FOX METRO WATER
RECLAMATION DISTRICT
OSWEGO, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended May 31, 2023 and 2022

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FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fox Metro Water Reclamation District
Oswego, Illinois

Opinions

We have audited the accompanying financial statements of the Fox Metro Water Reclamation District (the District), as of and for the years ended May 31, 2023 and 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Fox Metro Water Reclamation District, as of May 31, 2023 and 2022, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Sikich LLP

Naperville, Illinois
November 1, 2023

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Management's Discussion and Analysis

The management of Fox Metro Water Reclamation District (District) offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended May 31, 2023 and 2022.

Financial Highlights

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $259,738,158 and $240,700,069, respectively, (net position) at the close of the 2023 and 2022 fiscal years. Of this amount, $49,099,137 and $46,618,597, respectively, is unrestricted and available to meet ongoing and future obligations of the District, including its share of capital projects.

Net position increased by $19,038,089 and $19,443,004, respectively. The unrestricted portion increased by $2,480,540 and $13,357,039, respectively, while the net investment in capital assets portion increased by $16,645,568 and $6,295,395, respectively.

Operating income for the 2023 and 2022 fiscal years were $18,196,167 and $18,933,125, respectively.

Operating income for the 2023 and 2022 fiscal years were increased by net non-operating revenues of $841,922 and of $209,879, respectively.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District is reported under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenues are recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information and certain supplemental schedules and information that are useful in understanding the overall operations of the District.

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and non-operating revenue and expenses of the District for the fiscal year with the difference - the income or loss before contributions - being combined with any capital contributions to determine the net change in position for the fiscal year. That change combined with last year-end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year. Contrary to the other basic financial statements, this statement is prepared on a cash basis.

Financial Information

Net Position: The following schedule presents a summary of net position comparisons for the fiscal years ended May 31, 2023 and 2022 (amounts in thousands).

	May 31, 2023	May 31, 2022	Increase (Decrease)
Current assets	$ 70,339	$ 68,434	$ 1,905
Noncurrent assets	316,011	310,898	5,113
Total assets	386,350	379,332	7,018
Pension Items	6,462	2,768	3,694
Total deferred outflows of resources	6,462	2,768	3,694
Total assets and deferred outflows of resources	392,811	382,100	10,711
Current liabilities	12,838	11,284	1,554
Long-term liabilities	116,445	118,628	(2,183)
Total liabilities	129,283	129,912	(629)
Pension Items	3,790	11,488	(7,698)
Total deferred inflows of resources	3,790	11,488	(7,698)
Total liabilities and deferred inflows of resources	133,073	141,400	(8,327)
Net position			
Net investment in capital assets	201,866	185,221	16,645
Restricted	8,773	8,861	(88)
Unrestricted	49,099	46,618	2,481
Total net position	$ 259,738	$ 240,700	$ 19,038

The District enjoys a very healthy quick ratio (cash and investments/current liabilities) of 4.6 and 5.2 respectively, providing the District with the liquid resources necessary to meet its foreseen and unforeseen operating requirements.

Restricted assets and liabilities payable from restricted assets relate to the District's requirement by the revenue bond covenants to set aside a certain amount of assets for future debt service and capital asset repair and replacement, offset by liabilities payable from said restricted assets.

The largest portion of the District's net position, $201,866,216 and $185,220,648, respectively, is net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and improvements). Outstanding debt attributable to these capital assets, primarily Illinois Environmental Protection Agency loans, are deducted from the net book value of capital assets to calculate these figures.

Restricted net position represents outside legal restrictions on the remainder of the net position of the District. The restricted net position of $8,772,805 and $8,860,824 respectively, are restricted for use by the revenue bond covenants.

Most of the remaining unrestricted net position of $49,099,137 and $46,618,597, respectively, represent resources available to meet both the District's current and capital obligations. This category increased 5.32% and 40.16%, respectively from the prior year amount. The primary use of these net positions is to provide for the District's share of capital project costs, which are expected to total over $140,342,942 over the next five (5) years. The District is tasked with having resources available for future environmental and safety regulations to protect public health, safety, and the environment.

Revenue, expenses and changes in net position. The following schedule presents a summary of revenues, expenses, and changes in net position for the fiscal years ended May 31, 2023 and 2022 (amounts in thousands).

	May 31, 2023	May 31, 2022	Increase (Decrease)
Operating revenues			
Wastewater treatment (user) charges	$ 48,900	$ 45,726	$ 3.174
Connection fees	3,341	3,145	196
Sewer TV inspection charges	20	104	(84)
Other operating revenues	373	48	325
Total operating revenues	52,634	49,023	3,611
Operating expenses			
Operations	17,080	13,130	3.950
Administration	6,795	6,758	37
Depreciation	10,563	10,202	361
Total operating expenses	34,438	30,090	4,348
Operating income (loss)	18,196	18,933	(737)
Nonoperating revenues (expenses)			
Investment income	225	50	175
Replacement taxes	1,233	1,091	142
Annexation and related fees	1,387	1,354	33
Other nonoperating revenues	178	292	(114)
Interest expense and fiscal charges	(2,268)	(2,416)	148
Gain (loss) on sale of capital assets	87	(161)	248
Total nonoperating revenues (expenses)	842	210	632
Net Income before contributions	19,038	19,143	(105)
Contributions	-	300	(300)
Change in net position	$ 19,038	$ 19,443	$ (405)

Operating revenues represent exchange transactions with the constituents of the District for treatment of wastewater. The District provides these services to the communities of Aurora, North Aurora, Montgomery, Oswego, Sugar Grove, and portions of Batavia and Yorkville as well as unincorporated areas of DuPage, Kane, Kendall and Will counties. Primary operating revenues are wastewater treatment charges to the approximately 85,215 customer accounts in the communities and unincorporated areas served by the District. The District is responsible for the conveyance (from the lift station to the treatment plant) and treatment of wastewater in these areas with the communities being responsible for the collector lines from the point of usage to the lift station. The number of users increased by 787 accounts from 2022 to 2023, and has increased on average 0.69% over the last five years. The number of customer accounts is anticipated to grow by 3.5% in total over the next ten years due to the growth occurring in most areas served by the District, especially in the Oswego and Sugar Grove service areas. User fees are generally calculated based on potable water consumption. The current user rates per one thousand gallons were $7.14 and $6.83 in 2023 and 2022, respectively. The District has the ability to set its own user fees based on operating, capital, and cash flow needs of the District.

This past year wastewater treatment charges increased $3,174,155 or about 6.94% over the prior year. The increase in treatment charges is due to rate increases as well as increases in the number of users and the volume of flows treated. Other operating revenue sources increased $436,476.

Operating expenses are those expenses directly resulting from providing services to our constituents. The District's operating expenses are grouped into three primary categories; operations, administration, and depreciation. Operations include salaries and employee benefits exclusive of administrative personnel salaries, utilities, supplies, maintenance, engineering fees, and other costs; administration includes administrative personnel salaries and employee benefits insurance, professional services, office supplies, and other costs; depreciation results from allocating the cost of the capital assets used to provide services over the assets respective useful lives. Operating expenses increased by $4,347,589 or 14.45% from 2022. The driving factors for the increase in operating expenses are increased chemical costs and increases in both planned and unplanned facility maintenance.

Overall, the District reported an operating income of $18,196,167 and $18,933,125 for fiscal 2023 and 2022, respectively. The operating income in 2023 is mainly attributed to wastewater treatment charges and connection fees. The operating income is also attributed to management's efforts to build fund balance in order to support cash flows and future plant improvement and plant expansions as well as funding debt payments.

Non-operating revenues and expenses represent those revenues and expense that are 1) incidental to providing services, or 2) one-time revenues not correlated to user fees. Net non-operating revenues (expenses) for fiscal years 2023 and 2022 totaled $841,922 and $209,879, respectively, and are comprised primarily of replacement taxes, development fees and interest expense. The development fees are comprised of two components, 1) annexation fees and 2) infrastructure participation fees. The primary non-operating expenses are interest costs on the District's outstanding debt obligations, interest expenses, and fiscal charges.

Overall, net position for fiscal 2023 and 2022 increased by $19,038,089 and $19,443,004, respectively.

Net Position Budgetary Analysis. This schedule is used to reconcile capital expenditures budgeted and completed in 2023 as compared to the planned budget for 2024. Due to unforeseen circumstances including weather, contractor delays, and unanticipated engineering considerations, not all projects are completed during the planned fiscal year. This creates unanticipated surpluses or deficits. The surpluses from 2023 will be used to complete projects in 2024 and beyond. The goal is to present this phenomenon in a timely and transparent manner. For a more detailed breakout of budget versus actual, see Schedules of Revenues and Expenses – Budget and Actual in the Supplemental Schedules.

	2023 Budget	2023 Actual	Variance	2024 Budget	Budget Increase (Decrease)
Revenues (excluding IEPA loan proceeds)	$ 54,314,863	$ 55,657,104	$ 1,342,241	$ 57,862,486	$ 3,547,623
Expenditures (excluding capital)	(32,653,767)	(30,682,190)	(1,971,577)	(35,077,306)	(2,423,539)
Capital expenditures	(27,001,562)	(24,346,484)	(2,655,078)	(20,929,580)	6,071,982
Total revenues over expenses	$ (5,340,466)	$ 628,430	$ 5,968,896	$ 1,855,600	(7,196,066)

Capital Assets. Capital assets are defined by the District as assets with an initial, individual cost of more than $20,000-$100,000 (depending on asset class) and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost for purchased or constructed capital assets and at fair value for contributed capital assets. The following table summarizes the capital asset activity of the District. Additional information regarding the capital asset activity can be found in Note 4.

	Beginning Balance June 1	Additions/ Transfers	Retirements/ Transfers	Ending Balance May 31
2023				
Total capital assets not being depreciated	$ 18,656,819	$ 22,198,536	$ 575,794	$ 40,279,561
Total capital assets being depreciated	452,552,502	1,205,435	492,443	435,265,494
Total accumulated depreciation	167,463,663	10,562,771	492,443	177,533,991
Total capital assets being depreciated, net	285,088,839	(9,357,336)	-	275,371,503
CAPITAL ASSETS, NET	$ 303,745,658	$ 12,841,200	$ 575,794	$ 316,011,064
2022				
Total capital assets not being depreciated	$ 30,223,731	$ 9,588,049	$ 21,154,961	$ 18,656,819
Total capital assets being depreciated	434,321,347	20,708,806	2,477,651	452,552,502
Total accumulated depreciation	159,578,426	10,202,323	2,317,086	167,463,663
Total capital assets being depreciated, net	274,742,921	10,506,483	160,565	285,088,839
CAPITAL ASSETS, NET	$ 304,966,652	$ 20,094,532	$ 21,315,526	$ 303,745,658

The capital assets are comprised primarily of the wastewater treatment facility located in unincorporated Oswego Township, Illinois along the Fox River and intercepting sewers and lift stations within the service area. The current wastewater treatment plant is over 90 years old and meets all applicable EPA requirements. The wastewater treatment plant has a design treatment capacity of 42 MGD, of which average daily flow totals 35 MGD and maximum daily treatment capacity is 151 MGD. The wet weather facility (Building T) provides the District with 54 MGD of treatment to accommodate the increased rain event flows from combined sewers in the City of Aurora. The ultimate buildout capacity of 169 MGD will be constructed in phases in order to meet the growing constituent base and new EPA standards. The District owns approximately 240 miles of collection system service lines and 11 lift stations.

Long-term debt. The District has the ability to issue long-term debt to finance the construction, acquisition and replacement of capital assets used in the District's operations as well as to provide short term cash flow financing for operations, if necessary. The District's debt is comprised of seven IEPA loans. The District has an AA bond rating from (Moody's/Standard and Poor's). The IEPA loans are low interest loans funded through the Illinois IEPA revolving loan fund. Additional information regarding the long-term debt of the District can be found in Note 6.

Other Financial Information

The District has the ability under Illinois Compiled Statues (ILCS) to adopt a property tax levy for certain costs as well as for debt service, with approval from the voters, as the District is considered a tax capped entity. The District has not levied for property taxes in over thirty years, instead relying on user fees and non-operating revenues to cover the costs of providing services to the constituents.

The full-time employees and certain part time employees of the District are covered by the Illinois Municipal Retirement Fund, an agent multiple employer pension plan. The funded status of the plan as of December 31, 2022 and 2021 (latest information available) was 90.00% and 113.63%, respectively. The decrease in funded status was due to a decrease in IMRF rates of return and out of the District's control.

Economic Factors and Future Rates

Fox Metro has developed a comprehensive long-term capital improvement plan and several other planning documents that have been approved by Fox Metro's Board of Trustees and the Illinois Environmental Protection Agency. The decision-making for these projects is predicated upon the age of the asset, its overall condition, and an assessment of the year-to-year maintenance costs versus the cost of rehabilitating or replacing the asset. Additionally, the performance of the asset is evaluated in terms of meeting Fox Metro's level of service goals when considering rehabilitation, improvement or replacement. All capital improvements, their funding, and implementation schedule are based upon needs of satellite partners and projected population growth as well as the age and condition of assets.

Large projects nearing completion and final payments in the short-term include: Digester Complex Improvements project, solar farm #2, sludge to water heat exchanger project, H3-5 vault valve replacement, Oswego Pump Station HVAC replacement, Orchard Road Pump Station generator replacement, the new North Aurora Pump Station and new 111th St. Pump Station. While not all inclusive, the featured longer-term projects represent some of the upcoming major capital activities in excess of $200 million over the next several years: main Pump Station Bar Screen Improvements, Renewable Natural Gas pipeline injection, disinfection system upgrades, Building K valve replacements and repairs, Building N rehabilitation and centrifuge replacement, South Plant Phase 2 expansion, Building I repairs and upgrades, a new Hunt Club Pump Station to serve the growing southwest edge of Oswego, and Boulder Hill Basin 43 Improvements. Numerous smaller operational, maintenance, and repair projects also comprise a large proportion of the upcoming projects both in the collection system and at the main WWTP campus. A large interceptor sewer lining and repair project of the original 69" interceptor serving the combined sewer area in downtown Aurora is planned in multi-year phases and will reduce infiltration and inflow and to provide structural stability to the existing nearly 100-year old pipe.

Requests for Information. The financial report is intended to provide an overview of the finances of the Fox Metro Water Reclamation District for those with an interest in this organization. Questions concerning any information contained in this report may be directed to Linnea Scherer, Controller, 682 Route 31, Oswego, Illinois 60543.

BASIC FINANCIAL STATEMENTS

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

STATEMENTS OF NET POSITION

May 31, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 44,317,487	$ 43,312,022
Investments	6,462,977	6,237,248
Restricted assets		
Investments	8,772,805	8,860,824
Receivables		
Accounts (net of allowance for uncollectible accounts)	2,707,746	3,080,822
Unbilled user fee revenue	7,495,386	6,503,169
Interest	83,074	-
Other	-	10,000
Due from other governments	29,267	38,178
Prepaid items	469,972	391,672
Total current assets	70,338,714	68,433,935
NONCURRENT ASSETS		
Net pension asset	-	7,152,321
Capital assets not being depreciated	40,279,561	18,656,819
Capital assets being depreciated, net of accumulated depreciation	275,731,503	285,088,839
Total net capital assets	316,011,064	303,745,658
Total noncurrent assets	316,011,064	310,897,979
Total assets	386,349,778	379,331,914
DEFERRED OUTFLOWS OF RESOURCES		
IMRF pension items	5,377,266	1,490,985
OPEB items	1,084,266	1,277,413
Total deferred outflows of resources	6,461,532	2,768,398
Total assets and deferred outflows of resources	392,811,310	382,100,312

(This statement is continued on the following page.)

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

STATEMENTS OF NET POSITION (Continued)

May 31, 2023 and 2022

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,334,212	$ 1,982,818
Construction retainage payable	1,501,792	482,897
Wages payable	506,316	474,501
Accrued vacation and sick pay, current portion	255,083	245,567
Claims liability	142,721	122,982
Unearned revenues	113,573	123,902
Due to other governments, current portion	248,015	239,870
Accrued interest	536,514	566,389
Current portion of long-term debt	6,851,100	6,720,778
Current portion of total OPEB liability	348,248	324,223
Total current liabilities	12,837,574	11,283,927
LONG-TERM LIABILITIES		
Accrued vacation and sick pay, net of current portion	1,020,332	982,268
Water pollution control revolving fund notes payable, net of current portion	99,768,196	107,029,650
Due to other governments, net of current portion	4,286,697	4,534,712
Net pension liability	5,477,222	-
Total OPEB liability	5,892,668	6,081,819
Total long-term liabilities	116,445,115	118,628,449
Total liabilities	129,282,689	129,912,376
DEFERRED INFLOWS OF RESOURCES		
IMRF pension items	663,707	8,082,947
OPEB items	3,126,756	3,404,920
Total deferred inflows of resources	3,790,463	11,487,867
Total liabilities and deferred inflows of resources	133,073,152	141,400,243
NET POSITION		
Net investment in capital assets	201,866,216	185,220,648
Restricted under IEPA loan covenant	8,772,805	8,860,824
Unrestricted	49,099,137	46,618,597
TOTAL NET POSITION	$ 259,738,158	$ 240,700,069

See accompanying notes to financial statements.

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Years Ended May 31, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Wastewater treatment (user) charges	$ 48,900,356	$ 45,726,201
Connection fees	3,340,828	3,145,242
Sewer T.V. inspection charges	19,549	104,271
Montgomery pump station operation	6,600	3,300
Pretreatment recovery revenue	367,751	38,134
Lien adjustments	(1,215)	6,090
Total operating revenues	52,633,869	49,023,238
OPERATING EXPENSES		
Operations	17,080,181	13,129,897
Administration	6,794,750	6,757,893
Depreciation	10,562,771	10,202,323
Total operating expenses	34,437,702	30,090,113
OPERATING INCOME	18,196,167	18,933,125
NON-OPERATING REVENUES (EXPENSES)		
Investment income	225,459	49,660
Gain (loss) on sale of capital assets	87,000	(160,565)
Replacement taxes	1,233,303	1,091,132
Annexation and related fees	1,387,420	1,354,332
Other revenue	177,053	204,395
Intergovernmental grant revenue	-	86,530
Interest expense and fiscal charges	(2,268,313)	(2,415,605)
Total non-operating revenues (expenses)	841,922	209,879
NET INCOME BEFORE CONTRIBUTIONS	19,038,089	19,143,004
CONTRIBUTIONS	-	300,000
CHANGE IN NET POSITION	19,038,089	19,443,004
NET POSITION, JUNE 1	240,700,069	221,257,065
NET POSITION, MAY 31	$ 259,738,158	$ 240,700,069

See accompanying notes to financial statements.

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

STATEMENTS OF CASH FLOWS

For the Years Ended May 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 52,014,399	$ 48,458,178
Payments to suppliers	(17,414,040)	(13,649,337)
Payments to employees	(5,641,476)	(9,316,185)
Net cash from operating activities	28,958,883	25,492,656
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Replacement taxes	1,233,303	1,091,132
Annexation and related fees	1,387,420	1,354,332
Intergovernmental grant	-	86,530
Other revenues	185,964	190,132
Net cash from noncapital financing activities	2,806,687	2,722,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(21,182,590)	(9,073,183)
Proceeds from sale of capital assets	87,000	-
Developer contribution	-	300,000
Interest paid and fiscal charges	(2,298,188)	(2,446,783)
Principal paid on state revolving fund notes payable	(7,131,132)	(7,287,027)
Principal paid on due to other governments	(239,870)	(229,362)
Net cash from capital and related financing activities	(30,764,780)	(18,736,355)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	142,385	146,609
(Purchase) proceeds of investments	(137,710)	(142,391)
Net cash from investing activities	4,675	4,218
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,005,465	9,482,645
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,312,022	33,829,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 44,317,487	$ 43,312,022

(This statement is continued on the following page.)

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended May 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 18,196,167	$ 18,933,125
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	10,562,771	10,202,323
Changes in assets and liabilities		
Accounts payable	(275,298)	167,572
Accounts receivable	373,076	(776,628)
Unbilled user fee receivable	(992,217)	231,818
Other receivables	10,000	(10,000)
Prepaid expenses	(78,300)	(166,577)
Wages payable	31,815	98,980
Accrued vacation and sick pay	47,580	(36,192)
Claims liability	19,739	(520,435)
Total OPEB liability	(165,126)	(1,689,383)
Net pension liability	12,629,543	(6,326,906)
Deferred items - OPEB	(85,017)	1,506,783
Deferred pension items - IMRF	(11,305,521)	3,888,426
Unearned revenues	(10,329)	(10,250)
Total adjustments	10,762,716	6,559,531
NET CASH FROM OPERATING ACTIVITIES	$ 28,958,883	$ 25,492,656
NONCASH TRANSACTIONS		
Capital assets in accounts payable and retainage payable	$ 2,990,840	$ -
Loss on disposal of capital assets	-	(160,565)
TOTAL NONCASH TRANSACTIONS	$ 2,990,840	$ (160,565)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fox Metro Water Reclamation District (the District) is an Illinois unit of local government organized in 1925 under the Illinois Sanitary District Act of 1917. The Board of Trustees are elected at the general election in the associated election district in which they live.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

a. Reporting Entity

The District is considered to be a primary government since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Trustees of the District.

b. Fund Accounting

Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into a single fund.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statements of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

d. Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments with a maturity date of less than one year from the date of purchase and non-negotiable certificates of deposit are recorded at cost or amortized cost. Investments with a maturity date of more than one year from the date of purchase are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Accounts Receivable and Unbilled User Fees

The District recognizes wastewater treatment (user) charges in the period in which they are provided. The District bills these services on a bimonthly basis. An allowance for uncollectible accounts is provided based upon historical losses.

g. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Restricted Assets

Proceeds of Illinois EPA Loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable loan covenants.

i. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than $20,000 - $100,000 and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost.

Capital assets contributed to the District are recorded at acquisition value on the date contributed. Depreciation is computed under the straight-line method over the estimated useful lives of the assets. Depreciation is not recognized on construction in progress.

The following is a summary of useful lives used for depreciation of the various classes of capital assets:

Class	Useful Life in Years
Plant - buildings and improvements	5-50
Sanitary sewers and improvements	50
Plant machinery and equipment	3-50
Office furniture and equipment	5-15
Capitalized engineering and other costs	3-50
Vehicles	3-5

j. Compensated Absences

Compensated absences (sick days and vacation) are recorded in the period in which they are earned by employees whether or not actually paid.

k. Net Position

Restricted net position represents amounts required to be segregated by Illinois EPA Loan covenants ordinance provisions. Net investment in capital assets represents the book value of capital assets less outstanding long-term debt principal issued to construct or acquire capital assets. None of the District’s net position is restricted as a result of enabling legislation adopted by the District. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Annexation and Related Fees

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective for fiscal years beginning after June 15, 2000, the District began recognizing capital contributions from non-exchange transactions as non-operating revenues beginning with fiscal year 2002. The District recognizes fees realized under annexation arrangements as revenue in the period received.

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

n. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The District's investment policy authorizes the District to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services.

2. DEPOSITS AND INVESTMENTS (Continued)

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and rate of return.

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District held no investments subject to fair value measurement at May 31, 2022.

The District has the following recurring fair value measurements as of May 31, 2023: The U.S. Treasury bond, U.S. Treasury note, agency bonds, corporate bonds, commercial paper, and the municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

<u>Deposits with Financial Institutions</u>

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. The District's deposits with financial institutions in excess of FDIC are collateralized in the name of the District and held by a third party acting as an agent of the District.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to interest rate risk by remaining sufficiently liquid to meet all operating requirements that may be reasonably anticipated and to provide sufficient liquidity to pay obligations as they come due. The investment policy does not limit the maximum maturity length of investments. The District held no investments other than non-negotiable certificates of deposit at May 31, 2022.

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

As of May 31, 2023, the District had the following investments and maturities in debt securities:

		Investment Maturities (in Years)			
	Fair value	Less than 1	1-5	6-10	More than 10
U.S. Treasury bonds	$ 2,239,824	$ 195,086	$ 2,044,738	$ -	$ -
U.S. Treasury note	4,959,490	1,574,516	3,384,974	-	-
Agency bonds	4,060,194	113,218	3,946,976	-	-
Commercial paper	486,262	486,262	-	-	-
Corporate bonds	2,414,447	694,780	1,719,667	-	-
Municipal bonds	1,014,372	246,643	767,729	-	-
TOTAL	$ 15,174,589	$ 3,310,505	$ 11,864,084	$ -	$ -

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations The District's investment policy does not address credit risk for investments. ILCS allows investments in short-term commercial paper rated within the three highest classifications by at least two standard rating services and investments in municipal bonds rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions. The U.S. Treasury bonds and notes are rated AA+, the commercial paper is rated A-1, corporate bonds are rated A-AA+, and municipal bonds are rated AA-AAA.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, all security transactions that are exposed to custodial credit risk are processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the District's agent separate from where the investment was purchased in the District's name.

Concentration of Credit Risk

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District places no limit on the amount that may be invested in any one issuer, stating only that the District diversify its investments to avoid unreasonable risks.

3. ACCOUNTS RECEIVABLE

The aging of the accounts receivable balance at May 31, 2023 and 2022 is as follows:

Days	2023	2022
0-21	$ 1,514,714	$ 1,681,838
22-42	457,448	515,722
43-90	624,585	792,629
90 and over	203,836	198,578
Total accounts receivable	2,800,583	3,188,767
Allowance for uncollectible accounts	(92,837)	(107,945)
NET ACCOUNTS RECEIVABLE	$ 2,707,746	$ 3,080,822

Included in the 90 and over balance are accounts against which liens have been filed by the District ($53,227 and $73,864 in 2023 and 2022, respectively), contracts for pretreatment and industrial fees which the District charges ($132,776 and $104,935 in 2023 and 2022, respectively), and related lien-filing fees and interest which the District charges ($17,832 and $19,778 in 2023 and 2022, respectively). The allowance for uncollectible accounts that is provided is management's estimation based upon the historical experience and other facts available at the time.

Unbilled user fee revenue has been recorded as of May 31, 2023 and 2022 in the amount of $7,495,386 and $6,503,169, respectively, to reflect wastewater treatment services performed but not billed as of those dates.

4. CAPITAL ASSETS

The District's property, plant, and equipment as of May 31, 2023 and 2022 are as follows:

	Balances June 1	Additions	Retirements	Transfers	Balances May 31
2023					
Capital assets not being depreciated					
Land and land rights	$ 9,720,703	$ -	$ -	$ -	$ 9,720,703
Construction in progress	8,936,116	22,198,536	575,794	-	30,558,858
Total capital assets not being depreciated	18,656,819	22,198,536	575,794	-	40,279,561
Capital assets being depreciated					
Buildings and improvements	251,994,920	269,316	-	-	252,264,236
Sanitary sewers and improvements	132,407,781	306,479	-	-	132,714,260
Plant machinery and equipment	65,639,429	32,111	224,784	(3,277,328)	62,169,428
Office furniture and equipment	745,229	34,249	28,004	3,277,328	4,028,802
Vehicles	1,765,143	563,280	239,655	-	2,088,768
Total capital assets being depreciated	452,552,502	1,205,435	492,443	-	453,265,494
Less accumulated depreciation for					
Buildings and improvements	64,143,971	5,758,270	-	-	69,902,241
Sanitary sewers and improvements	61,807,317	3,081,097	-	-	64,888,414
Plant machinery and equipment	39,619,756	1,529,095	224,784	(3,085,920)	37,838,147
Office furniture and equipment	592,140	65,999	28,004	3,085,920	3,716,055
Vehicles	1,300,479	128,310	239,655	-	1,189,134
Total accumulated depreciation	167,463,663	10,562,771	492,443	-	177,533,991
Total capital assets being depreciated, net	285,088,839	(9,357,336)	-	-	275,731,503
CAPITAL ASSETS, NET	$ 303,745,658	$ 12,841,200	$ 575,794	$ -	$ 316,011,064

During the year ended May 31, 2023, various assets were reclassified. These reclassifications are included within the transfer column.

4. CAPITAL ASSETS (Continued)

	Balances June 1	Additions	Retirements	Transfers	Balances May 31
2022					
Capital assets not being depreciated					
Land and land rights	$ 9,720,703	$ -	$ -	$ -	$ 9,720,703
Construction in progress	20,503,028	9,588,049	21,154,961	-	8,936,116
Total capital assets not being depreciated	30,223,731	9,588,049	21,154,961	-	18,656,819
Capital assets being depreciated					
Buildings and improvements	213,598,978	20,199,284	626,838	18,823,496	251,994,920
Sanitary sewers and improvements	151,920,227	223,190	912,140	(18,823,496)	132,407,781
Plant machinery and equipment	66,474,079	79,650	887,505	(26,795)	65,639,429
Office furniture and equipment	760,242	36,155	51,168	-	745,229
Vehicles	1,567,821	170,527	-	26,795	1,765,143
Total capital assets being depreciated	434,321,347	20,708,806	2,477,651	-	452,552,502
Less accumulated depreciation for					
Buildings and improvements	57,491,106	5,291,498	523,933	1,885,300	64,143,971
Sanitary sewers and improvements	61,536,633	3,068,124	912,140	(1,885,300)	61,807,317
Plant machinery and equipment	38,765,117	1,711,279	829,845	(26,795)	39,619,756
Office furniture and equipment	603,419	39,889	51,168	-	592,140
Vehicles	1,182,151	91,533	-	26,795	1,300,479
Total accumulated depreciation	159,578,426	10,202,323	2,317,086	-	167,463,663
Total capital assets being depreciated, net	274,742,921	10,506,483	160,565	-	285,088,839
CAPITAL ASSETS, NET	$ 304,966,652	$ 20,094,532	$ 21,315,526	$ -	$ 303,745,658

During the year ended May 31, 2022, various assets were reclassified. These reclassifications are included within the transfer column.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. General liability and property risks are covered through a public entity risk pool with transfer of risk. The District pays annual premiums to the risk pool. The District is not aware of any additional premiums owed to the risk pool as of May 31, 2023 and 2022 and for the prior two claim years.

Workers' Compensation

The District is partially self-insured for workers' compensation coverage. At May 31, 2023 and 2022, the insurance limits of coverage in effect were aggregate Excess Workers' Compensation Insurance: $550,000 self-insured retention per occurrence. $500,000 employers' liability maximum limit of indemnity per occurrence.

The District employs an independent claims service company to review and recommend payment of claims under workers' compensation. The District had $142,741 of workers' compensation open claims and estimated claims incurred but not reported as of May 31, 2023 and $122,982 of workers' compensation open claims and estimated claims incurred but not reported as of May 31, 2022. These claims are based upon salary costs of individuals and incurred medical and legal fees and individual claims incurred but not reported as of May 31, 2023 and 2022.

Health Insurance

The District has entered into an agreement with a claims paying agent to which the District pays for insurance premiums and fees. Claims are processed by this agency but are paid directly from a district funded health insurance bank account. The agent pays insurance premiums for specific and aggregate policies, pays claims, and collects its fee for such services. The self-insured program ended as of December 31, 2021. As of May 31, 2022, the District has purchased commercial health insurance.

Under the self-insurance program, the District was responsible for the first $80,000 of covered charges per individual. Maximum lifetime benefits per individual were unlimited. On an aggregate basis, for the policy year, the District had a self-insurance retention based upon the average monthly number of employees and dependents. Covered charges in excess of the aggregate self-insurance retention were provided by insurance to the extent of $1,000,000. The self-insured program ended as of December 31, 2021.

5. RISK MANAGEMENT (Continued)

Health Insurance (Continued)

The District's maximum exposure for the years ended May 31, 2023, 2022, and 2021 was calculated as follows:

	2023	2022	2021
Fixed costs			
Health and life coverage (specific, life, HFN fee, aggregate insurance, and administration cost)	$ -	$ -	$ 114,444
Variable costs (fund to pay claims)	-	-	2,008,632
TOTAL	$ -	$ -	$ 2,123,076

As of May 31, 2023 and 2022, claims outstanding and estimated as incurred but not reported were $0. The self-insured program ended as of December 31, 2021.

Claims Liabilities

The District was self-insured for all risks relative to health (through December 31, 2021) and workers' compensation insurance. The District also purchased excess coverage policies to limit the District's exposure to these risks. An amount for incurred but not reported (IBNR) claims is recorded in the financial statements based upon actual experience.

The following is a reconciliation of changes in the liability for claims in the years ended May 31, 2023, 2022, and 2021:

	2023	2022	2021
CLAIMS LIABILITIES - JUNE 1	$ 122,982	$ 643,417	$ 286,663
Claims incurred and ceded	82,826	1,602,631	2,357,382
Claims paid	(63,067)	(2,123,066)	(2,000,628)
CLAIMS LIABILITIES - MAY 31	$ 142,741	$ 122,982	$ 643,417

6. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the years ended May 31, 2022 and 2021:

	Water Pollution Control Revolving Fund L17-1529	Water Pollution Control Revolving Fund L17-2638	Water Pollution Control Revolving Fund L17-2885	Water Pollution Control Revolving Fund L17-2887
LONG-TERM DEBT AT MAY 31, 2021	$ 293,728	$ 7,436,842	$ 11,026,450	$ 7,458,252
Issuances	-	-	-	-
Retirements	(293,728)	(795,630)	(1,041,976)	(606,958)
LONG-TERM DEBT AT MAY 31, 2022	-	6,641,212	9,984,474	6,851,294
Issuances	-	-	-	-
Retirements	-	(815,646)	(1,068,189)	(614,568)
LONG-TERM DEBT AT MAY 31, 2023	$ -	$ 5,825,566	$ 8,916,285	$ 6,236,726
CURRENT PORTION	$ -	$ 415,485	$ 1,095,060	$ 622,275

	Water Pollution Control Revolving Fund L17-3407	Water Pollution Control Revolving Fund L17-3345	Water Pollution Control Revolving Fund L17-4854	Water Pollution Control Revolving Fund L17-5391
LONG-TERM DEBT AT MAY 31, 2021	$ 1,140,080	$ 1,258,672	$ 88,920,081	$ 3,503,350
Issuances	-	-	-	-
Retirements	(92,781)	(89,950)	(4,201,275)	(164,729)
LONG-TERM DEBT AT MAY 31, 2022	1,047,299	1,168,722	84,718,806	3,338,621
Issuances	-	-	-	-
Retirements	(93,943)	(91,695)	(4,279,782)	(167,309)
LONG-TERM DEBT AT MAY 31, 2023	$ 953,356	$ 1,077,027	$ 80,439,024	$ 3,171,312
CURRENT PORTION	$ 95,122	$ 93,473	$ 4,359,756	$ 169,929

6. CHANGES IN LONG-TERM DEBT (Continued)

	Net Pension Liability*	Total OPEB Liability	Total
LONG-TERM DEBT AT MAY 31, 2021	$ -	$ 8,095,425	$ 129,132,880
Issuances	-	-	-
Retirements	-	(1,689,383)	(8,976,410)
LONG-TERM DEBT AT MAY 31, 2022	-	6,406,042	120,156,470
Issuances	5,477,222	-	5,477,222
Retirements	-	(165,126)	(7,296,258)
LONG-TERM DEBT AT MAY 31, 2023	$ 5,477,222	$ 6,240,916	$ 118,337,434
CURRENT PORTION	$ -	$ 348,248	$ 7,199,348

*There was a net pension asset for IMRF as of May 31, 2022.

Long-term debt at May 31, 2023 and 2022 comprises of the following individual note obligations.

a. Water Pollution Control Revolving Fund Notes Payable

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2000 (L17-1529) for the upgrade and expansion of the District Wastewater Treatment System. The note bears interest at 2.535% and matures on August 28, 2021. Simple interest is accrued on each loan disbursement on the day after the date of issuance. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended. The loan agreement was issued on a junior lien basis to the Sewerage Refunding Revenue Bond Series 1993 and 2002, and bonds which may be issued on a parity with the Series 1993 and 2002 Bonds. The loan agreement specifies special junior lien accounts into which revenues received from the use and operation of the sewerage system shall be set aside based upon the loan repayment schedule. The Sewerage Refunding Revenue Bond Series 2002 were retired on June 1, 2008. The loan was fully repaid as of May 31, 2022.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2008 (L17-2638) for the construction of a Temperature Phase Anaerobic Digestion System. The note bears interest at 2.50% and matures on August 15, 2029, with interest and principal payments due each

6. CHANGES IN LONG-TERM DEBT (Continued)

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

February 15 and August 15 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2009 (L17-2885) for the construction of a Excess Flow Pump Station and Disinfection Improvements. The note bears interest at 2.50% and matures on September 3, 2030, with interest and principal payments due each March 3 and September 3 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2011 (L17-2887) for the construction of a Wet Weather Excess Flow Pump Station. The note bears interest at 1.25% and matures on April 7, 2032, with interest and principal payments due each April 7 and October 7 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2012 (L17-3407) for the construction of the Cedar Glen subdivision sanitary sewer improvements. The note bears interest at 1.25% and matures on May 22, 2032, with interest and principal payments due each May 22 and November 22 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

6. CHANGES IN LONG-TERM DEBT (Continued)

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2014 (L17-3345) for the construction of the Montgomery/Sugar Grove interceptor extension. The note bears interest at 1.93% and matures on September 30, 2033, with interest and principal payments due each March 30 and September 30 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2016 (L17-4854) for the construction of the South Wastewater Treatment Plant and an interceptor crossing the Waubonsee River. The note bears interest at 1.86% and matures on February 4, 2039, with interest and principal payments due each August 4 and February 4 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The District entered into a Water Pollution Control Revolving Fund loan agreement with the Illinois EPA in fiscal year 2018 (L17-5391) for the construction of the North Facility Improvements (Phase II Waubonsee). The note bears interest at 1.56% and matures on August 26, 2039, with interest and principal payments due each February 26 and August 26 during the repayment period. Simple interest is accrued on each loan disbursement on the day after the date of issuance with construction period interest compounding into the principal of the loan. The loan agreement constitutes a sewerage revenue bond under the Sanitary District Act of 1917, as amended, the Sanitary District Revenue Bond Act, as amended, and the Local Government Debt Reform Act, as amended.

The loans are payable solely from and secured by a pledge of the net revenues (as defined in the loan agreements) of the sewerage system. The District also covenants that it will at all times establish and maintain reasonable fees, rates, and charges for the services of the sewerage system so that the revenues derived there from will be sufficient to provide funds to pay the principal and interest requirements of the loans.

6. CHANGES IN LONG-TERM DEBT (Continued)

a. Water Pollution Control Revolving Fund Notes Payable (Continued)

The Reserve Account shall be equal to the annual principal and interest payment funded within two years after the loan award. At May 31, 2023 and 2022, the balance of the account was $8,772,805 and $8,860,824, respectively.

b. Compensated Absences

The following is a summary of accrued compensated absences payable of the District for the years ended May 31, 2023 and 2022:

COMPENSATED ABSENCES PAYABLE AT MAY 31, 2021	$ 1,264,027
Issuances	216,613
Retirements	(252,805)
COMPENSATED ABSENCES PAYABLE AT MAY 31, 2022	1,227,835
Issuances	293,147
Retirements	(245,567)
COMPENSATED ABSENCES PAYABLE AT MAY 31, 2023	$ 1,275,415
CURRENT PORTION	$ 255,083

c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2023, are as follows:

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund L17-2638 Principal	Interest
2024	$ 415,485	$ 72,820
2025	846,616	129,994
2026	867,914	108,696
2027	889,747	86,862
2028	912,130	64,480
2029	935,076	41,534
2030	958,598	18,011
TOTAL	$ 5,825,566	$ 522,397

6. CHANGES IN LONG-TERM DEBT (Continued)

c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2023, are as follows (Continued):

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund L17-2885 Principal	Water Pollution Control Revolving Fund L17-2885 Interest	Water Pollution Control Revolving Fund L17-2887 Principal	Water Pollution Control Revolving Fund L17-2887 Interest
2024	$ 1,095,060	$ 216,106	$ 622,275	$ 76,020
2025	1,122,608	188,558	630,078	68,218
2026	1,150,848	160,317	637,978	60,317
2027	1,179,799	131,366	645,978	52,318
2028	1,209,479	101,687	654,078	44,218
2029	1,239,905	71,261	662,280	36,016
2030	1,271,096	40,070	670,584	27,712
2031	647,490	8,094	678,992	19,303
2032	-	-	687,506	10,789
2033	-	-	346,977	2,169
TOTAL	$ 8,916,285	$ 917,459	$ 6,236,726	$ 397,080

Fiscal Year Ending May 31,	Water Pollution Control Revolving Fund L17-3407 Principal	Water Pollution Control Revolving Fund L17-3407 Interest	Water Pollution Control Revolving Fund L17-3345 Principal	Water Pollution Control Revolving Fund L17-3345 Interest
2024	$ 95,122	$ 11,621	$ 93,473	$ 20,338
2025	96,315	10,428	95,286	18,525
2026	97,522	9,220	97,133	16,677
2027	98,745	7,997	99,017	14,793
2028	99,983	6,759	100,937	12,873
2029	101,237	5,505	102,895	10,916
2030	102,507	4,236	104,890	8,920
2031	103,792	2,951	106,925	6,886
2032	105,093	1,649	108,998	4,813
2033	53,040	331	111,112	2,699
2034	-	-	56,361	544
TOTAL	$ 953,356	$ 60,697	$ 1,077,027	$ 117,984

6. CHANGES IN LONG-TERM DEBT (Continued)

c. The annual requirements to amortize to maturity debt outstanding as of May 31, 2023, are as follows (Continued):

Fiscal Year Ending	Water Pollution Control Revolving Fund L17-4854		Water Pollution Control Revolving Fund L17-5391	
May 31,	Principal	Interest	Principal	Interest
2024	$ 4,359,756	$ 1,475,987	$ 169,929	$ 48,812
2025	4,441,225	1,394,518	172,590	46,151
2026	4,524,216	1,311,527	175,293	43,448
2027	4,608,757	1,226,986	178,039	40,703
2028	4,694,879	1,140,864	180,827	37,915
2029	4,782,610	1,053,133	183,659	35,083
2030	4,871,980	963,763	186,535	32,207
2031	4,963,020	872,723	189,456	29,285
2032	5,055,761	779,982	192,423	26,318
2033	5,150,236	685,507	195,437	23,305
2034	5,246,476	589,267	198,498	20,244
2035	5,344,514	491,229	201,606	17,135
2036	5,444,384	391,359	204,763	13,978
2037	5,546,121	289,622	207,970	10,771
2038	5,649,758	185,985	211,227	7,514
2039	5,755,331	80,411	214,535	4,206
2040	-	-	108,525	847
TOTAL	$ 80,439,024	$ 12,932,863	$ 3,171,312	$ 437,922

7. INTERGOVERNMENTAL AGREEMENTS

<u>City of Aurora</u>

On April 19, 2006, the City of Aurora (the City) entered into an agreement with the District to jointly construct a new sanitary sewer system for the City’s downtown area. The agreement specifies that the City will finance all construction costs of the system. The District will repay the City 50% of the costs on a 30-year schedule in line with the debt service schedule for the City’s Water and Sewer Revenue Bonds, Series 2006. Principal payments are due to the City on June 1 of each year beginning June 1, 2007, and interest payments are due semiannually on June 1 and December 1 of each year beginning December 1, 2006. During fiscal year 2016, the City refunded the underlying debt leading to a revised future payment schedule.

7. INTERGOVERNMENTAL AGREEMENTS (Continued)

City of Aurora (Continued)

The constructed system subject to 50% repayment shall be titled in the name of the District, which will own 100%. The District agreed to be fully responsible for operation and maintenance of the system. In addition, the principal amount of the liability to be paid to the City is recorded in the statement of net position and has been accrued as a proportion of construction costs as incurred.

The liability is to be paid to the City each year as follows:

	Sanitary Sewer System	
Fiscal Year	Principal	Interest
2024	$ 248,015	$ 164,615
2025	256,300	157,174
2026	264,734	149,485
2027	275,822	141,543
2028	287,071	132,924
2029-2033	1,620,278	510,487
2034-2037	1,582,492	161,880
TOTAL PAYMENTS	$ 4,534,712	$ 1,418,108

Waubonsee Community College

On June 15, 2005, the District entered into an agreement with Waubonsee Community College (the College) for the construction of a new sanitary sewer line. The agreement requires the District to remit to the College the Infrastructure Participation Fees associated with the new plant, with potential payments totaling $3,521,000. The total payments to date as of May 31, 2023 and 2022 were $686,006.

8. COMMITMENTS

The District is currently involved with certain sewer system development and maintenance projects. Uncompleted contractual amounts on these projects, relating to the District and exclusive of amounts being incurred by developers and other governmental entities, totaled approximately $4,713,553 and $15,983,658 as of May 31, 2023 and 2022, respectively.

9. DEFINED BENEFIT PENSION PLAN

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained online at www.imrf.org.

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required. Benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2022, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	36
Active employees	97
TOTAL	244

At December 31, 2021, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	32
Active employees	95
TOTAL	235

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual required contribution percentage for the fiscal years 2022 and 2023 was 10.68%, and 7.43%, respectively. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2022 and 2021 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2021	December 31, 2022
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.25%	2.25%
Salary increases	2.85% to 13.75%	2.85% to 13.75%
Interest rate	7.25%	7.25%
Asset valuation method	Fair value	Fair value

2021 and 2022 - For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2022 and 2021 was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Change in the Net Pension Liability (Asset)

December 31, 2021

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2021	$ 51,675,606	$ 52,501,021	$ (825,415)
Changes for the period			
Service cost	732,486	-	732,486
Interest	3,671,738	-	3,671,738
Difference between expected and actual experience	(801,854)	-	(801,854)
Changes in assumptions	-	-	-
Employer contributions	-	899,711	(899,711)
Employee contributions	-	355,880	(355,880)
Net investment income	-	8,973,395	(8,973,395)
Benefit payments and refunds	(2,794,373)	(2,794,373)	-
Administrative expense	-	-	-
Other (net transfer)	-	(299,710)	299,710
Net changes	807,997	7,134,903	(6,326,906)
BALANCES AT DECEMBER 31, 2021	$ 52,483,603	$ 59,635,924	$ (7,152,321)

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Change in the Net Pension Liability (Asset) (Continued)

December 31, 2022

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2022	$ 52,483,603	$ 59,635,924	$ (7,152,321)
Changes for the period			
Service cost	722,062	-	722,062
Interest	3,729,139	-	3,729,139
Difference between expected and actual experience	676,221	-	676,221
Changes in assumptions	-	-	-
Employer contributions	-	762,048	(762,048)
Employee contributions	-	391,911	(391,911)
Net investment income	-	(7,755,220)	7,755,220
Benefit payments and refunds	(2,816,470)	(2,816,470)	-
Administrative expense	-	-	-
Other (net transfer)	-	(900,860)	900,860
Net changes	2,310,952	(10,318,591)	12,629,543
BALANCES AT DECEMBER 31, 2022	$ 54,794,555	$ 49,317,333	$ 5,477,222

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended May 31, 2023, the District recognized pension expense (income) of $1,965,448. At May 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 973,340	$ 485,422
Changes in assumption	92,111	178,285
District contributions subsequent to the measurement date	185,927	-
Net difference between projected and actual earnings on pension plan investments	4,125,888	-
TOTAL	$ 5,377,266	$ 663,707

$185,927 reported as deferred outflows of resources resulting from district contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending May 31, 2024.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending May 31,	
2024	$ (45,786)
2025	703,526
2026	1,348,707
2027	2,521,185
2028	-
TOTAL	$ 4,527,632

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

December 31, 2022

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the District calculated using the discount rate of 7.25% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 12,277,162	$ 5,477,222	$ 165,727

December 31, 2021

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the District calculated using the discount rate of 7.25% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ (744,113)	$ (7,152,321)	$ (12,183,939)

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the District provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The District provides postemployment health care and life insurance benefits to its retirees. Retirees must be 55 years of age with a minimum of twenty (20) years of service Fox Metro Water Reclamation District; or 50 years of age with a minimum thirty (30) years of service. Employees that retire after reaching age 55 or at age 50 qualifying under the above criteria, but before age 62 will have 3% of his/her monthly insurance premium paid by the District for each year of service at Fox Metro Water Reclamation District.

All health care benefits are provided through the District's self-insured employee health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. The benefits are provided until age 65 or whenever Medicare coverage becomes available.

a. Membership

At May 31, 2022 (May 31, 2023 measurement date), membership consisted of (most recent data available):

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	95
TOTAL	110
Participating employers	1

At May 31, 2022 (May 31, 2022 measurement date), membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	95
TOTAL	110
Participating employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

b. Total OPEB Liability

The District's total OPEB liability of $6,240,916 measured as of May 31, 2023 was determined by actuarial valuations as of June 1, 2022. The District's total OPEB liability of $6,406,042 measured as of May 31, 2022 was determined by actuarial valuations as of June 1, 2022.

c. Actuarial Assumptions and Other Inputs

The total OPEB liability at May 31, 2022, as determined by actuarial valuations as of June 1, 2022, were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to May 31, 2023, including updating the discount rate at May 31, 2023, as noted below.

Actuarial valuation date	June 1, 2022
Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Inflation	3.00%
Salary increases	4.00%
Discount rate, May 31, 2023	4.24%
Healthcare cost trend rates	4.50% to 6.50% Initial and Ultimate

The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds rated AA or better at May 31, 2023 and 2022.

Mortality rates were based on PubG.H 2010(B) Employee Mortality Table for both males and females with 2-dimensional, fully generational improvements using the MP-2020 Mortality Improvement Scale.

The actuarial assumptions used in the June 1, 2022 valuation are based on 50% participation assumed for Trustees and 100% for all other future retirees, with 80% electing spouse coverage for Trustees and 70% for non-Trustee employees.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

c. Actuarial Assumptions and Other Inputs (Continued)

The total OPEB liability at May 31, 2022, as determined by actuarial valuations as of June 1, 2022, were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	June 1, 2022
Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Inflation	3.00%
Salary increases	4.00 %
Discount rate, May 31, 2022	3.70%
Healthcare cost trend rates	4.50% to 6.50% Initial and Ultimate

Mortality rates were based on PubG.H 2010(B) Employee Mortality Table for both males and females with 2-dimensional, fully generational improvements using the MP-2020 Mortality Improvement Scale.

The actuarial assumptions used in the June 1, 2022 valuation are based on 50% participation assumed for Trustees and 100% for all other future retirees, with 80% electing spouse coverage for Trustees and 70% for non-Trustee employees.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

d. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT JUNE 1, 2021	$ 8,095,425
Changes for the period	
Service cost	351,473
Interest	126,140
Difference between expected and actual experience	(496,988)
Changes in assumptions	(1,345,785)
Benefit payments	(324,223)
Other changes	-
Net changes	(1,689,383)
BALANCES AT MAY 31, 2022	$ 6,406,042

	Total OPEB Liability
BALANCES AT JUNE 1, 2022	$ 6,406,042
Changes for the period	
Service cost	231,857
Interest	230,581
Difference between expected and actual experience	-
Changes in assumptions	(279,315)
Benefit payments	(348,249)
Other changes	-
Net changes	(165,126)
BALANCES AT MAY 31, 2023	$ 6,240,916

There were changes in assumptions related to the discount rate and mortality rates in 2022 and 2023.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

e. Rate Sensitivity

<u>May 31, 2023</u>

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 4.24% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.24%) or 1 percentage point higher (5.24%) than the current rate:

	1% Decrease (3.24%)	Current Discount Rate (4.24%)	1% Increase (5.24%)
Total OPEB liability	$ 6,768,566	$ 6,240,916	$ 5,756,888

<u>May 31, 2022</u>

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 3.70% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) or 1 percentage point higher (4.70%) than the current rate

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB liability	$ 6,934,447	$ 6,406,042	$ 5,919,288

<u>May 31, 2023</u>

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 4.50% to 6.50% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.50% to 5.50%) or 1 percentage point higher (5.50% to 7.50%) than the current rate:

	1% Decrease (3.50% to 5.50%)	Current Healthcare Rate (4.50% to 6.50%)	1% Increase (5.50% to 7.50%)
Total OPEB liability	$ 5,607,129	$ 6,240,916	$ 6,984,298

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

e. Rate Sensitivity (Continued)

May 31, 2022

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 4.50% to 6.50% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.50% to 5.50%) or 1 percentage point higher (5.50% to 7.50%) than the current rate:

	1% Decrease (3.50% to 5.50%)	Current Healthcare Rate (4.50% to 6.50%)	1% Increase (5.50% to 7.50%)
Total OPEB liability	$ 5,758,499	$ 6,406,042	$ 7,166,250

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

For the year ended May 31, 2023, the District recognized OPEB expense of $(250,143). At May 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,283,971
Changes in assumptions	1,084,266	1,842,785
TOTAL	$ 1,084,266	$ 3,126,756

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

f. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending May 31,	
2024	$ (364,333)
2025	(364,333)
2026	(364,333)
2027	(297,533)
2028	(125,832)
Thereafter	(526,126)
TOTAL	$ (2,042,490)

REQUIRED SUPPLEMENTARY INFORMATION

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY								
Service cost	$ 611,734	$ 623,792	$ 649,378	$ 626,720	$ 732,945	$ 720,075	$ 732,486	$ 722,062
Interest	2,945,960	3,078,963	3,194,524	3,210,473	3,419,548	3,537,670	3,671,738	3,729,139
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	224,422	(100,244)	(197,873)	1,330,113	69,517	754,564	(801,854)	676,221
Changes of assumptions	52,631	(109,180)	(1,338,332)	1,419,711	-	(408,343)	-	-
Benefit payments, including refunds of member contributions	(1,922,014)	(2,098,151)	(2,052,012)	(2,115,418)	(2,445,092)	(2,727,529)	(2,794,373)	(2,816,470)
Net change in total pension liability	1,912,733	1,395,180	255,685	4,471,599	1,776,918	1,876,437	807,997	2,310,952
Total pension liability - beginning	39,987,054	41,899,787	43,294,967	43,550,652	48,022,251	49,799,169	51,675,606	52,483,603
TOTAL PENSION LIABILITY - ENDING	$ 41,899,787	$ 43,294,967	$ 43,550,652	$ 48,022,251	$ 49,799,169	$ 51,675,606	$ 52,483,603	$ 54,794,555
PLAN FIDUCIARY NET POSITION								
Contributions - employer	$ 868,666	$ 875,384	$ 1,832,333	$ 945,437	$ 819,609	$ 961,007	$ 899,711	$ 762,048
Contributions - member	270,736	278,009	289,228	403,942	328,438	354,633	355,880	391,911
Net investment income	175,193	2,456,460	6,658,965	(2,399,474)	7,579,108	6,824,275	8,973,395	(7,755,220)
Benefit payments, including refunds of member contributions	(1,922,014)	(2,098,151)	(2,052,012)	(2,115,418)	(2,445,092)	(2,727,529)	(2,794,373)	(2,816,470)
Other (net transfer)	686,461	70,313	(879,928)	543,490	447,100	41,997	(299,710)	(900,860)
Net change in plan fiduciary net position	79,042	1,582,015	5,848,586	(2,622,023)	6,729,163	5,454,383	7,134,903	(10,318,591)
Plan fiduciary net position - beginning	35,429,855	35,508,897	37,090,912	42,939,498	40,317,475	47,046,638	52,501,021	59,635,924
PLAN FIDUCIARY NET POSITION - ENDING	$ 35,508,897	$ 37,090,912	$ 42,939,498	$ 40,317,475	$ 47,046,638	$ 52,501,021	$ 59,635,924	$ 49,317,333
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ 6,390,890	$ 6,204,055	$ 611,154	$ 7,704,776	$ 2,752,531	$ (825,415)	$ (7,152,321)	$ 5,477,222

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
Plan fiduciary net position as a percentage of the total pension liability	84.75%	85.67%	98.60%	83.96%	94.47%	101.60%	113.63%	90.00%
Covered payroll	$ 6,016,362	$ 6,177,988	$ 6,427,285	$ 7,485,647	$ 7,298,653	$ 7,880,736	$ 7,895,548	$ 8,709,124
Employer's net pension liability (asset) as a percentage of covered payroll	106.23%	100.42%	9.51%	102.93%	37.71%	(10.47%)	(90.59%)	62.89%

In 2015, 2016, and 2018, there was a change in assumptions with respect to the discount rate.

In 2020 and 2017, changes in assumptions related to price inflation, salary increases, retirement age, and mortality rates were made.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Fiscal Years

FISCAL YEAR ENDING MAY 31,	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actuarially determined contribution	$ 905,387	$ 944,380	$ 817,162	$ 994,904	$ 841,222	$ 897,916	$ 868,850	$ 641,426
Contributions in relation to the actuarially determined contribution	905,387	944,380	817,162	994,904	841,222	897,916	868,850	641,426
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,016,362	$ 6,913,945	$ 6,022,876	$ 7,757,301	$ 7,455,309	$ 7,802,947	$ 8,133,975	$ 8,632,269
Contributions as a percentage of covered payroll	15.05%	13.66%	13.57%	12.83%	11.28%	11.51%	10.68%	7.43%

Notes to Required Supplementary Information

The District made an additional contribution of $1,000,000 during the fiscal year ending May 31, 2017.

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 21 years (ten-year rolling period for nontaxing bodies); the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually, wage growth of 2.75%, and price inflation of 2.25%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

MEASUREMENT DATE MAY 31,	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
TOTAL OPEB LIABILITY						
Service cost	$ 295,928	$ 308,294	$ 261,080	$ 275,601	$ 351,473	$ 231,857
Interest	215,239	228,052	211,169	190,747	126,140	230,581
Changes of benefit terms	253,406	-	-	-	-	-
Differences between expected and actual experience	(1,863,567)	-	(305,314)	-	(496,988)	-
Changes of assumptions	(477,738)	117,851	493,723	560,339	(1,345,785)	(279,315)
Benefit payments, including refunds of member contributions	(247,491)	(257,788)	(358,770)	(368,036)	(324,223)	(348,249)
Other changes	-	571	31,923	1	-	-
Net change in total OPEB liability	(1,824,223)	396,980	333,811	658,652	(1,689,383)	(165,126)
Total OPEB liability - beginning	8,530,205	6,705,982	7,102,962	7,436,773	8,095,425	6,406,042
TOTAL OPEB LIABILITY - ENDING	$ 6,705,982	$ 7,102,962	$ 7,436,773	$ 8,095,425	$ 6,406,042	$ 6,240,916
Covered-employee payroll	$ 6,365,770	$ 6,365,770	$ 6,615,660	$ 6,615,660	$ 7,310,821	$ 7,603,456
Employer's total OPEB liability as a percentage of covered-employee payroll	105.34%	111.58%	112.41%	122.37%	87.62%	82.08%

For 2018, the following changes in assumptions were made: starting per capita costs, health care trend rates, and decrements were changed to those in the most recent IMRF pension plan valuation report. In addition, the election assumption for Trustees was changed to 10% and eligibility requirements for Trustees and dental benefits for non-Trustee retirees were changed to the current policy.

For the 2019, the following changes in assumptions were made: the discount rate was changed from 3.27% to 3.05%.

For the 2020, the following changes in assumptions were made: the discount rate was changed from 3.05% to 2.63% and updated mortality rates.

For the 2021, the following changes in assumptions were made: the discount rate was changed from 2.63% to 1.59% and updated mortality rates.

For the 2022, the following changes in assumptions were made: the discount rate was changed from 1.59% to 3.70% and updated mortality rates.

For the 2023, the following changes in assumptions were made: the discount rate was changed from 3.70% to 4.24% and updated mortality rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

SUPPLEMENTAL SCHEDULES

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULES OF CHANGES IN NET POSITION

For the Years Ended May 31, 2023 and 2022

	Net Position			
	Net Investment in Capital Assets	Restricted Under IEPA Loan Requirements	Unrestricted	Total
BALANCES, MAY 31, 2021	$ 178,925,253	$ 9,070,254	$ 33,261,558	$ 221,257,065
Change in net position for the year ended May 31, 2021	-	-	19,443,004	19,443,004
Interaccount transfers				
Payment of bond principal, interest, and escrow amounts	-	(9,558,558)	9,558,558	-
Transfer of amounts in accordance with IEPA loan requirements	-	9,349,128	(9,349,128)	-
Transfer required to net investment in capital assets	6,295,395	-	(6,295,395)	-
BALANCES, MAY 31, 2022	185,220,648	8,860,824	46,618,597	240,700,069
Change in net position for the year ended May 31, 2022	-	-	19,038,089	19,038,089
Interaccount transfers				
Payment of bond principal, interest, and escrow amounts	-	(9,330,898)	9,330,898	-
Transfer of amounts in accordance with IEPA loan requirements	-	9,242,879	(9,242,879)	-
Transfer required to net investment in capital assets	16,645,568	-	(16,645,568)	-
BALANCES, MAY 31, 2023	$ 201,866,216	$ 8,772,805	$ 49,099,137	$ 259,738,158

(See independent auditor's report.)

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULES OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL

For the Years Ended May 31, 2023 and 2022

	2023			2022		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
OPERATING REVENUES						
Wastewater treatment (user) charges	$ 48,874,000	$ 48,900,356	$ 26,356	$ 42,760,000	$ 45,726,201	$ 2,966,201
Connection fees	2,730,000	3,340,828	610,828	2,173,000	3,145,242	972,242
Sewer T.V. inspection charges	23,963	19,549	(4,414)	58,750	104,271	45,521
Montgomery pump station operation	6,600	6,600	-	3,850	3,300	(550)
Pretreatment recovery revenues	25,000	367,751	342,751	18,750	38,134	19,384
Lien adjustments	5,000	(1,215)	(6,215)	1,200	6,090	4,890
Total operating revenues	51,664,563	52,633,869	969,306	45,015,550	49,023,238	4,007,688
OPERATING EXPENSES EXCLUDING DEPRECIATION						
Operations						
Union and non-union salaries and wages	6,802,294	6,881,650	79,356	6,386,398	6,450,394	63,996
Pension (FICA and IMRF)	1,077,902	1,058,464	(19,438)	1,145,656	1,294,594	148,938
Training and development	159,695	137,741	(21,954)	170,454	84,137	(86,317)
Unemployment compensation	13,500	14,927	1,427	13,500	13,882	382
Electricity	1,415,000	786,060	(628,940)	1,400,000	1,399,049	(951)
Natural gas	267,500	226,743	(40,757)	112,000	347,410	235,410
Cost of solids removal	500,000	403,141	(96,859)	500,000	316,184	(183,816)
Chemical cost	1,350,000	1,444,204	94,204	970,000	1,069,331	99,331
Supplies and maintenance of sewer and lift stations	836,250	429,405	(406,845)	920,900	340,140	(580,760)
T.V. sewer inspection	203,963	115,084	(88,879)	227,000	124,820	(102,180)
Plant maintenance	1,132,750	1,311,510	178,760	1,143,850	1,060,467	(83,383)
Plant supplies	209,720	220,807	11,087	200,005	200,842	837
Instrumentation	599,100	569,157	(29,943)	557,515	364,749	(192,766)
Motor vehicle maintenance	157,600	190,655	33,055	96,100	124,704	28,604
Plant computer	111,600	127,045	15,445	98,500	104,400	5,900
Engineering fees	2,850,000	351,000	(2,499,000)	2,850,000	427,271	(2,422,729)
Miscellaneous capital expenses	24,151,562	23,995,484	(156,078)	16,848,500	10,654,652	(6,193,848)
Engineering supplies and equipment	284,400	249,357	(35,043)	270,250	219,460	(50,790)
Lab supplies and equipment	230,500	192,050	(38,450)	222,230	180,720	(41,510)
Lab - outside analysis	150,250	129,995	(20,255)	139,070	115,665	(23,405)
Total operations	42,503,586	38,834,479	(3,669,107)	34,271,928	24,892,871	(9,379,057)

(This schedule is continued on the following pages.)

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULES OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (Continued)

For the Years Ended May 31, 2023 and 2022

	2023			2022		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
OPERATING EXPENSES EXCLUDING DEPRECIATION (Continued)						
Administration						
Union and non-union salaries and wages	$ 2,065,334	$ 1,930,447	$ (134,887)	$ 1,605,277	$ 1,691,549	$ 86,272
Pension (FICA and IMRF)	337,645	267,978	(69,667)	286,464	295,031	8,567
Insurance expense	480,000	449,110	(30,890)	364,295	356,143	(8,152)
Insurance claims and premiums	2,480,000	2,171,361	(308,639)	2,520,000	2,369,802	(150,198)
Attorney fees	96,000	70,407	(25,593)	84,000	150,328	66,328
Accounting and auditing	40,000	41,194	1,194	42,500	48,700	6,200
Administrative computer	394,900	368,412	(26,488)	354,100	373,998	19,898
Recorder fees	3,400	2,637	(763)	2,500	5,024	2,524
Postage	165,000	148,481	(16,519)	165,000	161,566	(3,434)
Telephone	160,000	170,759	10,759	183,000	174,928	(8,072)
Small claims court	13,000	1,314	(11,686)	8,000	16,061	8,061
Collection agency fees	95,000	52,694	(42,306)	90,000	34,652	(55,348)
Meter reading costs	88,700	96,819	8,119	96,700	80,912	(15,788)
Billing supplies	50,000	57,695	7,695	50,000	52,498	2,498
Office supplies and equipment	50,560	42,981	(7,579)	47,900	44,662	(3,238)
Publishing and printing	37,400	13,345	(24,055)	52,200	11,705	(40,495)
Payroll service	30,000	40,560	10,560	18,000	31,097	13,097
Office machine repair	403,200	427,716	24,516	360,000	401,059	41,059
District associations	13,400	13,052	(348)	33,900	24,921	(8,979)
Real estate taxes	25,000	21,632	(3,368)	25,000	26,874	1,874
Miscellaneous (including National Emergency Expenses)	350,045	352,157	2,112	395,000	330,766	(64,234)
Employee assistance program	89,000	53,999	(35,001)	84,000	129,813	45,813
Bad debt expense	15,000	-	(15,000)	15,000	(54,196)	(69,196)
Total administration	7,482,584	6,794,750	(687,834)	6,882,836	6,757,893	(124,943)
Total operating expenses	49,986,170	45,629,229	(4,356,941)	41,154,764	31,650,764	(9,504,000)
OPERATING INCOME	1,678,393	7,004,640	5,326,247	3,860,786	17,372,474	13,511,688

(This schedule is continued on the following page.)

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

SCHEDULES OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (Continued)

For the Years Ended May 31, 2023 and 2022

	2023			2022		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
NON-OPERATING REVENUES (EXPENSES)						
Investment income	$ 123,900	$ 225,459	$ 101,559	$ 183,600	$ 49,660	$ (133,940)
Bond requirement	(7,357,302)	(7,131,132)	226,170	(6,515,836)	(7,287,027)	(771,191)
Replacement taxes	610,000	1,233,303	623,303	355,000	1,091,132	736,132
Annexation and related fees	1,573,690	1,387,420	(186,270)	2,395,000	1,354,332	(1,040,668)
Other revenue	342,710	177,053	(165,657)	141,600	204,395	62,795
Intergovernmental grant revenue	-	-	-	-	86,530	86,530
Interest expense and fiscal charges	(2,311,857)	(2,268,313)	43,544	(2,379,145)	(2,415,605)	(36,460)
Total non-operating revenues (expenses)	(7,018,859)	(6,376,210)	642,649	(5,819,781)	(6,916,583)	(1,096,802)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(5,340,466)	628,430	5,968,896	(1,958,995)	10,455,891	12,414,886
CONTRIBUTIONS	-	-	-	-	300,000	300,000
CHANGE IN NET POSITION (BUDGETARY BASIS)	$ (5,340,466)	628,430	$ 5,968,896	$ (1,958,995)	10,755,891	$ 12,714,886
ADJUSTMENTS TO GAAP BASIS						
Additions to capital assets		22,828,177			9,141,894	
Gain (loss) on sale of capital assets		87,000			(160,565)	
Bond requirement		7,131,132			7,287,027	
Depreciation		(10,562,771)			(10,202,323)	
Pension expense		(1,324,022)			2,438,480	
OPEB expense		250,143			182,600	
Total adjustments to GAAP basis		18,409,659			8,687,113	
CHANGE IN NET POSITION (GAAP BASIS)		$ 19,038,089			$ 19,443,004	

(See independent auditor's report.)

OTHER SUPPLEMENTAL INFORMATION

FOX METRO WATER RECLAMATION DISTRICT
OSWEGO, ILLINOIS

INSURANCE COVERAGE AND OTHER INFORMATION

May 31, 2023

Company	Policy Number	Expiration Date	Coverage	Liability Limits
Chubb Group of Insurance Companies	3594-80-73	Dec-23	Property	$395,970,139 replacement value
Trident Public Risk Solutions-Argonaut	PE-4643239	Dec-23	General liability	$1,000,000 each occurrence, $3,000,000 annual aggregate, $3,000,000 completed operations
Trident Public Risk Solutions-Argonaut	BA-4643239	Dec-23	Auto liability	$1,000,000 each accident, $100,000 uninsured motorist, medical payments $5,000
Trident Public Risk Solutions-Argonaut	PO-4643239	Dec-23	Public officials liability	$1,000,000 each wrongful act, $3,000,000 annual aggregate
Trident Public Risk Solutions-Argonaut	PE-4643239	Dec-23	Crime	$500,000 blanket employee dishonesty-$500,000 Forgery Alteration-$500,000 Computer Fraud and Funds Transfer
Trident Public Risk Solutions-Argonaut	UMB-4643239	Dec-23	Umbrella liability	$9,000,000 sits over general, auto, and public officials liability
Lloyd's of London	ESK0639429211	Dec-23	Cyber Liability	$1,000,000 per claim
Midwest Employers Casualty	EWC009984	Dec-23	Workers' compensation, specific excess $600,000 retention	$1,000,000 Employers Liability-Workers Compensation Statutory

*Policies in effect for the fiscal year ended May 31, 2023 are shown above. All policies with an expiration date of December 2022 were renewed subsequent to year end and have an expiration date of December 2023

(See independent auditor's report.)