

**City of Chicago
Department of Water Management
Water Fund**

**Annual Comprehensive Financial Report
For the Year Ended December 31, 2024**



Brandon Johnson, Mayor
Jill Jaworski, Chief Financial Officer
Michael Belsky, City Comptroller
Alfonzo Conner, Jr. Commissioner

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2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CHICAGO WATER FUND

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PART I

INTRODUCTORY SECTION

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CITY OF CHICAGO



DEPARTMENT OF WATER MANAGEMENT

June 30, 2025

To the Honorable Mayor Brandon Johnson

Members of the City Council and Residents of the City of Chicago:

I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the City of Chicago Department of Water Management (DWM) Water Fund for the year ended December 31, 2024. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with DWM management. The purpose of the ACFR is to provide complete and accurate information in compliance with the requirements of the Municipal Code of the City of Chicago.

The ACFR is presented in three sections: Introductory, Financial, and Statistical. The financial section includes Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

REPORTING ENTITY

The DWM Water Fund is a separate enterprise fund of the City of Chicago (City) which funds operations and maintenance of the City's water system. On January 1, 2003, the Water Department merged with the Sewer Department to form the Department of Water Management. The water system purifies and distributes water to the City's residential and commercial businesses, and suburban customers. The water system provides water intake, filtration and treatment at 2 filtration plants. Water is then distributed through 12 pumping stations over 4,245 miles of mains which covers a service area of roughly 806 square miles and is inhabited by approximately 5.3 million people.

ECONOMIC CONDITION AND OUTLOOK

The Water Fund's primary source of revenue is a water service charge which is set by City ordinance. The water service charge covers the costs of operations, maintenance and debt service.

As of January 1, 2024, the metered water rate is \$35.10 per 1,000 cubic feet or \$4.70 per 1,000 gallons. The metered rate is also applicable to the system's suburban customers. It is not expected that there will be a significant change in the population, either industrial or suburban that would lead to a significant change in revenues. Effective June 1, 2025, the rate increased to \$36.51 per 1,000 cubic feet or \$4.89 per 1,000 gallons.

MAJOR INITIATIVES

Five-Year Capital Improvement Program - DWM's, Water Division's Five-Year Capital Improvement Program (CIP) for the years 2025 – 2029 is forecasted to be approximately \$3.7 billion. The CIP addresses the renewal and replacement of the water system's infrastructure and continues to focus on three major areas: purification plants, pumping stations, and water distribution system.

The primary capital expenditures are for the annual water main replacement program that now include lead service line replacements and meters. The department is planning to continue water main installation. The department hopes to perform 12 miles of water main replacement year and 6 miles of sewer main replacement each year. Both of these programs require lead service line and meter replacements

There are over 400,000 lead service lines, suspected lead service lines, or galvanized service line requiring replacement within the City of Chicago and affect programs within the CIP. In addition to the water main replacement program, DWM has multiple other programs to replace lead service lines. These programs include the Leaks & Breaks, Block Level, Equity, Daycare, and Owner-Initiated Programs.

The CIP includes work for the rehabilitation and upgrade of the two purification plants. At the Sawyer Water Purification Plant, the work will include replacement of the phosphate feed system and outdated boiler systems; filter underdrain replacement; and filter building roof replacement. At the Jardine Water Purification Plant work includes the replacement of the phosphate feed system; installation of sediment force main; HVAC improvements; and the upgrade of existing filter consoles.

The Five-Year CIP also includes design and construction work on three of the department's steam powered pumping stations to convert them to electric power. During this period, construction will continue on the Central Park Pumping Station project while the Western Avenue Pumping Station and Mayfair Pumping Station projects will begin the design phase. Additionally, the Five-Year CIP includes work for upgrades of pumps and motors at various existing electric powered stations.

DWM may revise the list of specific improvements and revise cost allocations among improvements, as well as make substitutions to meet current needs and to provide for the most efficient operation of the water system. The Five-Year CIP is reevaluated on an ongoing basis and updated annually in coordination with the Office of Budget and Management to ensure that areas of the City with the greatest need are given priority.

Leak-Relief Pilot Program – Passed in May 2024, the Leak-Relief Program (LPR) seeks to provide debt relief to eligible customers who experience water leaks that cause unexpected increases in their bills. The LPR is a 2-year pilot program that runs from January 1, 2025, through December 31, 2026. This program is available for eligible properties with eligible leaks retroactive back to January 2023, and is available one time per utility billing account. The charges from the time of the eligible leak will be reduced to an average of what is typically used at the property. The Department of Finance will apply a credit to the customer's account to reduce the amount of the impacted bills. LPR is the City of Chicago's latest water-related debt relief program. Previous ACFR's have highlighted the Utility Billing Relief (UBR) program.

PROPRIETARY OPERATIONS

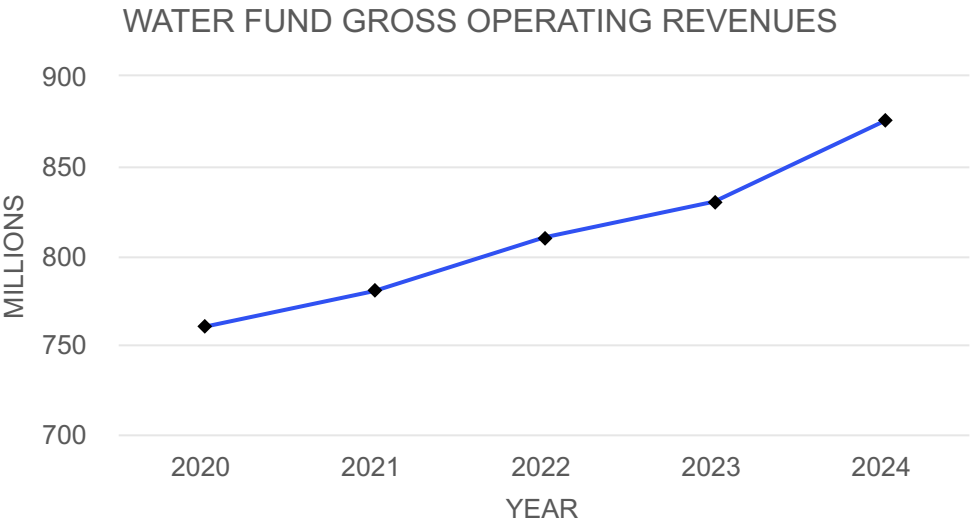
The DWM Water Fund is responsible for implementing and maintaining an internal control structure to ensure the integrity of the Water Fund's operations and to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, rather than absolute assurance that the assets, resources and operations of the DWM Water Fund are handled in a manner that protects against waste, theft or neglect that may hinder or impair the financial operations of the Water Fund and are free from any material misstatements. This objective is being met by adequate supervision of employees, segregation of duties and multiple approval and budgetary controls over all expenditures.

The Water Fund’s budget is developed and implemented along with the City’s annual budget based upon an analysis of its historical operations and maintenance costs. The DWM Commissioner recommends the final proposed budget to the City’s Budget Director. After approval by the Budget Director, the proposed budget is recommended to the Mayor for submission to the City Council for its approval following public hearings.

The budget process is designed to ensure that the DWM Water Fund will have adequate funding to meet its operational objectives. By law the Water Fund cannot exceed the level of funding as established by the City Council’s approved budget. The City’s Budget Director uses an allotment system to manage each department’s expenditures against its respective annual appropriation. Through the allotment system, the City’s Budget Director has the authority to institute economic measures for the DWM Water Fund, to ensure that its expenditures do not exceed its revenue collections. The Water Fund uses encumbrances to control expenditures by preventing appropriated dollars from being used for any purpose other than that which they have been legally appropriated.

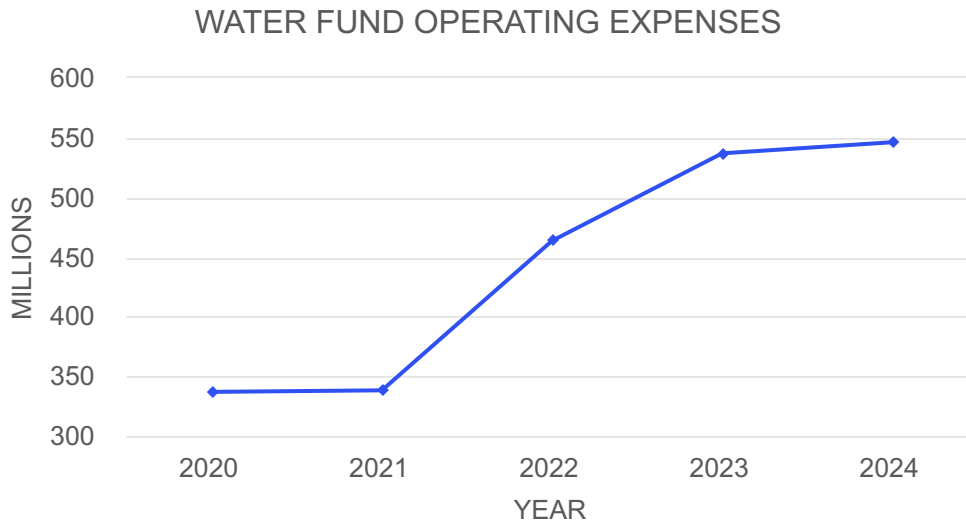
OPERATING REVENUES

Gross operating revenue for 2024 increased by \$38.2 million (4.6%) compared to 2023 gross operating revenues. This increase is primarily due to increases in water fees from a water rate increase of 3.37% effective June 1, 2024. Offsetting this, the conversion of non-metered to metered accounts resulted in reduced customer billing, alongside a \$4.0 million decline in other operating revenues. Below is a graph representing gross operating revenues for the years 2020 through 2024.



OPERATING EXPENSES

Operating expenses before depreciation and amortization for 2024 increased by \$9.3 million (2%), mainly due to an increase in salaries, offset by decrease in pension expenses due to the changes in actuarial assumptions. During this ongoing period of inflation, the Water Fund expenses have increased. Below is a graph representing operating expenses for the years 2020 through 2024.



DEBT ADMINISTRATION

The DWM Water Fund issues bonds to finance its capital improvements program. The City has covenanted to establish, maintain and collect at all times the fees, charges and rates sufficient to pay operations and maintenance costs and to produce net revenues available for bonds each fiscal year at least equal to the sum of (A) the aggregate second lien bonds requirement for the fiscal year on all second lien bonds outstanding, plus (B) 110 percent of the subordinate lien debt service requirement for the fiscal year on all subordinate lien obligations outstanding, plus (C) the annual debt service requirement for the fiscal year on all commercial paper notes outstanding, plus (D) the annual debt service requirement for the fiscal year on all water system line of credit notes outstanding. The City conducts an annual review of the water service charge to ensure revenue is being generated to comply with the covenant. The ordinances authorizing the issuances of revenue bonds provide for the creation of separate accounts into which net revenues, as defined, or bond proceeds are to be credited, as appropriate.

Any net revenues remaining after providing sufficient funds for all required deposits into bond accounts may be transferred to the Residual Fund to be used for any lawful purpose of the Water Fund. The DWM Water Fund has provided certain annual financial information disclosure for its revenue bonds in the Statistical Section of this report.

LONG TERM FINANCIAL PLANNING

The DWM Water Fund's capital activities are funded through Water Fund revenue bonds and Water fund revenue. The DWM Water Fund has realized savings through advance refunding as interest rates have changed.

INDEPENDENT AUDIT

City ordinances require the DWM Water Fund financial statements to be audited by independent certified accountants. The audit was conducted by Deloitte & Touche, LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms. An unmodified audit opinion, rendered by Deloitte & Touche, LLP, is included in the financial section of this report.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Water Fund, an Enterprise Fund of the City of Chicago, for its ACFR, for the fiscal year ended December 31, 2023. This was the twenty-fifth year that the government unit has achieved this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

This report could not have been prepared without the dedication and effective assistance of the entire staff of Department of Water Management and Department of Finance. I wish to express my appreciation to them, and particularly those who contributed directly to the preparation of the report.

Respectfully submitted,



Commissioner



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Water Fund, an Enterprise Fund
of the City of Chicago, Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

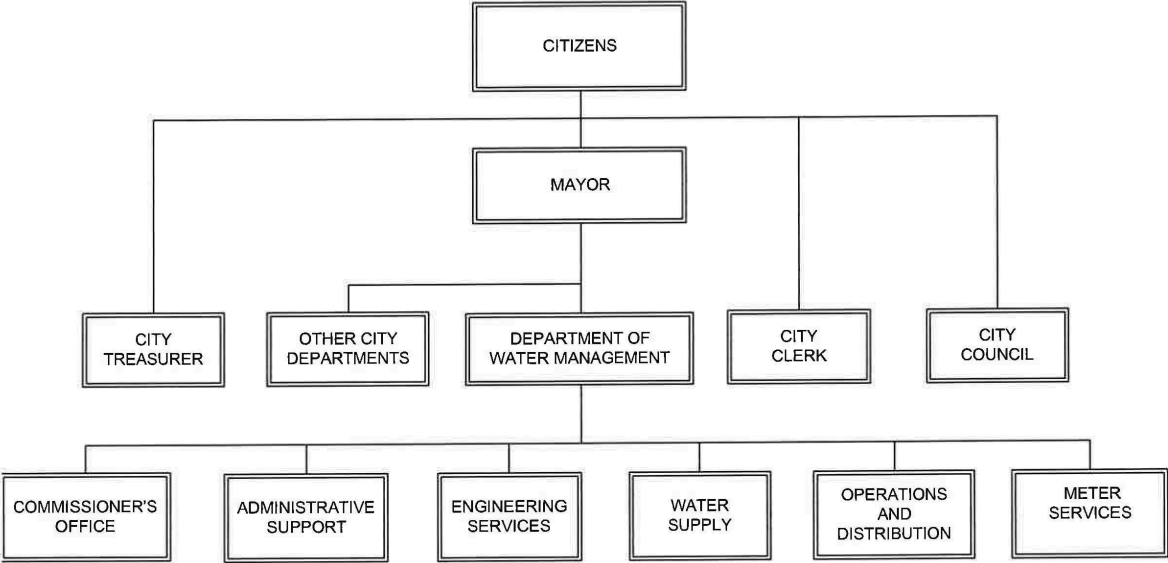
December 31, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF CHICAGO
DEPARTMENT OF WATER MANAGEMENT

12/31/2024



List of Principal Officials

Brandon Johnson	Mayor
Alfonzo Conner, Jr	Commissioner

PART II

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Brandon Johnson, Mayor
and Members of the City Council
City of Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Water Fund ("Water Fund"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Water Fund's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Water Fund of the City of Chicago, as of December 31, 2024, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those 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 Water Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the basic financial statements present only the Water Fund, an enterprise fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of December 31, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Water Fund'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Contributions 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.

Additional Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Water Fund's basic financial statements. The additional supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 additional supplementary information is 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 comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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.

Deloitte & Touche LLP

June 30, 2025

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

The following discussion and analysis of the City of Chicago, Illinois (the "City"), Water Fund's ("Water Fund") financial performance provides an introduction and overview of the Water Fund's financial activities for the year ended December 31, 2024. Please read this discussion in conjunction with the Water Fund's basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- Gross operating revenues for 2024 increased by \$38.2 million compared to 2023 gross operating revenues. This increase is primarily due to increase in water fees of \$42.2 million resulting from a water rate increases of 5% and 3.37% effective June 1, 2023 and 2024, respectively. The conversion of non-metered to metered accounts reduced billing for customers; and a decrease in other operating revenues of \$4.0 million.
- Operating expenses before depreciation and amortization for 2024 increased by \$6.3 million compared to 2023 mainly due to increases in salaries, offset by a decrease pension expenses resulting from changes in actuarial assumptions.
- The Water Fund's net position at December 31, 2024, was \$2,365.8 million. This is an increase of \$152.7 million over net position at December 31, 2023.
- Utility plant additions in 2024 were \$250.7 million due to the continuing capital improvement program upgrades.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Water Fund's basic financial statements. The Water Fund's basic financial statements comprise the financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional information after the notes to basic financial statements.

The statement of net position presents all of the Water Fund's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. The difference between assets, deferred outflows, liabilities, and deferred inflows is reported as net position. The increase or decrease in net position may serve as an indicator, over time, as to whether the Water Fund's financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents all current-year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net position.

The statement of cash flows reports how cash and cash equivalents are provided and used by the Water Fund's operating, capital financing, and investing activities. This statement presents the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year, and the cash and cash equivalents balance at year-end.

The notes to basic financial statements are an integral part of the basic financial statements; accordingly, such disclosures are essential for a full understanding of the information provided in the basic financial statements.

The required supplementary information section presents the schedule of changes in the net pension liability and related ratios and the schedule of contributions.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

In addition to the basic financial statements, this report includes the additional supplementary and statistical data. The additional supplementary information section presents the schedule of utility plan and the statistical data section presents unaudited debt service coverage calculation and includes certain information related to the Water Fund's historical financial and nonfinancial operating results and capital activities.

FINANCIAL ANALYSIS

At December 31, 2024, the Water Fund's financial position continued to be strong with total assets and deferred outflows of \$6,642.6 million, total liabilities and deferred inflows of \$4,276.8 million, and net position of \$2,365.8 million. A comparative condensed summary of the Water Fund's net position at December 31, 2024 and 2023, is as follows (dollars in thousands):

	Net Position	
	2024	2023
Current assets	\$ 982,820	\$ 1,062,882
Restricted and other assets—noncurrent	83,557	148,718
Capital Assets — net	5,463,789	5,349,635
Total assets	6,530,166	6,561,235
Deferred outflows	112,413	157,214
Total assets and deferred outflows	<u>\$ 6,642,579</u>	<u>\$ 6,718,449</u>
Current liabilities	\$ 544,181	\$ 643,897
Noncurrent liabilities	3,576,994	3,811,626
Total liabilities	4,121,175	4,455,523
Deferred inflows	155,630	49,836
Total liabilities and deferred inflows	<u>\$ 4,276,805</u>	<u>\$ 4,505,359</u>
Net position:		
Net investment in capital assets	\$ 3,106,452	\$ 2,983,715
Restricted for capital projects	1,220	2,592
Unrestricted	(741,898)	(773,217)
Total net position	<u>\$ 2,365,774</u>	<u>\$ 2,213,090</u>

Current assets of \$982.8 million at December 31, 2024, decreased by \$80.1 million (7.5%) over 2023 due to decreases in investments of \$208.6 million (39.8%), and was offset by increases in cash of \$88.9 million (492.1%), resulting from the 2023 revenue bond withdrawal in 2024 of about \$56.4 million and increases in Due From Other Funds of \$7.8 million (9.8%).

The decrease in current liabilities of \$99.7 million (15.5%) during 2024 is due to the decrease in due to other City funds of \$120.7 million (70.8%) related to timing differences in cash used for payments, offset by increases in accounts payable of \$19.9 million (44.7%).

Deferred outflows decreased by \$44.8 million (28.5%) and deferred inflows increased by \$105.8 million (212.3%) during 2024 due to the change in proportionate share of the Water fund.

As of December 31, 2024, net position was \$2,365.8 million, an increase of \$152.7 million (6.9%) over 2023.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

The primary sources of the Water Fund's operating revenues are water usage charges. These revenues fund all Water Fund operating expenses, fund deposits, capital construction, and debt service requirements. A comparative condensed summary of the Water Fund's revenues, expenses, and changes in net position for the years ended December 31, 2024 and 2023 is as follows (dollars in thousands):

	Revenues, Expenses, and Changes in Net Position	
	2024	2023
Operating revenues:		
Water sales—net	\$ 810,048	\$ 770,705
Other operating revenues	28,942	32,905
Total operating revenues	838,990	803,610
Operating expenses:		
Operating expenses	515,231	508,901
Depreciation and amortization	119,162	110,871
Total operating expenses	634,393	619,772
Net operating income	204,597	183,838
Nonoperating revenues (loss)	50,529	54,622
Nonoperating expenses	(100,022)	(104,896)
Net nonoperating revenue (loss)	(49,493)	(50,274)
Transfers out	(2,420)	(2,420)
Change in net position	152,684	131,144
Net position—beginning of year	2,213,090	2,081,946
Net position—end of year	<u>\$ 2,365,774</u>	<u>\$ 2,213,090</u>

Water sales—net and other operating revenues comprise the Water Fund's \$839.0 million operating revenues. The increase in 2024 total operating revenues of 35.4 million (4.4%) from 2023 was primarily due to an increase in water sales—net of \$39.3 million (5.1%) resulting from a 3.37% increase in water rate effective June 1, 2024, and an increase in provision for doubtful accounts of about \$2.9 million (10.2%).

In 2024, operating income before depreciation and amortization increased by \$29.1 million (9.9%) compared to 2023. Non-operating loss of 49.5 million was comprised of net interest income, online convenience fees for water fees payments and net revenue that relates to constructions done by Department of Water Management for other City departments and private companies. The decrease in non-operating income of \$4.1 million (7.5%) is mainly due to less investment gains because to the impacts of the global market volatility compared to 2023.

CITY OF CHICAGO, ILLINOIS
WATER FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

A comparative summary of the Water Fund's operating expenses, as classified in the basic financial statements, for the years ended December 31, 2024 and 2023, is as follows (dollars in thousands):

	Operating Expenses	
	2024	2023
Source of supply	\$ 131	\$ 212
Power and pumping	62,065	53,047
Purification	83,212	87,339
Transmission and distribution	98,128	86,513
Customer accounting and collection	19,353	26,539
Administrative and general	16,970	14,227
Central services and general fund reimbursements	155,479	146,238
Pension expense	79,893	94,786
Operating expenses before depreciation and amortization	515,231	508,901
Depreciation and amortization	119,162	110,871
Total operating expenses	<u>\$ 634,393</u>	<u>\$ 619,772</u>

Operating expenses before depreciation and amortization for the year ended 2024 increased by \$6.3 million (1.2%) from the year ended 2023 primarily due to increase in Power & pumping of \$9.0 million (17.0%) and Transmission and Distribution of \$11.6 million (13.4%), offset by a decrease pension expense of \$14.9 million (15.7%) due to changes in pension assumptions.

A comparative summary of the Water Fund's cash flows for the years ended December 31, 2024 and 2023, is as follows (dollars in thousands):

	Cash Flows	
	2024	2023
Cash from activities:		
Operating	\$ 154,208	\$ 222,202
Capital and related financing	(370,759)	(92,475)
Investing	282,475	(184,635)
Net change in cash and cash equivalents	65,924	(54,908)
Cash and cash equivalents:		
Beginning of year	41,877	96,785
End of year	<u>\$ 107,801</u>	<u>\$ 41,877</u>

As of December 31, 2024, the Water Fund's cash and cash equivalents of \$107.8 million increased by \$65.9 million from December 31, 2023, mainly due to the timing difference in payments with other City departments; cash inflows of \$154.2 million from operating activities and \$282.5 million from investing activities; offset by capital and related financing of \$370.9 million mainly used in acquisition and construction of capital assets. Cash of \$418.5 million was provided by issuance of Illinois Environmental Protection Agency (IEPA) loans and Water Revenue Bonds during 2024. Total cash and cash equivalents at December 31, 2024, are composed of unrestricted and restricted cash and cash equivalents of \$107.0 million and \$0.8 million, respectively.

CITY OF CHICAGO, ILLINOIS
WATER FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

UTILITY PLANT AND DEBT ADMINISTRATION

At the end of 2024 and 2023, the Water Fund had \$5,463.8 million and \$5,349.6 million, respectively, invested in capital assets, net of accumulated depreciation and amortization. During 2024, the Water Fund expended \$250.7 million on capital activities. This included \$3.4 million for structures and improvements, \$117.4 million for distribution plant, \$6.8 million for equipment, and \$123.0 million for construction in progress.

During 2024, net completed projects totaling \$53.6 million were transferred from construction in progress to applicable capital accounts. The major completed projects were installation and replacements of water mains of \$50.5 million.

The Water Fund's utility plant at December 31, 2024 and 2023 is summarized as follows (dollars in thousands):

	Net Utility Plant at Year-End	
	2024	2023
Utility plant not depreciated:		
Land and land rights	\$ 16,483	\$ 16,483
Construction in progress	320,623	252,574
Total utility plant not depreciated	337,106	269,057
Utility plant being depreciated:		
Structures and improvements	615,576	611,623
Distribution plant	5,216,350	5,067,818
Equipment	951,958	948,686
Total utility plant being depreciated	6,783,884	6,628,127
Less accumulated depreciation:		
Structures and improvements	(289,442)	(281,082)
Distribution plant	(877,834)	(822,679)
Equipment	(540,686)	(517,886)
Total accumulated depreciation	(1,707,962)	(1,621,647)
Total utility plant being depreciated—net	5,075,922	5,006,480
Total utility plant—net	<u>\$ 5,413,028</u>	<u>\$ 5,275,537</u>

The Water Fund's capital activities are funded through Water Fund revenue bonds, Illinois Environmental Protection Agency (IEPA) loans and Water Fund revenue. Additional information on the Water Fund's capital assets is presented in Note 5 of the notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

The Water Fund's long-term liabilities at December 31, 2024, and 2023, are summarized as follows (dollars in thousands):

	Long-Term Liabilities at Year-End	
	2024	2023
Revenue bonds and notes payable	\$ 2,312,274	\$ 2,394,488
Add:		
Bond discount/ premium	139,074	138,226
Total revenue bonds/notes payable—net	2,451,348	2,532,714
Less current bonds/notes payable	(122,968)	(128,329)
Total long-term revenue bonds and notes payable—net	\$ 2,328,380	\$ 2,404,385
Water pipe extension certificates	1,577	1,577
Total long-term liabilities	<u>\$ 2,329,957</u>	<u>\$ 2,405,962</u>

Additional information on the Water Fund's long-term debt is presented in Note 4 of the notes to basic financial statements.

The Water Fund's revenue bonds at December 31, 2024, have underlying credit ratings with each of the four major rating agencies as follows:

	Moody's	Standard & Poor's	Fitch Ratings	Kroll
Second Lien Water Revenue Bonds	Baa1	A+	A+	AA

At December 31, 2024, the Water Fund was in compliance with the debt covenants as stated within the bond ordinances. Additional information on certain of the Water Fund's debt covenants is presented in Note 4 of the notes to the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Water Fund's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of Chicago Department of Finance.

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BASIC FINANCIAL STATEMENTS

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CITY OF CHICAGO, ILLINOIS
WATER FUND

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024
(Dollars in thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	106,955
Investments (Note 2)	315,153
Accounts receivable—net of allowance for doubtful accounts of approximately \$288,319 in 2024	240,132
Interest receivable	3,624
Due from other city funds	87,548
Inventories	43,355
Cash and cash equivalents—restricted (Note 2)	846
Investments—restricted (Note 2)	183,987
Interest Receivable—restricted	1,220
Total current assets	982,820

NONCURRENT ASSETS:

Investments—restricted assets (Note 2)	80,103
Other assets	3,454

Capital assets:

Right of use lease assets (Note 5)	50,761
Utility plant (Note 5):	
Land and land rights	16,483
Structures and improvements	615,576
Distribution plant	5,216,350
Equipment	951,958
Construction in progress	320,623
Total utility plant	7,120,990
Less accumulated depreciation	(1,707,962)
Utility plant—net	5,413,028
Capital assets - net	5,463,789
Total noncurrent assets	5,547,346

DEFERRED OUTFLOWS (Note 9)	112,413
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TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 6,642,579
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(Continued)

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024
(Dollars in thousands)**

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	64,301
Due to other City funds	49,746
Accrued liabilities	217,714
Compensated absences liability - current	1,511
Lease liability - current	24,856

Liabilities payable from restricted assets:

Accounts payable	43,523
Interest payable	19,562
Current portion of long-term debt (Note 4)	122,968

Total current liabilities	<u>544,181</u>
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NONCURRENT LIABILITIES:

Long-term debt—net of current maturities (Note 4)	2,328,380
Net pension liability (Note 6)	1,214,756
Compensated absences liability	5,778
Lease liability (Note 10)	26,503
Water pipe extension certificates	1,577

Total noncurrent liabilities	<u>3,576,994</u>
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Total liabilities	<u>4,121,175</u>
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DEFERRED INFLOWS (Note 9)	<u>155,630</u>
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NET POSITION (Note 1):

Net investment in capital assets	3,106,452
Restricted for capital projects	1,220
Unrestricted	<u>(741,898)</u>

Total net position	<u>2,365,774</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u><u>6,642,579</u></u>
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See notes to basic financial statements.

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CITY OF CHICAGO, ILLINOIS
WATER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET (DEFICIT) POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Dollars in thousands)

OPERATING REVENUES:	
Water sales:	
Water sales	\$ 840,902
Less provision for doubtful accounts	(30,854)
Water sales—net	810,048
Other operating revenues	28,942
Total operating revenues	838,990
OPERATING EXPENSES:	
Source of supply	131
Power and pumping	62,065
Purification	83,212
Transmission and distribution	98,128
Customer accounting and collection	19,353
Administrative and general	16,970
Central services and general fund reimbursements	155,479
Pension expense (Note 6)	79,893
Total operating expenses before depreciation and amortization	515,231
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	323,759
DEPRECIATION AND AMORTIZATION	119,162
OPERATING INCOME	204,597
NONOPERATING REVENUES (EXPENSES):	
Interest income	42,421
Interest expense	(100,022)
Other	8,108
Total nonoperating (expenses) — net	(49,493)
TRANSFERS OUT	(2,420)
CHANGE IN NET POSITION	152,684
TOTAL NET POSITION—Beginning of year	2,213,090
TOTAL NET POSITION—End of year	<u>\$ 2,365,774</u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Dollars in thousands)**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 810,346
Transactions with other City funds	(317,071)
Payments to vendors	(138,674)
Payments to employees	(200,393)
Net cash provided by operating activities	<u>154,208</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(185,177)
Interest paid	(115,056)
Net proceeds from issuance of bonds and IEPA loans	418,516
Paid for bond refunding	(328,055)
Principal paid on leases	(31,081)
Principal paid on bonds	(134,014)
Construction reimbursements	4,108
Net cash used in capital and related financing activities	<u>(370,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale and purchases of investments—net	252,936
Investment interest	29,539
Net cash used in investing activities	<u>282,475</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	65,924
CASH AND CASH EQUIVALENTS—Beginning of year	41,877
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 107,801</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF NET POSITION:	
Unrestricted	\$ 106,955
Restricted	846
TOTAL	<u>\$ 107,801</u>

(Continued)

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Dollars in thousands)**

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY
OPERATING ACTIVITIES:

Operating income	\$ 204,597
Adjustments to reconcile:	
Depreciation and amortization	88,081
Provision for doubtful accounts	30,854
Amortization of right of use lease and subscription assets	31,081
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	(59,498)
Inventories	(8,343)
Due from other City funds	(7,763)
Unrestricted accounts payable	19,876
Due to other City funds	(120,727)
Accrued liabilities	(19,787)
Compensated absences liability	7,289
Deferred Inflow	(11,570)
Lease Liability	118
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 154,208</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2024 of \$43.5 million are in accounts payable.
The fair value adjustment (loss)/gain to investments for 2024 was \$47.2 million.

See notes to basic financial statements.

(Concluded)

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Water Fund (“Water Fund”) purifies and provides Lake Michigan water for the City of Chicago, Illinois (the “City”) and approximately 125 suburbs. The Water Fund is included in the City’s reporting entity as an enterprise fund.

The accompanying basic financial statements present only the Water Fund and are not intended to present the financial position of the City, and the results of its operations and cash flows.

Basis of Accounting and Measurement Focus—The accounting policies of the Water Fund are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Water Fund are reported using the flow of economic resources measurement focus.

The Water Fund uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

Annual Appropriated Budget—The Water Fund has a legally adopted annual budget, which is not required to be reported.

Management’s Use of Estimates—The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash equivalents, and Investments—Cash, cash equivalents, and investments generally are held with the City Treasurer as required by the Municipal Code of Chicago (the “Code”). Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

The Code permits deposits only to City Council approved depositories, which must be organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments are limited to those authorized by the Code. Investments authorized by the Code include, but are not limited to, interest-bearing general obligations of the City, State of Illinois (the “State”), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market funds regulated by and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City (see Note 2). The City is prohibited by ordinance from investing in derivative instruments, as defined, without City Council approval.

The Water Fund values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities pledged to secure these agreements have a fair value equal to the cost of the repurchase agreements, plus accrued interest.

Investments generally may not have a maturity in excess of 30 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Accounts Receivable—The Water Fund's accounts receivable is comprised of billings and collections for water services processed by the Department of Water Management. Management has provided an allowance for amounts recorded at year-end that may be uncollectible.

Transactions with the City—The City's General Fund provides services to all other funds. The amounts allocated to other funds for these services are treated as operating expenses by the Water Fund and consist mainly of employee benefits, self-insured risks, and administrative expenses.

Inventories—Inventories, composed mainly of materials and supplies, are stated at cost, determined principally on the average cost method.

Utility Plant—Utility plant is recorded at cost or, for donated assets at acquisition value. Utility plant is defined by the Water Fund as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one years. Such assets are recorded at historical cost. Depreciation is provided using the straight-line method and begins in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Structures and improvements	50-100 years
Distribution plant	25-100 years
Equipment	6-33 years

Costs of repairs and maintenance that do not significantly extend the useful life of assets are charged to operations.

Deferred Outflows—Deferred outflows represent unamortized loss on bond refunding, differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience and changes in assumptions related to pensions.

Net Position—Net position is composed of net earnings from operating and nonoperating revenues, expenses, and capital grants. Net position is displayed in three components—net investment in capital assets, restricted for capital projects, and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt, net of debt service reserve, and unspent bond proceeds. Restricted for capital projects consist of assets for which constraints are placed thereon by external parties (such as lenders and grantors) and laws, regulations, and enabling legislation reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted consists of the net amount of all other assets, deferred outflows, liabilities, and deferred inflows not categorized as either of the above.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Employee Benefits—Employee benefits are granted for vacation and sick leave, compensatory time in lieu of overtime pay, workers' compensation, and health care. Unused vacation leave and compensatory time is accrued when leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days, and is accrued only to the extent that leave is more likely than not to be used for time off. Severance of employment terminates all rights to receive compensation for any unused sick leave. With the adoption of GASB Statement No. 101, Compensated Absences ("GASB 101"), liability is accrued for certain types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees when such type of leave commences, for the remaining balance of leave is more likely than not to be used. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by third-party administrators, who maintain the investment portfolio. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Insurance Costs, Bond Premiums, Discounts, and Refunding Transactions—Bond insurance, bond premiums, and bond discounts are deferred and amortized over the term of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

Capitalized Interest—Interest expense on construction bond proceeds was expensed as incurred.

Revenue Recognition—Revenue from water sales is recognized when the water is consumed by customers. Of the accounts receivable balances, \$85.7 million represent revenue recognized on water sales, which had not yet been billed to customers as of December 31, 2024.

Revenues and Expenses—The Water Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water Fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services.

Operating expenses include the cost of sales and services, pension expense, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Debt—Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as financed purchase of the underlying asset, or accounts payable.

Leases—The Water Fund follows GASB Statement No. 87, *Leases*, which defines the leasing arrangement as the right to use an underlying asset as a lessor or lessee.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

As lessee, the Water Fund recognizes a lease liability and an intangible right of use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. As there is no implicit rate per the lease agreements, the right of use lease asset is measured based on the net present value of the future lease payments at inception using the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Water Fund calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

Adopted Accounting Standards—

GASB Statement	Impact
GASB Statement No. 99, <i>Omnibus 2022</i> ("GASB 99")	Addresses clarifications of provisions in GASB 87, GASB 94, and GASB 96. The Water Fund adopted these provisions of GASB 99 as of and for the year ended December 31, 2024. The adoption of these certain provisions of GASB 99 had no material impact to the basic financial statements.
GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62 ("GASB 100")	This statement's primary objective is to improve financial reporting by enhancing the requirements for accounting changes and error corrections. This Statement defines types of accounting changes, establishes uniform guidance for their recognition and reporting, and prescribes how error corrections should be handled. The Water Fund adopted GASB 100 as of January 1, 2024. The adoption of GASB 100 had no material impact to the basic financial statements.
GASB Statement No. 101, Compensated Absences ("GASB 101")	This statement is intended to improve consistency and enhance the accounting and financial reporting for compensated absences. It establishes a unified model for recognizing liabilities related to both unused and used-but-unpaid leave, based on updated recognition and measurement guidance. In addition, this Statement provides clearer definitions and requirements for when and how compensated absences should be reported. The Water Fund adopted GASB 101 as of January 1, 2024 and the adoption did not have a material impact to the Water Fund's basic financial statements.

Upcoming Accounting Standards— GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the Water Fund upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 102, <i>Certain Risk Disclosures</i> ("GASB 102")	2025
GASB Statement No. 103, Financial Reporting Model Improvements ("GASB 103")	2026
GASB Statement No. 104, Disclosure of Certain Capital Assets ("GASB 104")	2026

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

2. RESTRICTED AND UNRESTRICTED CASH EQUIVALENTS AND INVESTMENTS

Cash Equivalents and Investments—The Water Fund's cash equivalents and investments as of December 31, 2024, are as follows (dollars in thousands):

Investment Type	Maturities (in Years)				Fair Value
	Less than 1	1-5	6-10	More than 10	
U.S. Agencies	\$ 34,005	\$ 46,053	\$ —	\$ —	\$ 80,058
Commercial paper	84,014	—	—	—	84,014
Money market funds	101,788	—	—	—	101,788
Corporate bonds	297	94,804	169,795	27,548	292,444
Municipal bonds	13,718	47,614	—	56,779	118,111
Agency MBS	—	—	10,616	—	10,616
Total	<u>\$ 233,822</u>	<u>\$ 188,471</u>	<u>\$ 180,411</u>	<u>\$ 84,327</u>	<u>\$ 687,031</u>

Investments Fair Value Measurements—The City categorizes the fair value measurements of its investments based the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets

Level 2—Observable inputs other than quoted market prices, and

Level 3—Unobservable Inputs

The investments measured at fair value as of December 31, 2024, were (dollars in thousands):

	Level 1	Level 2	Level 3
U.S. agencies	\$ —	\$ 69,159	\$ —
Agency MBS	—	10,616	—
Corporate Bonds	—	292,444	—
Municipal bonds	—	113,111	—
Total investments at fair value	<u>\$ —</u>	<u>\$ 485,330</u>	<u>\$ —</u>

Investments that are valued through other observable inputs (Level 2), are valued using methods that include, but are not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for Water Fund are \$201.7 million as of December 31, 2024.

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

- (1) Interest-bearing general obligations of the United States and the State of Illinois;
- (2) United States treasury bills and other non-interest-bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
- (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;
- (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
- (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
- (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;
- (7) Bankers' acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
- (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
- (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
- (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
- (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
- (12) Bonds of companies organized in the United States with assets exceeding \$500 million that, at the time of purchase, are rated not less than two ratings above investment grade, or equivalent rating, by at least two accredited ratings agencies;

CITY OF CHICAGO, ILLINOIS
WATER FUND

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

- (13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. For purposes of this subsection, an “international financial institution” means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- (16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;
- (17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.

Total holdings across all funds held by the Water Fund shall have no less than an overall average rating of Aa on a quarterly basis, as rated by two accredited rating agencies. A schedule summarizing the Water Fund’s exposure to credit risk as of December 31, 2024, is as follows (dollars in thousands):

Quality Rating	
A/A	\$ 65,527
Aa/AA	166,578
Aaa/AAA*	149,996
A1	23,895
A2	60,118
Baa/BBB	215,917
Not rated*	5,000
Total	<u>\$ 687,031</u>

Custodial Credit Risk—Cash and Certificates of Deposit—This is the risk that in the event of a bank failure, the City’s Deposits may not be returned. The City’s Investment Policy states that in order to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, or demand deposits in bank or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
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either: (1) fully collateralized at least 100% by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 100% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit or deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$264.4 million. 100% of the bank balance was either insured or collateralized with securities held by City agents in the City's name. There was no uncollateralized bank balances at December 31, 2024.

Investments reported in the basic financial statements at December 31, 2024, are summarized as follows (dollars in thousands):

Per Note 2—Investments—Water Fund	<u>\$ 687,031</u>
Per basic financial statements:	
Restricted investments	264,090
Unrestricted investments	315,153
Investments included as cash and cash equivalents on the statements of net position	<u>107,788</u>
	<u>\$ 687,031</u>

3. RESTRICTED ASSETS AND ACCOUNTS

Water sales are pledged to pay outstanding Water Revenue Bonds. The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, are as follows:

Water Revenue Bonds, Series 2000 and 1997 ("Senior Lien Revenue Bonds"):

Bond Principal and Interest Account—No later than 10 days prior to each principal or interest payment date, an amount sufficient to pay principal, redemption premium, if any, and interest becoming due, whether upon maturity, redemption, or otherwise.

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Bond Debt Service Reserve Account—For each series, an amount equal to the least of (i) the maximum annual debt service requirement; (ii) 10% of the original principal amount less original issue discount; or (iii) 125% of the average annual debt service requirement. The required balance of the Series 2000, 1997, 1995, and 1993 bonds was met by the purchase of surety bonds. The required balance of the Series 2001 Second Lien Revenue Bonds is being met with a deposit of a portion of the proceeds of the Series 2001 Senior Lien Revenue Bonds.

Construction Account—Certain proceeds of the Senior Lien Revenue Bonds were deposited in this account for the purpose of paying construction costs of projects as defined in the ordinance.

Water Revenue Bonds, Series 2000, 2008, 2010A, 2010B, 2010C, 2012, 2014, 2016A-1, and Refunding Bonds, Series 2004 and 2001, 2017, 2017-2 ("Second Lien Revenue Bonds"):

Principal and Interest Account—Deposits are required to be transferred no later than the business day preceding each May 1 and November 1, in an amount sufficient to pay principal and interest as due on outstanding Second Lien Revenue Bonds.

Second Lien Bonds Account—On the date of issuance of any series of Second Lien Revenue Bonds that bear interest at a variable rate paying interest more than semiannually, an amount equal to the interest payable during a six-month period will be transferred to a restricted account. The amount transferred will be calculated based on the maximum rate payable on such bonds.

Water Rate Stabilization Account—Any net revenues remaining after providing sufficient funds for all required deposits in the Water Revenue Bonds accounts may be transferred to the water rate stabilization account upon the direction of the City to be used for any lawful purpose of the Water Fund.

For accounts established by ordinances with balances, the amounts at December 31, 2024, are as follows (dollars in thousands):

Second Lien Revenue Bonds	\$	2,352
Water rate stabilization		88,034
Construction		174,550
Total	\$	<u>264,936</u>

The 2024 Water rate stabilization balance above includes a fair value adjustment of \$3.2 million.

At December 31, 2024, management is not aware of any instances of noncompliance with the funding requirements and restrictions on assets as stated in the ordinances.

4. LONG-TERM DEBT

Long-term debt at December 31, 2024, consisted of the following (dollars in thousands):

\$100,000 Series 2000 Second Lien Water Revenue Bonds		
issued December 22, 1999, due 2030, converted to fixed rate on May 23, 2016;		
interest at 5.0%	\$	100,000
\$81,500 Series 2001 Second Lien Water Revenue Refunding Bonds,		
issued December 13, 2001, due 2030; interest at 3.0% to 5.75%		
		60,670

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Long-Term Debt - Continued

\$2,643 Illinois Environmental Protection Agency Loan Agreement, signed June 30, 2003, due 2025; interest at 2.57%	\$ 172
\$344,575 Series 2004 Second Lien Water Revenue Refunding Bonds issued August 5, 2004, due through 2027, converted to fixed rate on May 23, 2016, interest at 2.0% to 5.0%	104,870
\$313,580 Series 2010A-C Second Lien Water Revenue Bonds, November 10, 2010, due through 2040; interest at 2.0% to 6.742%	279,665
\$6,000 Illinois Environmental Protection Agency Loan Agreement, signed January 21, 2011, due 2031; interest at 1.25%	2,272
\$9,077 Illinois Environmental Protection Agency Loan Agreement, signed February 2, 2010, due 2031; noninterest bearing	3,191
\$399,445 Series 2012 Second Lien Water Revenue Bonds, issued May 17, 2012, due through 2042; interest at 4.0% to 5.0%	—
\$1,528 Illinois Environmental Protection Agency Loan Agreement, signed July 8, 2010, due 2032; interest at 1.25%	662
\$1,502 Illinois Environmental Protection Agency Loan Agreement, signed September 15, 2013, due 2032; interest at 1.25%	661
\$6,092 Illinois Environmental Protection Agency Loan Agreement, signed October 25, 2013, due 2032; interest at 1.25%	2,679
\$6,542 Illinois Environmental Protection Agency Loan Agreement, signed May 27, 2014, due 2034; interest at 2.295%	3,480
\$39,422 Illinois Environmental Protection Agency Loan Agreement, signed August 5, 2013, due 2034; interest at 1.93%	21,669
\$15,000 Illinois Environmental Protection Agency Loan Agreement, signed September 19, 2013, due 2034; interest at 1.93%	8,277
\$47,000 Illinois Environmental Protection Agency Loan Agreement, signed March 3, 2014, due 2035; interest at 1.995%	27,061
\$15,058 Illinois Environmental Protection Agency Loan Agreement, signed October 15, 2014, due 2035; interest at 1.995%	8,827
\$367,925 Series 2014 Second Lien Water Revenue Bonds, issued September 17, 2014, due 2044; interest at 3.0% to 5.0%	—
\$59,595 Series 2016A-1 Tax-Exempt Second Lien Water Revenue Bonds, issued May 23, 2016, due 2031; interest at 4.0% to 5.0%	48,450
\$62,179 Illinois Environmental Protection Agency Loan Agreement, signed May 18, 2016, due 2036; interest at 2.21%	39,973
\$44,668 Illinois Environmental Protection Agency Loan Agreement, signed May 27, 2014, due 2037; interest at 1.995%	31,132
\$19,584 Illinois Environmental Protection Agency Loan Agreement, signed November 17, 2015, due 2036; interest at 1.86%	12,543
\$199,355 Series 2017 Refunding Bonds, issued June 22, 2017, due 2036; interest at 5.0% to 5.25%	155,170
\$235,260 Series 2017-2 Refunding Bonds, issued December 21, 2017, due 2038; interest at 5.0%	179,320

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Long-Term Debt - Concluded

\$81,147 Illinois Environmental Protection Agency Loan Agreement, signed June 3, 2016 due 2037; interest at 1.86%	\$	57,280
\$40,782 Illinois Environmental Protection Agency Loan Agreement, signed July 21, 2016 due 2038; interest at 1.86%		29,144
\$22,491 Illinois Environmental Protection Agency Loan Agreement, signed December 13, 2016 due 2037; interest at 1.64%		15,820
\$28,761 Illinois Environmental Protection Agency Loan Agreement, signed August 18, 2016 due 2039; interest at 1.86%		21,670
\$6,438 Illinois Environmental Protection Agency Loan Agreement, signed May 11, 2017 due 2039; interest at 1.64%		5,237
\$106,077 Illinois Environmental Protection Agency Loan Agreement, signed April 13, 2018 due 2039; interest at 1.76%		81,877
\$11,420 Illinois Environmental Protection Agency Loan Agreement, signed June 21, 2018 due 2039; interest at 1.76%		8,928
\$39,271 Illinois Environmental Protection Agency Loan Agreement, signed July 26, 2017 due 2041; interest at 1.64%		34,330
\$55,861 Illinois Environmental Protection Agency Loan Agreement, signed July 2, 2018 due 2042; interest at 1.76%		51,114
\$6,125 Illinois Environmental Protection Agency Loan Agreement, signed July 7, 2022 due 2043; interest at 1.11%		5,834
\$254,210 Series 2023A Second Lien Water Revenue Bonds. Issued May 9, 2023 due 2062; interest at 5.0% to 5.50%		254,210
\$322,205 Series 2023B Second Lien Water Revenue Refunding Bonds. Issued May 9, 2023 due 2040; interest at 4.0% to 5.0%		294,705
\$61,181 Water Infrastructure Finance and Innovation Act (WIFIA) Loans signed October 20, 2023 due 2056; interest at 4.38%		61,181
\$300,200 Series 2024A Second Lien Water Revenue Bonds Issued September 25, 2024 due 2044; interest at 5.0%		300,200
Total revenue bonds and IEPA loans		2,312,274
Less current portion of long-term debt		(122,968)
Add unamortized bond discount/premium—net		139,074
Long-term portion—net	\$	<u>2,328,380</u>

Long-term debt during the year ended December 31, 2024, changed as follows (dollars in thousands):

	Balance January 1,	Additions	Reductions	Balance December 31,	Due within One Year
Revenue bonds and loans	\$ 2,394,488	\$ 363,450	\$ (445,664)	\$ 2,312,274	\$ 122,968
Unamortized bond discount/premium—net	138,226	36,797	(35,949)	139,074	—
Total	<u>\$ 2,532,714</u>	<u>\$ 400,247</u>	<u>\$ (481,613)</u>	<u>\$ 2,451,348</u>	<u>\$ 122,968</u>

Interest expense includes amortization of the deferred loss(gain) on bond refunding for 2024 of \$0.7 million; net of amortization of bond premium \$15.9 million.

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Rate Increases—Water rates are set by ordinance and established in an amount designed to pay the costs of Water Fund operations and capital improvements, including any related debt service. Effective June 1, 2023, the water rate was set at \$33.95 per 1,000 cubic feet and was increased to \$35.10 per 1,000 cubic feet effective June 1, 2024.

Issuance of Debt—On July 26, 2017, a loan agreement was signed with the Illinois Environmental Protection Agency for a project that consists of the replacement of the obsolete electrical switchgear and existing temporary standby generators at the Jardine Water Purification Plant. Amounts initially drawn from this agreement are classified as advances until repayment terms are established. Once repayment terms are established, the total advances are converted to long-term debt. In 2021, the Water Fund converted \$37.0 million into long-term debt. In 2024 the Water Fund drew \$1.1 million and converted to long-term debt. As of December 31, 2024, the total funds drawn from this loan agreement are \$39.3 million. The loan agreement has an interest rate of 1.64% with maturity dates from January 4, 2022 to January 4, 2041.

On May 10, 2017, a loan agreement was signed with the Illinois Environmental Protection Agency for a project that consists of upgrades to the chlorine system at the JWPP, including the installation of two emergency chlorine gas scrubbers, five evaporators, and the modification of the SCADA controls for 25 existing water chlorination, to create a redundant control system. Amounts initially drawn from this agreement are classified as advances until repayment terms are established. Once repayment terms are established, the total advances are converted to long-term debt. In 2019, the Water Fund converted a total of \$5.5 million of drawn funds from this loan agreement to long-term debt. In 2024, the Water Fund drew \$1.0 million and converted to long-term debt. As of December 31, 2024, the total funds drawn from this loan agreement are \$6.4 million. The loan agreement has an interest rate of 1.64% with maturity dates from February 13, 2020 to August 13, 2039.

On September 25, 2024, Second Lien Water Revenue Refunding Bonds, Series 2024A (\$300.2 million) were sold at a premium (\$36.8 million). The Bonds have interest rates at 5% and maturity date from November 1, 2025 to November 1, 2044. Net proceeds of \$2.9 million were used to pay the costs of issuance of the bonds and Net proceeds of \$334.1 million were used to refund certain of the City's outstanding Second Lien Water Revenue Bonds. The current refunding of the bonds decreased the City's total debt service payments by \$39.6 million, resulting in net economic gain of approximately \$33.7 million.

On October 20, 2023, the City entered into a term sheet and loan agreement with the United States Environmental Protection Agency (U.S. EPA) under a Water Infrastructure Finance and Innovation Act (WIFIA) program to fund a portion of eligible project costs as described in the loan agreement. The City issued and delivered to the U.S. EPA its Second Lien Water Revenue Bonds, Project Series 2023C (\$336.0 million), dated October 20, 2023 (the 2023 Bond). The parties agreed to administrative revisions to the loan agreement and to re-execute the loan agreement as of December 3, 2024. Upon re-execution and the substitution of the WIFIA Bond (as described in the term sheet) for the 2023 Bond by delivery of the WIFIA Bond to the U.S. EPA, the prior loan agreement and the 2023 Bond were terminated and cancelled in full force and effect and the term sheet remains in full force and effect. The WIFIA Bond has a 4.38% interest rate and the final maturity is November 1, 2056. In 2024, the Water Fund drew \$56.4 million from this loan agreement. The outstanding WIFIA loan as of December 31, 2024, including \$4.8 million of capitalized interest was \$61.2 million.

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Debt Redemption—A schedule of bond and note service requirements to maturity at December 31, 2024, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2025	\$ 122,968	\$ 104,916	\$ 227,884
2026	119,585	98,229	217,814
2027	124,745	95,776	220,521
2028	119,943	90,337	210,280
2029	126,896	85,287	212,183
2030-2034	624,629	343,730	968,359
2035-2039	574,563	207,796	782,359
2040-2044	183,554	101,340	284,894
2045-2049	48,790	76,922	125,712
2050-2054	98,145	61,201	159,346
2055-2059	107,856	32,240	140,096
2060-2063	60,600	6,785	67,385
Total	\$ 2,312,274	\$ 1,304,559	\$ 3,616,833

Debt Covenants—The ordinances authorizing the issuance of outstanding Water Revenue Bonds require that net revenues available for bonds, as adjusted shall each fiscal year at least equal the greater of (i) 120% of the aggregate debt service requirement for the fiscal year on all the outstanding senior lien bonds, or (ii) the sum of (A) aggregate debt service requirements for the fiscal year on the outstanding senior lien bonds, plus (B) 110% of the aggregate debt service requirements for the fiscal year on of the outstanding second lien bonds, plus (C) aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding water commercial paper notes, plus (E) annual debt service requirement on any outstanding water line of credit. This requirement was met at December 31, 2024.

Defeased Bonds – Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide an amount sufficient for payment of all principal and interest. Defeased bonds at December 31 are as follows (dollars in thousands):

	Amount Defeased	Outstanding
Second Lien Water Revenue Bonds, Series 2012	\$ 21,830	\$ —
Second Lien Water Revenue Bonds, Series 2014	306,225	—
Total	\$ 328,055	\$ —

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5. CHANGES IN CAPITAL ASSETS

Capital assets during the year ended December 31, 2024, the total amount of right-of-use assets by major class, and the related accumulated amortization, disclosed separately from other capital assets, is as follows (dollars in thousands):

	Balance January 1,	Additions	Disposals and Transfers	Balance December 31,
Utility plant not depreciated:				
Land and land rights	\$ 16,483	\$ —	\$ —	\$ 16,483
Construction in progress	252,574	123,029	(54,980)	320,623
Total utility plant not depreciated	269,057	123,029	(54,980)	337,106
Utility plant being depreciated:				
Structures and improvements	611,623	3,430	523	615,576
Distribution plant	5,067,818	117,373	31,159	5,216,350
Equipment	948,686	6,830	(3,558)	951,958
Total utility plant being depreciated	6,628,127	127,633	28,124	6,783,884
Less accumulated depreciation:				
Structures and improvements	(281,082)	(8,360)	—	(289,442)
Distribution plant	(822,679)	(55,229)	74	(877,834)
Equipment	(517,886)	(23,339)	539	(540,686)
Total accumulated depreciation	(1,621,647)	(86,928)	613	(1,707,962)
Utility plant being depreciated—net	5,006,480	40,705	28,737	5,075,922
Utility plant—net	\$ 5,275,537	\$ 163,734	\$ (26,243)	\$ 5,413,028
Capital assets being amortized:				
Right of use lease assets	122,134	7,745	—	129,879
Right of use subscription assets	2,510	—	—	2,510
Total capital assets being amortized	124,644	7,745	—	132,389
Less accumulated amortization:				
Right of use lease assets	(49,335)	(29,783)	—	(79,118)
Right of use subscription assets	(1,211)	(1,299)	—	(2,510)
Total accumulated amortization	(50,546)	(31,082)	—	(81,628)
Total capital assets being amortized - net	74,098	(23,337)	—	50,761
Capital Assets - Net	\$ 5,349,635	\$ 140,397	\$ (26,243)	\$ 5,463,789

6. PENSION PLANS

Plan Description—Eligible Water Fund employees participate in one of two single-employer defined benefit pension plans (Plans). The Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'). The plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by Plan members. Certain employees of the Chicago Board of Education participate in the Municipal Employees' or the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago'. Each Plan issues

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a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.meabf.org and www.labfchicago.org.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For the Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. Those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For those employees who

became members on or after July 6, 2017 are considered Tier 3 Employees. Public Act 100-0023 (P.A. 100-0023), which established the requirements for Tier 3 employees, includes a provision for Tier 2 employees to elect to be considered as Tier 3 employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2% to 2.5% per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For Tier 1 Employees, the annual adjustments for Municipal Employees' and Laborers' are 3.0%, compounded, for annuitants born before January 1, 1966 and 1.5% simple, born after January 1, 1966 or later. For Tier 2 Employees and Tier 3 Employees, the annual adjustments are equal to the lesser of 3.0% and 50% of CPI-U of the original benefit.

Employees Covered by Benefit Terms—At December 31, 2024, the following City employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Total
Inactive employees or beneficiaries currently receiving benefits	25,828	3,504	29,332
Inactive employees entitled to but not yet receiving benefits	26,410	1,406	27,816
Active employees	38,655	2,735	41,390
	<u>90,893</u>	<u>7,645</u>	<u>98,538</u>

Contributions—For the Municipal Employees' and Laborers' Plans, P.A. 100-0023 was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts. Additionally, P.A. 100-0023 requires that the City's contributions are at actuarially determined rates beginning in payment year 2023 and future funding be sufficient to produce a funding level of 90% by the year end of 2058.

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The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year (which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer). The Water Fund's proportion of the contribution was determined based on the rates of Water Fund's salaries within each corresponding pension plan to the total budgeted salaries for 2024.

The contribution to the two pension plans from the Water Fund was \$91.4 million for the year ended December 31, 2024.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2024, the Water Fund recorded a liability of \$1,214.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

Changes in Actuarial Assumptions—Changes in the municipal bond rate resulted in an increase in the single discount rate for both Municipal and Laborers'. See discount rate section below.

The change in the single discount rate and other assumptions decreased the net pension liability by \$0.6 million for Laborers' and \$31.7 million for Municipal Employees'. These changes are being amortized into expense over a 4-year period for Municipal Employees' and Laborers'.

The Water Fund's proportion of the net pension liability was determined based on the rates of Water Fund's salaries within each corresponding pension plan to the total budgeted salaries for 2024. At December 31, 2024, the Water Fund's proportion was 5.8% of the Municipal Employees' Plan and 17.6% of the Laborer's Plan.

For the year ended December 31, 2024, the Water Fund recognized pension expenses of \$79.9 million.

At December 31, 2024, the Water Fund reported deferred outflows of resources of \$67.0 million and deferred inflows of resources of \$33.6 million related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,298	
Changes of assumptions	18,891	—
Net difference between projected and actual earnings on pension plan investments	4,697	25,404
Total	<u>\$ 35,886</u>	<u>\$ 25,404</u>

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

**Years Ending
December 31**

2025	\$ 7,347
2026	10,174
2027	(706)
2028	(6,333)
Total	<u>\$ 10,482</u>

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,873	\$ 1,742
Changes of assumptions	15,946	6,460
Net difference between projected and actual earnings on pension plan investments	10,245	—
Total	<u>\$ 31,064</u>	<u>\$ 8,202</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Laborers' pensions will be recognized in pension expense/(benefit) as follows:

**Years Ending
December 31**

2025	\$ 7,526
2026	13,072
2027	2,961
2028	(697)
Total	<u>\$ 22,862</u>

Deferred Outflows Related to Changes in Proportionate Share of Contributions—The Water's proportion of the net pension liability was determined based on the rates of the Water's salaries within each corresponding pension plan to the total budgeted salaries for 2024. The changes in the Water's proportionate share results in a deferred inflow or deferred outflow depending on the current year's actuarial report. For the year ended December 31, 2024, the Water Fund reported pension benefit of \$25.1 million, related to changes in its proportionate share of contributions. As of December 31, 2024, the Water Fund reported deferred inflows of \$89.5 million, and deferred outflows of \$45.5 million, related to changes in its proportionate share of contributions. These deferred amounts will be recognized as pension (benefit)/charge over a period of four years.

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Actuarial Assumptions—The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees'		Laborers'
Inflation	2.50%		2.25%
Salary increases	2.50-14.00%	(a)	3.00%
Investment rate of return	6.75%	(c)	6.75%

(a) Varying by years of service and employer

(b) Plus, a service-based increase in the first 9 years

(c) Net of investment expense

Mortality Assumptions

Bargaining Plan Members		Mortality Table Name	Mortality Improvement
Municipal Employees'	Post Retirement	PubG-2010 Retiree Amount-weighted Below Median Mortality Table (sex- specific)	Generational – Scale MP-2021
	Beneficiary	PubG-2010 Contingent Survivor Table Amount-weighted Below Median Mortality Table (sex-specific)	Generational – Scale MP-2021
	Pre-Retirement	PubG-2010 Employee Amount-weighted Below Median Mortality Table (sex- specific)	Generational – Scale MP-2021
Laborers'	Post Retirement	Pub-2010 Amount-weighted Below Median Income General Healthy Retiree Mortality Tables, Sex Distinct	Generational – Scale MP-2020 2-dimensional
	Pre-Retirement	Pub-2010 Amount-weighted Below Median Income General Employee Mortality Tables, Sex Distinct	Generational – Scale MP-2020 2-dimensional

The mortality actuarial assumptions used in the December 31, 2024 valuation were based on the results of actuarial experience study for the period as noted below:

Municipal Employees'
Laborers'

January 1, 2017 - December 31, 2021
January 1, 2017 - December 31, 2019

The long term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2024 are summarized in the following table:

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AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

	Target Allocation		Rate of Return	
	Municipal Employees'	Laborers'	Municipal Employees'	Laborers'
Asset Class:				
Domestic equity	25.0 %	— %	4.8 %	— %
U.S. equity	—	22.0	—	5.4
Non U.S. equity	—	15.0	—	5.4
Global equity	4.0	—	4.8	—
Global low volatility equity	—	4.0	—	3.6
International equity	17.0	—	4.9	—
Fixed income	22.0	26.0	2.5	1.3
Hedge funds	10.0	8.0	3.0	3.2
Infrastructure	3.0	—	4.3	—
Private debt	4.0	6.0	6.6	7.0
Private equity	4.0	6.0	7.5	8.1
Real estate	8.0	8.0	3.9	4.1
Cash	3.0	2.0	0.4	—
Private real assets	—	3.0	—	4.7
Total	100.0 %	100.0 %		

Discount Rate

Municipal Employees'—A Single Discount Rate used to measure the total pension liability as of December 31, 2024 was 6.62%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2080. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to projected benefits for all periods through 2079 and the municipal bond index rate of 4.08% was applied thereafter to determine total pension liability.

Laborers'—A Single Discount Rate of 6.64% was used to measure the total pension liability as of December 31, 2024. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 4.08% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2080. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2080, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF CHICAGO, ILLINOIS
WATER FUND

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

Sensitivity of the Water Fund’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Municipal Employees’—The following presents the Water Fund’s allocated share of the net pension liability as of December 31, 2024, calculated using the discount rate of 6.62%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.62%) or 1 percentage point higher (7.62%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate	5.62 %	6.62 %	7.62 %
Municipal Employees' net pension liability	\$ 1,027,264	\$ 885,305	\$ 766,587

Laborers’—The following presents the Water Fund’s allocated share of the net pension liability as of December 31, 2024, calculated using the discount rate of 6.64%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.64%) or 1 percentage point higher (7.64%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers' discount rate	5.64 %	6.64 %	7.64 %
Laborers' net pension liability	\$ 393,928	\$ 329,451	\$ 275,308

Pension Plan Fiduciary Net (Deficit) Position—Detailed information about the pension plan’s fiduciary net (deficit) position is available in the separately issued Pension Plans financial reports.

7. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the General Fund of the City for services provided by other City departments, employee fringe benefits, and certain payments on behalf of the Water Fund. Such reimbursements amounted to \$186.2 million in 2024.

8. COMMITMENTS AND CONTINGENCIES

The Water Fund has certain contingent liabilities resulting from litigation, claims, or commitments incident to the ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Water Fund.

The Water Fund provides workers’ compensation benefits and employee health benefits under self-insurance programs administered by the City and by a third-party administrator for workers’ compensation. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the basic financial statements.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2024 are as follows (dollars in thousands):

Balance—January 1	\$	71,263
Claims incurred on current and prior-year events		45,664
Claims paid on current and prior-year events		(46,297)
Balance—December 31	\$	<u>70,630</u>

The City's purchases annuity contracts from commercial insurers to satisfy certain liabilities, accordingly, no liability is reported for those claims. Property and casualty risks for the Water Fund are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years.

At December 31, 2024, the Water Fund had entered into contracts with outstanding commitments of approximately \$894.2 million for construction projects.

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

	2024
	(Dollars in thousands)
Deferred outflows of resources:	
Deferred outflows from pension activities	\$ 66,950
Changes in proportionate share of pension contribution	45,463
Total deferred outflows of resources	<u>\$ 112,413</u>
Deferred inflows of resources:	
Unamortized deferred bond refunding costs	(32,529)
Deferred inflows from pension activities	(33,607)
Changes in proportionate share of pension contribution	(89,494)
Total deferred inflows of resources	<u>\$ (155,630)</u>

Refer to Note 6 Pension Plans—Deferred Outflows Related to Pension Activities and to Changes in Proportionate Share of Contributions sections.

10. LEASES

As Lessee:

The Water Fund leases building and equipment under noncancelable operating leases. These leases have terms between one and 4 years. The long-term lease liability for the year ended December 31, 2024, is summarized as follows (dollars in thousands):

	Balance at January 1,	Additions	Reductions	Balance at December 31,	Current Portion
Lease liability	<u>\$ 73,263</u>	<u>\$ 7,745</u>	<u>\$ (29,649)</u>	<u>\$ 51,359</u>	<u>\$ 24,856</u>

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

The expected future principal and interest payments that are included in the measurement of the lease liability as of December 31, 2024 are as follows (dollars in thousands):

Year Ending December 31	Principal	Interest	Amount
2025	\$ 24,856	\$ 2,754	\$ 27,610
2026	22,653	671	23,324
2027	763	160	923
2028	110	146	256
2029	97	142	239
2030-2034	654	624	1,278
2035-2039	901	435	1,336
2040-2044	1,161	190	1,351
2045	164	3	167
Total	<u>\$ 51,359</u>	<u>\$ 5,125</u>	<u>\$ 56,484</u>

11. SUBSEQUENT EVENTS

The Water Fund has evaluated events occurring subsequent to December 31, 2024, and through June 28, 2025, the date the financial statements were available to be issued. The City did not identify any subsequent events to be disclosed apart from those discussed below.

On February 14, 2025 and May 15, 2025, the City of Chicago received disbursements in the amounts of \$18.1 million and \$16.6 million, respectively, pursuant to the Water Infrastructure Finance Innovation Act (WIFIA) Loan Agreement entered into by the City and United States Environmental Protection Agency dated December 3, 2024. On June 17, 2025, the City of Chicago entered into a revolving credit agreement with PNC Bank, National Association, and PNC Bank, National Association made an advance of \$1.1 million pursuant to such agreement in order to provide funds for Water System purposes. The revolving line of credit agreement is for an aggregate maximum principal amount \$40.0 million and expires on June 16, 2028.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF CHICAGO, ILLINOIS
WATER FUND

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollars are in thousands)

	2024	2023	2022
MUNICIPAL EMPLOYEES':			
Total pension liability:			
Service cost	\$ 344,821	\$ 316,247	\$ 263,993
Interest	1,272,351	1,242,052	1,269,645
Benefit changes	—	—	—
Differences between expected and actual experience	104,089	155,758	84,258
Assumption changes	(543,345)	442,725	143,996
Benefit payments including refunds	(1,141,513)	(1,095,929)	(1,055,585)
Net change in total pension liability	36,403	1,060,853	706,307
Total pension liability—beginning	20,168,740	19,107,887	18,401,580
Total pension liability—ending (a)	20,205,143	20,168,740	19,107,887
Plan fiduciary net position:			
Contributions—employer **	\$ 1,118,398	\$ 1,077,258	\$ 959,550
Contributions—employee	220,416	194,174	176,339
Net investment income	385,713	359,991	(429,912)
Benefit payments including refunds of employee contribution	(1,141,513)	(1,095,929)	(1,055,585)
Administrative expenses	(6,374)	(6,651)	(6,873)
Other	—	—	—
Net change in plan fiduciary net position	576,640	528,843	(356,481)
Plan fiduciary net position—beginning	4,480,631	3,951,788	4,308,269
Plan fiduciary net position—ending (b)	5,057,271	4,480,631	3,951,788
NET PENSION LIABILITY—Ending (a)–(b)	<u>\$15,147,872</u>	<u>\$15,688,109</u>	<u>\$15,156,099</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>25.03 %</u>	<u>22.22 %</u>	<u>20.68 %</u>
ALLOCATED COVERED PAYROLL **	<u>\$ 151,962</u>	<u>\$ 155,062</u>	<u>\$ 134,766</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	<u>582.58 %</u>	<u>658.28 %</u>	<u>699.67 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 885,305</u>	<u>\$ 1,020,740</u>	<u>\$ 942,916</u>
ALLOCATED PERCENTAGE	<u>5.84 %</u>	<u>6.51 %</u>	<u>6.22 %</u>

* Allocated covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

** Include City's supplemental pension contribution starting 2023. In 2024, the contribution was \$178.1 million.

CITY OF CHICAGO, ILLINOIS
WATER FUND

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollars are in thousands)

2021	2020	2019	2018	2017	2016	2015
\$ 246,066	\$ 236,302	\$ 228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
1,228,905	1,190,694	1,159,253	1,123,348	915,711	878,369	909,067
—	—	—	—	—	—	2,140,009
121,988	100,938	16,676	95,540	(177,755)	(127,119)	(109,835)
—	—	—	—	(7,431,191)	(578,920)	8,711,755
(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
586,768	554,456	451,742	526,218	(7,008,875)	(67,599)	11,051,776
17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,870	12,307,094
18,401,580	17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,870
\$ 573,198	\$ 496,992	\$ 418,269	\$ 349,574	\$ 261,764	\$ 149,718	\$ 149,225
163,411	157,798	146,645	138,400	134,765	130,391	131,428
498,299	335,403	560,940	(204,975)	610,515	281,419	114,025
(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
(6,687)	(7,118)	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
—	—	—	—	5,394	—	—
218,030	9,597	166,462	(639,838)	117,791	(305,200)	(438,059)
4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427	5,179,486
4,308,269	4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427
\$14,093,311	\$13,724,573	\$13,179,714	\$12,894,434	\$11,728,378	\$18,855,044	\$18,617,443
23.41 %	22.96 %	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
\$ 128,388	\$ 123,184	\$ 129,976	\$ 123,292	\$ 119,698	\$ 109,644	\$ 111,282
704.25 %	737.13 %	731.07 %	743.37 %	695.42 %	1,144.85 %	1,132.81 %
\$ 904,174	\$ 908,022	\$ 950,223	\$ 916,516	\$ 832,399	\$1,255,259	\$1,255,259
6.42 %	6.62 %	7.21 %	7.11 %	7.10 %	6.66 %	6.66 %

CITY OF CHICAGO, ILLINOIS
WATER FUND

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued
LAST TEN FISCAL YEARS
(Dollars are in thousands)

	2024	2023	2022
LABORERS':			
Total pension liability:			
Service cost*	\$ 42,336	\$ 35,725	\$ 39,331
Interest	200,343	197,214	193,347
Benefit changes	—	—	—
Differences between expected and actual experience	3,850	43,615	(27,236)
Assumption changes	(3,343)	158,524	(109,355)
Benefit payments including refunds	(183,828)	(180,947)	(177,162)
Pension plan administrative expense	(3,482)	(3,396)	(3,607)
Net change in total pension liability	55,876	250,735	(84,682)
Total pension liability—beginning	3,071,577	2,820,842	2,905,524
Total pension liability—ending (a)	3,127,453	3,071,577	2,820,842
Plan fiduciary net position:			
Contributions—employer ***	\$ 147,466	123,796	116,176
Contributions—employee	24,229	19,136	19,069
Net investment income	91,803	98,494	(161,680)
Benefit payments including refunds of employee contribution	(183,828)	(180,947)	(177,162)
Administrative expenses	(3,482)	(3,396)	(3,607)
Other	—	—	—
Net change in plan fiduciary net position	76,188	57,083	(207,204)
Plan fiduciary net position—beginning	1,183,981	1,126,898	1,334,102
Plan fiduciary net position—ending (b)	1,260,169	1,183,981	1,126,898
NET PENSION LIABILITY—Ending (a)–(b)	<u>\$ 1,867,284</u>	<u>\$ 1,887,596</u>	<u>\$ 1,693,944</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>40.29 %</u>	<u>38.55 %</u>	<u>39.95 %</u>
ALLOCATED COVERED PAYROLL **	<u>\$ 44,612</u>	<u>\$ 42,398</u>	<u>\$ 32,323</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	<u>738.48 %</u>	<u>790.70 %</u>	<u>791.26 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 329,451</u>	<u>\$ 335,241</u>	<u>\$ 255,756</u>
ALLOCATED PERCENTAGE	<u>17.64 %</u>	<u>17.76 %</u>	<u>15.10 %</u>

* Includes pension plan administrative expense.

** Allocated covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

*** Includes City's supplemental pension contribution starting 2023. In 2024, the contribution was \$20.3 million.

CITY OF CHICAGO, ILLINOIS
WATER FUND

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued
LAST TEN FISCAL YEARS
(Dollars are in thousands)

2021	2020	2019	2018	2017	2016	2015
\$ 40,411	\$ 39,216	\$ 38,522	\$ 40,801	\$ 80,232	\$ 82,960	\$ 38,389
192,343	191,099	188,347	183,135	154,047	150,166	153,812
—	—	—	—	150	—	384,033
(31,083)	(18,992)	(8,820)	15,143	(62,178)	(30,428)	(46,085)
21,870	44,034	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
47,190	82,685	82,245	63,297	(1,063,538)	(18,970)	1,549,710
2,858,334	2,775,649	2,693,404	2,630,107	3,693,645	3,712,615	2,162,905
2,905,524	2,858,334	2,775,649	2,693,404	2,630,107	3,693,645	3,712,615
84,969	73,744	59,346	47,844	35,457	12,603	12,412
17,637	18,064	18,143	17,837	17,411	17,246	16,844
138,105	163,057	184,027	(75,219)	207,981	57,997	(22,318)
(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
—	—	—	661	—	—	—
64,360	82,193	92,866	(172,871)	99,814	(70,917)	(149,436)
1,269,742	1,187,549	1,094,683	1,267,554	1,167,740	1,238,657	1,388,093
1,334,102	1,269,742	1,187,549	1,094,683	1,267,554	1,167,740	1,238,657
\$1,571,422	\$1,588,592	\$1,588,100	\$1,598,721	\$1,362,553	\$2,525,905	\$2,473,958
45.92 %	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %
\$ 33,679	\$ 32,699	\$ 34,288	\$ 33,855	\$ 32,031	\$ 30,606	\$ 31,935
740.81 %	766.72 %	750.48 %	755.95 %	653.68 %	1,213.48 %	1,208.16 %
\$ 249,501	\$ 250,711	\$ 257,325	\$ 255,928	\$ 209,380	\$ 371,399	\$ 385,827
15.88 %	15.78 %	16.20 %	16.01 %	15.37 %	14.70 %	15.60 %

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Dollars are in thousands)**

Municipal Employees'

Years Ended December 31,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll *	Contributions as a Percentage of Covered Payroll
2015	677,200	149,225	527,975	1,643,481	9.08 %
2016	961,770	149,718	812,052	1,646,939	9.09
2017	1,005,457	261,764	743,693	1,686,533	15.52
2018	1,049,916	349,574	700,342	1,734,596	20.15
2019	1,117,388	418,269	699,119	1,802,790	23.20
2020	1,167,154	496,992	670,162	1,861,905	26.69
2021	1,218,361	573,198	645,163	2,001,181	28.64
2022	1,262,413	959,550	302,863	2,166,182	44.30
2023	1,273,345	1,077,258	196,087	2,383,203	45.20
2024	1,238,711	1,118,398	120,313	2,600,118	43.01

* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note: The schedule of contribution amounts are presented City-wide, as statutory requirement for contribution is for the City of Chicago and not the individual Enterprise fund.

Laborers'

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a Percentage of Covered Payroll
2015	\$ 79,851	\$ 12,412	\$ 67,439	\$ 204,773	6.06 %
2016	117,033	12,603	104,430	208,155	6.05
2017	124,226	35,457	88,769	208,442	17.01
2018	129,247	47,844	81,403	211,482	22.62
2019	148,410	59,346	89,064	211,608	28.05
2020	155,794	73,744	82,050	207,195	35.59
2021	155,245	84,969	70,276	212,122	40.06
2022	153,023	116,176	36,847	214,083	54.27
2023	153,405	123,796	29,609	238,725	51.86
2024	168,828	147,466	21,362	252,856	58.32

* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year open amortization period.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note: The schedule of contribution amounts are presented City-wide, as statutory requirement for contribution is for the City of Chicago and not the individual Enterprise fund.

(Continued)

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions	Municipal Employees'	Laborers'
Actuarial valuation date	12/31/2023	12/31/2023
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:		
Inflation	2.50%	2.25%
Salary increases	2.50% - 14.00% (a)	3.00% (b)
Investment rate of return	6.75% (c)	6.75% (d)
Retirement age	(e)	(f)
Mortality	(g)	(h)
Other information	(i)	(j)

(a) Varying by years of service and employer.

(b) Varying by years of service and employer.

(c) Net of investment expense.

(d) Net of investment expense, including inflation.

(e) Tier 1 - For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2022). Tier 2 - For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011). Tier 3 - For employees first hired and contributed on or after July 6, 2017, or "elective" Tier 3 members, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).

(f) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020 valuation pursuant to an experience study of the period January 1, 2017 through December 31, 2019.

(g) Post-retirement mortality rates were based on the PubG-2010 Retiree Amount-weighted Below Median Mortality Tables (sex specific), using 117% of the rates for females and 111% of the rates for males, projected generationally using scale MP-2021. Beneficiary mortality rates were based on the PubG-2010 Contingent Survivor Table Amount-weighted Below Median Mortality table (sex-specific), using 111% of the rates for females and 113% of the rates for males, projected generationally using scale MP-2021. Pre-retirement mortality rates were based on the PubG-2010 Employee Amount-weighted Below Median Mortality table (sex-specific), using 92% of the rates for females and 90% of the rates for males, projected generationally using scale MP-2021.

(h) Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements. Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.

(i) Other assumptions: Same as those used in the December 31, 2023, actuarial funding valuation.

(j) Demographic assumptions were updated for the actuarial valuation as of December 31, 2020. The Investment Rate of Return was adopted for the actuarial valuation as of December 31, 2023.

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**ADDITIONAL
SUPPLEMENTARY
INFORMATION**

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands)**

	Assets				
	Balance— January 1, 2024	Additions	Adjustments /Disposals	Transfers	Balance— December 31, 2024
LAND AND LAND RIGHTS:					
Power and pumping	\$ 4,142	\$ —	\$ —	\$ —	\$ 4,142
Distribution reservoir	300	—	—	—	300
Purification	1,739	—	—	—	1,739
General and maintenance	10,302	—	—	—	10,302
Total land and land rights	<u>16,483</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,483</u>
STRUCTURES AND IMPROVEMENTS:					
Cribs	22,968	2,489	—	—	25,457
Lake and land tunnels	119,621	—	—	—	119,621
Intake structures	9,531	—	—	—	9,531
Power and pumping structures	147,204	34	—	—	147,238
Purification buildings	255,059	741	—	666	256,466
Distribution reservoirs	16,979	—	—	—	16,979
Offices, maintenance, and general	40,118	—	—	—	40,118
Contract retainage	143	166	(143)	—	166
Total structures and improvements	<u>611,623</u>	<u>3,430</u>	<u>(143)</u>	<u>666</u>	<u>615,576</u>
DISTRIBUTION PLANT:					
Mains and accessories	4,750,370	80,149	(74)	50,487	4,880,932
Meters and installations	280,174	16,414	—	1,549	298,137
Hydrants and valves	16,471	—	—	—	16,471
Contract retainage	20,803	20,810	(20,803)	—	20,810
Total distribution plant	<u>5,067,818</u>	<u>117,373</u>	<u>(20,877)</u>	<u>52,036</u>	<u>5,216,350</u>
EQUIPMENT:					
Power production	67,319	—	—	—	67,319
Pumping	303,069	502	—	—	303,571
Purification	521,373	1,722	—	912	524,007
Heavy machinery	20,744	504	(390)	—	20,858
Transportation	14,432	221	(178)	—	14,475
Miscellaneous	17,847	—	—	—	17,847
Contract retainage	3,902	3,881	(3,902)	—	3,881
Total equipment	<u>948,686</u>	<u>6,830</u>	<u>(4,470)</u>	<u>912</u>	<u>951,958</u>
Total structures and improvements, distribution plant, and equipment	<u>6,628,127</u>	<u>127,633</u>	<u>(25,490)</u>	<u>53,614</u>	<u>6,783,884</u>
CONSTRUCTION IN PROGRESS:					
Filtration plants	66,524	17,038	—	(1,476)	82,086
Pumping stations	71,847	12,046	—	(102)	83,791
Water mains	112,837	92,584	—	(52,036)	153,385
Contract retainage	1,366	1,361	(1,366)	—	1,361
Total construction in progress	<u>252,574</u>	<u>123,029</u>	<u>(1,366)</u>	<u>(53,614)</u>	<u>320,623</u>
TOTAL UTILITY PLANT	<u>\$6,897,184</u>	<u>\$ 250,662</u>	<u>\$ (26,856)</u>	<u>\$ —</u>	<u>\$ 7,120,990</u>

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands)**

Accumulated Depreciation				
Balance— January 1, 2024	Provision	Adjustments/ Disposals	Balance— December 31, 2024	Net Balance— December 31, 2024
\$ —	\$ —	\$ —	\$ —	\$ 4,142
—	—	—	—	300
—	—	—	—	1,739
—	—	—	—	10,302
—	—	—	—	16,483
7,497	273	—	7,770	17,687
50,578	1,184	—	51,762	67,859
5,515	95	—	5,610	3,921
52,047	1,757	—	53,804	93,434
142,345	4,075	—	146,420	110,046
7,716	226	—	7,942	9,037
15,384	750	—	16,134	23,984
—	—	—	—	166
281,082	8,360	—	289,442	326,134
703,412	45,129	(74)	748,467	4,132,465
106,804	9,846	—	116,650	181,487
12,463	254	—	12,717	3,754
—	—	—	—	20,810
822,679	55,229	(74)	877,834	4,338,516
58,537	1,027	—	59,564	7,755
170,496	8,855	—	179,351	124,220
241,999	12,707	—	254,706	269,301
19,631	115	(369)	19,377	1,481
9,870	900	(170)	10,600	3,875
17,353	(265)	—	17,088	759
—	—	—	—	3,881
517,886	23,339	(539)	540,686	411,272
1,621,647	86,928	(613)	1,707,962	5,075,922
—	—	—	—	82,086
—	—	—	—	83,791
—	—	—	—	153,385
—	—	—	—	1,361
—	—	—	—	320,623
\$ 1,621,647	\$ 86,928	\$ (613)	\$ 1,707,962	\$ 5,413,028

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PART III

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL INFORMATION

The statistical data section includes selected financial and operating information, generally presented on a multiyear basis. Statistical section information is presented in five categories—financial trends, revenue capacity, debt capacity, operating, and demographic and economic information. Schedules in the statistical section are the following:

Contents

Financial Trends Information—These schedules contain trend information to help the reader understand how the Water Fund's basic financial performance and well-being have changed over time.

Revenue Capacity Information—These schedules contain information to help the reader assess the Water Fund's most significant local revenue source and water sales charge.

Debt Capacity Information—These schedules present information to help the reader assess the Water Fund's current levels of outstanding debt and the Water Fund's ability to issue additional debt in the future.

Operating Information—These schedules contains service and infrastructure data to help the reader understand how the information in the Water Fund's financial report relates to the services the Department of Water Management and the Water Fund and how it provides the activities it performs.

Demographic and Economic Information—These schedules offer demographic and economic indicators to help the reader understand where the environment within which the City's financial activities take place.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**CHANGES IN NET POSITION
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)**

	2015	2016	2017
OPERATING REVENUES:			
Water sales	\$ 773.8	\$ 760.6	\$ 749.8
Provision for doubtful accounts	(23.6)	(24.8)	(20.2)
Other operating revenues	19.2	25.6	29.4
Total operating revenues	769.4	761.4	759.0
OPERATING EXPENSES:			
Source of supply	0.2	0.1	0.1
Power and pumping	41.3	39.6	41.4
Purification	57.1	57.5	60.5
Transmission and distribution	37.3	39.2	39.6
Provision for doubtful accounts	—	—	—
Customer accounting and collection	14.7	15.3	18.2
Administrative and general	22.1	20.3	13.6
Central services and General Fund reimbursements	129.1	126.4	121.7
Pension expense	436.0	240.0	107.1
Total operating expenses	737.8	538.4	402.2
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	31.6	223.0	356.8
DEPRECIATION AND AMORTIZATION	56.4	68.0	71.1
OPERATING INCOME	(24.8)	155.0	285.7
NONOPERATING REVENUES (EXPENSES):			
Interest income	3.1	0.6	10.3
Interest expenses	(106.1)	(107.9)	(108.3)
Swap termination fee	—	(101.7)	—
Other operating revenues	0.2	0.6	3.2
Total nonoperating expenses-net	(102.8)	(208.4)	(94.8)
TRANSFERS OUT	(0.6)	(2.4)	(2.1)
CHANGE IN NET POSITION	(128.2)	(55.8)	188.8
TOTAL NET POSITION—Beginning of year	1,079.7	951.5	895.7
TOTAL NET POSITION—End of year	\$ 951.5	\$ 895.7	\$ 1,084.5

*

* Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
WATER FUND

CHANGES IN NET POSITION
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)

2018	2019	2020	2021	2022	2023	2024
\$ 754.8	\$ 737.9	\$ 743.8	\$ 763.8	\$ 785.3	\$ 798.7	\$ 840.9
(8.2)	(20.4)	(29.5)	(15.2)	(33.1)	(28.0)	(30.9)
27.4	26.9	22.2	27.1	27.6	32.9	28.9
774.0	744.4	736.5	775.7	779.8	803.6	838.9
0.2	0.4	0.2	0.1	0.2	0.2	0.1
41.1	42.5	40.7	45.2	45.3	53.1	62.1
62.9	67.8	61.8	62.3	73.5	87.3	83.2
59.7	71.8	71.7	74.8	61.8	86.5	98.1
—	—	—	—	—	—	—
22.1	27.2	27.0	26.5	22.9	26.6	19.4
13.0	13.0	13.9	14.9	14.2	14.2	17.0
127.0	124.0	139.8	133.1	145.2	146.2	155.5
85.4	70.3	(47.9)	(33.8)	67.4	94.8	79.9
411.4	417.0	307.2	323.1	430.5	508.9	515.3
362.6	327.4	429.3	452.6	349.3	294.7	323.6
74.6	79.9	82.5	86.8	110.9	110.9	119.2
288.0	247.5	346.8	365.8	238.4	183.8	(119.2)
5.1	21.0	17.0	1.7	(66.9)	54.1	42.4
(91.3)	(97.0)	(95.9)	(94.0)	(91.0)	(104.9)	(100.0)
—	—	—	—	—	—	—
2.1	3.5	4.7	2.0	2.3	0.6	8.1
(84.1)	(72.5)	(74.2)	(90.3)	(155.6)	(50.2)	(49.5)
(2.4)	(2.7)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
201.5	172.3	270.2	273.1	80.4	131.2	152.7
1,084.5	1,285.9	1,458.2	1,728.4	2,001.5	2,081.9	2,213.1
\$ 1,285.9	\$ 1,458.2	\$ 1,728.4	\$ 2,001.5	\$ 2,081.9	\$ 2,213.1	\$ 2,365.8

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**NET POSITION BY COMPONENT
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)**

	2015	2016	2017	2018
NET POSITION:				
Net investment in				
capital assets	\$ 1,514.0	\$ 1,622.0	\$ 1,949.4	\$ 2,163.2
Restricted for capital projects	0.7	0.4	0.5	0.2
Unrestricted (deficit)	(563.2)	(726.7)	(865.4)	(877.5)
	<u>\$ 951.5</u>	<u>\$ 895.7</u>	<u>\$ 1,084.5</u>	<u>\$ 1,285.9</u>
		*		

* Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
WATER FUND

NET POSITION BY COMPONENT
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)

2019	2020	2021	2022	2023	2024
\$ 2,351.1	\$ 2,574.3	\$ 2,746.4	\$ 2,849.4	\$ 2,983.7	\$ 3,106.5
0.4	0.1	—	—	2.6	1.2
(893.3)	(846.0)	(744.9)	(767.5)	(773.2)	(741.9)
<u>\$ 1,458.2</u>	<u>\$ 1,728.4</u>	<u>\$ 2,001.5</u>	<u>\$ 2,081.9</u>	<u>\$ 2,213.1</u>	<u>\$ 2,365.8</u>

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**HISTORICAL FINANCIAL OPERATIONS
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)**

	2015	2016	2017
OPERATING REVENUES:			
Water sales	\$ 773.8	\$ 760.6	\$ 749.8
Other operating revenues	19.2	25.6	29.4
Total operating revenues	793.0	786.2	779.2
OPERATING EXPENSES:			
Source of supply	0.2	0.1	0.1
Power and pumping	41.3	39.6	41.4
Purification	57.1	57.5	60.5
Transmission and distribution	37.3	39.2	39.6
Provision for doubtful accounts	23.6	24.8	20.2
Customer accounting and collection	14.7	15.3	18.2
Administrative and general	22.1	20.3	13.6
Central services and General Fund reimbursements	129.1	126.4	121.7
Pension expense	436.0	240.0	107.1
Total operating expenses	761.4	563.2	422.4
INTEREST INCOME (OTHER THAN FROM CONSTRUCTION ACCOUNT)	3.1	0.6	10.2
NET REVENUES—As defined (Note 4)	\$ 34.7	\$ 223.6	\$ 367.0

Source: City of Chicago Department of Water Management and Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
WATER FUND

HISTORICAL FINANCIAL OPERATIONS
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)

2018	2019	2020	2021	2022	2023	2024
\$ 754.8	\$ 737.9	\$ 743.8	\$ 763.8	\$ 785.3	\$ 798.7	\$ 840.9
27.4	26.9	22.2	27.1	27.6	32.9	28.9
782.2	764.8	766.0	790.9	812.9	831.6	869.8
0.2	0.4	0.2	0.1	0.2	0.2	0.1
41.1	42.5	40.7	45.2	45.3	53.1	62.1
62.9	67.8	61.8	62.3	73.5	87.3	83.2
59.7	71.8	71.7	74.8	61.8	86.5	98.1
8.2	20.4	29.5	15.2	33.1	28.0	30.9
22.1	27.2	27.0	26.5	22.9	26.6	19.4
13.0	13.0	13.9	14.9	14.2	14.2	17.0
127.0	124.0	139.8	133.1	145.2	146.2	155.5
85.4	70.3	(47.9)	(33.9)	67.4	94.8	79.9
419.6	437.4	336.7	338.2	463.6	536.9	546.2
5.1	21.0	17.0	1.7	(66.9)	54.1	42.4
\$ 367.7	\$ 348.4	\$ 446.3	\$ 454.4	\$ 282.4	\$ 348.8	\$ 366.0

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**WATER SYSTEM ACCOUNTS
TEN YEARS ENDED DECEMBER 31, 2015-2024**

Year Ended December 31	Nonmetered	Metered	Total
2015	227,801	266,284	494,085
2016	206,913	287,351	494,264
2017	190,276	303,877	494,153
2018	180,608	313,758	494,366
2019	178,348	316,262	494,610
2020	177,641	316,783	494,424
2021	176,931	317,398	494,329
2022	172,048	322,226	494,274
2023	170,456	323,928	494,384
2024	169,009	325,450	494,459

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**TEN LARGEST SUBURBAN CUSTOMERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands)**

<u>Customer</u>	Amount of Sales
Dupage Water Commission	\$ 126,705
Northwest Suburban Municipal Joint Action Water Agency	47,074
Village of Oak Lawn	46,872
Village of Bedford Park	33,900
Village of Melrose Park	19,907
Town of Cicero	11,850
City of Harvey	10,158
City of Berwyn	9,744
Village of Alsip	9,544
Village of McCook	9,395
Total	<u><u>\$ 325,149</u></u>

Source: City of Chicago Department of Water Management.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**REVENUE BOND COVERAGE
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)**

Prior Bonds Coverage Calculation

Combined prior Bonds, Senior Lien, and Second Lien Debt Service Calculation	2015	2016
REVENUES AVAILABLE FOR BONDS:		
Net revenues—as defined	\$ 34.7	\$ 223.6
Pension expense other than contribution (Note) ⁽¹⁾	423.0	227.6
Transfer from (to) Water Rate Stabilization account	—	—
Other Available Funds (Note) ⁽²⁾	236.1	421.7
NET REVENUES AVAILABLE FOR BONDS	\$ 694.1	\$ 872.9
DEBT SERVICE REQUIREMENTS:		
Senior debt service requirements	\$ 21.5	\$ 21.5
Senior debt service coverage ratio	32.3	40.6
Second lien debt service requirements	\$ 150.4	\$ 153.0
Subordinate lien debt service requirements	6.9	12.1
Total second and subordinate lien debt service requirements	\$ 157.3	\$ 165.1
TOTAL COMBINED SENIOR, SECOND, AND SUBORDINATE LIEN DEBT SERVICE REQUIREMENTS	\$ 178.8	\$ 186.6
TOTAL COMBINED SENIOR AND SECOND LIEN DEBT SERVICE COVERAGE RATIO ...	3.9	4.7
WATER RATE STABILIZATION ACCOUNT YEAR-END BALANCE ⁽³⁾	\$ 91.2	\$ 91.2
TOTAL CUSTOMER ACCOUNTS SERVED (in thousands)	494.1	494.3
TOTAL LONG TERM DEBT (rounded)	\$ 2,391.0	\$ 2,468.0
LONG TERM DEBT PER CUSTOMER SERVED	\$ 4,839	\$ 4,993

Source: City of Chicago Comptroller's Office; U.S. Department of Commerce—Census Bureau

⁽¹⁾ \$91.5 million is the portion of the City's pension cash contribution payable in 2024 to the pension funds and allocable to the Water Fund. This portion is included in Operating Expenses for purposes of calculation of the debt service coverage ratio.

⁽²⁾ As provided in the Ordinance, Gross Revenues remaining in any period after providing sufficient funds for Operations and Maintenance Costs, for paying required debt service on all bonds and notes secured by Water System revenues, for paying any required amounts into any other accounts established for any bonds or notes secured by Water System revenues and to make any deposits into the Water Rate Stabilization Account ("Other Available Funds"), can be applied to debt service for any future period.

⁽³⁾ The 2024 water rate stabilization balance includes a fair value adjustment of (\$3.2) million. A fair value adjustment was not included in 2016 and prior balances.

CITY OF CHICAGO, ILLINOIS
WATER FUND

REVENUE BOND COVERAGE
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)

2017	2018	2019	2020	2021	2022	2023	2024
\$ 367.0	\$ 367.7	\$ 348.4	\$ 446.3	\$ 454.4	\$ 282.4	\$ 348.8	\$ 366.0
82.7	53.3	30.3	(92.3)	(84.2)	(9.9)	2.6	(11.6)
—	—	—	—	—	—	—	—
515.7	451.8	445.0	467.1	424.0	461.1	358.5	419.0
<u>\$ 965.4</u>	<u>\$ 872.8</u>	<u>\$ 823.7</u>	<u>\$ 821.1</u>	<u>\$ 794.2</u>	<u>\$ 733.6</u>	<u>\$ 709.9</u>	<u>\$ 773.4</u>
<u>\$ 15.6</u>	<u>\$ 15.6</u>	<u>\$ 7.6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
61.9	55.9	109.1	—	—	—	—	—
\$ 178.7	\$ 180.9	\$ 183.5	\$ 178.5	\$ 178.6	\$ 178.5	\$ 191.1	\$ 188.2
13.3	21.2	28.7	33.3	38.3	37.3	41.7	40.8
<u>\$ 192.0</u>	<u>\$ 202.1</u>	<u>\$ 212.2</u>	<u>\$ 211.8</u>	<u>\$ 216.9</u>	<u>\$ 215.8</u>	<u>\$ 232.8</u>	<u>\$ 229.0</u>
<u>\$ 207.6</u>	<u>\$ 217.7</u>	<u>\$ 219.8</u>	<u>\$ 211.8</u>	<u>\$ 216.9</u>	<u>\$ 215.8</u>	<u>\$ 232.8</u>	<u>\$ 229.0</u>
4.7	4.0	3.7	3.9	3.7	3.4	3.0	3.4
\$ 90.5	\$ 89.4	\$ 91.2	\$ 93.2	\$ 91.7	\$ 85.8	\$ 88.5	\$ 88.0
494.1	494.4	494.6	494.4	494.3	494.3	494.4	494.5
<u>\$ 2,401.0</u>	<u>\$ 2,457.0</u>	<u>\$ 2,398.0</u>	<u>\$ 2,409.0</u>	<u>\$ 2,341.4</u>	<u>\$ 2,287.0</u>	<u>\$ 2,394.5</u>	<u>\$ 2,312.3</u>
<u>\$ 4,859</u>	<u>\$ 4,970</u>	<u>\$ 4,848</u>	<u>\$ 4,873</u>	<u>\$ 4,737</u>	<u>\$ 4,627</u>	<u>\$ 4,843</u>	<u>\$ 4,676</u>

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**LONG-TERM DEBT
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)**

	2015	2016	2017
Senior lien bonds	\$ 26.2	\$ 15.0	\$ 9.6
Second lien bonds	2,222.3	2,261.8	2,142.7
Subordinate lien—IEPA loan	142.9	191.6	248.7
Total long-term debt	2,391.4	2,468.4	2,401.0
Accretion of capital appreciation bonds	33.3	26.3	18.4
Unamortized bond discount/premium—net	91.3	161.2	205.6
Total	<u>\$ 2,516.0</u>	<u>\$ 2,655.9</u>	<u>\$ 2,625.0</u>
Total customer accounts served (in thousands)	<u>494.1</u>	<u>494.3</u>	<u>494.1</u>
Long term debt per customer served	<u>\$ 5,092</u>	<u>\$ 5,373</u>	<u>\$ 5,313</u>

CITY OF CHICAGO, ILLINOIS
WATER FUND

LONG-TERM DEBT
TEN YEARS ENDED DECEMBER 31, 2015-2024
(In millions)

2018	2019	2020	2021	2022	2023	2024
\$ 4.6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2,070.8	1,920.2	1,920.2	1,841.9	1,759.7	1,891.0	1,477.1
381.9	477.8	488.6	499.5	527.2	503.5	473.8
2,457.3	2,398.0	2,408.8	2,341.4	2,286.9	2,394.5	1,950.9
9.4	—	—	—	—	—	—
185.9	166.9	148.9	132.1	116.3	138.2	139.1
\$ 2,652.6	\$ 2,564.9	\$ 2,557.7	\$ 2,473.5	\$ 2,403.2	\$ 2,532.7	\$ 2,090.0
494.4	494.6	494.4	494.3	494.3	494.4	494.5
\$ 5,365	\$ 5,186	\$ 5,173	\$ 5,004	\$ 4,862	\$ 5,123	\$ 4,227

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**CAPITAL IMPROVEMENT PROGRAM, 2025-2029
(In thousands)**

Years	Amount
2025	\$ 481,371
2026	527,451
2027	856,528
2028	878,804
2029	921,870
Total	<u><u>\$ 3,666,024</u></u>

Note: The information presented in the table above reflects the Water Fund's expected allocation of resources to various projects, but does not necessarily represent an expectation of actual cash expenditures for these projects.

Source: City of Chicago Department of Water Management.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**WATER SYSTEM PUMPAGE AND CAPACITY
TEN YEARS ENDED DECEMBER 31, 2015-2024**

Years	Total Pumpage (MGD)	Average Daily Pumpage (MGD)	Maximum Daily Pumpage (MGD)	System's Rated Pumpage Capacity (MGD)	Maximum Daily Pumpage as % of Capacity
2015	262,606	719	890	2,160	41
2016	255,872	701	934	2,160	43
2017	248,371	680	1,089	2,160	50
2018	249,845	685	859	2,160	40
2019	241,359	661	838	2,160	39
2020	234,426	641	842	2,160	39
2021	237,554	651	836	2,160	39
2022	238,072	652	873	2,160	40
2023	238,439	653	855	2,160	40
2024	233,275	637	825	2,160	38

Note: Million Gallons Daily (MGD).

Sources: City of Chicago Department of Water Management.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**MISCELLANEOUS STATISTICAL DATA
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023**

	2024	2023
AREA SERVED (In square miles):		
Chicago	228	228
125 suburbs	578	578
TOTAL AREA SERVED	806	806
WATER WORKS FACILITIES:		
Filtration plants	2	2
Continuous service capacity:		
South Water Filtration Plant (MGD)	720	720
Jardine Water Purification Plant (MGD)	1,440	1,440
Pumping stations—steam	3	3
Pumping stations—electric	9	9
Installed pumping capacity (MGD)	3,661	3,661
Crib intakes in service	2	2
Shore intakes (filtration plants)	2	2
Water supply tunnels (6 to 20 feet in diameter)—miles	64	64
DISTRIBUTION SYSTEM:		
Water mains (miles)	4,244	4,245
Fire hydrants	48,004	48,023
Valves	48,366	48,346

Note: Million Gallons Daily (MGD).

Source: City of Chicago Department of Water Management.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**OPERATING INFORMATION BY FUNCTION
TEN YEARS ENDED DECEMBER 31, 2015-2024
(Number of employees)**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration	61	61	64	63	63	56	52	51	59	60
Agency management	36	36	35	37	37	35	31	36	35	30
Safety and security	27	27	21	21	21	53	52	51	53	55
Capital design and construction services ..	9	9	10	10	10	13	13	42	42	39
Engineering services	6	6	7	7	7	6	7	7	7	7
Inspection services	27	27	26	27	27	27	27	27	27	27
Water quality	47	47	46	45	58	53	50	52	52	49
Water pumping	214	214	215	213	213	205	200	203	204	199
Water treatment	344	344	343	343	343	343	324	328	326	334
Systems installation	75	75	65	65	65	62	56	41	28	59
Systems maintenance	520	520	471	449	449	425	411	416	427	411
Billings and customer service	46	46	45	45	45	38	35	44	17	—
Water meter installation and repair	93	93	82	82	82	71	66	64	100	107
Total	<u>1,505</u>	<u>1,505</u>	<u>1,430</u>	<u>1,407</u>	<u>1,420</u>	<u>1,387</u>	<u>1,324</u>	<u>1,362</u>	<u>1,377</u>	<u>1,377</u>

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**POPULATION OF SERVICE AREA
LAST FIVE CENSUS PERIODS**

Years	Chicago	Suburban Customers	Total	Number of Suburbs Served
1980	3,005,072 ⁽¹⁾	1,152,614 ⁽¹⁾	4,157,686	75
1990	2,783,726 ⁽¹⁾	1,589,557 ⁽²⁾	4,373,283	95
2000	2,896,016 ⁽¹⁾	2,410,021	5,306,037	125
2010	2,695,598 ⁽¹⁾	2,600,496	5,296,094	125
2020	2,695,598 ⁽¹⁾	2,600,496	5,296,094	123

⁽¹⁾ U.S. Department of Commerce—Census Bureau.

⁽²⁾ 23 suburban customers not included (under the DWC contract; fully served May 1, 1992) with a population of 610,478, which increases total population to 4,983,761.

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**STATISTICAL DATA
PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO**

Employer	2024 ⁽¹⁾			2015		
	Number of Employees	Rank	Percentage of Total City Employment ⁽²⁾	Number of Employees	Rank	Percentage of Total City Employment
Advocate Health ⁽³⁾	33,247	1	2.35 %			
Amazon.Com Inc.	30,751	2	2.17	18,308	1	1.44
Northwestern Memorial Healthcare ...	29,434	3	2.08	15,317	3	1.20
University of Chicago	22,287	4	1.58	16,197	2	1.27
Endeavor Health ⁽⁴⁾	21,134	5	1.49			
Walmart Inc.	18,000	6	1.27	14,000	5	1.10
United Airlines Holdings Inc. ⁽⁵⁾	17,400	7	1.23			
Walgreens Boots Alliance Inc. ⁽⁶⁾	14,714	8	1.04			
JPMorgan Chase & Co. ⁽⁷⁾	14,675	9	1.04	14,158	4	1.11
Health Care Service Corp	13,500	10	0.95	13,006	6	1.02
AT&T				13,006	7	1.02
Presence Health				10,500	8	0.82
University of Illinois at Chicago				10,000	9	0.79
Abbott Laboratories				9,708	10	0.76

NOTES:

⁽¹⁾ Source: Reprinted with permission from the February 26, 2024 issue of Crain's Chicago Business.

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⁽²⁾ Source: Bureau of Labor Statistics data used in calculation of Total City Employment.

⁽³⁾ Advocate Health formerly known as Advocate Aurora Health.

⁽⁴⁾ Endeavor Health formerly known as Northshore - Edward-Elmhurst Health.

⁽⁵⁾ United Airlines Holdings Inc. formerly known as United Continental Holdings Inc.

⁽⁶⁾ In 2014, Walgreens purchased Alliance Boots forming Walgreens Boots Alliance, Inc.

⁽⁷⁾ JP Morgan & Co. formerly known as J.P. Morgan Chase

**CITY OF CHICAGO, ILLINOIS
WATER FUND**

**STATISTICAL DATA
POPULATION AND INCOME STATISTICS
TEN YEARS ENDED DECEMBER 31, 2015-2024**

Year	Population (1)	Median Age (2)	Number of Households (2)	City Employment	Unemployment Rate (3)	Per Capita Income (4)	Total Income
2015	2,695,598	34.2	1,053,229	1,273,727	5.7 %	\$ 53,886	\$145,254,993,828
2016	2,695,598	34.4	1,053,986	1,282,117	5.4	55,621	149,931,856,358
2017	2,695,598	34.6	1,047,695	1,289,325	4.7	58,315	157,193,797,370
2018	2,695,598	34.9	1,077,886	1,288,755	4.0	61,089	164,671,386,222
2019	2,695,598	35.2	1,080,345	1,286,484	3.2	65,306	176,038,722,988
2020	2,695,598	34.8	1,081,143	1,165,441	8.2	67,671	182,413,812,258
2021	2,746,388	35.8	1,139,537	1,247,060	4.1	71,992	197,717,964,896
2022	2,746,388	35.8	1,159,424	1,319,764	4.2	72,512	199,146,086,656
2023	2,746,388	36.4	1,179,081	1,310,713	4.0	77,429	212,650,076,452
2024	2,746,388	N/A (5)	N/A (5)	1,414,221	4.5	N/A (5)	N/A (5)

Notes:

(1) Source: U.S. Census Bureau.

(2) Source: U.S. Census Bureau - American Community Survey data estimates.

(3) Source: Bureau of Labor Statistics 2023, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.

(5) N/A means not available at time of publication.