	(84)	(38)	7,335	7,628
—	—	—	—	—	—	3,052	—	3,052	—
—	—	—	—	48,526	44,000	—	—	48,526	44,000
—	—	—	—	24,827	22,678	—	—	24,827	22,678
—	—	1,416	3	4,044	5,116	—	—	4,044	5,116
—	—	316	346	18,268	17,082	3	4	18,271	17,086
82,248	92,668	55,390	60,904	718,466	759,970	74,157	(4,054)	792,623	755,916
—	—	—	—	4,396	4,148	4	19	4,400	4,167
—	—	—	—	16,923	15,816	181	247	17,104	16,063
—	—	—	—	30,325	30,204	60	58	30,385	30,262
—	—	—	—	5,705	7,236	9	(134)	5,714	7,102
—	—	—	—	53,668	53,227	(83)	(45)	53,585	53,182
—	—	—	—	15,585	15,125	(51)	48	15,534	15,173
—	—	—	—	6,134	6,139	(183)	(116)	5,951	6,023
—	—	—	—	3,592	3,450	26	10	3,618	3,460
—	—	—	—	23,528	26,031	1,664	1,769	25,192	27,800
—	—	—	—	190,950	187,563	(109)	97	190,841	187,660
82,248	92,668	—	—	82,248	92,668	52,651	10,325	134,899	102,993
—	—	—	—	—	—	(3,146)	(6,955)	(3,146)	(6,955)
—	—	—	—	4,547	5,497	5,942	(9,556)	10,489	(4,059)
—	—	54,096	35,641	128,176	158,670	(63,184)	(72,857)	64,992	85,813
—	—	—	—	—	—	—	92	—	92
—	—	—	—	—	—	11,719	11,849	11,719	11,849
—	—	—	—	126,029	144,296	(126,029)	(144,296)	—	—
—	—	—	—	116,685	116,398	(11,520)	(8,291)	105,165	108,107
82,248	92,668	54,096	35,641	808,491	866,468	(132,049)	(217,736)	676,442	648,732
—	—	1,294	25,263	(90,025)	(106,498)	206,206	213,682		
—	—	—	—	30,289	64,170	(30,289)	(64,170)	—	—
—	—	—	—	113,912	254,211	(113,912)	(254,211)	—	—
—	—	—	—	(113,912)	(254,211)	113,912	254,211	—	—
—	—	—	—	3,073	—	(3,073)	—	—	—
—	—	(5,772)	(5,771)	—	—	—	—	—	—
—	—	(5,772)	(5,771)	30,289	64,170	(30,289)	(64,170)	—	—
—	—	(4,478)	19,492	(59,736)	(42,328)	59,736	42,328	—	—
—	—	—	—	—	—	116,181	107,184	116,181	107,184
—	—	89,047	69,555	778,167	820,495	—	—	4,620,379	4,513,196
$ —	$ —	$ 84,569	$ 89,047	$ 718,431	$ 778,167	$ —	$ —	$ 4,736,560	$ 4,620,379

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

(in thousands of dollars)

	Budget Original	Budget Final	Actual Amounts	Actual Variance With Final Budget - Positive (Negative)
Revenues:				
Property taxes:				
Gross levy	$ 254,574	$ 254,574	$ 254,574	$ —
Allowance for uncollectible taxes	(8,910)	(8,910)	(8,910)	—
Net property tax levy	245,664	245,664	245,664	—
Property tax collections	5,822	5,822	5,804	(18)
Personal property replacement tax:				
Entitlement	15,000	15,000	15,000	—
Total tax revenue	266,486	266,486	266,468	(18)
Adjustment for working cash borrowing	(4,564)	(4,564)	(4,564)	—
Adjustment for estimated tax collections	—	—	140	140
Tax revenue available for current operation	261,922	261,922	262,044	122
Interest on investments	3,200	3,200	4,410	1,210
Land sales	—	—	3,073	3,073
Tax increment financing distributions	9,725	9,725	10,834	1,109
Miscellaneous	3,787	3,787	8,026	4,239
User charges	46,000	46,000	51,783	5,783
Land rentals	21,500	21,500	25,760	4,260
Claims and damage settlements	—	—	1,456	1,456
Equity transfer from capital improvement bond fund	4,200	4,200	4,200	—
Fees, forfeits, and penalties	1,584	1,584	970	(614)
Total revenues	351,918	351,918	372,556	20,638
Expenditures:				
Board of Commissioners	5,256	5,256	4,385	871
General Administration	18,714	18,715	16,878	1,837
Monitoring and Research	31,548	31,547	29,627	1,920
Procurement and Materials Management	9,821	9,961	9,172	789
Human Resources	60,229	60,228	54,239	5,989
Information Technology	18,593	18,506	15,657	2,849
Law	7,178	7,178	6,136	1,042
Finance	3,740	3,740	3,588	152
Engineering	25,941	25,941	23,519	2,422
Maintenance and Operations	196,592	196,540	189,739	6,801
Claims and judgments	31,768	31,768	4,546	27,222
Total expenditures	409,380	409,380	357,486	51,894
Revenues over (under) expenditures	(57,462)	(57,462)	15,070	72,532
Fund balances at beginning of year	156,856	156,856	162,678	5,822
Fund balances available for future use	(99,394)	(99,394)	—	99,394
Fund balances at beginning of the year	57,462	57,462	162,678	105,216
Fund balances at end of year	$ —	$ —	$ 177,748	$ 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 of dollars)

Retirement Fund	**Final Budget**	**Actual on Budgetary Basis**	**Actual Variance with Final Budget - Positive (Negative)**
Revenues:			
Property taxes	$ 69,031	$ 61,792	$ (7,239)
Personal property replacement tax	18,251	20,441	2,191
Miscellaneous	—	15	15
Total tax revenue	87,281	82,248	(5,033)
Operating expenditures:			
Pension costs	87,281	82,248	5,033
Total expenditures	87,281	82,248	5,033
Revenues over (under) expenditures	—	—	—
Fund balances at beginning of the year	—	—	—
Fund balances at end of the year	$ —	$ —	$ —

See accompanying notes to the basic financial statements

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

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

	(in thousands of dollars)	
	2019	**2018**
Assets		
Cash	$ 243	$ 2,131
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts)	87,319	87,281
Securities sold	38,456	—
Forward foreign exchange contracts	—	111,905
Accrued interest and dividends	3,600	3,939
Accounts receivable	78	53
Total receivables	129,453	203,178
Investments at fair value		
Equities	546,409	470,320
U.S. Government and government agency obligations	91,857	91,161
Corporate and foreign government obligations	120,775	145,707
Fixed Income Mutual Funds	76,435	69,189
Mutual and exchange traded funds	245,035	203,989
Pooled funds - equities	250,571	215,174
Pooled funds - fixed income	165,735	152,257
Limited partnerships - real estate	106,872	63,898
Short-term investment funds	51,653	19,214
Total investments	1,655,342	1,430,909
Securities lending capital	12,776	14,166
Total assets	1,797,814	1,650,384
Liabilities		
Accounts payable	1,251	1,224
Due to broker	44,437	102,681
Securities lending collateral	12,776	14,166
Total liabilities	58,464	118,071
Net position restricted for pension and OPEB benefits	$ 1,739,350	$ 1,532,313

See accompanying notes to the basic financial statements

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

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

	(in thousands of dollars)	
	2019	**2018**
Additions:		
Contributions:		
Employer contributions	$ 105,146	$ 104,738
Employee contributions	21,182	21,033
Total contributions	126,328	125,771
Investment income:		
Net appreciation (depreciation) in fair value of investments	237,987	(138,954)
Interest and dividend income	31,379	28,879
Total investment income (loss)	269,366	(110,074)
Less investment expenses	(5,210)	(5,079)
Investment income (loss) net of expenses	264,156	(115,153)
Security lending activities:		
Security lending income	432	556
Borrower rebates	(105)	(164)
Bank fees	(72)	(85)
Net income from securities lending activities	255	307
Other	3	15
Total additions	390,742	10,939
Deductions:		
Annuities and benefits		
Employee annuitants	139,788	133,184
Retiree health care benefits	12,700	12,571
Surviving spouse annuitants	26,741	25,264
Child annuitants	137	143
Ordinary disability benefits	748	856
Duty disability benefits	67	113
Total annuities and benefits	180,181	172,131
Refunds of employee contributions	1,828	1,762
Administrative expenses	1,696	1,727
Total deductions	183,705	175,620
Net increase (decrease)	207,037	(164,681)
Net position restricted for pension and OPEB benefits		
Beginning of year	1,532,313	1,696,994
End of year	$ 1,739,350	$ 1,532,313

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

Index to Notes

1. Summary of Significant Accounting Policies

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

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

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

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

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

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

The District reports the following major governmental funds:

General Corporate Fund

The fund was established to account for an annual property tax levy, and certain other revenues, which are to be used for the payments of general expenditures of the District not specifically chargeable to other funds. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Corporate Fund. These accounts were established under Chapter 70, ILCS 2605/9b of the Illinois Compiled Statutes, which refers to these accounts as a "Working Cash Fund." Amounts borrowed from the Working Cash Fund in one year are generally repaid by the Corporate Fund from tax collections received during the subsequent year. Also included in this fund are accounts of the "Reserve Claim Fund," established under Chapter 70, ILCS 2605/12 of the Illinois Compiled Statutes, which is restricted for the payment of claims, awards, losses, judgments or liabilities which might be imposed against the District, and for the repair or replacement of certain property maintained by the District. The assets, liabilities, deferred inflows of resources and fund balances of the General Corporate Fund, detailed as to the Corporate, Working Cash, and Reserve Claim account divisions at December 31, 2019 are as follows (in thousands of dollars):

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Assets				
Cash	$ 7,449	$ 6,736	$ 195	$ 518
Certificates of deposit	63,984	17,041	27,876	19,067
Investments	172,490	96,351	66,354	9,785
Prepaid insurance	5,825	5,825	—	—
Receivables:				
Property taxes receivable	267,210	259,585	—	7,625
Allowance for uncollectible taxes	(14,309)	(13,921)	—	(388)
Taxes receivable, net	252,901	245,664	—	7,237
User charges	2,242	2,242	—	—
Miscellaneous	401	121	—	280
Due from Stormwater Management Fund	224	224	—	—
Restricted deposits	436	436	—	—
Inventories	35,056	35,056	—	—
Total assets	$ 541,008	$ 409,696	$ 94,425	$ 36,887
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable and other liabilities	$ 27,047	$ 26,409	$ —	$ 638
Unearned revenue	9,513	9,513	—	—
Due to corporate fund from corporate working cash	—	190,000	(190,000)	—
Total liabilities	36,560	225,922	(190,000)	638
Deferred inflows of resources:				
Unavailable tax revenue	226,589	220,105	—	6,484
Total deferred inflows of resources	226,589	220,105	—	6,484
Fund balances:				
Nonspendable:				
Prepaid insurance	5,825	5,825	—	—
Inventories	35,056	35,056	—	—
Restricted for:				
Deposits	436	436	—	—
Working cash	284,425	—	284,425	—
Reserve claims	29,765	—	—	29,765
Unassigned (Deficit)	(77,648)	(77,648)	—	—
Total fund balances	277,859	(36,331)	284,425	29,765
Total liabilities, deferred inflows and fund balances	$ 541,008	$ 409,696	$ 94,425	$ 36,887

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

	Total General Corporate Fund	Corporate Division	Corporate Working Cash Division	Reserve Claim Division
Revenues:				
Property taxes	$ 215,370	$ 210,033	$ —	$ 5,337
Personal property replacement tax	27,385	27,385	—	—
Total tax revenue	242,755	237,418	—	5,337
Interest on investments	6,843	3,771	2,369	703
Land sales	3,073	3,073	—	—
Tax increment financing distributions	10,345	10,345	—	—
Claims and damage settlements	415	415	—	—
Miscellaneous	4,981	4,981	—	—
User charges	48,526	48,526	—	—
Land rentals	24,827	24,827	—	—
Fees, forfeits and penalties	2,628	2,628	—	—
Federal and state grants	77	77	—	—
Total revenues	344,470	336,061	2,369	6,040
Operations:				
Board of Commissioners	4,396	4,396	—	—
General Administration	16,923	16,923	—	—
Monitoring and Research	30,325	30,325	—	—
Procurement and Materials Management	5,705	5,705	—	—
Human Resources	53,668	53,668	—	—
Information Technology	15,585	15,585	—	—
Law	6,134	6,134	—	—
Finance	3,592	3,592	—	—
Engineering	23,528	23,528	—	—
Maintenance and Operations	190,950	190,950	—	—
Claims and judgments	4,547	—	—	4,547
Total expenditures	355,353	350,806	—	4,547
Revenues over (under) expenditures	(10,883)	(14,745)	2,369	1,493
Other financing sources/(uses):				
Transfer in/(out)	4,200	4,200	—	—
Net Change in Fund balance	(6,683)	(10,545)	2,369	1,493
Fund balance at the beginning of year	284,542	(25,786)	282,056	28,272
Fund balance at the end of year	$ 277,859	$ (36,331)	$ 284,425	$ 29,765

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

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

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

The District reports the following non-major governmental funds:

Construction Fund
A capital projects fund established to finance smaller construction projects on a pay-as-you-go basis. The Fund is primarily financed with an annual property tax levy and certain other revenues to be used to finance modernization and rehabilitation projects. Included in this fund are accounts maintained by the District restricted to making temporary loans to the Construction Fund. These accounts were established under Chapter 70, ILCS 2605/9(c) of the Illinois Compiled Statutes, which refers to these accounts as a "Construction Working Cash Fund." Amounts borrowed in one year are generally repaid by the Construction Fund from tax collections received during the subsequent year. The assets, liabilities, deferred inflows of resources and fund balances of the Construction Fund, detailed as to the Working Cash and Construction account divisions at December 31, 2019, are as follows (in thousands of dollars):

	Total Construction Fund	Construction Division	Construction Working Cash Division
Assets			
Cash	$ 846	$ 614	$ 232
Certificates of deposit	10,669	9,966	703
Investments	19,264	4,686	14,578
Receivables:			
Property taxes receivable	7,843	7,843	—
Allowance for uncollectible taxes	(509)	(509)	—
Taxes receivable, net	7,334	7,334	—
Miscellaneous	745	745	—
Total assets	$ 38,858	$ 23,345	$ 15,513
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 1,819	$ 1,819	$ —
Due to Construction Fund from Construction Working Cash	—	7,200	(7,200)
Total liabilities	1,819	9,019	(7,200)
Deferred inflows of resources:			
Unavailable tax revenue	6,573	6,573	—
Total deferred inflows of resources	6,573	6,573	—
Fund balances:			
Restricted for:			
Working cash	22,713	—	22,713
Construction	7,753	7,753	—
Total fund balances	30,466	7,753	22,713
Total liabilities, deferred inflows, and fund balances	$ 38,858	$ 23,345	$ 15,513

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	$ 9,505	$ 9,505	$ —
Total tax revenue	9,505	9,505	—
Interest on investments	759	441	318
Claim and damage settlements	28	28	—
Miscellaneous	2	2	—
Fees, forfeits and penalties	—	—	—
Total revenues	10,294	9,976	318
Construction Costs:			
Contractual services	619	619	—
Machinery and equipment	2,848	2,848	—
Capital projects	5,999	5,999	—
Total expenditures	9,466	9,466	—
Revenues over (under) expenditures	828	510	318
Other financing sources (uses):			
Transfer in/out	—	—	—
Net Change in Fund balance	828	510	318
Fund balance at the beginning of year	29,638	7,243	22,395
Fund balance at the end of year	$ 30,466	$ 7,753	$ 22,713

Stormwater Management Fund

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

The assets, liabilities, deferred inflows of resources and fund balances of the Stormwater Management Fund, detailed as to the Working Cash and Stormwater Management account divisions at December 31, 2019, are as follows (in thousands of dollars):

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Assets			
Cash	$ 1,113	$ 909	$ 204
Certificates of deposit	17,076	15,067	2,009
Investments	36,785	27,531	9,254
Prepaid insurance	74	74	—
Receivables:			
Property taxes receivable	53,920	53,920	—
Allowance for uncollectible taxes	(2,846)	(2,846)	—
Taxes receivable, net	51,074	51,074	—
Other receivables	316	316	—
Total assets	$ 106,438	$ 94,971	$ 11,467
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 6,352	$ 6,352	$ —
Due to Stormwater Management Fund from Stormwater Working Cash	224	26,724	(26,500)
Total liabilities	6,576	33,076	(26,500)
Deferred inflows of resources:			
Unavailable tax revenue	45,759	45,759	—
Total deferred inflows of resources	45,759	45,759	—
Fund balances:			
Nonspendable:			
Prepaid insurance	74	74	—
Restricted for:			
Working Cash	37,967	—	37,967
Capital projects	16,136	16,136	—
Unassigned	(74)	(74)	—
Total fund balances	54,103	16,136	37,967
Total liabilities, deferred inflows, and fund balances	$ 106,438	$ 94,971	$ 11,467

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

	Total Stormwater Management Fund	Stormwater Management Division	Stormwater Working Cash Division
Revenues:			
Property taxes	$ 41,911	$ 41,911	$ —
Total tax revenue	41,911	41,911	—
Interest on investments	1,443	1,174	269
Fees, forfeits, and penalties	1,416	1,416	—
Grant revenue	316	316	—
Miscellaneous	10	10	—
Total revenues	45,096	44,827	269
Construction Costs:			
Personal services	9,730	9,730	—
Contractual services	4,145	4,145	—
Material and supplies	85	85	—
Capital projects	30,670	30,670	—
Total expenditures	44,630	44,630	—
Revenues over expenditures	466	197	269
Other financing (uses):			
Transfer in/(out)	(5,772)	(5,772)	—
Net Change in Fund balance	(5,306)	(5,575)	269
Fund balance at the beginning of year	59,409	21,711	37,698
Fund balance at end of year	$ 54,103	$ 16,136	$ 37,967

In addition, the District reports the following fiduciary funds:

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

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

c. Basis of Accounting and Measurement Focus

Government-wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the period of related cash flows. Property taxes are recognized in the year of levy and personal property replacement taxes are recognized in the year earned. Grants and similar items are recognized as revenue in the fiscal year that all eligibility requirements have been met.

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

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

Property taxes, user charge revenue, interest, land rentals, and personal property replacement tax revenue are 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 of the levy year. They are levied and recorded as a receivable as of January 1 and are due in two installments in the following year. The annual ordinance for the levy of taxes contains a reserve for loss in collection of taxes. The District reviews the reserve annually.

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

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

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

(3) When departmental estimates are approved and final decisions are made, a Budget Message is prepared and the proposals of the Executive Director become the initial budget document. After departmental requests are finalized, the Executive Director's Budget Recommendations are published within 15 days. The Executive Director's Budget Recommendations are published and presented to the Board in October. At all times, the Budget figures are balanced between revenues and expenditures.

(4) The Board'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 of the Tentative Budget for inspection at the main office of the District, and specifying the time and date of the 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 to 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 of the 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 of the fiscal year.

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

(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. After March 1 of each fiscal year, transfers of appropriations between objects of expenditures or between departments must be presented for approval to the Board in accordance with applicable statutes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

m. Compensated Absences for accumulated unpaid vacation, holiday, overtime, severance and sick leave are paid to employees upon retirement or termination. An employee is eligible to receive 100 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 of the Statements of Net Position at December 31, 2019, are liabilities for compensated absences of $2,956,000, due within one year, and $16,697,000 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 of the bonds, using a method which approximates the effective interest method, in the government-wide financial statements. In addition, the refunding transaction cost, representing the excess of the amount required to refund debt over the book value of the old debt, is reported as a deferred outflow of resources and amortized over the shorter of the life of the old debt or new debt in the government-wide financial statements.

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

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

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

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

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

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

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

- Assigned Fund Balances – This consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners approved a motion authorizing the Executive Director to assign amounts of fund balances to a specific purpose. The District has an assigned fund balance of $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 last. When an expenditure is incurred for purposes for which restricted fund balance is available, the District will first utilize assigned amounts, followed by committed amounts, and then restricted amounts.

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

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

- Restricted Net Position - This consists of net position that is legally restricted by outside parties, or by law through constitutional provisions or enabling legislation. Net position restricted for working cash and reserve claims is based on legal restrictions, while net position restricted for debt service and capital projects is based on legal restrictions and/or outside parties. The government-wide statement of net position reports $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 – The Environmental Protection Agency requires grant recipients to charge certain users of waste water treatment services a proportionate share of the cost of operations and maintenance. The District has utilized a User Charge System since January 1, 1980. The system was developed in accordance with 70 ILCS 2305/7.1.

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

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

2. Reconciliation of Fund and Government-wide Financial Statements

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

Total fund balances of governmental funds	$ 718,431
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Capital assets are not current financial resources and therefore are not reported as assets in governmental funds. However, capital assets are reported in the Statements of Net Position. The cost of capital assets and accumulated depreciation is as follows:	
Capital assets	8,025,820
Accumulated depreciation/amortization	(325,768)
Capital assets, net	7,700,052
Long-term liabilities are not due and payable in the current period and accordingly are not reported as liabilities in governmental funds. However, long-term liabilities are reported in the Statements of Net Position. The long-term liabilities consist of:	
Compensated absences	(19,653)
Claims and judgments	(27,055)
Capital lease	(33,257)
Bond anticipation notes	(27,275)
General obligation debt	(2,800,782)
Net OPEB liability	(133,186)
Net Pension liability	(1,244,395)
Due to Pension Trust 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 of the bonds for the Statements of Net Position. They consist of:	
Bond premium	(155,396)
Bond refunding transactions	3,845
Total bond premium and refunding transactions	(151,551)
Interest on debt is not accrued in governmental funds, but rather is recognized as a liability and an expenditure when due. Interest is recorded as a liability as it is incurred in the Statements of Net Position. The 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. These assets are offset by deferred inflow of resources in the governmental funds. However, these assets increase net position in the Statements of Net Position. They consist of:	
Deferred property taxes and personal property replacement tax	550,920
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. They consist of:	
Deferred outflows for employer contributions subsequent to measurement date	124,898
Deferred outflows for other pension and OPEB related amounts	244,166
Adjustment to deferred outflows of resources	369,064
Interfund transactions are eliminated for Government-wide reporting. These transactions consist of:	
Due from other funds	224
Due to other funds	(224)
Total interfund	—
Total net position of governmental activities	$ 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. However, in the Statements of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense except for those assets under the modified approach. In the current period, these amounts are:	
Construction costs and other capital outlays	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 financial resources to governmental funds. However, issuing debt increases long-term liabilities in the Statements of Net Position. In the current period, debt proceeds and related items were:	
Bond anticipation notes proceeds	(30,289)
Debt proceeds total	(30,289)
Repayment of long-term debt is reported as an expenditure in the governmental funds, or as an other financing use in the case of refunding, but the repayment reduces the long-term liabilities in the Statements of Net Position. In the current year, the repayments consist of:	
Debt service principal retirement	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)
The proceeds from the sale of land and equipment are reported as revenue in the governmental funds. However, the cost of the land and equipment is removed from the capital assets account in the Statements of Net Position and offset against sale proceeds resulting in gain or (loss) in the Statements of Activities. The net effect of miscellaneous transactions involving capital asset sales:	
Total land and equipment sales	(105)
Unavailable tax revenues and certain other revenues that are earned but "unavailable" for the current period are not recognized in governmental funds. These revenues consist of:	
Property tax - net	74,259
Grant and rent adjustment	3
Total adjustments	74,262
Change in net position of governmental activities	$ 116,181

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 (uses) over (under) expenditures on a budgetary basis	$ 15,070
Adjustment from Budget to GAAP for:	
Tax 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 31, 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 of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois funds; (8) money market mutual funds and certain other instruments; and (9) municipal bonds of the State of Illinois, or of any other state, or of any political subdivisions thereof, whether interest is taxable or tax-exempt under federal law, rated within the four highest classifications by a major rating service. District policies require that repurchase agreements be collateralized only with direct U.S. Treasury securities that are maintained at a value of at least 102% of the investment amount (at market).

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at December 31, 2019 (in thousands of dollars):

		Investment Maturities	
Investment Type	**Fair Value**	**Less Than 1 Year**	**1- 5 Years**
U.S. Agencies	$ 229,737	$ 144,903	$ 84,834
Municipal Bonds	42,305	18,071	24,234
Commercial Paper	160,735	160,735	—
State Treasurer's Illinois Funds	1	1	—
Total Investments	$ 432,778	$ 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 of the intent to invest in securities maturing more than five (5) years from the date of purchase.

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

Credit ratings for the District's investments in debt securities as described by Standard & Poor's, Moody's and Fitch at December 31, 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&P/Moody's/Fitch**	**% of Investment Type**	**% of Total Investments in Debt Securities**
U.S. Agencies			
Federal Home Loan Banks (FHLB)	AA+/Aaa/NR	36.1%	
Federal Home Loan Mortgage Corporation (FHLMC)	AA+/Aaa/AAA	35.7%	
Federal Farm Credit Banks (FFCB)	AA+/Aaa/AAA	26.5%	
Federal National Mortgage Association (FNMA)	AA+/Aaa/AAA	1.7%	
Total U.S. Agencies		100.0%	53.1%
Commercial Paper	A-1/P-1/F1	100.0%	37.1%
State Treasurer's Illinois Funds	AAAm/NR/NR	100.0%	0.0%
Illinois State Regional Transportation Authority *	AA/NR/AA+	35.6%	3.5%
California State Health Facilities Finance Authority*	AA-/Aa3/AA-	20.7%	2.0%
New York State Dormitory Authority Personal Income Tax*	NR/Aa1/AA+	18.5%	1.8%
Lansing Board of Water and Light*	AA-/Aa3/NR	8.4%	0.8%
New York State Dormitory Authority Revenue Bonds*	NR/Aa3/A+	4.1%	0.4%
Milwaukee County, Wisconsin*	AA/Aa2/AA	3.0%	0.3%
Lousiana State University and Agricultural College*	AA/A2/A+e	3.0%	0.3%
Minnesota State Housing Finance Agency*	AA+/Aa1/NR	2.4%	0.2%
Oklahoma City, Oklahoma*	AAA/Aaa/NR	1.8%	0.2%
Chicago Park District, Illinois*	AA+/NR/AA-	1.6%	0.2%
Chicago Illinois Wastewater Transmission*	A/NR/AA-	0.9%	0.1%
			100.0%

* Municipal Bond
NR - Not Rated

Concentration of Credit Risk
The District's goal is to limit the amount that can be invested in commercial paper to one-third of the District's total investments, and no more than 20% of the amount invested in commercial paper can be invested in any one entity. In 2019, the fair value of commercial paper represented 25.6% of the District's total investments, including certificates of deposit. None of the 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 Home Loan Bank (FHLB)	$ 82,903
Federal Home Loan Mortgage Corporation (FHLMC)	81,845
Federal Farm Credit Banks (FFCB)	60,988
	$ 225,736

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

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

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

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 $250,000 per financial institution. As of December 31, 2019, the Fund had approximately $20,000 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) of the monies on deposit. Cash awaiting reinvestment in the Trust's investment account is protected up to $250,000 under coverage by the Securities Investor Protection Corporation (SIPC). As of December 31, 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 of the 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% Barclays Aggregate Index and 5% NFI-ODCE Index. During the year ended December 31, 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. The fair value of mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Trust. Purchases and sales of mutual fund units are accounted for on the trade dates.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 of the 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 31, 2019 (in thousands of dollars):

Type of Investment	Maturity	Fair Value	Percentage
U.S. Government and government agency obligations	<1 year	$ 2,636	2.9%
	1-5 years	16,674	18.1
	5-10 years	12,601	13.7
	Over 10 years	59,946	65.3
		$ 91,857	100.0%
Corporate and foreign government obligations	<1 year	1,355	1.1
	1-5 years	38,467	31.9
	5-10 years	26,565	22.0
	Over 10 years	54,388	45.0
		$ 120,775	100.0%
Pooled funds - fixed income	5-10 years	$ 165,735	100.0%
Short-term investment fund	<1 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.

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	Fair Value	Percentage	Average Maturities (years)
Fixed Income Funds:			
Dodge & Cox Income Fund	$ 32,585	42.6%	7.9
Payden Core Bond Fund	10,947	14.3%	8.5
Western Asset Core Plus Bond Fund	32,903	43.1%	13.6
Total Fixed Income Funds	76,435		
Domestic Equity Funds:			
Fidelity 500 Index Fund	24,139		
Fidelity Contrafund	17,524		
Fidelity Mid Cap Index Fund	22,882		
LSV Value Equity Institutional	16,330		
Vanguard Small Cap Index Institutional	22,462		
Total Domestic Equity Funds	103,337		
International Equity Funds:			
Fidelity International Index Fund	34,034		
Vanguard Global Minimum Volatility	11,246		
Total International Equity Funds	45,280		
Money Market Funds	7,394		
Total Fair Value	$ 232,446		

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.

The following table presents a summarization of the Pension Trust Fund's credit quality ratings of the 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	Investment Type	Fair Value	%
AA	U.S. Government and Government Agency	$ 90,607	98.6%
Not Rated	U.S. Government and Government Agency	1,250	1.4
		$ 91,857	100.0%
AAA	Corporate and Foreign Government	6,853	5.7
AA	Corporate and Foreign Government	17,841	14.8
A	Corporate and Foreign Government	46,521	38.5
BBB	Corporate and Foreign Government	33,395	27.7
BB	Corporate and Foreign Government	1,979	1.6
B	Corporate and Foreign Government	612	0.5
CC	Corporate and Foreign Government	12	0.0
Not Rated	Corporate and Foreign Government	13,563	11.2
		$ 120,776	100.0%
AAA	Pooled Funds - Fixed Income (2)	153,332	92.5
BB	Pooled Funds - Fixed Income	12,403	7.5
		$ 165,735	100.0%
Not Rated	Short-Term Investment Fund	$ 44,259	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 of 75% of the fixed income holdings of an actively managed fixed income mutual fund be of investment grade quality or higher at purchase; rated no lower than "Baa" by Moody's and no lower than "BBB" by Standard and Poor's. The Trustee, at its discretion, may impose a higher standard on an individual investment's circumstances or as investment objectives dictate. Fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by state, local and foreign governments, or any agency or instrumentality thereof, mortgage-backed and asset-backed securities, corporate bonds, foreign securities (including but not limited to, corporate issues, sovereign issues, non U.S. dollar denominated securities, Eurobonds, and emerging market debt securities) and municipal issues.

The following are the percentages of fixed income investment portfolio securities within each credit-quality rating as of December 31, 2019:

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
A	5.4	9.0	16.7
BBB	27.5	24.0	13.6
BB	5.2	5.0	5.6
B	—	3.0	2.0
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 31, 2019 was as follows:

Equities	Fair Value	%
Australian Dollar	$ 7,641,425	1.4
British Pound Sterling	24,928,859	4.6
Canadian Dollar	4,795,262	0.9
Danish Krone	2,598,258	0.5
European Euro	35,640,039	6.5
Hong Kong Dollar	4,034,251	0.7
Israeli Shekel	884,308	0.2
Japanese Yen	41,998,485	7.7
New Zealand Dollar	1,684,227	0.3
Norwegian Krone	2,841,836	0.5
Singapore Dollar	1,898,999	0.3
Swedish Krona	5,022,939	0.9
Swiss Franc	8,484,589	1.6
U.S. Dollar	403,956,007	73.9
Total	$ 546,409,484	100.0 %

Corporate and Foreign Government Obligations	**Fair Value**	**%**
U.S. Dollar	120,775,498	100.0
Total	$ 120,775,498	100.0 %

Short-Term Investment Funds	**Fair Value**	**%**
Australian Dollar	$ 64,944	0.2
British Pound Sterling	65,109	0.2
Canadian Dollar	156,393	0.4
Danish Krone	14,708	0.0
European Euro	94,494	0.2
Hong Kong Dollar	44,580	0.1
Israeli Shekel	15,655	0.0
Japanese Yen	11,094	0.0
New Zealand Dollar	7,923	0.0
Norwegian Krone	25,983	0.1
Singapore Dollar	16,438	0.0
South African Rand	1	0.0
Swedish Krona	14,553	0.0
Swiss Franc	10,975	0.0
U.S. Dollar	43,716,204	98.8
Total	$ 44,259,054	100.0 %

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

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

Fund Name	**Fair Value**
Fidelity International Index Fund	$ 34,034
Vanguard Global Minimum Volatility	11,246
	$ 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. The 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% of the lent securities' market value, and international securities for collateral worth at least 105%. The 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 of the investment pool and the Pension Trust Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Pension Trust Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 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 of the loaned securities or the collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

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

During 2019, there were no losses due to default of a borrower of the lending agent.

A summary of securities loaned at fair value as of December 31, 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
Total securities loaned - backed by 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 by non-cash collateral	61,574,833
Total	$ 74,097,302

The value of the 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 of the asset.

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

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

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

The carrying amount of investments and fair value hierarchy at December 31, 2019 is shown in the following schedule (in thousands of dollars):

The District		**Fair Value Measurements Using**		
Investments Measured at Fair Value	**12/31/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Debt Securities				
U.S. Agencies	$ 229,736	$ —	$ 229,736	$ —
Municipal Bonds	42,306	—	42,306	—
Commercial Paper	160,735	—	160,735	—
Total Investments at Fair Value	$ 432,777	$ —	$ 432,777	$ —
Investments Not Measured at Fair Value				
State Treasurer's Illinois Funds	1			
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.

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):

Pension Trust Fund		**Fair Value Measurements Using**		
	12/31/2019	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by Fair Value Level				
Equities	$ 546,409	$ 546,409	$ —	$ —
U.S. Govt and Govt Agency Obligations	91,857	42,371	49,486	—
Corporate and Foreign Govt Obligations	120,775	—	120,775	—
Mutual and Exchange Traded Funds	96,418	96,418	—	—
Total investments by Fair Value Level	855,459	$ 685,198	$ 170,261	$ —
Investments Measured at NAV	567,437			
Total Investments at Fair Value	$ 1,422,896			

Pension Trust Fund

Investments Measured at NAV	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Eligible)**	**Redemption Notice Period**
Pooled funds - equity (1)				
SSGA S&P 500 Flagship Fund	$ 118,068	—	Daily	N/A
SSGA S&P Midcap Index Fund	59,865	—	Daily	N/A
SSGA MSCI ACWI Fund	72,638	—	2 times monthly	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	153,332	—	Daily	N/A
Neuberger Berman High Income Fund	12,403	—	Monthly	N/A
Limited partnership - real estate (3)				
Trumbull Property Fund	66,190	—	Quarterly	60 days
Real estate investment trust (4)				
PREEF America REIT II	40,682	12,000	Quarterly	45 days
Short-term investment fund (5)				
BNY Melon EB Temporary Investment Fund	44,259	—	Daily	N/A
Total investments measured at NAV	$ 567,437			

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

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

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

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

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

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

OPEB Trust		**Fair Value Measurements Using**		
Fair Value of Investments	**12/31/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Equity Funds	$ 103,337	$ 103,337	$ —	$ —
International Equity Funds	45,280	45,280	—	—
Domestic Fixed Income Funds	76,435	76,435	—	—
Money Market Funds	7,394	7,394	—	—
Total Fair Value of Investments	$ 232,446	$ 232,446	$ —	$ —

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

5. Receivables, Deferred Inflows of Resources and Payables

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

Receivables

Receivables as of December 31, 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	Retirement	Other Governmental	Total Governmental	Statement of Net Position
Receivables at December 31, 2019:							
Property taxes:	$ 267,210	$ 247,984	$ —	$ 73,052	$ 61,763	$ 650,009	$ 650,009
Allowance for uncollectible taxes	(14,309)	(13,467)	—	(3,991)	(3,355)	(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
State revolving fund loans	—	—	5,101	—	—	5,101	5,101
Miscellaneous	401	—	2,920	—	1,061	4,382	4,382
Total other receivables, net	2,643	—	8,021	—	1,061	11,725	11,725
Total net receivables at December 31, 2019	$ 255,544	$ 234,517	$ 8,021	$ 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 of the financial statement date.

Deferred Inflows of Resources

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

	General Corporate	Debt Service	Capital Improvements Bond	Retirement	Other Governmental	Total Governmental	Adjustments	Statement of Net Position
Deferred inflows of resources at December 31, 2019:								
Property tax revenue	$ 226,589	$ 210,122	$ —	$ 61,877	$ 52,332	$ 550,920	$ (550,920)	$ —
Other amounts:								
Grant revenue	—	—	951	—	—	951	(951)	—
Total deferred revenue at December 31, 2019	$ 226,589	$ 210,122	$ 951	$ 61,877	$ 52,332	$ 551,871	$ (551,871)	$ —

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 Improvements Bond	Retirement	Other Governmental	Total Governmental	Statement of Net Position
Accounts payable and other liabilities at December 31, 2019:							
Vouchers payable and other liabilities	$ 20,922	$ —	$ 25,456	$ —	$ 8,171	$ 54,549	$ 54,549
Accrued payroll and withholdings	5,529	—	—	—	—	5,529	5,529
Bid deposits	596	—	—	—	—	596	596
Total accounts payable and other liabilities as of December 31, 2019	$ 27,047	$ —	$ 25,456	$ —	$ 8,171	$ 60,674	$ 60,674

6. Capital Assets

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

	Balances January 1, 2019	Additions	Retirements	Balances December 31, 2019
Governmental activities:				
Capital assets not depreciated/amortized:				
Land	$ 145,533	$ 1,272	$ 5	$ 146,800
Permanent easements	2,076	132	—	2,208
Construction in progress	421,045	64,816	66,173	419,688
Infrastructure under modified approach	5,410,700	61,662	1,844	5,470,518
Total capital assets not depreciated/amortized	5,979,354	127,882	68,022	6,039,214
Capital assets depreciated/amortized:				
Buildings	13,226	—	—	13,226
Equipment	64,661	3,273	805	67,129
Computer software	7,629	—	—	7,629
Infrastructure and easements	1,898,576	46	—	1,898,622
Total capital assets being depreciated/amortized	1,984,092	3,319	805	1,986,606
Less accumulated depreciation/amortization:				
Buildings	6,427	185	—	6,612
Equipment	39,982	3,158	705	42,435
Computer software	6,570	402	—	6,972
Infrastructure and easements	258,432	11,317	—	269,749
Total accumulated depreciation/amortization	311,411	15,062	705	325,768
Total capital assets depreciated/amortized, net	1,672,681	(11,743)	100	1,660,838
Governmental activities capital assets, net	$ 7,652,035	$ 116,139	$ 68,122	$ 7,700,052

Depreciation and amortization expense in the government-wide Statements of Activities, for the year ended December 31, 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 of the 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 of the 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 of the Illinois Pension code grants the authority to establish the defined benefits of the Plan, as well as the employer and employee contribution levels of the Plan and may be amended only by the Illinois Legislature. The District contribution is currently calculated in accordance with state statute as to the amount sufficient to meet the Fund's actuarially determined contribution requirement, but not to exceed an amount equal to 4.19 times the employee contributions two years prior. For the year ended December 31, 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 financial report that includes financial statements and required supplementary information establishing the financial position of the Plan. That report may be obtained by writing to the Metropolitan Water Reclamation District Retirement Fund, 111 E. Erie, Chicago, IL, 60611-2898 or electronically on their website: www.mwrdrf.org.

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

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

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

Retirement Eligibility and Benefits

All full time employees of the District are eligible to participate in the retirement plan.

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

Tier 2 employees must have at least 10 years of service at age 67 to be eligible to receive an undiscounted retirement benefit. Employees in this tier who reach age 62 with at least ten years of service are entitled to receive a minimum retirement benefit; however, if the employee is less than age 67, the normal retirement benefit is reduced by .5% for each full month the member is less than age 67. A Tier 2 employee is eligible for a refund of accumulated employee contributions without interest if under age 62 regardless of service, or if less than 10 years of service regardless of age on withdrawal. The retirement benefit is calculated as 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary. Pensionable salary is limited to $114,952 in 2019 for Tier 2 employees. Tier 2 employees receive a cost of living adjustment as the lesser of 3% or half of the CPI-u for the 12 months ending the September 30th prior to the increase date.

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

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

Employees covered

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees	
Employees or beneficiaries currently receiving benefits	2,465
Entitled but not yet receiving benefits	169
Active Employees	1,817
Total Members	4,451

Basis of Accounting

The Pension Plan's financial statements are prepared using the accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Fund financial report. Page 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 31, 2018. The Pension Plan has a measurement date of December 31, 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. The net pension liability at December 31, 2019 is $1,244,395,000, which is an increase from the December 31, 2018 balance of $985,074,000.

(in thousands of dollars)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2018	$ (2,486,867)	$ 1,501,793	$ (985,074)
Service Cost	(32,213)	—	(32,213)
Interest	(182,881)	—	(182,881)
Difference between expected and actual experiences	(12,158)	—	(12,158)
Changes of assumptions	(35,593)	—	(35,593)
Benefit payments	161,324	(161,324)	—
Contributions-employer	—	87,167	87,167
Contributions-employee	—	21,033	21,033
Net investment income	—	(103,006)	(103,006)
Administrative expenses	—	(1,685)	(1,685)
Other	—	15	15
Balances at December 31, 2019	$ (2,588,388)	$ 1,343,993	$ (1,244,395)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of December 31, 2018	$ 150,009	$ 89,056
Changes in Employer contribution subsequent to measurement date	279	—
Differences with regard to economic or demographic assumptions	12,157	—
Differences between expected and actual experience	(8,542)	(332)
Changes in assumptions	35,593	—
Current year amortization due to changes in assumptions	(5,932)	—
Difference between projected and actual earnings on pension plan investments	213,585	—
Current year amortization from difference between projected and actual earnings	(65,537)	(22,793)
Balance as of December 31, 2019	$ 331,612	$ 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
	$ 265,681

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	Tier 1: 3.00%
	Tier 2: 1.25%

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

The actuarial assumptions used in the December 31, 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%
Private real estate	10%	4.1%

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

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

	1% Decrease 6.25%	Current Discount Rate of 7.25%	1% Increase 8.25%
Net Pension Liability	$ 1,539,876	$ 1,244,395	$ 995,556

Payable to the Pension Plan and Pension Expense
At December 31, 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 31, 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 of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the District's retirement plan to continue health coverage as a participant in the District's plan.

Employees Covered by Benefit Terms
December 31, 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 of the District are eligible to receive postemployment benefits. Coverage for retirees and their spouses and dependents is provided for life. The Trust 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 1st 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 31, 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	15.0	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 of the 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 31, 2018.
- The reporting period is January 1, 2019 through December 31, 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 31, 2017 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 Healthcare trend rate	4.5%
Years to ultimate Healthcare rate	6

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

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

Change in OPEB Liability
(in thousands of dollars)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Reporting Period Ending December 31, 2018	$ 308,747	$ 195,199	$ 113,548
Changes for the Year:			
Service Cost	5,314	—	5,314
Interest	20,012	—	20,012
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Changes of benefit terms	—	—	—
Contributions - Employer Trust	—	5,000	(5,000)
Contributions - Pay-as-you-go	—	12,571	(12,571)
Net Investment Income	—	(11,841)	11,841
Explicit Gross Benefit Payments	(12,571)	(12,571)	—
Administrative expense	—	(42)	42
Net Changes	12,755	(6,883)	19,638
Reporting Period Ending December 31, 2019	$ 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 of the District calculated using the discount rate of 6.5% as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate (in thousands of dollars):

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability	$ 176,463	$ 133,186	$ 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 rate (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	$ 91,149	$ 133,186	$ 185,690

OPEB Plan Fiduciary Net Position

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

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

For the year ended December 31, 2019, the District recognized OPEB Expense of $14,554,090. On December 31, 2019, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (in thousands of dollars):

	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	$ 19,752	$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on OPEB Plan Investments	—	8,710
Employer contributions made subsequent to the measurement date	17,700	
Total	$ 37,452	$ 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 Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows (in thousands of dollars):

Year Ended December 31:	
2020	$ 2,035
2021	2,035
2022	2,035
2023	4,938
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 31, 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. The District has made a determination of their probable liability for amounts potentially due to the United States government. As of December 31, 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 of the 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 flooding. The District is also in receipt of flooding claims in which lawsuits have not yet been filed. These lawsuits and claims are generally brought in tort or for constitutional or statutory violations. As of the date of this 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 of the 600 to 700 Cook County taxing districts has been resolved for the tax year in question. This process takes years and the lag time between settlements and refunds is currently over 10 years.

10. Risk Management and Claims

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

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

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

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 environmental 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 of the opinion that the tenants (except for those who are bankrupt, out of business, or otherwise financially unable to perform) would ultimately be liable for the bulk, if not all, of these site clean-up costs. Negotiations are 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 $42,700,000 with an estimated cost recoverable amount of $28,900,000, resulting in $13,800,000 being recognized at December 31, 2019, in the liabilities of the government-wide financial statements. Of this 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 flows technique. GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the 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/PPO plan. The District provides dental insurance benefits through a fully insured dental maintenance organization and a self-insured dental indemnity plan. The District does not purchase stop-loss insurance for its self-insured comprehensive indemnity/PPO plan. The District provides life insurance benefits for active employees through an insured life insurance program.

Additional insurance policies in effect at December 31, 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 of the past three fiscal years. The current insurance coverage and risk retention related to these policies is as follows:

Marine Liability	
Aggregate	$10,000,000
Deductible	$10,000
Excess Liability	
Aggregate	$50,000,000
Deductible	$3,000,000
Deductible - Flood Class Action	$5,000,000
Deductible - Employers Liability	$3,000,000
Government Crime	
Forgery or Alteration	
Per Occurrence	$750,000
Deductible	$50,000

Employee Theft (including Faithful Performance)	
Per Occurrence	$6,000,000
Deductible	$100,000
Computer Fraud	
Per Occurrence	$6,000,000
Deductible	$100,000
Funds Transfer Fraud	
Per Occurrence	$6,000,000
Deductible	$100,000
Property Insurance	
Per Occurrence	$1,000,000,000
Deductible	$10,000,000
Earth Movement	
Per Occurrence/Aggregate	$250,000,000
Deductible	$10,000,000
Flood and Water Damage	
Per Occurrence	$100,000,000
Deductible	$10,000,000
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 & Welfare Fiduciary Liability	
Aggregate	$5,000,000
Self-Insured Retention	$10,000
Group Term Life (basic)	
Per Employee	$20,000
Cyber Liability	
Aggregate	$5,000,000
Deductible	$50,000

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

	2019	2018
Claims Payable at January 1	$ 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	$ 27,055	$ 21,113

11. Long-Term Debt

The following is a summary of general long-term liability activity of the District for the year ended December 31, 2019 (in thousands of dollars):

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental long-term liabilities:					
Bonds and notes payable:					
General obligation debt	$ 1,854,905	$ —	$ (55,480)	$ 1,799,425	$ 49,270
Converted bond anticipation notes	955,272	113,912	(67,827)	1,001,357	70,809
Bond anticipation notes	109,866	31,321	(113,912)	27,275	—
Total bonds & notes payable	2,920,043	145,233	(237,219)	2,828,057	120,079
Other Bond Cost:					
Premium	168,822	—	(13,426)	155,396	13,426
Net bonds and notes payable	3,088,865	145,233	(250,645)	2,983,453	133,505
Other liabilities:					
Claims and judgments	21,113	—	5,942	27,055	14,393
Compensated absences	21,478	74	(1,899)	19,653	2,956
Capital lease (note 14)	35,979	—	(2,722)	33,257	2,856
Net OPEB liability (note 8)	113,548	19,638	—	133,186	—
Net pension liability, (note 7)	985,074	478,115	(218,794)	1,244,395	—
Total governmental long-term liabilities	$ 4,266,057	$ 643,060	$ (468,118)	$ 4,440,999	$ 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	Capital Improvement & Alternate Revenue Bond Series (2.000-5.720%) (Issued 08/09 to 7/16)	Refunding (2.00-5.00%) (Issued 03/07 to 7/16)	State Revolving Funds Series (0.0-2.905%) (Issued 06/96 to 07/16)	Total Principal	Total Interest
2020	$ 13,740	$ 35,530	$ 70,809	$ 120,079	$ 112,942
2021	15,065	35,500	71,536	122,101	109,124
2022	11,605	40,350	71,744	123,699	105,288
2023	22,515	29,670	71,937	124,122	101,329
2024	23,570	30,920	70,391	124,881	97,340
2025-2029	113,345	185,470	320,990	619,805	425,644
2030-2034	327,895	224,025	215,850	767,770	302,375
2035-2039	496,500	45,880	108,100	650,480	118,060
2040-2044	119,895	—	—	119,895	26,080
2045-2046	27,950	—	—	27,950	1,398
	$ 1,172,080	$ 627,345	$ 1,001,357	$ 2,800,782	$ 1,399,580

Alternate Revenue Bonds

Bond proceeds of $50.0 million 2016 Tax Series E bonds, $50.0 million 2014 Tax Series B bonds and $3.0 million IEPA Series 14P bonds are used to fund a portion of the Stormwater Management Program projects. The pledge of the Stormwater Management Fund tax levy will remain until their final maturities in December 2045. The District has covenanted in the Series 2016E, 2014B and 14P Bond Ordinances to provide for, collect, and apply such Stormwater Management Tax Receipts to the payment of the 2016E, 2014B and 14O Bonds, and the provision of not less than an additional .25 times the annual debt service on the bonds. The amount of pledges remaining at December 31, 2019, is $177,318,000 as shown below (in thousands of dollars).

Issue	Pledged Revenue Collected	Debt Service Principal	Expenditures Interest	Total Remaining
2016 Tax Series E	$ 5,000	$ 46,205	$ 35,555	$ 81,760
2014 Tax Series B	15,208	50,000	41,962	91,962
State Revolving Funds - IEPA Series 14O	—	3,048	548	3,596
Total	$ 20,208	$ 99,253	$ 78,065	$ 177,318

2016 Bond Issues

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

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

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

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

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

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

2015 Bond Issues

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

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

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

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

2011 Bond Issues

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

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

2009 Bond Issues

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

2007 Bond Issues

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

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

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

Capital Improvement Bonds, IEPA Series

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

2019	$ 67,400,000
2018	$ 34,600,000
2017	$ 7,900,000
2016	$ 155,900,000

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

2019	$ 62,300,000
2018	$ 4,900,000
2017	$ 4,200,000
2016	$ 151,200,000
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 flood control facilities. The terms and conditions are similar to the 2014 IEPA Series. Under this authority, the IEPA has subsequently approved the following loan amounts:

2015	$ 12,800,000
2014	$ 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.

The District refinances bond anticipation notes through the issuance of its Capital Improvement Bonds in the amount of the bond anticipation notes, plus accrued interest. As a result, there is no debt service required until these notes are converted into bonds. The District has accrued principal of $30,289,000 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.

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 of the sum of bond anticipation note principal of $319,000 and interest of $6,000 with maturity dates from January 1, 2020 to January 1, 2036. Interest on the bonds accrues at a rate of 1.995%, payable January 1 and July 1.

- July 2019 – The District issued $1,333,000 of Capital Improvement Bonds - IEPA Series 12F, through the conversion of the sum of bond anticipation note principal of $1,310,000 and interest of $23,000 with maturity dates from January 1, 2020 to July 1, 2032. Interest on the bonds accrues at a rate of 1.93%, payable January 1 and July 1.

- July 2019 – The District issued $1,067,000 of Capital Improvement Bonds - IEPA Series 12G, through the conversion of the 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 1 and July 1.

- July 2019 – The District issued $260,000 of Capital Improvement Bonds - IEPA Series 12M, through the conversion of the sum of bond anticipation note principal of $257,000 and interest of $3,000 with maturity dates from January 1, 2020 to July 1, 2037. Interest on the bonds accrues at a rate of 2.21%, payable January 1 and July 1.

- July 2019 – The District issued $572,000 of Capital Improvement Bonds - IEPA Series 14D, through the conversion of the 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 1.

- July 2019 – The District issued $8,816,000 of Capital Improvement Bonds - IEPA Series 14E, through the conversion of the sum of bond anticipation note principal of $8,718,000 and interest of $98,000 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 $79,738,000 of Capital Improvement Bonds - IEPA Series 14F, through the conversion of the sum of bond 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 1 and July 1.

- July 2019 – The District issued $4,277,000 of Capital Improvement Bonds - IEPA Series 14G, through the conversion of the sum of bond anticipation note principal of $4,221,000 and interest of $56,000 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 $1,518,000 of Capital Improvement Bonds - IEPA Series 14I, through the conversion of the sum of bond anticipation note principal of $1,500,000 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 14J, through the conversion of the sum of bond 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 14K, through the conversion of the sum of bond 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 of bond 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 1 and July 1.

- July 2019 – The District issued $20,000 of Capital Improvement Bonds - IEPA Series 14M, through the conversion of bond 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 1 and July 1.

- July 2019 – The District issued $69,000 of Capital Improvement Bonds - IEPA Series 14N, through the conversion of bond anticipation note principal of $69,000 with maturity dates from January 1, 2020 to January 1, 2038. Interest on the bonds accrues at a rate of 1.995%, payable January 1 and July 1.

- July 2019 – The District issued $3,048,000 of Capital Improvement Bonds - IEPA Series 14O, through the conversion of the sum of bond anticipation note principal of $3,004,000 and interest of $44,000 with maturity dates from January 1, 2020 to July 1, 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 14P, through the conversion of the sum of bond anticipation note principal of $3,360,000 and interest of $27,000 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 of the sum of bond anticipation note principal of $5,763,000 and interest of $57,000 with maturity dates from January 1, 2020 to July 1, 2039. Interest on the bonds accrues at a rate of 1.76%, payable January 1 and July 1.

- July 2019 – The District issued $2,744,000 of Capital Improvement Bonds - IEPA Series 16D, through the conversion of the sum of bond anticipation note principal of $2,709,000 and interest of $35,000 with maturity dates from January 1, 2020 to January 1, 2038. Interest on the bonds accrues at a rate of 1.75%, payable January 1 and July 1.

Beginning in 1991, the District's Board of Commissioners adopted ordinances providing for the issuance of bond anticipation notes. The bond anticipation notes are issued exclusively to cover interim project loan advances from the Illinois Environmental Protection Agency. Principal and interest liabilities related to the bond anticipation notes were $27,275,000 at December 31, 2019. Of the 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 31, 2019.

12. Interfund Transactions

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

Individual interfund receivable and payable balances at December 31, 2019, are as follows (in thousands of dollars):

	Interfund	
	Receivables	Payables
General Corporate Fund	$ 224	$ —
Capital Projects Funds:		
Stormwater Management Fund (Nonmajor Fund)	—	224
	$ 224	$ 224

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

Transfers between funds as authorized in the budget are recorded as “other financing sources (uses)” in the fund operating statements. In 2019, the Treasurer of the District transferred $5,772,000 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 of the 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% of the previous year or to the percentage increase in the consumer price index, whichever is less. The aggregate limitation does not apply to the District's Debt Service and Stormwater Management Fund levies.

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

In Section 18-195 of the Law, the County Clerk is instructed to proportionally reduce all the levies subject to the limitation unless the taxing district requests otherwise. Through the Levy ordinances, 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 of the law.

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

14. Leases

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

The cost of the biosolids processing facility is considered a capital lease since it will become the property of the District at the end of the contract. The District also has an option to purchase the facility at the end of the fifth, tenth, and fifteenth year of operation for the remaining principal portion of the debt. Total payments for the capital lease are estimated at $83,123,000 for the full term of the contract, which will be paid from the Capital Improvements Bond Fund. The gross amount of assets acquired under the capital lease is $54,535,000. During 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	$ 2,855	$ 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
2025-2029	17,507	1,965	19,472
Total Minimum Lease Payments	$ 33,257	$ 8,164	$ 41,421

Lease Rentals

The District leases land to governmental and commercial tenants under operating lease agreements for periods of up to 99 years. There were no contingent lease rentals for the period. The commercial leases are considered non-cancellable and the following is a summary of the minimum future rentals for these leases at December 31, 2019 (in thousands of dollars):

2020	$ 18,733
2021	18,733
2022	18,608
2023	18,502
2024	18,182
Later Years	466,689
Total Minimum Future Rental Income	$ 559,447

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

15. Tax Abatements

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

The District's taxes are reduced by way of a reimbursement to Boeing in an amount equal to the allocable share of the real estate taxes, or 5.533%. 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 of the spread of the 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.

Page intentionally left blank

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

Modified Approach for Eligible Infrastructure Assets

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

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

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

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

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

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

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

Condition assessments of each network will continue at least every three years following the initial assessment. The Egan and O'Brien networks were re-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.

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

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Condition Assessment Ratings					
Kirie WRP Network					
Subsequent assessment - 2011	3	3	3	NA	NA
Subsequent assessment - 2014	3	3	3	NA	NA
Subsequent assessment - 2017	3	3	3	NA	NA
Hanover WRP Network					
Subsequent assessment - 2012	3	2	3	NA	2
Subsequent assessment - 2015	2	3	3	NA	3
Subsequent assessment - 2018	3	3	3	NA	3
Egan WRP Network					
Subsequent assessment - 2013	3	3	3	NA	NA
Subsequent assessment - 2016	3	3	2	NA	NA
Subsequent assessment - 2019	2	2	3	NA	NA
O'Brien WRP Network					
Subsequent assessment - 2013	3	2	2	NA	NA
Subsequent assessment - 2016	3	3	3	NA	NA
Subsequent assessment - 2019	3	3	3	NA	NA
Central (Stickney) WRP Network					
Subsequent assessment - 2011	3	3	3	NA	2
Subsequent assessment - 2014	3	3	3	NA	3
Subsequent assessment - 2017	3	3	3	NA	3
Waterways WRP Network					
Subsequent assessment - 2011	NA	NA	NA	3	NA
Subsequent assessment - 2014	NA	NA	NA	3	NA
Subsequent assessment - 2017	NA	NA	NA	3	NA
Calumet WRP Network					
Subsequent assessment - 2012	3	2	2	NA	2
Subsequent assessment - 2015	3	2	3	NA	2
Subsequent assessment - 2018	3	3	3	NA	2
Lemont WRP Network					
Subsequent assessment - 2012	3	3	3	NA	NA
Subsequent assessment - 2015	3	3	3	NA	NA
Subsequent assessment - 2018	3	3	3	2	NA
Maintenance/Preservation Costs					
Kirie WRP Network					
Estimated 2019	$ 11,167,600	$ 1,092,700	$ —	$ —	$ —
Actual 2019	353,344	420,042	—	—	—
Estimated 2018	3,779,701	400,101	—	—	—
Actual 2018	807,689	452,100	494	129	—
Estimated 2017	3,304,900	1,065,433	1,139	517,500	—
Actual 2017	540,658	1,014,160	11,007	12,066	—
Estimated 2016	5,176,151	4,410,046	465	786,000	—
Actual 2016	2,015,494	4,454,223	12,067	267,794	—
Estimated 2015	1,073,222	670,865	533,408	—	528,008
Actual 2015	2,405,430	3,475,534	763,968	223,105	—

	Collection Processes System		Treatment Processes System		Solids Processing System		Flood and Pollution Control System		Solids Drying/ Utilization System
Hanover WRP Network									
Estimated 2019	$	132,900	$	652,400	$	2,212,000	$	—	$ 34,600
Actual 2019		100,568		244,058		205,085		—	32,640
Estimated 2018		94,100		443,113		212,500		—	33,700
Actual 2018		102,473		307,110		206,225		—	34,262
Estimated 2017		123,300		647,312		221,947		—	33,200
Actual 2017		162,368		684,767		210,660		—	33,476
Estimated 2016		484,028		3,119,591		676,096		200,000	214,300
Actual 2016		646,796		2,424,545		720,040		—	377,701
Estimated 2015		1,054,822		696,765		519,408		—	517,408
Actual 2015		1,703,347		2,534,283		1,213,150		—	33,479
Egan WRP Network									
Estimated 2019	$	553,200	$	2,713,000	$	801,400	$	37,900	$ —
Actual 2019		412,022		530,868		268,381		21,420	—
Estimated 2018		392,053		1,539,717		891,011		37,075	—
Actual 2018		333,327		542,917		467,280		20,227	—
Estimated 2017		568,170		2,457,544		1,612,479		28,150	—
Actual 2017		547,567		1,602,807		991,795		15,584	—
Estimated 2016		1,831,349		6,066,015		5,202,317		77,905	14,400
Actual 2016		1,889,009		8,092,469		7,057,944		87,156	253,655
Estimated 2015		1,513,197		4,403,940		3,821,483		610,475	—
Actual 2015		2,261,452		3,590,430		4,257,420		14,735	—
O'Brien WRP Network									
Estimated 2019	$	2,617,400	$	5,414,200	$	552,400	$	84,900	$ —
Actual 2019		1,726,147		1,620,486		313,227		63,983	—
Estimated 2018		1,598,100		12,148,400		15,337,600		670,037	—
Actual 2018		1,700,911		1,637,026		298,797		640,049	—
Estimated 2017		4,005,365		5,503,337		371,200		2,621,400	—
Actual 2017		2,494,728		5,309,118		389,566		2,136,685	—
Estimated 2016		9,572,949		13,372,590		690,100		1,383,300	41,100
Actual 2016		10,162,949		14,791,414		891,486		792,719	42,768
Estimated 2015		2,771,072		6,201,615		1,501,758		2,740,624	—
Actual 2015		6,890,505		8,135,664		1,260,479		3,840,355	—
Central (Stickney) WRP Network									
Estimated 2019	$	8,181,200	$	17,042,400	$	37,639,300	$	645,600	$ 1,331,400
Actual 2019		5,972,992		3,763,578		6,850,985		1,017,789	1,075,340
Estimated 2018		36,068,365		15,186,927		5,006,400		1,775,374	508,100
Actual 2018		9,850,199		14,761,309		1,272,868		945,043	396,154
Estimated 2017		9,704,500		11,806,700		7,004,600		742,000	1,521,700
Actual 2017		23,677,548		18,501,753		6,361,137		1,237,008	1,705,427
Estimated 2016		22,316,620		48,806,200		24,028,680		412,700	7,274,800
Actual 2016		72,698,955		32,685,410		33,364,380		6,012,677	21,228,946
Estimated 2015		51,338,722		19,534,565		8,059,908		4,725,000	4,528,808
Actual 2015		14,497,119		11,535,580		3,029,722		781,105	964,557

	Collection Processes System	Treatment Processes System	Solids Processing System	Flood and Pollution Control System	Solids Drying/ Utilization System
Waterways WRP Network					
Estimated 2019	$ —	$ —	$ —	$ 7,872,800	$ —
Actual 2019	—	—	—	1,872,589	—
Estimated 2018	—	—	—	17,406,595	—
Actual 2018	—	—	—	2,763,017	—
Estimated 2017	246,100	—	—	11,957,187	—
Actual 2017	10,953,571	10,240	—	1,151,151	—
Estimated 2016	115,525	—	—	27,544,100	—
Actual 2016	1,149,455	—	—	3,178,612	—
Estimated 2015	—	—	—	9,534,574	—
Actual 2015	—	—	—	6,365,775	—
Calumet WRP Network					
Estimated 2019	$ 4,933,600	$ 5,485,300	$ 1,239,300	$ 175,100	$ 538,900
Actual 2019	3,478,800	2,137,143	1,009,331	178,033	130,634
Estimated 2018	4,834,200	4,005,602	795,600	161,200	103,600
Actual 2018	3,081,864	3,166,505	1,053,258	186,323	126,643
Estimated 2017	3,244,935	8,423,738	1,737,410	172,787	558,800
Actual 2017	3,330,986	8,956,454	1,848,660	173,529	509,922
Estimated 2016	24,346,293	16,082,140	5,211,367	1,392,200	744,800
Actual 2016	12,644,323	18,205,026	5,457,023	294,111	675,730
Estimated 2015	15,532,197	3,612,840	1,904,283	21,221,249	14,000
Actual 2015	5,004,441	7,014,378	3,798,937	5,119,450	780,400
Lemont WRP Network					
Estimated 2019	$ 8,446	$ 10,300	$ —	$ —	$ —
Actual 2019	—	22,812	—	—	—
Estimated 2018	—	10,800	—	—	—
Actual 2018	540	3,468	—	—	—
Estimated 2017	—	8,800	—	—	—
Actual 2017	—	4,739	—	—	—
Estimated 2016	70,200	126,100	—	—	—
Actual 2016	115,903	348,026	262,007	—	—
Estimated 2015	837,722	443,665	—	—	—
Actual 2015	1,415,229	1,321,857	23,898	—	—

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

	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	$ 32,213	$ 32,370	$ 32,058	$ 32,228	$ 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 employee 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	51.92%	60.39%	55.61%	54.52%	58.54%
Covered payroll	$ 187,850	$ 184,385	$ 182,640	$ 177,792	$ 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.

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

Year	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a Percentage of Covered-employee Payroll
2019	$ 64,989	$ 87,167	$ (22,179)	$ 187,850	46.40%
2018	65,728	89,858	(24,130)	184,385	48.73%
2017	64,596	80,259	(15,664)	182,640	43.94%
2016	62,603	71,041	(8,438)	177,792	39.96%
2015	64,478	73,906	(9,428)	176,184	41.95%
2014	68,414	92,944	(24,530)	169,376	54.87%
2013	74,829	65,098	9,731	163,817	39.74%
2012	69,393	37,379	32,014	164,275	22.75%
2011	61,873	29,918	31,955	174,486	17.15%
2010	54,790	32,154	22,636	176,915	18.17%

Notes to the Schedule of District Contributions

Valuation Date: The District's actuarially determined contribution (ADC) is calculated as of December 31, 2018.

Methods and Assumptions used to determine the ADC:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay. Prior to 2013, 30 year open amortization. From the 2013 ADC calculation, closed to 2050.
Remaining amortization period	32 years
Asset valuation method	5 years smoothed value
Investment rate of return	7.25%
Inflation	2.5%
Salary increases	Varies by service
Payroll growth	3.00%
Termination rates	Termination rates vary by age and gender.
Mortality rates	Healthy Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Disabled Members: RP-2000 Disabled Retiree Mortality Table.
Retirement rates	Retirement rates are based on the most recent experience analysis and vary by age and service of member. Rates were reduced by 20% as of the 2011 ADC calculation to reflect actual experience.
Disability rates	Disability rates vary by age.

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

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

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

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

Actuarial valuations are required to be completed every two years. The most recent actuarial valuation was completed as of December 31, 2017.

A copy of the OPEB Trust Fund CAFR may be obtained by accessing the District's website at www.mwrd.org

Page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

CONSTRUCTION FUND

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

STORMWATER MANAGEMENT FUND

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

Exhibit B-1
Combining Balance Sheets - Nonmajor Governmental Funds

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

(in thousands of dollars)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2019	2018	2019	2018	2019	2018
Assets						
Cash	$ 846	$ 152	$ 1,113	$ 1,543	$ 1,959	$ 1,695
Certificates of deposit	10,669	22,453	17,076	23,070	27,745	45,523
Investments	19,264	8,887	36,785	32,039	56,049	40,926
Prepaid insurance	—	—	74	76	74	76
Taxes receivable, net	7,334	11,290	51,074	46,152	58,408	57,442
Other receivable	745	792	316	162	1,061	954
Total assets	$ 38,858	$ 43,574	$ 106,438	$ 103,042	$ 145,296	$ 146,616
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and other liabilities	$ 1,819	$ 5,017	$ 6,352	$ 7,090	$ 8,171	$ 12,107
Due to other funds	—	—	224	132	224	132
Total liabilities	1,819	5,017	6,576	7,222	8,395	12,239
Deferred inflows of resources:						
Unavailable tax revenue	6,573	8,919	45,759	36,411	52,332	45,330
Total deferred inflows of resources	6,573	8,919	45,759	36,411	52,332	45,330
Fund balances:						
Nonspendable:						
Prepaid insurance	—	—	74	76	74	76
Restricted for:						
Working Cash	22,713	22,395	37,967	37,698	60,680	60,093
Capital projects	7,753	7,243	16,136	21,711	23,889	28,954
Unassigned	—	—	(74)	(76)	(74)	(76)
Total fund balances	30,466	29,638	54,103	59,409	84,569	89,047
Total liabilities, deferred inflows, and fund balances	$ 38,858	$ 43,574	$ 106,438	$ 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)

	Construction Fund		Stormwater Management Fund		Total Nonmajor Governmental Funds	
	2019	2018	2019	2018	2019	2018
Revenues						
Revenues:						
Property taxes	$ 9,505	$ 16,049	$ 41,911	$ 42,626	$ 51,416	$ 58,675
Interest on investments	759	632	1,443	997	2,202	1,629
Grant revenue	—	—	316	346	316	346
Fees, forfeits and penalties	—	3	1,416	—	1,416	3
Claims and damage settlements	28	2	—	—	28	2
Miscellaneous	2	80	10	169	12	249
Total revenues	10,294	16,766	45,096	44,138	55,390	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
Revenues over (under) expenditures	828	1,738	466	23,525	1,294	25,263
Other financing sources (uses):						
Transfer out to Debt Service Fund	—	—	(5,772)	(5,771)	(5,772)	(5,771)
Total other financing sources (uses)	—	—	(5,772)	(5,771)	(5,772)	(5,771)
Revenues over (under) expenditures and other financing uses	828	1,738	(5,306)	17,754	(4,478)	19,492
Fund balances						
Beginning of the year	29,638	27,900	59,409	41,655	89,047	69,555
End of the year	$ 30,466	$ 29,638	$ 54,103	$ 59,409	$ 84,569	$ 89,047

Page intentionally left blank

GENERAL CORPORATE FUND

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

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

Year ended December 31, 2019

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Board of Commissioners:					
Personal services					
Salaries of regular employees	$ 3,712	$ —	$ 3,712	$ 3,490	$ 222
Compensation plan adjustments	55	—	55	7	48
Social Security and Medicare contributions	87	—	87	76	11
Tuition and training payments	20	—	20	16	4
Personal services not otherwise classified	428	—	428	348	80
Total personal services	4,302	—	4,302	3,937	365
Contractual services					
Travel	20	—	20	7	13
Meals and lodging	22	—	22	14	8
Subscriptions and membership dues	28	—	28	26	2
Payment for professional services	858	—	858	394	464
Contractual services not otherwise classified	—	—	—	1	(1)
Total contractual services	928	—	928	442	486
Materials and supplies					
Office, printing, and photographic supplies	26	—	26	6	20
Total materials and supplies	26	—	26	6	20
Board of Commissioners total	5,256	—	5,256	4,385	871
General Administration:					
Personal services					
Salaries of regular employees	11,019	(80)	10,939	10,617	322
Compensation plan adjustments	667	80	747	746	1
Social Security and Medicare contributions	162	—	162	159	3
Tuition and training payments	33	—	33	20	13
Total personal services	11,881	—	11,881	11,542	339
Contractual services					
Travel	10	—	10	7	3
Meals and lodging	17	—	17	12	5
Postage, freight, and delivery charges	110	—	110	110	—
Compensation for personally owned autos	4	1	5	4	1
Motor vehicle operating services	63	6	69	66	3
Reprographic services	103	15	118	105	13
Electrical energy	325	—	325	312	13
Natural gas	25	—	25	22	3
Water and water services	7	—	7	6	1
Communication services	3	—	3	3	—
Subscriptions and membership dues	933	(25)	908	868	40
Rental charges	94	—	94	47	47
Advertising	13	—	13	6	7
Administration building operation	1,313	71	1,384	1,213	171

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
General Administration (continued):					
Administration building operation annex	$ 783	$ 46	$ 829	$ 715	$ 114
Payment for professional services	324	133	457	252	205
Contractual services not otherwise classified	332	—	332	280	52
Repairs to buildings	566	(64)	502	26	476
Repairs to office furniture and equipment	48	26	74	65	9
Communication equipment maintenance	23	—	23	22	1
Repairs to vehicle equipment	440	(8)	432	355	77
Total contractual services	5,536	201	5,737	4,496	1,241
Materials and supplies					
Electrical parts and supplies	9	—	9	7	2
Plumbing accessories and supplies	8	—	8	7	1
Hardware	16	—	16	15	1
Office, printing, and photographic supplies	137	—	137	112	25
Cleaning supplies	1	—	1	1	—
Wearing apparel	53	—	53	35	18
Books, maps, and charts	1	—	1	—	1
Communication Supplies	25	—	25	22	3
Materials and supplies not otherwise classified	52	—	52	28	24
Total materials and supplies	302	—	302	227	75
Machinery and equipment					
Vehicle equipment	900	(105)	795	613	182
Machinery and equipment not otherwise classified	95	(95)	—	—	—
Total machinery and equipment	995	(200)	795	613	182
General Administration total	18,714	1	18,715	16,878	1,837
Monitoring and Research:					
Personal services					
Salaries of regular employees	28,311	(55)	28,256	26,966	1,290
Compensation plan adjustments	819	—	819	479	340
Social Security and Medicare contributions	412	—	412	383	29
Salaries of non-budgeted employees	—	55	55	55	—
Tuition and training payments	78	—	78	77	1
Total personal services	29,620	—	29,620	27,960	1,660
Contractual services					
Travel	18	2	20	20	—
Meals and lodging	40	—	40	37	3
Postage, freight, and delivery charges	9	—	9	6	3
Compensation for personally owned autos	27	—	27	25	2
Rental charges	1	(1)	—	—	—
Intergovernmental agreements	50	—	50	50	—
Governmental services charges	17	—	17	17	—

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

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Monitoring and Research (continued):					
Payment for professional services	$ 92	$ (1)	$ 91	$ 62	$ 29
Contractual services not otherwise classified	336	(118)	218	165	53
Repairs to marine equipment	24	14	38	34	4
Computer software	—	18	18	18	—
Computer software maintenance	—	38	38	28	10
Repairs to testing and laboratory equipment	392	(7)	385	319	66
Total contractual services	1,006	(73)	933	763	170
Materials and supplies					
Office, printing, and photographic supplies	30	5	35	31	4
Farming supplies	28	(12)	16	11	5
Laboratory testing supplies and small equipment	415	(18)	397	348	49
Wearing apparel	13	—	13	12	1
Fuel	14	—	14	12	2
Materials and supplies not otherwise classified	38	1	39	33	6
Total materials and supplies	538	(6)	532	465	67
Machinery and equipment					
Testing and laboratory equipment	384	78	462	439	23
Total machinery and equipment	384	78	462	439	23
Monitoring and Research total	31,548	(1)	31,547	29,627	1,920
Procurement and Materials Management:					
Personal services					
Salaries of regular employees	5,715	—	5,715	5,419	296
Compensation plan adjustments	80	—	80	29	51
Social Security and Medicare contributions	84	—	84	76	8
Tuition and training payments	1	—	1	1	—
Total personal services	5,880	—	5,880	5,525	355
Contractual services					
Travel	2	(2)	—	—	—
Meals and lodging	1	—	1	—	1
Compensation for personally owned autos	1	—	1	1	—
Advertising	120	(21)	99	90	9
Payment for professional services	15	(15)	—	—	—
Repairs to buildings	8	106	114	114	—
Repairs to office furniture and equipment	2	—	2	2	—
Computer software maintenance	—	28	28	28	—
Repairs to vehicle equipment	7	(1)	6	4	2
Repairs to not otherwise classified	—	—	—	—	—
Total contractual services	156	95	251	239	12
Materials and supplies					
Metals	104	34	138	135	3

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Procurement and Materials Management (continued):					
Electrical parts and supplies	$ 303	$ —	$ 303	$ 295	$ 8
Plumbing accessories and supplies	343	10	353	351	2
Hardware	80	—	80	79	1
Buildings, grounds, paving materials, and supplies	357	(166)	191	190	1
Fiber, paper and insulation materials	43	14	57	56	1
Paints, solvents, and related materials	51	—	51	49	2
Vehicle parts and supplies	10	3	13	13	—
Mechanical and repair parts	238	(21)	217	200	17
Office, printing, and photographic supplies	15	5	20	14	6
Laboratory testing supplies and small equipment	625	40	665	665	—
Cleaning supplies	266	20	286	285	1
Tools and supplies	100	11	111	108	3
Wearing apparel	175	—	175	173	2
Safety and medical supplies	71	7	78	78	—
Computer supplies	40	21	61	60	1
Fuel	285	—	285	204	81
Gas (in containers)	85	19	104	87	17
Communications supplies	7	3	10	10	—
Lubricants	226	—	226	224	2
Materials and supplies not otherwise classified	72	—	72	51	21
Total materials and supplies	3,496	—	3,496	3,327	169
Machinery and equipment					
Computer equipment	55	(55)	—	—	—
Computer software	—	140	140	—	140
Farming equipment	117	(32)	85	81	4
Total machinery and equipment	172	53	225	81	144
Capital projects					
Buildings	117	(8)	109	—	109
Total capital projects	117	(8)	109	—	109
Procurement and Materials Management total	9,821	140	9,961	9,172	789
Human Resources:					
Personal services					
Salaries of regular employees	6,803	—	6,803	5,766	1,037
Compensation plan adjustments	316	(50)	266	199	67
Social Security and Medicare contributions	140	—	140	100	40
Employee claims	60	50	110	72	38
Tuition and training payments	710	(115)	595	454	141
Health and life insurance premiums	46,804	—	46,804	42,607	4,197
Personal services not otherwise classified	360	—	360	209	151
Total personal services	55,193	(115)	55,078	49,407	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

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Human Resources (continued):					
Contractual services					
Travel	$ 5	$ —	$ 5	$ 5	$ —
Meals and lodging	17	—	17	10	7
Compensation for personally owned autos	1	—	1	1	—
Court reporting services	12	3	15	13	2
Medical services	121	—	121	89	32
Insurance premiums	3,471	113	3,584	3,573	11
Rental charges	22	—	22	17	5
Payment for professional services	1,005	(62)	943	747	196
Contractual services not otherwise classified	72	—	72	50	22
Safety repairs services	107	60	167	147	20
Total contractual services	4,833	114	4,947	4,652	295
Materials and supplies					
Office, printing, and photographic supplies	30	—	30	28	2
Books, maps, and charts	1	—	1	—	1
Safety medical supplies	166	—	166	147	19
Materials and supplies not otherwise classified	6	—	6	5	1
Total materials and supplies	203	—	203	180	23
Human Resources total	60,229	(1)	60,228	54,239	5,989
Information Technology:					
Personal services					
Salaries of regular employees	8,352	—	8,352	7,665	687
Compensation plan adjustments	234	—	234	164	70
Social Security and Medicare contributions	122	—	122	107	15
Tuition and training payments	38	—	38	13	25
Total personal services	8,746	—	8,746	7,949	797
Contractual services					
Travel	2	1	3	2	1
Meals and lodging	5	—	5	4	1
Postage, freight, and delivery charges	2	—	2	2	—
Compensation for personally owned autos	2	—	2	1	1
Communication services	1,575	151	1,726	1,613	113
Rental charges	475	(36)	439	391	48
Payment for professional services	1,281	(181)	1,100	268	832
Contractual services not otherwise classified	10	—	10	6	4
Computer equipment maintenance	340	(35)	305	164	141
Computer software maintenance	4,334	—	4,334	3,942	392
Communication equipment maintenance	779	(50)	729	599	130
Total contractual services	8,805	(150)	8,655	6,992	1,663

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Information Technology (continued):					
Materials and supplies					
Office, printing, and photographic supplies	$ 16	$ —	$ 16	$ 9	$ 7
Computer software	100	—	100	34	66
Computer supplies	556	53	609	534	75
Communication supplies	156	50	206	132	74
Total materials and supplies	828	103	931	709	222
Machinery and equipment					
Computer equipment	7	—	7	7	—
Computer software	207	(40)	167	—	167
Total machinery and equipment	214	(40)	174	7	167
Information Technology total	18,593	(87)	18,506	15,657	2,849
Law:					
Personal services					
Salaries of regular employees	5,494	(99)	5,395	4,841	554
Compensation plan adjustments	140	99	239	238	1
Social Security and Medicare contributions	80	—	80	71	9
Tuition and training payments	14	—	14	14	—
Total personal services	5,728	—	5,728	5,164	564
Contractual services					
Travel	5	—	5	3	2
Meals and lodging	13	—	13	9	4
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	5	—	5	3	2
Reprographic services	17	—	17	1	16
Court reporting services	27	—	27	17	10
Payment for professional services	500	60	560	146	414
Contractual services not otherwise classified	108	—	108	94	14
Total contractual services	676	60	736	274	462
Materials and supplies					
Office, printing, and photographic supplies	6	—	6	5	1
Books, maps, and charts	13	—	13	10	3
Total materials and supplies	19	—	19	15	4
Fixed and other charges					
Taxes on real estate	755	(60)	695	683	12
Total fixed and other charges	755	(60)	695	683	12
Law total	7,178	—	7,178	6,136	1,042
Finance:					
Personal services					
Salaries of regular employees	3,187	11	3,198	3,187	11

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

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Finance (continued):					
Compensation plan adjustments	$ 115	$ (11)	$ 104	$ 1	$ 103
Social Security and Medicare contributions	47	—	47	44	3
Tuition and training payments	30	—	30	29	1
Total personal services	3,379	—	3,379	3,261	118
Contractual services					
Travel	11	(4)	7	3	4
Meals and lodging	6	4	10	8	2
Postage, freight, and delivery charges	1	—	1	—	1
Reprographic services	2	—	2	2	—
Court reporting services	50	—	50	48	2
Discount Lost	3	—	3	2	1
Payments for professional services	258	—	258	253	5
Contractual services not otherwise classified	2	—	2	1	1
Repairs to office furniture and equipment	5	—	5	—	5
Total contractual services	338	—	338	317	21
Materials and supplies					
Office, printing, and photographic supplies	21	—	21	9	12
Books, maps, and charts	1	—	1	1	—
Materials and supplies not otherwise classified	1	—	1	—	1
Total materials and supplies	23	—	23	10	13
Finance total	3,740	—	3,740	3,588	152
Engineering:					
Personal services					
Salaries of regular employees	24,611	(375)	24,236	22,216	2,020
Compensation plan adjustments	459	300	759	568	191
Social Security and Medicare contributions	356	—	356	315	41
Tuition and training payments	118	—	118	81	37
Total personal services	25,544	(75)	25,469	23,180	2,289
Contractual services					
Travel	10	—	10	7	3
Meals and lodging	18	—	18	18	—
Postage, freight, and delivery charges	1	—	1	1	—
Compensation for personally owned autos	10	(1)	9	7	2
Reprographic services	4	—	4	3	1
Water and water services	4	1	5	5	—
Payments for professional services	127	75	202	85	117
Contractual services not otherwise classified	83	—	83	82	1
Repairs to waterway facilities	71	—	71	71	—

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Engineering (continued):					
Repairs to testing and laboratory equipment	$ 5	$ —	$ 5	$ 2	$ 3
Repairs not otherwise classified	10	—	10	8	2
Total contractual services	343	75	418	289	129
Materials and supplies					
Office, printing, and photographic supplies	43	—	43	39	4
Tools and supplies	8	(2)	6	6	—
Books, maps, and charts	3	2	5	5	—
Total materials and supplies	54	—	54	50	4
Engineering total	25,941	—	25,941	23,519	2,422
Maintenance and Operations:					
Personal services					
Salaries of regular employees	92,221	(1,071)	91,150	89,391	1,759
Compensation plan adjustments	4,844	995	5,839	5,505	334
Social Security and Medicare contributions	1,365	—	1,365	1,325	40
Salaries of non-budgeted employees	5	76	81	47	34
Tuition and training payments	202	—	202	100	102
Total personal services	98,637	—	98,637	96,368	2,269
Contractual services					
Travel	29	(16)	13	12	1
Meals and lodging	62	1	63	56	7
Compensation for personally owned autos	108	25	133	128	5
Motor vehicle operating services	2	—	2	1	1
Electrical energy	36,445	2,330	38,775	38,764	11
Natural gas	2,945	(216)	2,729	2,720	9
Water and water services	2,110	128	2,238	2,085	153
Communications services	—	3	3	—	3
Testing and inspection services	167	(27)	140	111	29
Rental charges	161	(10)	151	147	4
Governmental service charges	3,650	121	3,771	3,726	45
Maintenance of grounds and pavements	1,431	(923)	508	460	48
Payments for professional services	489	(317)	172	119	53
Contractual services not otherwise classified	645	(101)	544	483	61
Waste material disposal charges	10,823	(175)	10,648	10,551	97
Farming services	24	(6)	18	18	—
Sludge disposal	4,100	(711)	3,389	3,389	—
Repairs to collection facilities	3,486	332	3,818	3,344	474
Repairs to waterway facilities	48	(6)	42	42	—
Repairs to process facilities	5,983	78	6,061	5,963	98

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

(in thousands of dollars)

Corporate Division	Budget Amounts Original	Budget Amounts Net Transfer	Budget Amounts Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Maintenance and Operations (continued):					
Repairs to railroads	$ 267	$ 151	$ 418	$ 399	$ 19
Repairs to buildings	1,015	(59)	956	743	213
Repairs to material handling and farm equipment	316	(10)	306	274	32
Safety repairs and services	334	—	334	266	68
Repairs to marine equipment	65	—	65	36	29
Computer software maintenance	8	1	9	8	1
Repairs to vehicle equipment	141	26	167	152	15
Repairs not otherwise classified	28	(7)	21	5	16
Total contractual services	74,882	612	75,494	74,002	1,492
Materials and supplies					
Metals	31	6	37	32	5
Electrical parts and supplies	2,695	150	2,845	2,547	298
Plumbing accessories and supplies	828	(32)	796	695	101
Hardware	8	—	8	5	3
Buildings, grounds, paving materials, and supplies	145	4	149	126	23
Fiber, paper and insulation materials	11	—	11	5	6
Paints, solvents, and related materials	13	—	13	4	9
Vehicle parts and supplies	168	21	189	170	19
Mechanical repair parts	3,612	259	3,871	3,212	659
Manhole materials	25	—	25	19	6
Office, printing, and photographic supplies	39	3	42	39	3
Farming supplies	4	—	4	3	1
Processing chemicals	12,445	(1,120)	11,325	9,936	1,389
Laboratory testing supplies and small equipment	29	—	29	26	3
Cleaning supplies	2	—	2	2	—
Tools and supplies	248	10	258	245	13
Wearing apparel	4	—	4	—	4
Safety and medical supplies	42	—	42	35	7
Computer software	39	—	39	32	7
Computer supplies	170	(53)	117	68	49
Fuel	332	—	332	289	43
Gas (in containers)	1	—	1	—	1
Communication supplies	15	—	15	15	—
Lubricants	8	2	10	9	1
Materials and supplies not otherwise classified	117	(5)	112	86	26
Total materials and supplies	21,031	(755)	20,276	17,600	2,676
Machinery and equipment					
Equipment for collection facilities	60	(8)	52	50	2
Equipment for process facilities	177	109	286	272	14
Railroad equipment	—	21	21	21	—

(in thousands of dollars)

Corporate Division	Budget Amounts: Original	Budget Amounts: Net Transfer	Budget Amounts: Final	Actual Amounts	Actual Variance with Final Budget - Positive (Negative)
Maintenance and Operations (continued):					
Farming equipment	$ 350	$ (39)	$ 311	$ 293	$ 18
Marine equipment	80	—	80	79	1
Computer equipment	140	(2)	138	138	—
Vehicle equipment	1,199	(7)	1,192	872	320
Materials and equipment not otherwise classified	36	17	53	44	9
Total machinery and equipment	2,042	91	2,133	1,769	364
Maintenance and Operations total	196,592	(52)	196,540	189,739	6,801
Corporate Division Total					
Total all departments:					
Personal services	248,910	(190)	248,720	234,293	14,427
Contractual services	97,503	934	98,437	92,466	5,971
Materials and supplies	26,520	(658)	25,862	22,589	3,273
Machinery and equipment	3,807	(18)	3,789	2,909	880
Fixed and other charges	755	(60)	695	683	12
Capital Projects	117	(8)	109	—	109
Total Corporate Division	377,612	—	377,612	352,940	24,672
Reserve Claim Division					
Employee claims	10,000	—	10,000	3,316	6,684
General claims and emergency repair and replacement cost over $10,000	21,768	—	21,768	1,230	20,538
Total Reserve Claim Division	31,768	—	31,768	4,546	27,222
Total General Corporate Fund	$ 409,380	$ —	$ 409,380	$ 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
(with comparative amounts for prior year)

	(in thousands of dollars) 2019	2018	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2019
Personal services:					
Salaries and wages	$ 188,154	$ 186,997	$ 1,157	1%	53%
Employee health and life insurance premiums	42,607	42,874	(267)	(1)	12
Social Security and Medicare contributions	2,657	2,634	23	1	1
Tuition and training payments	804	830	(26)	(3)	0
Other	72	64	8	13	0
Total personal services	234,294	233,399	895	0	66
Contractual services:					
Electrical energy	39,076	39,114	(38)	0	11
Natural gas	2,742	3,132	(390)	(12)	1
Postage, freight, and delivery charges	119	110	9	8	0
Waste material disposal charges	10,551	9,665	886	9	3
Administration building operation	1,928	1,837	91	5	1
Communication services	1,616	2,199	(583)	(27)	1
Farming services	18	20	(2)	(10)	0
Court reporting services	80	69	11	16	0
Water and water services	2,096	2,046	50	2	1
Motor vehicle operating services	68	65	3	5	0
Employee travel and transportation	402	413	(11)	(3)	0
Medical services	89	90	(1)	(1)	0
Rental charges	601	482	119	25	0
Maintenance of grounds and pavements	460	809	(349)	(43)	0
Governmental service charges	3,785	3,780	5	0	1
Repairs to process facilities	5,987	5,330	657	12	2
Other repairs	11,214	10,470	744	7	3
Other contractual services	11,128	11,211	(83)	(1)	3
Total contractual services	91,960	90,842	1,118	1	26
Materials and supplies:					
Processing chemicals	9,943	9,564	379	4	3
Laboratory testing supplies	1,044	978	66	7	0
Mechanical repair parts	2,834	3,510	(676)	(19)	1
Fuels and lubricants	851	847	4	0	0
Electrical parts and supplies	2,545	2,641	(96)	(4)	1
Plumbing accessories and supplies	920	1,090	(170)	(16)	0
Office, printing, and photographic supplies	291	313	(22)	(7)	0
Buildings, grounds, paving materials, and supplies	292	436	(144)	(33)	0
Cleaning supplies	298	306	(8)	(3)	0
Metals	162	130	32	25	0
Computer supplies	700	457	243	53	0
Other materials and supplies	1,219	3,038	(1,819)	(60)	0
Total materials and supplies	21,099	23,310	(2,211)	(9)	6

(continued)

	(in thousands of dollars) 2019	2018	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total 2019
Machinery and equipment:					
Vehicle equipment	$ 1,486	$ —	$ 1,486	0%	0%
Testing and laboratory equipment	439	359	80	22	0
Equipment for collection facilities	32	67	(35)	(52)	0
Computer software	—	14	(14)	(100)	0
Communication equipment	—	15	(15)	(100)	0
Other machinery and equipment	813	250	563	225	0
Total machinery and equipment	2,770	705	2,065	293	1
Fixed other charges:					
Taxes on real estate	683	683	—	0	0
Total fixed other charges	683	683	—	0	0
Claims and judgments	4,547	5,497	(950)	(17)	1
Total expenditures	$ 355,353	$ 354,436	$ 917		100%

Page intentionally left blank

DEBT SERVICE FUND

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

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

Year ended December 31, 2019

(in thousands of dollars)

	Final Budget	Actual on Budgetary Basis	Actual Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	$ 235,259	$ 230,951	$ (4,308)
Total tax revenue	235,259	230,951	(4,308)
Interest on investments	1,900	2,765	865
Miscellaneous	—	52	52
Total revenues	237,159	233,768	(3,391)
Expenditures:			
Debt service	238,358	238,323	35
Revenues over (under) expenditures	(1,199)	(4,555)	(3,356)
Other financing sources (uses):			
Transfers from Stormwater Fund	6,397	5,772	(625)
Total other financing sources (uses)	6,397	5,772	(625)
Revenues and Other financing sources (uses) over (under) expenditures	5,198	1,217	(3,981)
Fund balances at beginning of year	118,423	148,445	30,022
Fund balances at end of the year	$ 123,621	$ 149,662	$ 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 of the District.

Stormwater Management Fund

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

Capital Improvements Bond Fund

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

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

Year ended December 31, 2019

(in thousands of dollars)

	Budget Amounts				Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfers	Final	Actual Amounts	
Construction Fund:					
Contractual services					
Testing and Inspection Services	$ 1,303	$ 19	$ 1,322	$ 931	$ 391
Intergovernmental Agreements	1,069	—	1,069	69	1,000
Payments for professional services	1,131	(19)	1,112	598	514
Preliminary engineering reports and studies	213	—	213	21	192
Contractual services not otherwise classified	50	—	50	—	50
Total contractual services	3,766	—	3,766	1,619	2,147
Machinery and equipment					
Equipment for collection facilities	641	—	641	210	431
Equipment for waterway facilities	17	87	104	101	3
Equipment for process facilities	1,297	(110)	1,187	604	583
Material Handling and Farming Equipment	740	(87)	653	647	6
Computer software	45	—	45	—	45
Communications equipment	150	—	150	—	150
Vehicle equipment	180	110	290	286	4
Total machinery and equipment	3,070	—	3,070	1,848	1,222
Capital Projects					
Collection facilities structures	300	(32)	268	208	60
Process facility structures	1,209	(438)	771	363	408
Buildings	3,061	588	3,649	2,482	1,167
Capital projects not otherwise classified	1,388	(825)	563	562	1
Preservation of collection facility structures	2,540	341	2,881	1,151	1,730
Preservation of waterway facility structures	300	—	300	75	225
Preservation of process facility structures	1,415	(850)	565	339	226
Preservation of buildings	1,238	355	1,593	802	791
Preservation capital projects not otherwise classified	54	861	915	16	899
Total capital projects	11,505	—	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)

(in thousands of dollars)

	Budget Amounts				
	Original	**Net Transfers**	**Final**	**Actual Amounts**	**Actual Variance with Final Budget - Positive (Negative)**
Stormwater Management Fund:					
Personal services					
Salaries of regular employees	$ 8,627	$ (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 nonbudgeted employees	20	—	20	—	20
Tuition and training payments	11	—	11	10	1
Health and life insurance premiums	879	—	879	770	109
Total personal services	9,957	—	9,957	9,703	254
Contractual services					
Travel	2	2	4	3	1
Meals and lodging	4	7	11	10	1
Postage, freight and delivery charges	3	—	3	2	1
Compensation for personally owned autos	25	—	25	13	12
Motor vehicle operating services	1	—	1	—	1
Court reporting services	12	6	18	16	2
Rental charges	3	—	3	1	2
Intragovernmental agreements	34,532	(9)	34,523	14,452	20,071
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	34	26
Repairs to waterways facilities	2,500	—	2,500	2,473	27
Computer Software	145	—	145	140	5
Repairs not otherwise classified	2	—	2	1	1
Total contractual services	52,409	—	52,409	21,289	31,120
Materials and supplies					
Building and grounds materials and supplies	5	—	5	5	—
Office, printing, and photo supplies	12	—	12	7	5
Processing chemicals	5	—	5	2	3
Tools and supplies	11	—	11	7	4
Wearing apparel	9	—	9	7	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

(in thousands of dollars)	Budget Amounts				Actual Variance with Final Budget - Positive (Negative)
	Original	Net Transfers	Final	Actual Amounts	
Stormwater Management Fund (continued):					
Capital Projects					
Waterways facilities structure	$ 22,725	$ (5,771)	$ 16,954	$ 11,318	$ 5,636
Army Corps of Engineers Services	2,146	—	2,146	1,660	486
Capital projects not otherwise classified	400	—	400	—	400
Preservation of waterway facility structures	2,244	—	2,244	—	2,244
Total capital projects	27,515	(5,771)	21,744	12,978	8,766
Land					
Land	1,000	3,832	4,832	637	4,195
Total land	1,000	3,832	4,832	637	4,195
Fixed and other charges					
Payments for easements	400	1,909	2,309	164	2,145
Total fixed and other charges	400	1,909	2,309	164	2,145
Stormwater Management Fund Summary:					
Personal services	9,957	—	9,957	9,703	254
Contractual services	52,409	—	52,409	21,289	31,120
Materials and supplies	132	—	132	82	50
Capital projects	27,515	(5,771)	21,744	12,978	8,766
Land	1,000	3,832	4,832	637	4,195
Fixed and other charges	400	1,909	2,309	164	2,145
Stormwater Management Fund total	91,413	(30)	91,383	44,853	46,530
Capital Improvements Bond Fund Summary:					
Contractual services	27,209	10,898	38,107	7,183	30,924
Capital projects	347,256	(91,791)	255,465	64,776	190,689
Land	1,665	—	1,665	793	872
Fixed and other charges	2,044	4,390	6,434	4,404	2,030
Capital Improvements Bond Fund total *	378,174	(76,503)	301,671	77,156	224,515
Capital Projects Funds total	$ 487,928	$ (76,533)	$ 411,395	$ 131,474	$ 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.

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
(with comparative amounts for prior year)

(in thousands of dollars)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Assets						
Cash	$ 243	$ 2,131	$ —	$ —	$ 243	$ 2,131
Receivables						
Employer contributions - taxes (net of allowance for uncollectible amounts)	87,319	87,281	—	—	87,319	87,281
Securities sold	38,456	—	—	—	38,456	—
Forward foreign exchange contracts	—	111,905	—	—	—	111,905
Accrued interest and dividends	3,502	3,844	98	95	3,600	3,939
Accounts receivable	78	54	—	—	78	53
Total receivables	129,355	203,084	98	95	129,453	203,178
Investments at fair value						
Equities	546,409	470,320	—	—	546,409	470,320
U.S. Government and government agency obligations	91,857	91,161	—	—	91,857	91,161
Corporate and foreign government obligations	120,775	145,707	—	—	120,775	145,707
Fixed Income Mutual Funds	—	—	76,435	69,189	76,435	69,189
Mutual and exchange traded funds	96,418	89,341	148,617	114,647	245,035	203,989
Pooled funds - equities	250,571	215,174			250,571	215,174
Pooled funds - fixed income	165,735	152,257	—	—	165,735	152,257
Limited partnerships - real estate	106,872	63,898	—	—	106,872	63,898
Short-term investment funds	44,259	14,814	7,394	4,400	51,653	19,214
Total investments	1,422,896	1,242,672	232,446	188,236	1,655,342	1,430,909
Securities lending capital	12,776	14,166	—	—	12,776	14,166
Total assets	1,565,270	1,462,053	232,544	188,331	1,797,814	1,650,384
Liabilities						
Accounts payable	1,222	1,210	29	13	1,251	1,224
Due to broker	44,437	102,682	—	—	44,437	102,681
Securities lending collateral	12,776	14,166	—	—	12,776	14,166
Total liabilities	58,435	118,058	29	13	58,464	118,071
Net position restricted for pension and OPEB benefits	$ 1,506,835	$ 1,343,995	$ 232,515	$ 188,318	$ 1,739,350	$ 1,532,313

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)

	Pension Trust Fund		OPEB Trust Fund		Total Fiduciary Funds	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Additions:						
Contributions:						
Employer contributions	$ 87,446	$ 87,167	$ 17,700	$ 17,571	$ 105,146	$ 104,738
Employee contributions	21,182	21,033	—	—	21,182	21,033
Total contributions	108,628	108,200	17,700	17,571	126,328	125,771
Investment income:						
Net appreciation (depreciation) in fair value of investments	204,119	(122,365)	33,868	(16,589)	237,987	(138,954)
Interest and dividend income	25,941	24,076	5,438	4,803	31,379	28,879
Total investment income (loss)	230,060	(98,289)	39,306	(11,785)	269,366	(110,074)
Less investment expenses	(5,155)	(5,024)	(55)	(55)	(5,210)	(5,079)
Investment income (loss) net of expenses	224,905	(103,313)	39,251	(11,840)	264,156	(115,153)
Security lending activities:						
Security lending income	432	556	—	—	432	556
Borrower rebates	(105)	(164)	—	—	(105)	(164)
Bank fees	(72)	(85)	—	—	(72)	(85)
Net income from securities lending activities	255	307	—	—	255	307
Other	3	14	—	—	3	15
Total additions	333,791	5,208	56,951	5,730	390,742	10,939
Deductions:						
Annuities and benefits						
Employee annuitants	139,788	133,184	—	—	139,788	133,184
Retiree health care benefits	—	—	12,700	12,571	12,700	12,571
Surviving spouse annuitants	26,741	25,264	—	—	26,741	25,264
Child annuitants	137	143	—	—	137	143
Ordinary disability benefits	748	856	—	—	748	856
Duty disability benefits	67	113	—	—	67	113
Total annuities and benefits	167,481	159,560	12,700	12,571	180,181	172,131
Refunds of employee contributions	1,828	1,762	—	—	1,828	1,762
Administrative expenses	1,642	1,685	54	42	1,696	1,727
Total deductions	170,951	163,007	12,754	12,613	183,705	175,620
Net increase (decrease)	162,840	(157,799)	44,197	(6,882)	207,037	(164,681)
Net position restricted for pension and OPEB benefits						
Beginning of year	1,343,995	1,501,794	188,318	195,200	1,532,313	1,696,994
End of year	$ 1,506,835	$ 1,343,995	$ 232,515	$ 188,318	$ 1,739,350	$ 1,532,313

Page intentionally left blank

III. STATISTICAL AND DEMOGRAPHICS SECTION

The Kirie Water Reclamation Plant in October.

Page intentionally left blank

Statistical and Demographics Section (Unaudited)

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

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

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

Exhibit I-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	$ 4,710,123	$ 4,591,899
Restricted				
Restricted for corporate working cash	284,425	282,055	280,437	279,390
Restricted for reserve claim	9,194	11,728	9,976	2,128
Restricted for debt service	304,084	299,106	318,646	318,575
Restricted for capital projects	57,835	53,443	32,067	75,762
Restricted for construction working cash	22,713	22,395	22,204	22,070
Restricted for stormwater working cash	37,967	37,698	37,509	37,384
Unrestricted (Deficit)	(929,799)	(908,577)	(897,766)	(787,263)
Total net position	$ 4,736,560	$ 4,620,379	$ 4,513,196	$ 4,539,945

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

2015	2014	2013	2012	2011	2010
$ 4,630,463	$ 4,548,793	$ 4,506,950	$ 4,514,633	$ 4,506,544	$ 4,492,811
278,852	278,148	276,894	277,006	277,270	277,249
6,499	7,764	9,861	4,524	6,211	22,521
310,383	305,375	278,970	268,760	257,418	227,320
—	15,457	28,886	18,828	29,908	38,018
21,947	21,833	21,644	21,649	21,611	27,377
37,216	37,035	37,690	37,737	39,573	39,554
(756,154)	(722,949)	4,037	(1,006)	(53,477)	(96,934)
$ 4,529,206	$ 4,491,456	$ 5,164,932	$ 5,142,131	$ 5,085,058	$ 5,027,916

Exhibit I-2
Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	2019	2018	2017	2016
Revenues				
General Revenues:				
Property taxes	$ 609,614	$ 599,224	$ 563,764	$ 556,648
Personal property replacement tax	47,826	37,018	43,194	38,961
Interest on investments	18,293	15,531	8,784	6,181
Tax increment financing distributions	10,345	6,153	9,100	9,228
Claims and damage settlements	490	1,482	783	209
Miscellaneous	7,335	7,628	5,819	5,527
Gain on sale of capital assets	3,052	—	50	1,210
Total general revenues	696,955	667,036	631,494	617,964
Program Revenues:				
Charges for services				
User charges	48,526	44,000	51,098	48,621
Land rentals	24,827	22,678	17,352	20,166
Fees, forfeits and penalties	4,044	5,116	5,401	4,164
Capital grants and contributions				
Federal grants	18,271	17,086	14,558	12,825
Total program revenues	95,668	88,880	88,409	85,776
Total revenues	792,623	755,916	719,903	703,740
Expenses				
Board of Commissioners	4,400	4,167	4,094	4,166
General Administration	17,104	16,063	15,791	15,690
Monitoring and Research	30,385	30,262	29,591	28,753
Procurement and Materials Management	5,714	7,102	5,947	6,602
Human Resources	53,585	53,182	54,267	54,447
Information Technology	15,534	15,173	12,734	14,702
Law	5,951	6,023	5,830	6,709
Finance	3,618	3,460	3,520	3,570
Engineering	25,192	27,800	27,830	28,002
Maintenance and Operations	190,841	187,660	178,994	177,829
Pension costs	134,899	102.993	106,814	108,606
OPEB Trust Fund costs *	(3,146)	(6,955)	1,486	(7,008)
Claims and judgments	10,489	(4,059)	(2,662)	(8,548)
Construction costs	64,992	85,813	85,535	136,203
Loss on sale of capital assets	—	92	202	13
Depreciation (unallocated)	11,719	11,849	12,063	12,083
Interest on bonds	105,165	108,107	109,550	111,182
Total expenses	676,442	648,732	651,586	693,001
Change in Net Position	$ 116,181	$ 107,184	$ 68,317	$ 10,739

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

2015	2014	2013	2012	2011	2010
$ 533,240	$ 526,851	$ 470,855	$ 486,316	$ 506,888	$ 409,550
37,863	39,571	40,737	35,605	36,849	39,352
5,381	9,486	3,051	11,123	13,156	9,119
13,069	4,925	3,361	6,239	12,715	6,818
350	630	2,271	1,472	1,298	285
5,804	5,290	4,765	5,822	4,859	5,181
2,922	8	923	—	676	2,736
598,629	586,761	525,963	546,577	576,441	473,041
46,238	50,696	49,182	69,322	57,469	49,433
18,189	16,357	14,851	12,081	12,161	10,040
4,885	5,456	3,396	3,353	3,279	2,731
11,170	11,089	11,110	22,164	17,218	17,156
80,482	83,598	78,539	106,920	90,127	79,360
679,111	670,359	604,502	653,497	666,568	552,401
3,671	3,721	3,520	3,471	3,348	3,627
14,835	15,096	14,426	14,296	14,844	15,767
27,259	26,922	25,294	24,689	25,221	28,450
6,801	6,331	5,660	5,694	6,928	6,447
58,512	72,896	67,841	63,103	47,683	46,882
14,602	14,708	14,331	13,714	14,423	16,127
6,008	6,812	6,975	5,942	7,151	8,132
3,401	3,433	3,394	3,175	2,962	3,189
27,232	26,561	25,051	4,332	4,028	6,245
173,177	169,234	162,372	161,919	178,438	191,090
87,145	92,944	52,065	78,360	70,331	62,996
(5,408)	(19,449)	(19,567)	(7,155)	10,251	24,540
23,560	2,660	3,369	25,738	25,488	9,134
69,434	77,191	88,528	75,496	84,240	104,947
32	127	173	147	95	381
12,123	12,229	12,020	12,459	12,235	11,428
118,977	114,328	116,249	111,044	101,760	95,382
641,361	625,744	581,701	596,424	609,426	634,764
$ 37,750	$ 44,615	$ 22,801	$ 57,073	$ 57,142	$ (82,363)

Exhibit I-3
Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2019	2018	2017	2016
General Corporate Fund				
Nonspendable:				
Prepaid insurance	$ 5,825	$ 5,201	$ 4,101	$ 2,117
Inventories	35,056	33,436	34,787	35,502
Restricted	314,626	310,677	306,854	306,800
Unassigned (Deficit)	(77,648)	(64,772)	(53,799)	(44,428)
Total General Corporate Fund	277,859	284,542	291,943	299,991
All Other Governmental Funds				
Nonspendable:				
Prepaid insurance	74	76	79	—
Restricted	273,340	335,306	381,079	451,657
Assigned	167,233	158,319	147,473	145,341
Unassigned	(75)	(76)	(79)	(13,525)
Total Governmental Funds	$ 718,431	$ 778,167	$ 820,495	$ 883,464

2015	2014	2013	2012	2011	2010
$ 2,137	$ 2,143	$ 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)	—	—	—	—	—
$ 784,400	$ 619,400	$ 776,556	$ 940,298	$ 1,048,159	$ 724,240

Exhibit I-4
Changes in Fund Balances: Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	2019	2018	2017	2016
Revenues				
General Revenues:				
Property taxes	$ 535,355	$ 603,244	$ 526,932	$ 583,875
Personal property replacement tax	47,826	37,018	43,194	38,961
Interest on investments	18,293	15,531	8,784	6,181
Land sales	3,073	—	50	1,233
Tax increment financing distributions	10,345	6,153	9,100	9,228
Claims and damage settlements	490	1,482	783	209
Miscellaneous	7,419	7,666	5,878	5,540
Program Revenues:				
Charges for services				
User charges	48,526	44,000	51,098	48,621
Land rentals	24,827	22,678	17,352	20,166
Fees, forfeits and penalties	4,044	5,116	5,401	4,164
Capital grants and contributions				
Government grants	18,268	17,082	14,555	12,817
Total revenues	718,466	759,970	683,127	730,995
Expenditures				
Operations:				
Board of Commissioners	4,396	4,148	4,075	4,158
General Administration	16,923	15,816	15,766	15,490
Monitoring and Research	30,325	30,204	29,696	28,490
Procurement and Materials Management	5,705	7,236	5,954	6,611
Human Resources	53,668	53,227	54,225	54,606
Information Technology	15,585	15,125	12,728	14,213
Law	6,134	6,139	5,922	6,707
Finance	3,592	3,450	3,530	3,597
Engineering	23,528	26,031	26,068	26,051
Maintenance and Operations	190,950	187,563	179,181	177,695
Pension costs	82,248	92,668	75,579	77,712
Claims and judgments	4,547	5,497	6,905	4,786
Construction costs	128,176	158,670	268,497	296,768
Debt service:				
Redemption of bonds	126,029	144,296	113,695	102,670
Interest on bonds	116,685	116,398	119,520	117,474
Total expenditures	808,491	866,468	921,341	937,028
Revenues over (under) expenditures	(90,025)	(106,498)	(238,214)	(206,033)
Other Financing Sources (Uses)				
Payment to escrow agent	—	—	—	(399,432)
State revolving fund loan proceeds	30,289	64,170	175,245	179,224
Sale of refunding bonds	—	—	—	322,260
Proceeds from sale of bonds	—	—	—	104,000
Premium on sale of bonds	—	—	—	99,045
Proceeds from capital lease	—	—	—	—
Total other financing sources (uses)	30,289	64,170	175,245	305,097
Net change in fund balance	$ (59,736)	$ (42,328)	$ (62,969)	$ 99,064
Debt service as a percentage of non-capital expenditures	32.6%	32.8%	31.6%	28.4%

2015	2014	2013	2012	2011	2010
$ 525,302	$ 516,316	$ 454,966	$ 489,168	$ 492,751	$ 410,663
37,863	39,571	40,737	35,605	36,849	39,352
5,381	9,486	3,051	11,123	13,156	9,119
3,164	8	2,575	—	2,326	3,045
13,069	4,925	3,361	6,239	12,715	6,818
350	630	2,271	1,472	1,298	285
5,869	5,445	4,765	5,822	4,859	5,181
46,238	50,696	49,182	69,322	57,469	49,433
18,189	16,357	14,851	12,081	12,161	10,040
4,885	5,456	3,396	3,353	2,534	2,731
11,165	11,162	11,110	22,164	17,218	20,233
671,475	660,052	590,265	656,349	653,336	556,900
3,662	3,710	3,514	3,463	3,344	3,628
14,833	14,829	14,111	13,877	14,332	15,411
27,486	26,687	25,128	24,495	25,084	28,445
6,885	6,325	5,671	5,698	6,949	6,493
58,441	72,879	67,856	63,105	47,710	46,944
14,697	14,582	14,024	13,167	13,820	15,823
6,018	6,802	6,984	5,942	7,166	8,164
3,427	3,425	3,393	3,172	2,965	3,203
25,971	25,278	23,987	3,229	2,975	5,367
173,534	168,376	161,787	161,188	177,908	191,165
62,498	75,556	67,523	66,191	36,635	30,099
5,658	44,988	4,970	5,998	6,923	6,728
326,430	236,259	199,231	259,315	337,051	496,885
101,220	89,118	85,709	71,400	64,112	60,602
118,680	110,115	111,665	118,854	98,015	104,414
949,440	898,929	795,553	819,094	844,989	1,023,371
(277,965)	(238,877)	(205,288)	(162,745)	(191,653)	(466,471)
(82,906)	—	—	—	(253)	—
181,537	81,721	41,546	54,884	78,481	152,465
70,805	—	—	—	—	—
225,000	—	—	—	400,000	—
48,529	—	—	—	37,344	—
—	—	—	—	—	54,535
442,965	81,721	41,546	54,884	515,572	207,000
$ 165,000	$ (157,156)	$ (163,742)	$ (107,861)	$ 323,919	$ (259,471)
31.7%	26.9%	28.8%	29.9%	27.4%	26.1%

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

Last Ten Fiscal Years

(in thousands of dollars, except tax rates)

Fiscal Year Ended December 31,	Chicago Equalized Assessed Value (4)	Suburbs Equalized Assessed Value (4)	Total Equalized Assessed Value (4)	Total Direct Tax Rate (1)	Estimated Full Taxable Value (3)	Equalized Assessed Value as a Percentage of Full Value
2009	$ 84,586,808	$ 89,880,835	$ 174,467,643	0.261	$ 550,135,370	31.7%
2010	82,087,170	84,830,896	166,918,066	0.274	449,811,540	37.1
2011	75,122,914	73,925,579	149,048,493	0.320	442,787,689	33.7
2012	65,250,387	68,147,608	133,397,995	0.370	414,382,389	32.2
2013	62,363,876	61,055,668	123,419,544	0.417	459,860,597	26.8
2014	64,908,057	60,828,131	125,736,188	0.430	499,136,554	25.2
2015	70,963,289	59,341,515	130,304,804	0.426	528,843,259	24.6
2016	74,016,506	66,735,695	140,752,201	0.406	559,685,160	25.1
2017	76,765,303	71,180,521	147,945,824	0.402	585,800,000	25.3
2018	86,326,179	69,461,868	155,788,047	0.396	585,800,000 (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’Hare Airport located in DuPage County.

(4) Reassessed for 2018.

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

Last Ten Fiscal Years

(rates per $100 of assessed value)

	2019 (1)	2018	2017	2016	2015	2014	2013	2012	2011	2010
District direct rates										
Corporate	$ 0.159	$ 0.158	$ 0.152	$ 0.161	$ 0.175	$ 0.183	$ 0.182	$ 0.179	$ 0.168	$ 0.144
Reserve Claim	0.005	0.004	0.004	0.004	0.004	0.002	0.005	0.005	0.002	0.001
Retirement	0.044	0.047	0.050	0.047	0.044	0.040	0.042	0.021	0.019	0.016
Debt Service	0.155	0.161	0.157	0.160	0.175	0.174	0.163	0.135	0.114	0.094
Construction	0.005	0.008	0.011	0.010	0.013	0.014	0.009	0.015	0.001	0.005
Stormwater Management	0.033	0.031	0.028	0.024	0.019	0.017	0.016	0.015	0.016	0.014
Total direct rate	$ 0.401	$ 0.409	$ 0.402	$ 0.406	$ 0.430	$ 0.430	$ 0.417	$ 0.370	$ 0.320	$ 0.274
Major local governments' tax rates (2)										
City of Chicago	$ —	$ 1.565	$ 1.652	$ 1.630	$ 1.549	$ 1.193	$ 1.209	$ 1.151	$ 0.999	$ 0.914
Chicago Board of Education	—	3.552	3.890	3.726	3.455	3.660	3.671	3.422	2.875	2.581
Chicago Park District	—	0.330	0.352	0.362	0.372	0.401	0.402	0.395	0.346	0.319
Cook County	—	0.489	0.496	0.533	0.552	0.568	0.560	0.531	0.462	0.423
Cook County Forest Preserve Dist.	—	0.060	0.062	0.063	0.069	0.069	0.069	0.063	0.058	0.051
Community College #508 (City Coll)	—	0.147	0.164	0.169	0.177	0.193	0.198	0.190	0.165	0.151
City of Chicago Library Fund	—	0.111	0.118	0.122	0.123	0.134	0.135	0.128	0.111	0.102
City of Chicago School Bldg/Imprvmt	—	0.136	0.124	0.128	0.134	0.146	0.152	0.146	0.119	0.116
District's tax levies by fund (in thousands)										
Corporate	$254,574	$240,466	$224,825	$226,743	$227,196	$230,000	$224,400	$237,193	$249,828	$240,059
Stormwater Management	52,926	47,826	40,856	34,250	24,050	21,000	20,000	20,000	24,100	24,029
Reserve Claim	7,500	6,000	5,900	5,800	5,700	3,000	6,500	6,670	3,400	1,951
Retirement	71,565	71,534	73,438	65,161	58,004	50,531	51,621	28,490	28,163	26,478
Debt Service	249,209	244,859	232,751	225,715	228,728	218,319	202,290	180,748	169,645	156,090
Construction	7,600	11,700	17,000	13,785	16,500	17,400	11,079	20,418	1,819	8,749
Total tax levies	$643,374	$622,385	$594,770	$571,454	$560,178	$540,250	$515,890	$493,519	$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 I-7
Principal Property Taxpayers

2018 and Nine Years Ago

(in thousands of dollars)

		2018 (1)			2009		
Taxpayer	**Type of Business**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value (2)**	**Equalized Assessed Value**	**Rank**	**Percentage of Total Equalized Assessed Value**
Willis Tower	Retail & Office	$ 508,636	1	0.33%	$ 505,515	1	0.29%
Merchandise Mart (2)	Business & Office	498,654	2	0.32	—	—	—
1 Prudential Plaza	Financial Services	285,268	3	0.18	318,635	4	0.18
HCSC / BCBS Tower	Insurance	283,972	4	0.18	375,441	2	0.22
400 W Lake Street	Office	278,891	5	0.18	—	—	—
AON Center	Insurance	255,795	6	0.16	—	—	—
Water Tower Place	Retail & Office	251,219	7	0.16	235,907	6	0.14
300 N LaSalle	Office	234,420	8	0.15	—	—	—
Citadel Center	Retail & Office	227,822	9	0.15	212,724	9	0.12
AT&T Corporate Center	Communications	218,162	10	0.14	256,590	5	0.15
3 First National Plaza	Retail & Office	—	—	—	231,027	8	0.13
Equity Office	Property Management	—	—	—	320,899	3	0.18
Chase Tower	Banking	—	—	—	231,694	7	0.13
1 North Wacker Drive	Office	—	—	—	211,528	10	0.12
		$ 3,042,839		1.95%	$ 2,899,960		1.66%

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

(1) 2019 information is unavailable.

(2) The total Equalized Assessed Valuation for 2018 is $155,788,046,903.

Exhibit I-8
Property Tax Levies and Collections

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the First Year		
		Amount	Percentage of Levy	Final Due Date
2010	$ 457,356	$ 435,009	95.1%	11/01/11
2011	476,955	460,618	96.6	08/01/12
2012	493,573	476,881	96.6	08/01/13
2013	514,659	497,452	96.7	08/01/14
2014	540,666	523,203	96.8	08/01/15
2015	555,098	541,008	97.5	08/01/16
2016	571,454	559,938	98.0	08/01/17
2017	593,135	581,007	98.0	08/01/18
2018	616,946	613,477	99.4	08/01/19
2019	637,188	—	—	08/01/20

Exhibit I-9
User Charge Rates

Last Ten Fiscal Years

	2019	2018	2017	2016
Large Commercial/Industrial User Rates (2)				
Flow per million gallons	$ 269.04	$ 264.28	$ 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	$ 269.04	$ 264.28	$ 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
OM&R Rate (4)	0.3280	0.3010	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 of the District's total tax levy and it is applied to Commercial-Industrial Users' real estate tax credits for determining their final User Charge.

(5) BOD = Biochemical Oxygen Demand

(6) SS = Suspended Solids

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

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

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes and Interest	Capital Lease Payable (4)	Total Debt	Resources Available for Repayment of Debt (2)	Net Debt	Total Debt as a % Personal Income (3)	Total Debt per Capita (3)	Net Debt as a % of Est Full Taxable Value (3)	Net Debt Per Capita (3)
2010	$ 1,961,974	$ 196,225	$ 53,688	$ 2,211,887	$ 111,055	$ 2,100,832	1.44%	$ 422.12	0.47%	$ 400.92
2011	2,466,464	108,008	51,784	2,626,256	137,217	2,489,039	1.87	503.50	0.56	477.19
2012	2,515,376	44,527	49,838	2,609,740	136,173	2,473,567	1.79	506.75	0.60	480.30
2013	2,481,973	35,809	47,795	2,565,577	122,527	2,443,050	1.73	489.52	0.53	466.14
2014	2,500,785	90,460	45,653	2,636,898	140,162	2,496,736	1.83	495.84	0.50	469.49
2015	2,770,788	161,697	43,405	2,975,890	140,806	2,835,084	1.91	565.76	0.57	538.99
2016	2,965,282	157,390	41,047	3,163,719	163,508	3,000,211	1.86	603.88	0.60	572.67
2017	2,879,915	296,529	38,574	3,215,018	147,000	3,068,018	1.65	619.70	0.58	591.37
2018	2,978,999	109,866	35,979	3,124,844	134,450	2,990,394	1.56	601.28	0.53	575.41
2019	2,956,178	27,275	33,257	3,016,710	111,435	2,905,275	1.46	585.09	0.50	563.47

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

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

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

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

Exhibit I-11
Estimate of Direct and Overlapping Debt

As of December 31, 2019

(in thousands of dollars)

Direct debt						
Bonds and notes payable						$ 2,800,782
Capital lease						33,257
Overlapping bonded debt of major local governments (1)	Net Debt	(2)	% Applicable	(3)	Applicable Amount	
City of Chicago (4)	$ 8,058,222		100.00%		$ 8,058,222	
Chicago Board of Education (4)(5)	8,156,011		100.00		8,156,011	
Chicago Park District (4)	799,840		100.00		799,840	
City Colleges (District 508) (4)	314,798		100.00		314,798	
Cook County	3,305,647		98.10		3,242,727	
Cook County Forest Preserve District	143,822		98.10		141,089	
Total overlapping debt (6)						20,712,686
Total direct and overlapping debt						$ 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 of the 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 of the City of Chicago, Chicago Board of Education and the Chicago Park District, respectively, issued as “alternate revenue bonds" secured by alternate revenue sources.

(5) 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 I-12
Computation of Statutory Debt Margin

Last Ten Fiscal Years

(in thousands of dollars)

	2019 (1)	2018	2017	2016
Equalized assessed valuation	$ 155,788,047	$ 155,788,047	$ 147,945,823	$ 140,752,201
Statutory debt limit (5.75% of equalized assessed valuation)	8,957,813	8,957,813	8,506,885	8,093,252
Total debt applicable to debt limit:				
General obligation bonds outstanding	2,800,782	2,810,177	2,697,667	2,769,608
Less: alternate bonds (2)	(99,253)	(97,190)	(98,145)	(99,080)
Adjusted general obligation bonds outstanding	2,701,529	2,712,987	2,599,522	2,670,528
Bond anticipation notes outstanding	27,275	109,866	296,529	157,390
Capital lease outstanding	33,257	35,979	38,574	41,047
Liabilities of tax financed funds:				
Corporate	26,409	24,983	21,650	27,952
Stormwater	6,352	7,090	1,715	2,062
Reserve claim	638	643	274	174
Construction	1,819	5,017	3,171	3,368
Total applicable debt	2,797,279	2,896,565	2,961,435	2,902,521
Less applicable assets:				
Debt service funds unrestricted cash and investments	87,040	85,880	109,965	115,673
Interest payable in the next twelve months	(112,942)	(115,017)	(114,603)	(117,604)
Total applicable assets	(25,902)	(29,137)	(4,638)	(1,931)
Total net debt applicable to debt limit	2,823,181	2,925,702	2,966,073	2,904,452
Statutory debt margin	$ 6,134,632	$ 5,581,183	$ 5,540,812	$ 5,188,800
Total applicable net debt as a percentage of statutory debt limit	31.5%	34.4%	34.9%	35.9%

(1) 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	2014	2013	2012	2011	2010
$ 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	2,422,620	2,481,973	2,515,375	2,466,464	1,961,974
(50,000)	—	—	—	—	—
2,605,365	2,422,620	2,481,973	2,515,375	2,466,464	1,961,974
161,697	90,460	35,809	44,527	108,008	196,225
43,405	45,653	47,795	49,837	51,784	53,688
23,647	37,136	30,150	30,076	35,347	45,381
6,973	5,689	3,515	2,496	1,956	2,496
—	—	—	—	—	—
205	681	380	1,110	1,381	410
4,812	6,648	2,816	4,062	1,542	1,732
2,846,104	2,608,887	2,602,438	2,647,483	2,666,482	2,261,906
108,671	108,392	98,006	105,285	114,344	88,710
(115,735)	(106,175)	(107,868)	(109,300)	(116,410)	(92,619)
(7,064)	2,217	(9,862)	(4,015)	(2,066)	(3,909)
2,853,168	2,606,670	2,612,300	2,651,498	2,668,548	2,265,815
$ 4,639,358	$ 4,623,161	$ 4,484,324	$ 5,018,887	$ 5,901,740	$ 7,331,974
38.1%	36.1%	36.8%	34.6%	31.1%	23.6%

Exhibit I-13
Demographic and Economic Statistics

Last Ten Fiscal Years

(population and dollars in thousands)

Year	Population	Personal Income	Per Capita Personal Income	Median Household Income	Unemployment Rate
2019	5,156	$ 198,958,400	$ 38,588	$ 67,783	3.8%
2018	5,197	191,289,682	36,806	65,818	4.1
2017	5,188	186,434,150	35,936	63,794	4.8
2016	5,239	170,081,127	32,464	58,708	5.8
2015	5,260	155,734,043	29,607	54,461	5.8
2014	5,318	144,394,219	27,152	53,653	7.0
2013	5,241	148,352,487	28,304	51,391	9.1
2012	5,150	145,456,281	28,246	53,852	8.8
2011	5,216	140,483,393	26,933	54,036	9.8
2010	5,240	153,959,010	29,381	59,201	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% of the assessed valuation of Cook County.

Exhibit I-14
Principal Employers

2019 and Nine Years Ago

Employer	2019 Employees	2019 Rank	2019 Percentage of Total Employment (5)	2010 Employees	2010 Rank	2010 Percentage of Total Employment
U.S. Government (1)	45,736	1	0.95%	49,573	1	0.95%
Chicago Public Schools (2)	37,731	2	0.78	40,883	2	0.78
City of Chicago	31,621	3	0.65	35,237	3	0.67
Advocate Aurora Healthcare	25,917	4	0.53	14,873	7	0.28
Cook County	22,438	5	0.46	23,083	5	0.44
Northwestern Memorial Healthcare (3)	21,264	6	0.44	—	—	—
Amita Health (2)	20,046	7	0.41	—	—	—
University of Chicago (2)	18,276	8	0.38	—	—	—
Amazon.Com Inc. (4)(5)	14,610	9	0.30	—	—	—
United Continental Holdings Inc.	14,520	10	0.30	—	—	—
State of Illinois	—	—	—	25,700	4	0.49
Wal-Mart Stores Inc.	—	—	—	21,329	6	0.41
J.P. Morgan Chase & Co.	—	—	—	13,639	8	0.26
Walgreen Co.	—	—	—	13,122	9	0.25
Abbott Laboratories	—	—	—	13,000	10	0.25
Total	252,159		5.20%	250,439		4.78%

(1) Fiscal year ends in September.
(2) Fiscal year ends in June.
(3) Fiscal year ends in August.
(4) Includes Whole Foods employees.
(5) Crain's estimate of employees.

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

Exhibit I-15
Budgeted Positions by Fund/Department

Last Ten Fiscal Years

	Budgeted Positions									
Fund/Department	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
General Corporate Fund										
Board of Commissioners	38	38	38	38	37	37	37	37	40	45
General Administration	119	121	123	122	119	112	109	114	125	124
Monitoring and Research	300	312	309	308	297	288	286	280	303	308
Procurement and Materials Management	63	63	63	63	63	62	62	62	69	70
Human Resources	93	91	141	73	74	72	58	57	59	60
Information Technology	71	73	75	76	70	70	70	69	71	71
Law	39	37	38	38	37	36	38	37	38	40
Finance	27	28	28	28	29	29	29	29	31	31
Engineering (Corporate Fund) (1)	212	242	246	244	242	241	242	29	32	34
Maintenance & Operations	920	904	922	927	955	951	947	943	1,029	1,047
Total General Corporate Fund	1,882	1,909	1,983	1,917	1,923	1,898	1,878	1,657	1,797	1,830
Engineering (Construction Fund) (2)	0	0	0	0	0	0	0	21	28	45
Engineering (Stormwater Management)	85	57	59	59	59	63	49	48	44	50
Engineering (Capital Improvements Bond Fund) (2)	0	0	0	0	0	0	0	196	202	191
Grand Total	1,967	1,966	2,042	1,976	1,982	1,961	1,927	1,922	2,071	2,116

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

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

Exhibit I-16
Operating Indicators

Last Ten Fiscal Years

	Area Served (1)	Communities Served (2)	Number of People Served (3)	Commercial and Industrial Population Equivalent Served	Number of Local Sewer Connections to Intercepting Sewers	Gallons of Pumping Station Maximum Capacity (4)	Gallons of Sewage Processed per Day (4)	Daily Sewage Treatment Capacity (4)
2019	882	129	5,156,329	4,500,000	10,000	4,000,000	1,479,800	2,000,000
2018	882	129	5,197,297	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2017	882	129	5,188,486	4,500,000	10,000	4,000,000	1,251,000	2,000,000
2016	883	129	5,239,253	4,500,000	10,000	4,000,000	1,300,000	2,000,000
2015	883	129	5,260,069	4,500,000	10,000	4,000,000	1,244,200	2,000,000
2014	883	129	5,318,365	4,500,000	10,000	4,000,000	1,288,600	2,000,000
2013	884	126	5,241,489	4,500,000	10,000	4,000,000	1,218,200	2,000,000
2012	884	126	5,149,578	4,500,000	10,000	4,000,000	1,070,200	2,000,000
2011	884	126	5,215,968	4,500,000	10,000	4,000,000	1,342,800	2,000,000
2010	884	126	5,239,879	4,500,000	10,000	4,000,000	1,245,200	2,000,000

(1) In square miles

(2) Including the City of Chicago

(3) Nielsen -- Claritas Data Service

(4) In thousands of gallons

Exhibit I-17
Capital Asset Statistics

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Miles of intercepting sewers and force mains operated	560	560	560	560	560	560	560	559	559	559
Miles of waterway water levels controlled	76	76	76	76	76	76	76	76	76	76
Acres of strip-mined land utilized for solids processing	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+	13,796+
Number of water reclamation plants	7	7	7	7	7	7	7	7	7	7
Number of pumping stations	23	23	23	23	23	23	23	23	23	23
Miles of TARP tunnels constructed for pollution and flood control	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Number of TARP reservoirs constructed	2	2	2	2	2	1	1	1	1	1
Number of TARP reservoirs under construction	1	1	1	1	1	2	2	2	2	2
Number of flood control reservoirs	35	34	34	34	34	33	31	31	31	31
Instream aeration stations	2	2	2	2	2	2	2	2	2	2
Sidestream elevated pool aeration stations	5	5	5	5	5	5	5	5	5	5

Source: District's Engineering Department

IV.
SINGLE AUDIT SECTION

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 of the 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 of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

RSM US LLP

Chicago, Illinois
May 8, 2020

PRADO & RENTERIA
Certified Public Accountants

1837 S. Michigan Ave., Chicago, Illinois 60616
TEL (312) 567-1330 FAX (312) 567-1360
www.pradorenteria.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") of the Metropolitan Water Reclamation District of Greater Chicago (the "District"), for the year ended December 31, 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 of this Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on this Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

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

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

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the District for the year ended December 31, 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.

Prado & Renteria

Chicago, Illinois
May 8, 2020

PRADO & RENTERIA
Certified Public Accountants

1837 S. Michigan Ave., Chicago, Illinois 60616
TEL (312) 567-1330 FAX (312) 567-1360
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 of the 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 of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Prado & Renteria

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	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency					
Passed through Illinois Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds					
Project Descriptions					
F&I Odor Control Systems, Calumet, Kirie, Hanover Park WRPs	66.458	L172129	March 2019	—	$ 364,100
Salt Creek Intercepting Sewer 2 Rehabilitation, SSA	66.458	L173062	December 2015	—	1,651,100
Calumet TARP Pumping Station Improvements, Calumet WRP	66.458	L174923	May 2013	—	93,900
A/B and C/D Service Tunnel Rehabilitation - Phase Two, SWRP	66.458	L175152	March 2016	—	749,500
Calumet TARP Screens, CWRP	66.458	L175168	March 2015	—	14,700
D799 Switchgear Replacement, SWRP	66.458	L175223	December 2015	—	617,600
Calumet Intercepting Sewer 19F Rehabilitation, CSA	66.458	L175263	May 2016	—	744,600
Streambank Stabilization on Oak Lawn Creek, Cal-Sag Ch Watershed	66.458	L175305	September 2016	—	490,300
Conversion of GCTs to Waste Activated Sludge Stripping, SWRP	66.458	L175366	May 2016	—	103,700
McCook Reservoir Des Plaines Inflow Tunnel, SSA	66.458	L175367	June 2018	—	970,400
Conversion of GCTs to Sludge Fermenters and Gas DS Inst, SWRP	66.458	L175369	September 2017	—	629,500
Addison Creek Reservoir, Bellwood, SSA	66.458	L175517	March 2019	—	10,595,900
North Branch Pumping Station Rehabilitation, NSA	66.458	L175539	June 2018	—	383,800
		Total U.S. Environmental Protection Agency Funding of Capitalization Grants for Clean Water State 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	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Date	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing & Urban Development					
Passed through Illinois Cook County Department of Planning & Development					
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants					
Project Descriptions					
Addison Creek Reservoir Flood Control Project	14.269	2013-DR-IN-R4-06	August 2018	—	$ 5,000,000
National Disaster Resilience Competition Application Services	14.269	2013-DR-PL-R4-01	August 2018	—	316,412
	Total U.S. Department of Housing & Urban Development Funding of Community Development Block Grants Disaster Recovery				$ 5,316,412
U.S. Department of the Army					
Passed through U.S. Army Corps of Engineers, Chicago District for Stage 2 of the McCook Reservoir Underflow Plan					
Project Descriptions					
Completion of Stage 2 of the Chicagoland Underflow Plan, McCook Reservoir, McCook, IL	N/A	73-161-2H	January 2019	—	$ 1,554,055
	Total U.S. Department of the Army Funding of Chicagoland Underflow Plan of Stage 2 of the McCook Reservoir				$ 1,554,055
			Total Federal Expenditures		**$ 24,279,567**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Metropolitan Water Reclamation District of Greater Chicago (the "District") under programs of the federal government for the year ended December 31, 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 Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and the respective change in financial position of the District.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

The District does not receive funding for indirect costs.

Note 4 – Programs Description

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

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

<u>CFDA # 14.269 – Hurricane Sandy Community Development Block Grant Disaster Recovery Grants</u>

The Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBGDR) are provided by the 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.

Note 4 – Programs Description – Continued

U.S. Department of the Army Funding for Stage 2 of the 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 of the reservoir, with a flood storage of 3.5 billion gallons, was completed on December 31, 2017. Stage 2 of the reservoir, with a storage volume of 6.5 billion gallons, is scheduled to be completed in 2029. It will be built by the District as part of a pilot project under Section 1043 of the 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). The 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 IEPA during 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.

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 IEPA 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 Public 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 IEPA 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. The 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. The 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. The 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.

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. The 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 to the District on June 22, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for McCook Reservoir Des Plaines Inflow Tunnel, SSA, Project 13-106-4F. The maximum SRF loan amount is $33,382,100. The maximum 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 GCTs to Primary Sludge Fermenters and Installation of a Gas Detection System, SWRP, Project 15-124-3P. The maximum SRF loan amount is $4,000,000. The 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 to the District on June 28, 2018, under Public Law 95-217 (Federal Water Pollution Control Act). The loan provides for North Branch Pumping Station Rehabilitation, NSA, Project 16-079-3D. The maximum SRF loan amount is $4,713,744. The maximum 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.

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. The 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 of the McCook Reservoir Underflow Plan

On January 31, 2019, the District entered into a Project Partnership Agreement with the U.S. Department of the Army for completion of Stage 2 of the McCook Reservoir Underflow Plan, Project 73-161-2H. The U.S. Department of the Army funding is passed through the U.S. Army Corps of Engineers, Chicago District.

Out of $33,820,000 provided by the U.S. Department of the Army, the District expended $1,477,360 in 2018 and $76,695 in 2019.

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		**Unmodified**
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	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 200.516(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 of the Army Stage 2 of the McCook Reservoir Underflow Plan

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000
Auditee qualified as low-risk auditee?	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.

METROPOLITAN WATER RECLAMATION DISTRICT

OF GREATER CHICAGO