METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

A COMPONENT UNIT OF THE
METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO
CHICAGO, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

PREPARED BY THE MWRDRF STAFF

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District Retirement Fund
Illinois

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

Jim Mohler
Executive Director

June 24, 2022

Board of Trustees of the
Metropolitan Water Reclamation
District Retirement Fund
111 E. Erie Street
Chicago, Illinois 60611

Dear Trustees:

Submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the Metropolitan Water Reclamation District Retirement Fund (Fund) for the year ending December 31, 2021. This ACFR provides a comprehensive overview of the Fund's activities and operations for the year. The management of the Fund is responsible for the completeness and accuracy of the information presented in this report. In accordance with the Illinois Pension Code, the Fund's financial statements for the fiscal year ended December 31, 2021, have been subject to an audit by independent auditors selected by the Board of Trustees. The unmodified opinion of Legacy Professionals, LLP has been included in the Financial Section of this report.

Management has established and maintained a system of internal accounting controls designed to safeguard Fund assets and ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed financial statements, supporting schedules and statistical tables are accurate in all material respects and are reported in a manner designed to present fairly the financial position and the results of operations of the Fund.

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

FUND PROFILE

The Fund was established in 1931 by the State of Illinois legislature and is administered in accordance with Articles 1, 13, and 20 of the Illinois Pension Code (40 ILCS Act 5).

At the direction of the Board of Trustees (Board), the mission of the Fund is to provide earned benefits to the Fund membership with excellent customer service and to preserve the fiscal integrity and financial stability of the Fund.

The Fund is led by a Board of Trustees, that administrates a single employer defined benefit public employee retirement fund sponsored by the Metropolitan Water Reclamation District of Greater Chicago (MWRD or District) to provide retirement, survivor, and disability benefits for certain employees of the District, Fund employees, and qualified beneficiaries. The Fund is a pension trust fund of the District and as such, is included in their financial statements.

As of December 31, 2021, the Fund serves 1,737 active members, 2,482 benefit recipients, and 128 inactive members. A further description of the Fund membership is provided within the notes to the financial statements in the Financial Section and within the Actuarial Section of this report.

FINANCIAL CONDITION

Financial Position

In 2021, the Net Position of the Fund increased by $143.3 million, reflecting the net effect of positive returns on Fund assets less the necessary liquidation of Fund assets to pay required benefits. For a more detailed analysis of the Fund's financial position, please refer to the Financial and Investment Sections of this report.

Objective and Sources of Funding

The objective of the Fund is to administer the benefits codified within the Illinois Pension Code (Code) to present and future members. Benefits earned are funded by contributions from the employer (the District), employees, and earnings on Fund assets.

Earnings on Fund assets typically provides the largest portion of total additions in any given year. In 2021, the invested assets of the Fund earned a rate of return of 15.2% net of fees, compared to the 2020 rate of return of 9.2%. The ten-year annualized rate of return on the Fund's investments is 9.7% net of fees, exceeding the actuarially assumed rate of return of 7.25%.

Employer contributions have grown steadily since 2012 due to the passage of PA 97-0894 and the establishment of a funding policy by the District Board of Commissioners in 2014. Since then, the Fund has received employer contributions that have met or exceeded the annual determined contribution required by the Code.

Employee contributions are withheld from employee's salaries in accordance with the Code. Since 2015, Tier I employees have contributed 12% of salary, which will continue until the Fund reaches 90% funded. Contributions from Tier II employees, hired after December 31, 2010, are set at 9% of salary, with a pensionable salary capped at $116,740 in 2021.

Funding Status

An important measure of the long-term financial stability of a pension fund is its funded ratio which compares the actuarial value of assets to the actuarial accrued liability. The greater the funded ratio, the greater assurance is given to participants that the Fund shall be able to pay pension benefits in the future. The Fund engages an independent actuary to perform an annual actuarial valuation of the Fund. The December 31, 2021, valuation report stated the actuarial value of assets (AVA) at $1.618 billion, the actuarial accrued liability (AAL) at $2.756 billion, leaving an unfunded AAL of $1.138 billion and resulting in a funded ratio of 58.7%.

A funded ratio is a measure at one point in time but is best viewed in the context of its historical trend to assess a fund's progress towards being fully funded. For a more complete understanding of the Fund's funding status, the reader is encouraged to review the Actuarial section of this report which contains a summary of valuation results, schedules that analyze funding, and details about the data used in the valuation. Ten-year trend information is available in both the Actuarial and Statistical sections.

Investments

The Board utilizes an investment consulting firm who assists with investment manager searches, manager selection and oversight, performance reporting, attribution analysis, and the development of an investment policy that establishes a prudent level of risk to attempt to achieve an assumed rate of return. Invested assets are diversified to reduce the effect of non-systematic risk on returns.

At year end, the Board utilized 13 investment management firms to manage 17 separate mandates that totaled $1.645 billion in investment assets at fair value.

The Investment section of this ACFR contains details regarding the Fund's investment policy, performance, diversification, investment expenses and a summary of the investment activities that took place in 2021. Also included are the Custodian's report and the Investment Consultant's report.

MAJOR ACTIVITIES AND HIGHLIGHTS

- In June 2021, the Board submitted the 2022 funding resolution to the District Board of Commissioners (BOC) in the amount of $87,915,000 to be funded by the District in accordance with their funding policy adopted on October 2, 2014. This amount was slightly lower than the prior year amount of $88,754,000.
- Changes to the Retirement Board in 2021 by appointment or election:
    - Board Officers for 2021 were elected as follows: John P. Dalton, Jr., President; Kevin Young, Vice President; and Hon. Mariyana Spyropoulos, Secretary.
    - Robert Regan retired effective August 1, 2021, after 29 years of employment with the MWRD and 16 years of dedicated service to the Fund membership as an Employee Trustee, including 15 years serving as Vice President.
    - Carmen Scalise was appointed by the Retirement Board to fill the Trustee vacancy resulting from the retirement of Robert Regan, to complete the unexpired term through November 30, 2022.
    - In the October 2021 Trustee election, John P. Dalton, Jr., was duly elected as Trustee for a four-year term beginning December 1st.

MAJOR ACTIVITIES AND HIGHLIGHTS, continued

- Retirement Fund benefits-related activity in 2021:
  - 30,900 benefit payments were paid to retirees and beneficiaries totaling $182.0 million; 99% were paid via electronic funds transfer.
  - 92 new retirees and 47 new spouse/child annuitants were added to annuity payroll; 91 retirees and 49 spouse/child annuitants were removed from payroll due to death or termination of annuity.
  - Annuity estimates were prepared for 313 active employees.
  - $833,000 of ordinary and duty disability benefits were processed for 55 and 36 individuals, respectively.
- Retirement Fund investment activity in 2021:
  - In January funds in the Ariel MC/V portfolio were transitioned to the Ariel SMID/V portfolio and the Board moved their remaining actively managed Large Cap domestic equity exposure, approximately $80M, to low-cost index products in September.
  - Following an RFP for a Global Low Volatility mandate issued in February, $80M was allocated to two new managers. An additional RFP for international developed countries equity managers (multiple capitalizations) was issued in August; by year-end finalists for the Small Cap mandate were selected.
  - Redemptions from a Core Real Estate manager continued in 2021, with a total of $9.4M received. Those funds, along with other liquidations from the investment portfolio totaled $81M which was used to pay required benefits during the year.
  - Investment-related policies were reviewed and updated including the primary Investment Policy, Fiduciary Diversity, Professional Services Diversity, and MWDBE Brokerage Utilization Goals.
- Retirement Fund administrative activity in 2021:
  - Staff continued work with Provaliant in 2021 and an RFP for a new Pension Administration System (PAS) provider was issued in June. By year end two finalists were announced. An additional RFP was issued for ancillary data cleansing services; MBS was selected in September.
  - After a job posting, exam and interview process, the Fund's Office Services Assistant (OSA) was promoted to Assistant Benefits Analyst. In September the open position of OSA was posted; it was filled in early 2022.
  - To prepare for the October Trustee Election, staff reviewed and updated the Rules of Elections for Board approval at the July Board meeting, began monitoring voting eligibility of members in August, prepared Election Packets for pickup by prospective candidates in early September; and verified signatures on the returned petition; as there was only one candidate, the election was not held.
  - Various Fund policies were created or reviewed and updated including a Fiduciary Indemnification Agreement, Fund Ethics, FOIA, Cyber Security, Overpayment Recoupment and Tuition Reimbursement.
  - Responses were prepared and sent to fulfill 28 commercial and non-commercial FOIA requests.

MAJOR ACTIVITIES AND HIGHLIGHTS, continued

- Member communications in 2021:
  - Physical access to the Fund offices continued to be limited, but staff worked from the office or home to serve members by phone, email, and regular mail.
  - Staff provided a summary of Fund benefits to the new hires of the District on their first day of employment; the Fund's Benefit Brochures were mailed to the new members.
  - Staff participated in three District new employee orientations which was held virtually, presenting another overview of Fund benefits to new hires.
  - In late January, IRS Form 1099-R was prepared and mailed to approximately 2,800 annuitants and recipients of refunds and ordinary disability benefits.
  - In June contribution statements were mailed to all active and inactive members, listing cumulative pension contributions through the prior year (i.e. December 31, 2020.)
  - Signature verification cards were mailed in July to approximately 2,400 annuitants; this procedure is done by Benefits staff periodically to verify annuities are being paid to the intended recipient.
  - Issues of Vested Interest, the Fund's newsletter, were prepared and distributed by email or regular mail to all members in April and December.
  - Periodic Fund updates for members were placed on the Fund's website to keep members apprised of the Fund's activities.
- Trustees participated in several training sessions during 2021, however due to COVID-19 most conferences were held in a virtual format. Training attended by Trustees included sessions sponsored by:
  - International Foundation of Employee Benefit Plans
  - National Conference on Public Employee Retirement Systems
  - Pensions & Investments
  - Investment service providers such as Marquette Associates, Ariel Investments, and Dimensional Fund Advisors

AWARDS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to our Fund for its annual comprehensive financial report for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. The Metropolitan Water Reclamation District Retirement Fund has received a Certificate of Achievement for the last 28 years.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents meet or exceed the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets of the Fund.

The preparation of this report reflects the combined efforts of the Fund staff under the leadership of the Board of Trustees. We thank the Fund staff for their commitment to serving the membership and thank all who participated in the preparation of this report.

Respectfully submitted,

Jim Mohler
Executive Director

Vrinda Kulkarni, C.P.A
Fund Accountant

BOARD OF TRUSTEES
AS OF: 12/31/21

John P. Dalton, Jr., Employee Trustee, President
Master Mechanic I at the Calumet Water Reclamation Plant
Term ending: November 2025

Kevin Young, Employee Trustee, Vice President
Senior Applications Administrator
Term ending: November 2024

Honorable Mariyana T. Spyropoulos, Appointed Trustee, Secretary
Commissioner, Metropolitan Water Reclamation District
Term ending: January 2022

Honorable Kimberly Du Buclet, Appointed Trustee
Commissioner, Metropolitan Water Reclamation District
Term ending: January 2024

Bonnie T. Kennedy, Employee Trustee
Principal Attorney
Term ending: November 2023

Carmen Scalise, Employee Trustee
Managing Civil Engineer
Term ending: November 2022

Vacant, Retiree Trustee
Term ending: January 2023

EXECUTIVE STAFF, ADVISORS, AND INVESTMENT MANAGERS
AS OF: 12/31/21

EXECUTIVE STAFF

Jim Mohler, Executive Director
Mary T. Murphy, Operations Manager

ADVISORS

- Legal Counsel: Jacobs, Burns, Orlove, and Hernandez, Chicago, IL
- Investment Consultant: Marquette Associates, Chicago, IL
- Consulting Actuary: Foster & Foster, Naperville, IL
- Auditor: Legacy Professionals, LLP, Chicago, IL
- Custodian: The Bank of New York Mellon Co., New York, NY
- Banking Services: Amalgamated Bank of Chicago, Chicago, IL

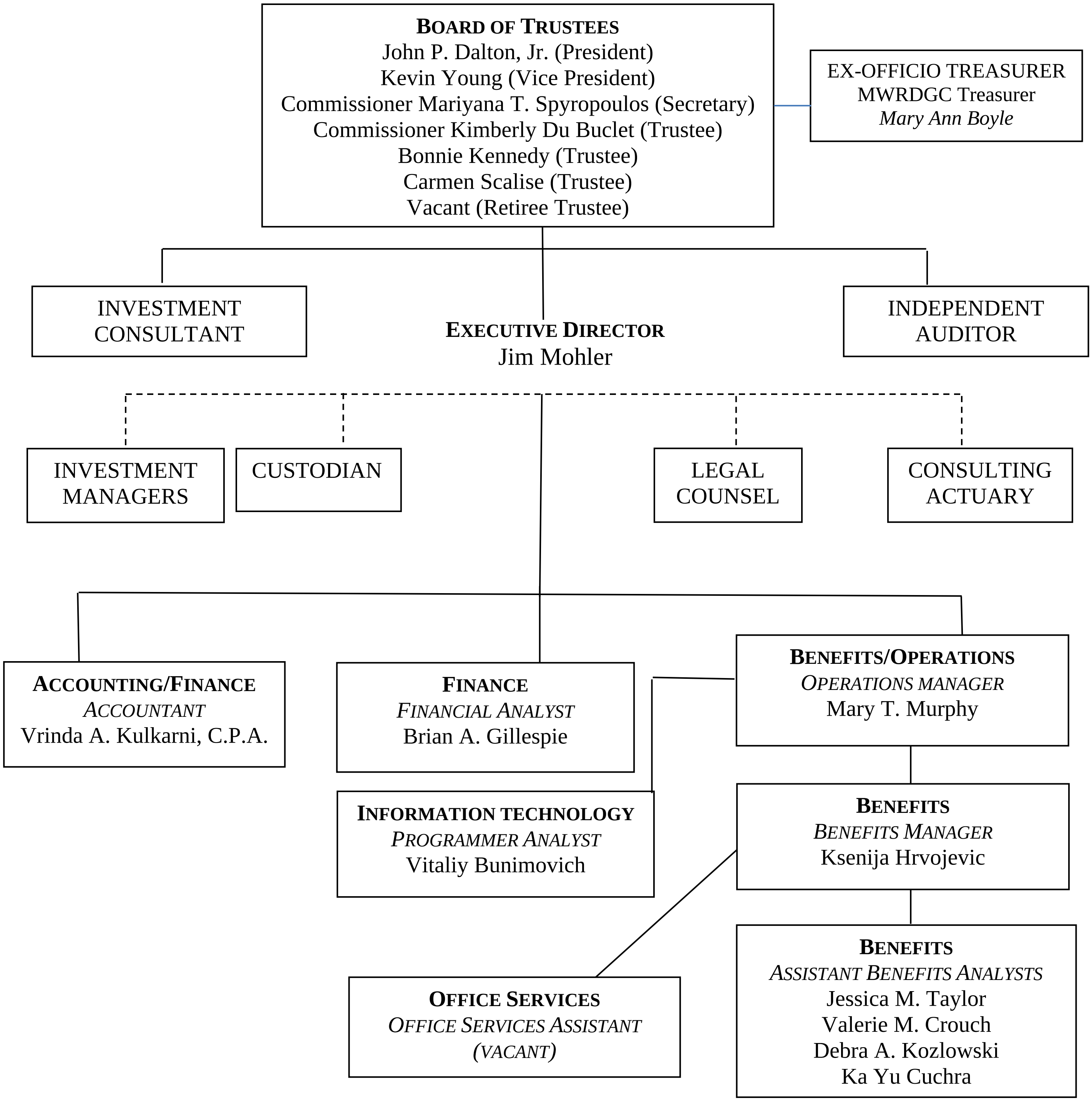
INVESTMENT MANAGERS

1. Ariel Investments, Chicago, IL
2. DWS RREEF, Chicago, IL
3. Dimensional Fund Advisors, Austin, TX
4. Garcia Hamilton & Associates, Houston, TX
5. LSV Asset Management, Chicago, IL
6. MFS Investment Management, Boston, MA
7. Mesirow Financial, Chicago, IL
8. Neuberger Berman, New York, NY
9. Northern Trust Asset Management, Chicago, IL
10. Ramirez Asset Management, New York, NY
11. State Street Global Advisors, Boston, MA
12. UBS Realty Investors, Chicago, IL
13. Wasatch Advisors, Salt Lake City, UT

Assets under management and fees paid to investment professionals can be found in the Investment Section of this ACFR, on pages 69 - 70.

ORGANIZATIONAL CHART

As of: December 31, 2021



——— Full and direct authority and responsibility.

- - - - - Appointment by the Board of Trustees, direction and coordination by the Executive Director.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees of the Retirement Fund (Board) is composed of seven members. Three Trustees are appointed by the District Board of Commissioners (BOC), which one must be a retired member to be approved by the Board, and four are employee members elected by the employee members of the Fund. Appointed members serve for terms of three years, and elected members serve for terms of four years on a rotating basis so that each year, one seat on the Board is up for election and another is up for appointment.

In accordance with the Illinois Pension Code, the Board has the powers and duties to collect all contributions due to the Fund, to direct the prudent investment of Fund assets, to authorize or suspend payment of any benefits, to make rules and regulations for the proper conduct of the affairs of the Fund, and to appoint employees and consultants. The Board approves an annual budget which is prepared by Fund staff and submits an annual report of the affairs of the Fund to the District and the State of Illinois Department of Insurance.

RESPONSIBILITIES OF THE STAFF

The Board of Trustees appoints an Executive Director who is responsible for all administrative functions, supervision of staff, and for the administration and payment of benefits to the members of the Fund under the direction of the Board. The Executive Director also works closely with the Investment Consultant and Financial Analyst to develop and maintain the Fund's investment policy and bring recommendations to the Board for their consideration. The Executive Director oversees the work of the Fund's Actuary who brings recommendations to the Board for the actuarial assumptions used in the annual valuation, based on an experience analysis performed every four to five years. In addition, the Executive Director works with legal counsel to review contracts with service providers and solicits advice on various issues including statutory interpretations, determinations from the Internal Revenue Service, and potential legal actions.

The Operations Manager supports the Executive Director in the day-to-day running of the Fund, proposes and manages technology initiatives with the Programmer Analyst, manages administrative projects, and assists the Benefits Manager in the oversight of the Benefits department.

The Benefits Manager supervises a staff of five that are responsible for the production of the monthly annuity payroll, computation of annuity and disability benefits, refunds of contributions, and payments to designate beneficiaries in accordance with the Illinois Pension Code. Throughout the year benefits staff prepares requested retirement estimates, participate in pre-retirement seminars, and distribute bi-annual newsletters to the Fund membership.

The Financial Analyst provides monthly investment performance updates, assists with investment manager searches, asset transitions, investment monitoring, asset allocation studies, and confirms the accuracy of all investment expenses. The Financial Analyst is responsible for the Fund's cash management to ensure there is proper liquidity to pay monthly benefit payments.

The Fund Accountant is responsible for the general accounting that serves as the basis for the annual financial statements and works closely with the Independent Auditor to complete the annual audit. The Fund Accountant also coordinates the preparation by staff of the ACFR, is responsible for the processing of monthly payments of administrative expenses, coordinates the Fund's Records Retention/Storage activities, and serves as is the Fund's designated FOIA Officer.

The Programmer Analyst is responsible for the data processing that produces benefits payments and records employee contributions in the Fund's proprietary benefit management software, maintaining the pension database, maintaining software and hardware, and implementing various technology initiatives under the direction of the Operations Manager.

FINANCIAL SECTION

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Trustees
Metropolitan Water Reclamation
District Retirement Fund

Opinion

We have audited the accompanying financial statements of Metropolitan Water Reclamation District Retirement Fund (the Fund), a fiduciary fund of the Metropolitan Water Reclamation District of Greater Chicago (the District), which comprise the statement of fiduciary net position as of December 31, 2021, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements. The Fund's financial statements include partial prior-year information for 2020. Such information does not include various notes to the basic financial statements and the management's discussion and analysis for 2020, which are required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended December 31, 2020, from which such partial information was derived.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the fiduciary net position of Metropolitan Water Reclamation District Retirement Fund as of December 31, 2021, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Metropolitan Water Reclamation District Retirement 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.

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. Management is also responsible 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.

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Responsibilities of Management for the Financial Statements (continued)

preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 5e and the schedules of changes in the District's net pension liability and related ratios, of District contributions and related note, and of investment returns on pages 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Our audit was conducted for the purpose of forming an opinion on the Fund's basic financial statements as a whole. The supplementary information on pages 33 through 35 is presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Legacy Professionals LLP

Westchester, Illinois

May 17, 2022

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND
(A Component Unit of the Metropolitan Water Reclamation District of Greater Chicago)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Metropolitan Water Reclamation District Retirement Fund (the Fund) presents this narrative overview of the financial statements and financial performance of the Fund for the years ended December 31, 2021 and 2020. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and current known facts. It should be read in conjunction with the letter of transmittal, the financial statements and their accompanying notes, required supplementary information, and other supplementary information.

FINANCIAL HIGHLIGHTS

- The Fund's investment portfolio returned 15.2% and 9.2% (net of fees) for the calendar years 2021 and 2020, respectively on a time-weighted basis. For both of these years, investment returns exceeded the assumed actuarial rate of return of 7.25%.

- Income from contributions and investment income exceeded payments for benefits and administrative expenses in 2021, resulting in an increase in the Fund's net position restricted for benefits of $143 million or 9.1% to $1.72 billion at December 31, 2021, from the prior year end.

- The Fund's funding ratio, using the actuarial value of assets, was 58.7% as of December 31, 2021, up from 57.3% at December 31, 2020. Since 2012, the Fund has seen an upward trend in the funding ratio, from 50.4% to 58.7%. This was mainly due to an increase in contributions from the District and solid investment returns over time. Funding ratios will vary annually depending on the volatility of the investment markets, but the District's commitment to properly funding the Fund should help continue an upward trend in funding levels.

UNDERSTANDING THE FUND'S FINANCIAL STATEMENTS

The Fund prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The statement of fiduciary net position provides information about the nature and amount of investments available to satisfy the pension benefit obligations of the Fund. The statement of changes in fiduciary net position accounts for all additions to and deductions from the net position held in trust for pension benefits. This statement measures the Fund's performance over the past year in increasing or decreasing the fiduciary net position available for pension benefits.
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UNDERSTANDING THE FUND'S FINANCIAL STATEMENTS (CONTINUED)

While the statement of fiduciary net position and statement of changes in fiduciary net position provide important financial information, significant actuarial factors also need to be considered in order to determine the financial health of the Fund. Two primary factors are the funded status and the actuarially determined contribution requirement, both of which are calculated by the Fund's actuary.

The funded ratio of the Fund is the actuarial value of assets divided by the total actuarial liability, and is calculated using the 5-year smoothed fair value related method. The smoothing prevents extreme volatility in the actuarial value of assets due to short-term fluctuations in the investment markets.

Another important calculation by our actuary is the Actuarially Determined Contribution Requirement which combines the employer's normal cost with an amount needed to amortize the net pension liability by the year 2050. This can be compared to the actual contribution from the employer to determine the adequacy of employer contributions to fund the liabilities of the Fund.

This report contains the following three components:

1. Basic Financial Statements which are the statement of fiduciary net position, the statement of changes in fiduciary net position, and the notes to the financial statements which contain information that is integral to the financial statements

2. Required Supplementary Information which presents important actuarial information

3. Other Supplementary Information which gives details of administrative, investment, and payments to consultants, as well as disclosure regarding post-employment healthcare

FIDUCIARY NET POSITION

A summary of net position for the Fund at December 31, 2021 and 2020 is shown in the following table and discussion. These financial statements reflect the resources available to pay future benefits to retirees and beneficiaries at the close of the reported years. Details of fiduciary net position at December 31, 2021 and 2020 are found on page 23.

Condensed Statement of Fiduciary Net Position

	12/31/21	12/31/20	$ Change	% Change
ASSETS:				
Cash	$ 321,562	$ 306,082	$ 15,480	5.1%
Employer contributions receivable	88,754,000	88,127,000	627,000	0.7%
Due from broker	1,071,091	40,175,815	(39,104,724)	-97.3%
Other receivables	3,496,154	3,230,238	265,916	8.2%
Investments	1,645,660,326	1,498,905,113	146,755,213	9.8%
Securities lending collateral	11,615,269	6,841,775	4,773,494	69.8%
Total assets	1,750,918,402	1,637,586,023	113,332,379	6.9%
LIABILITIES:				
Accounts payable	1,230,587	1,030,705	199,882	19.4%
Due to broker	13,892,598	48,822,915	(34,930,317)	-71.5%
Securities lending collateral	11,615,269	6,841,775	4,773,494	69.8%
Total liabilities	26,738,454	56,695,395	(29,956,941)	-52.8%
NET POSITION	$ 1,724,179,948	$ 1,580,890,628	$ 143,289,320	9.1%

During 2021, the net position of the Fund increased $143 million or 9.1% from net position at December 31, 2020. This increase was primarily due to the increase in investment values, resulting from positive investment returns in 2021.

Other changes in the components of assets on the statement of fiduciary net position have a corresponding change in liabilities, resulting in no effect on net position. Specifically, the amounts for assets and liabilities for forward foreign exchange contracts and securities lending collateral fluctuate from year to year depending on the amount of security transactions traded but not settled and on the amount of securities out on loan at year-end.

Fiduciary net position at December 31, 2021 was $1.72 billion, representing the amount available at year end to satisfy future pension benefit obligations.

Changes in Fiduciary Net Position

A summary of changes in fiduciary net position for the Fund for the fiscal years ended December 31, 2021 and 2020 follows. This summary reflects changes in the sources (additions) and uses (deductions) of funds during these years; the net increase or decrease is the change in net position available for benefits since the end of the previous fiscal year. Details of changes in fiduciary net position during 2021 and 2020 can be found on page 24.

Condensed Statement of Changes in Fiduciary Net Position

	2021	2020	$ Change	% Change
ADDITIONS:				
Employer contributions	$ 88,803,958	$ 107,852,191	$ (19,048,233)	-17.7%
Employee contributions	20,630,052	20,982,056	(352,004)	-1.7%
Total contributions	109,434,010	128,834,247	(19,400,237)	-15.1%
Net investment income	220,681,056	123,900,275	96,780,781	78.1%
Net securities lending income	95,791	199,184	(103,393)	-51.9%
Total investment income	220,776,847	124,099,459	96,677,388	77.9%
Other	5,213	2,738	2,475	90.4%
Total additions	330,216,070	252,936,444	77,279,626	30.6%
DEDUCTIONS:				
Retirement annuities	182,857,341	174,996,453	7,860,888	4.5%
Refunds	2,281,407	2,290,858	(9,451)	-0.4%
Administrative expense	1,788,002	1,592,783	195,219	12.3%
Total deductions	186,926,750	178,880,094	8,046,656	4.5%
INCREASE IN NET POSITION	143,289,320	74,056,350	69,232,970	93.5%
Beginning net position	1,580,890,628	1,506,834,278	74,056,350	4.9%
Ending net position	$ 1,724,179,948	$ 1,580,890,628	$ 143,289,320	9.1%

CHANGES IN FIDUCIARY NET POSITION (CONTINUED)

Additions

Additions to fiduciary net position are accumulated through employer and employee contributions, and portfolio investment returns.

Total contributions for 2021 were $109.4 million, a decrease of approximately $19.4 million or (15.1)% from 2020. Per current statutes, the District employer contributions will produce a sum that will be sufficient to meet the Fund's actuarially determined contribution requirement but shall not exceed an amount equal to employee contributions two years' prior times 4.19. In 2014, the District established a Funding Policy to contribute annually an amount that over time will increase the ratio of Fund assets to accrued liabilities to 100% by the year 2050.

Employee contributions were $20.6 million in 2021, a decrease of approximately $352,000 or (1.7)% from 2020. In general, total employee contributions vary with changes in employer payroll.

Net investment income in 2021 was higher than the prior year by approximately $96.8 million, reflecting total returns of 15.2%, compared to 9.2% in 2020. Positive returns were experienced in the U.S. and non-U.S. equity markets in 2021.

Investment income is a combination of unrealized gains (losses) on investments held at year end, realized gains (losses) on investment sales, and interest and dividend income earned during the year. Investment income is shown gross and net of investment expenses which consist of fees charged by the Fund's investment managers, investment consultant, and custodian.

The Fund has participated in the securities lending program offered by the Bank of New York Mellon, the Fund's custodian bank, since 2007. The Fund also participates in the securities lending program offered by State Street Global Advisors (SSGA) with regards to their pooled funds. For the year ended December 31, 2021, securities lending activities generated net income of approximately $96,000 which is a decrease of -51.9% from 2020.

CHANGES IN FIDUCIARY NET POSITION (CONTINUED)

Deductions

Deductions from fiduciary net position are payments made by the Fund for benefits (to retirees, survivors, and disabled employees), refunds and administrative expenses. Total deductions in 2021 were approximately $187.0 million compared to approximately $179.0 million in 2020, an increase of approximately $8 million, or 4.5%. The largest part of this change is due to an increase in benefit payments, primarily attributable to the 3% annual increase required by the Illinois pension code to qualified annuitants. In addition, annuity benefits generally increase as deceased annuitants, who had lower benefits, are removed from the annuitant payroll, and new retirees with higher benefits are added.

RETURN ON INVESTMENTS AND ASSET ALLOCATION

The Fund's rate of return on investments in 2021 was 15.1% net of fees, higher than the return of 14.2% on the Policy Index. The rate of return on investments in 2020 was 9.2% net of fees, compared to the return of 10% on the Policy Index. The Fund's target allocations at December 31, 2021 are listed below:

- 38% domestic equities
- 20% international equities
- 5% global equities
- 27% fixed income
- 10% core open-end real estate

CURRENT ASSET BALANCES AND OUTLOOK

As of May 4, 2022, the Fund's net invested assets had a fair value of $1.556 billion, an approximately 5% decrease from the December 31, 2021 fair value. The Fund manages risk by holding a diversified portfolio so that the impact of positive and negative market swings in the various sectors of the portfolio offset each other over time. With continual review the target asset allocation and intermittent rebalancing, the Fund expects to achieve investment returns that outperform the actuarial assumed rate of return over the long run.

CONTACT INFORMATION

This financial report is intended to provide our members and other interested parties with a general overview of the Metropolitan Water Reclamation District Retirement Fund's finances. Questions concerning this report or requests for additional information should be directed to the Metropolitan Water Reclamation District Retirement Fund at 111 East Erie Street, Suite 330, Chicago, Illinois 60611, by phone at (312) 751-3230, or by email at mohlerj@mwrdrf.org.

Metropolitan Water Reclamation District Retirement Fund

Statement of Fiduciary Net Position

December 31, 2021
(with comparative amounts for prior year)

	2021	2020
Assets		
Cash	$ 321,562	$ 306,082
Receivables		
Employer contributions	88,754,000	88,127,000
Due from broker	1,071,091	40,175,815
Accrued interest and dividends	3,404,524	3,123,574
Accounts receivables	91,630	106,664
Total receivables	93,321,245	131,533,053
Investments – at fair value		
Equities	425,507,625	389,988,687
U.S. Government and government agency obligations	102,415,486	93,678,203
Corporate and foreign government obligations	122,142,471	132,056,474
Mutual and exchange traded funds	89,718,116	97,691,014
Pooled funds – equity	573,794,559	460,933,943
Pooled funds – fixed income	158,608,118	164,604,327
Real estate funds	147,345,694	131,169,104
Short-term investment fund	26,128,257	28,783,361
	1,645,660,326	1,498,905,113
Securities lending collateral	11,615,269	6,841,775
Total investments	1,657,275,595	1,505,746,888
Total assets	1,750,918,402	1,637,586,023
Liabilities and Net Position		
Liabilities		
Accounts payable	1,230,587	1,030,705
Due to broker	13,892,598	48,822,915
Securities lending collateral	11,615,269	6,841,775
Total liabilities	26,738,454	56,695,395
Net position restricted for pension benefits	$ 1,724,179,948	$ 1,580,890,628

See accompanying notes to financial statements.

Metropolitan Water Reclamation District Retirement Fund

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2021
(with comparative amounts for prior year)

	2021	2020
Additions		
Employer contributions	$ 88,803,958	$ 107,852,191
Employee contributions	20,630,052	20,982,056
Total contributions	109,434,010	128,834,247
Investment income		
Net appreciation in fair value of investments	204,279,993	106,380,332
Interest	7,068,363	7,767,240
Dividend income	14,384,727	14,424,224
Total investment income	225,733,083	128,571,796
Less investment expenses	(5,052,027)	(4,671,521)
Net investment income	220,681,056	123,900,275
Securities lending income		
Earnings	78,207	192,572
Less broker rebates	41,870	55,683
Less bank fees	(24,286)	(49,071)
Net securities lending income	95,791	199,184
Other	5,213	2,738
Total additions	330,216,070	252,936,444
Deductions		
Annuities and benefits		
Employee annuitants	152,683,226	146,762,252
Surviving spouse annuitants	29,215,385	27,322,271
Child annuitants	126,000	121,500
Ordinary disability benefits	763,703	706,057
Duty disability benefits	69,027	84,373
Total annuities and benefits	182,857,341	174,996,453
Refunds of employee contributions	2,281,407	2,290,858
Administrative expenses	1,788,002	1,592,783
Total deductions	186,926,750	178,880,094
Net increase	143,289,320	74,056,350
Net position restricted for pension benefits		
Beginning of year	1,580,890,628	1,506,834,278
End of year	$ 1,724,179,948	$ 1,580,890,628

See accompanying notes to financial statements.

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Metropolitan Water Reclamation District Retirement Fund (the Fund) is administered in accordance with Chapter 40 of the Illinois Compiled Statutes Act 5, Article 1, 13 and 20.

Financial Reporting Entity - Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. The Fund has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Fund's financial statements.

The Fund is considered a fiduciary fund of the Metropolitan Water Reclamation District of Greater Chicago (the District) and, as such, is included in the District's financial statements.

Measurement Focus and Basis of Accounting - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer contributions to the Fund are recognized as income pursuant to legal requirements as specified in the Illinois Compiled Statutes. Fund member (employee) contributions are recognized as additions in the period in which the contributions are due. Benefits and administrative expenditures are recognized when due and payable in accordance with the terms of the Fund.

Investments - The Fund reports investments at fair value, which generally represents reported market value as of the last business day of the year. The fair value of a financial instrument is the amount that would be received to sell that asset or paid to transfer that liability (exit price) in an orderly transaction between market participants at the measurement date.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through May 17, 2022, which is the date the financial statements were available to be issued.

NOTE 2. FUND DESCRIPTION

The Fund is a single employer defined benefit fund, established by the Illinois State Legislature in 1931 to provide retirement annuities, death and disability benefits for certain employees of the District as well as Fund employees. The Fund is administered in accordance with 40 ILCS 5 of the Illinois Compiled Statutes.

The Board of Trustees is composed of a seven-member board, which consists of four member-elected employee Trustees, and three appointed Trustees, one of which is a retiree. State law authorizes the Board to make investments, pay benefits, hire staff and consultants and perform all necessary functions to carry out the provisions of the Illinois Compiled Statutes. The provisions of the Fund, including the defined benefits and the employer and employee contribution levels are established by those statutes and may be amended or terminated only by the Illinois State Legislature.

Membership

At December 31, 2021, the Fund's membership consisted of:

Active employees	1,737
Retirees and beneficiaries currently receiving benefits	
Retirees	1,918
Surviving spouses	543
Children	21
Total retirees and beneficiaries	2,482
Inactive employees entitled to benefits or a refund of contributions	128
Total members	4,347

The Fund's active membership includes District employees, participating District Commissioners, and Retirement Fund staff and is referred to as "employees" in the financial statements and notes.

Funding

Funding to meet the annuity and benefit obligations of the Fund is expected to come from employee contributions, employer contributions by the District and income earned on the Fund's investments.

Tier I employees (hired prior to January 1, 2011) are required to contribute 12% of their salary to the Fund since 2015; this contribution rate will remain in effect until such time as the Fund reaches a funding level of 90%. Tier II employees (hired on or after January 1, 2011) are required to contribute 9%. Contributions are collected as a payroll withholding. Employees made contributions of $20,630,052 for the year ended December 31, 2021.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Funding (continued)

State statutes (40 ILCS 5/13-503) dictate that the District shall annually contribute a sum that

(i) will be sufficient to meet the Fund's actuarially determined contribution requirement, but

(ii) shall not exceed an amount equal to the total employee contributions 2 years prior to the year for which the tax is levied, multiplied by 4.19 (the tax multiple). The actuarially determined contribution requirement is equal to the employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll. The funding goal is to attain a funded ratio of at least 90% by the year 2050, with the funded ratio being the ratio of the actuarial value of assets to the total actuarial liability.

Per the statutes, the tax shall be levied and collected in the same manner as the general taxes of the District.

The tax rate is based on an actuarially determined rate recommended by an independent actuary subject to the statute noted above. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the Fund participants during the year, with an additional amount to finance any net pension liability. For the year ended December 31, 2021, the District's contribution was 47.43% of covered payroll.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Retirement Eligibility and Benefits

The following describe and reflect Fund provisions as described in Article 1 and 13 of the Illinois Pension Code.

Normal Retirement
An employee whose duties include service of 120 days or more per year and has at least 5 years of service at age 60 is eligible to receive an undiscounted retirement benefit (if hired before January 1, 2011). An employee with at least 10 years of service at age 67 is eligible to receive an undiscounted retirement benefit (if hired on or after January 1, 2011).

The normal retirement benefit is 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary.

Early Retirement
An employee hired before January 1, 2011 who attains age 55 (50 if hired on or before June 13, 1997) with at least 10 years of service is entitled to receive a minimum retirement benefit. An employee hired on or after January 1, 2011 who attains age 62 with at least 10 years of service is entitled to receive a minimum retirement benefit.

If the employee retires prior to the attainment of age 60, the normal retirement benefit computed shall be reduced by 0.5% for each full month the member is less than age 60 or service is less than 30 years whichever is less (if hired before January 1, 2011). If hired on or after January 1, 2011, the normal retirement benefit is reduced by 0.5% for each full month the member is less than age 67. There is no discount if the employee has 30 years of service.

Alternate Provision for Commissioners
Any participant Commissioner may elect to establish alternate credits for an alternative annuity. An additional contribution of 3% of salary is required for participation. In lieu of the normal retirement benefits any Commissioner who has elected to participate, has attained age 55 and has 6 years of service is eligible for an enhanced benefit formula.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Retirement Eligibility and Benefits (continued)

Surviving Spouse Annuity
Upon an employee's death an annuity will be payable to the eligible surviving spouse. If an employee was hired before June 13, 1997, a spouse is immediately eligible for a surviving spouse annuity if married on the date of an employee's death, or if married on the employee's date of retirement and remained married until retiree's death. Dissolution of a marriage after retirement shall not divest the spouse of entitlement if the marriage was in effect for at least 10 years on the date of retirement.

If an employee was hired on or after June 13, 1997, a spouse is eligible for a surviving spouse annuity after 3 years of member's service, with the same conditions for marriage as described for members hired prior to June 13, 1997.

If an employee was hired before January 1, 2011, the surviving spouse annuity is equal to 60% of the employee's retirement benefit at the time of death, plus 1% for each year of total service, to a maximum of 85%. If hired on or after January 1, 2011, an eligible surviving spouse will be entitled to an annuity equal to 66 2/3% of the employee's retirement benefit at time of death.

Under certain conditions, an age discount applies to the surviving spouse annuity if the employee was hired after January 1, 1992 for employees in service before January 1, 2011.

Children's Annuity
Each unmarried child, until the attainment of age 18 (23 if full-time student), of a member that dies in service or of a former employee that dies with at least 10 years of service, is eligible for a monthly annuity of $500 per month (if one parent is living) and $1,000 per month (if neither parent is living) to a maximum total benefit of $5,000 per month for all children of the employee.

Refunds

Upon withdrawal from service an employee hired before January 1, 2011, under age 55 (50 if hired on or before June 13, 1997), or age 55 (50 if hired on or before June 13, 1997) and less than age 60 with less than 20 years of service, or age 60 or over with less than 5 years of service, is eligible for a refund of accumulated employee contributions without interest upon request.

An employee hired on or after January 1, 2011, is eligible for a refund of accumulated employee contributions without interest if under age 62 regardless of service, or if less than 10 years of service regardless of age on withdrawal.

Upon receipt of a refund, the member forfeits rights to benefits from the Fund. Refund repayment provisions may apply in certain cases.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Retirement Eligibility and Benefits (continued)

Disability Benefits

Duty Disability
An employee incurring injury or illness arising out of employment with the District and compensable under the Workers Compensation Act or the Occupational Disease Act may apply for duty disability benefits administered by the Fund. Duty disability benefits are 75% of the salary earned on the date of disability, less the amount paid by Worker's Compensation. The benefit is 50% of salary if disability resulted from a physical defect or disease that existed at the time injury was sustained. Benefits are payable during the period of disablement, but not beyond attainment of age 65. If the disability occurs at age 60 or older, benefits are payable for a maximum of 5 years.

Ordinary Disability
An employee who becomes disabled due to any cause other than illness or injury incurred in the performance of duty may apply for ordinary disability benefits administered by the Fund. Ordinary disability benefits provide 50% of employee's earnable salary at the date of disability, for a maximum period of the lesser of 25% of the employee's actual service prior to disablement or 5 years.

NOTE 3. PENSION LIABILITY OF THE DISTRICT

Net Pension Liability

The components of the net pension liability of the District as of December 31, 2021, were as follows:

Total pension liability	$ 2,744,359,352
Fund fiduciary net position	1,724,179,948
District's net pension liability	$ 1,020,179,404
Fund fiduciary net position as a percentage of the total pension liability	62.83%

See the schedule of changes in the District's net pension liability and related ratios on page 48 of the required supplementary information for additional information.

NOTE 3. PENSION LIABILITY OF THE DISTRICT (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial methods and assumptions:

Valuation date	12/31/21
Cost method	Entry age normal
Asset valuation method	Five Year Smoothing Method
Inflation	2.5%
Salary increases	Varies by service
Investment rate of return	7.25%
Postretirement annuity increases	Tier 1 participants - 3.00%
	Tier 2 participants - 1.25%

Healthy and disabled lives mortality rates were based on the RP-2000 Combined Healthy Mortality Table (sex-distinct) with Generational Mortality Improvements (Scale AA)

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted by Foster & Foster, Inc. during September 2018.

Discount Rate

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

NOTE 3. PENSION LIABILITY OF THE DISTRICT (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's net pension liability	$ 1,323,687,955	$ 1,020,179,404	$ 764,018,343

NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a formal policy for custodial credit risk. The Fund's deposits consist of monies held checking and money market accounts. The Fund places its cash with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to $250,000 per financial institution. As of December 31, 2021, the Fund had approximately $114,000 of uninsured, uncollateralized deposits with financial institutions.

NOTE 5. INVESTMENTS

Investment Policy

The Illinois Statutes prescribe the "prudent person rule" as the Fund's investment authority, effective August 31, 2007. This rule requires the Fund to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for the Fund's investment managers which are included within their respective Investment Management Agreements. The Fund's adopted asset allocation policy is 38% domestic equities, 20% non-US equity, 5% global equity, 27% fixed income and 10% core open-end real estate. During the year ended December 31, 2021, the Fund revised its investment policy; there were no revisions in the prior year.

Long-Term Expected Rate of Return

The long-term expected rate of return on Fund investments (i.e. the actuarial assumed investment rate of return of 7.25%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Fund investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021, as reported by the Fund's investment consultant, are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return
Domestic equity	38.0%	5.70%
Non-US equity	20.0%	6.10%
Global equity	5.0%	5.60%
Fixed income	27.0%	2.10%
Real Estate Funds	10.0%	5.40%
Total investments	100.0%	

NOTE 5. INVESTMENTS (CONTINUED)

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on Fund investments, net of Fund investment expense, was 15.10% for the year ended December 31, 2021. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Risk

Generally accepted accounting principles specify the disclosure requirements for deposits that are not covered by depository insurance and investment securities that are uninsured and are not registered in the name of the government or a trust agent. By statute, all investments are held in the name of the Metropolitan Water Reclamation District Retirement Fund.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

As of December 31, 2021, the Fund had minimal exposure to custodial credit risk since all investments were insured, registered, and/or held in the Fund's name.

Concentration of Investment Risk

No investments that represent 5% or more of the Fund's net position restricted for pension benefits were identified.

Interest Rate Risk

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

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Interest Rate Risk (continued)

The following table presents a summarization of the Fund's debt investments at December 31, 2021, using the segmented time distribution method:

Type of Investment	Maturity	Fair Value	Percentage
U.S. Government and government agency obligations	< 1 year	$ 18,035,794	17.6%
	1 - 5 years	14,354,018	14.0%
	5 - 10 years	3,791,101	3.7%
	Over 10 years	66,234,573	64.7%
		$ 102,415,486	100.0%
Corporate and foreign government obligations	< 1 year	$ 1,161,670	1.0%
	1 - 5 years	22,218,926	18.2%
	5 - 10 years	34,595,007	28.3%
	Over 10 years	64,166,868	52.5%
		$ 122,142,471	100.0%
Pooled funds - fixed income	5-10 years	$ 158,608,118	100.0%
Short-term investment fund	< 1 year	$ 26,128,257	100.0%

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Credit Risk

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

Quality ratings are as provided by Standard & Poor's. For the pooled funds - fixed income investments an average credit quality rating is provided by Bank of America and Bloomberg Barclays. The following table presents a summarization of the credit quality ratings of the holdings within the investments at December 31, 2021:

Type of Investment	Rating	Fair Value	Percentage
U.S. Government and	AA	$ 93,467,354	85.8%
government agency obligations	Not Rated	8,948,132	14.2%
		$ 102,415,486	100.0%
Corporate and foreign			
government obligations	AAA	$ 7,443,251	5.8%
	AA	17,151,972	16.0%
	A	26,257,505	22.4%
	BBB	49,380,324	42.0%
	BB	2,919,083	1.7%
	B	1,345,490	1.0%
	CCC	100,392	0.1%
	Not Rated	17,544,454	11.0%
		$ 122,142,471	100.0%
Pooled funds - fixed income	AAA	$ 148,964,377	91.9%
	B+	9,643,741	8.1%
		$ 158,608,118	100.0%
Short-term investment fund	Not Rated	$ 26,128,257	100.0%

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency-denominated investments held by the Fund are in equities, fixed income and foreign cash. The Fund's exposure to foreign currency risk at December 31, 2021 is presented as follows:

Type of Investment	Fair Value	Percentage
Equities		
Australian dollar	$ 8,032,277	1.9%
British pound sterling	16,444,911	3.9%
Canadian dollar	3,332,142	0.8%
Danish krone	4,670,872	1.1%
European euro	27,692,823	6.5%
Hong Kong dollar	5,084,485	1.2%
Israeli shekel	1,825,474	0.4%
Japanese yen	31,766,225	7.5%
New Zealand dollar	844,152	0.0%
Norwegian krone	1,468,027	0.4%
Philippines peso	297,780	0.1%
Singapore dollar	2,193,809	0.5%
South Korean won	277,830	0.1%
Swedish krona	6,349,982	1.5%
Swiss franc	7,329,856	1.7%
Thailand baht	726,388	0.2%
U.S. dollar	307,170,592	72.2%
Total equities	$ 425,507,625	100.0%

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Corporate and foreign government obligations			
U.S. dollar	$	122,142,471	100.0%
Total corporate and foreign government obligations	$	122,142,471	100.0%

Type of Investment		Fair Value	Percentage
Short-term investment fund			
Australian dollar	$	18,934	0.1%
British pound sterling		918,264	3.5%
Canadian dollar		10,508	0.0%
Danish krone		12,146	0.1%
European euro		657,506	2.5%
Hong Kong dollar		62,036	0.2%
Israeli shekel		352,136	1.4%
Japanese yen		85,300	0.3%
New Zealand dollar		92,077	0.4%
Norwegian krone		63,949	0.2%
Singapore dollar		22,663	0.1%
Swedish krona		166,884	0.6%
Swiss franc		381,098	1.5%
U.S. dollar		23,284,756	89.1%
Total short-term investment fund	$	26,128,257	100.0%

NOTE 6. WHEN-ISSUED TRANSACTIONS

The Fund may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Fund enters into a commitment to purchase the security, the transaction is recorded at the purchase price which equals fair value. The value at delivery may be more or less than the purchase price. No interest accrues to the Fund until delivery and payment takes place. As of December 31, 2021, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately $8,948,132.

NOTE 7. FAIR VALUE MEASUREMENTS

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

<u>Basis of Fair Value Measurement</u>

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Fund's investment assets at fair value as of December 31, 2021. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Fund has the following recurring fair value measurements as of December 31, 2021.

		Fair Value Measurements at 12/31/21 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equities	$ 425,507,625	$ 425,507,625	$ -	$ -
U.S. Government and government agency obligations	102,415,486	49,103,908	53,311,578	-
Corporate and foreign government obligations	122,142,471	-	122,142,471	-
Mutual and exchange traded funds	89,718,116	89,718,116	-	-
Total investments by fair value level	739,783,698	$ 564,329,649	$ 175,454,049	$ -
Investments measured at net asset value	905,876,628			
Total investments at fair value	$ 1,645,660,326			

Level 1 Measurements

Equities, mutual and exchanged traded funds, and U.S. Treasury securities are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of the period presented.

Level 2 Measurements

U.S. Government and government agency obligations and corporate and foreign government obligations are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates.

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The valuation methods for investments measured at net asset value (NAV) are presented on the following table.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
Investments measured at net asset value:				
Pooled funds - equity (1)				
SSGA S&P 500 Flagship Fund	$ 273,099,725	$ -	Daily	N/A
SSGA S&P Midcap Index Fund	66,695,258	-	Daily	N/A
SSGA MSCI ACWI Fund	150,375,442	-	Daily	N/A
SSGA Russell 1000 Growth Index Fund	83,624,134	-	Daily	N/A
Pooled funds - fixed income (2)				
SSGA U.S. Aggregate Bond Index	148,964,377	-	Daily	N/A
Neuberger Berman High Income Fund	9,643,741	-	Monthly	N/A
Real estate funds (3)				
Trumbull Property Fund	62,195,564	-	Quarterly	60 days
RREEF America REIT II	85,150,130	-	Quarterly	45 days
Short-term investment fund (4)				
BNY Mellon EB Temporary Investment Fund	26,128,257	-	Daily	N/A
Total investments measured at net asset value	$ 905,876,628			

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

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

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

NOTE 8. DERIVATIVES

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

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

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

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

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

NOTE 8. DERIVATIVES (CONTINUED)

At December 31, 2021, the Fund's assets and liabilities included the following forward foreign currency exchange contract balances which are included in due from broker and due to broker:

Forward Foreign Currency Exchange Contract receivables	$	914,064
Forward Foreign Currency Exchange Contract payables	$	913,701

NOTE 9. SECURITIES LENDING

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

The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements. The average term of securities loaned was 85 days for 2021; however, all securities loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 3 days.

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

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

During 2021, there were no losses due to default of a borrower or the lending agent.

NOTE 9. SECURITIES LENDING (CONTINUED)

A summary of securities loaned at fair value as of December 31, 2021 is as follows:

Securities loaned - backed by cash collateral	
U.S. equities	$ 4,502,821
International equities	867,489
U.S. Government and government agency obligations	5,239,816
Agency/other securities	136,307
Corporate bonds	597,392
Total securities loaned - backed by cash collateral	11,343,825
Securities loaned - backed by non-cash collateral	
U.S. equities	6,447,094
International equities	1,531,365
Corporate bonds	215,085
Total securities loaned - backed by non-cash collateral	8,193,544
Total	$ 19,537,369

As of December 31, 2021, the fair value (carrying amount) of loaned securities was $19,537,369. As of December 31, 2021, the fair value (carrying amount) of cash collateral received by the Fund was $11,615,269. The cash collateral is included as an asset and a corresponding liability on the accompanying statement of fiduciary net position. As of December 31, 2021, the fair value (carrying amount) of noncash collateral received by the Fund was $8,436,068.

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

NOTE 10. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 was issued to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement No. 87 is effective for the Fund's fiscal year ending December 31, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. If it applies, Statement No. 91 is effective for the Fund's fiscal year ending December 31, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. If it applies, Statement No. 92 is effective for the Fund's fiscal year ending December 31, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Statement No. 93 was issued to address the result of global reference rate reform, when London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021, and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Statement No. 93 is effective for the Fund's fiscal year ending December 31, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement No. 94 was issued to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for the Fund's fiscal year ending December 31, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* The objective of this Statement is to address contracts that convey control of the right to use another party's information technology software and provides capitalization criteria for outlays other than subscription payments. If it applies, Statement No. 96 is effective for the Fund's fiscal year ending December 31, 2023.

NOTE 10. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (CONTINUED)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. If it applies, Statement No. 97 is effective for the Fund's fiscal year ending December 31, 2022, except for paragraph 4 and 5 which are effective immediately.

The Fund's management has not yet determined the effect, if any; these Statements will have on the Fund's financial statements.

NOTE 11. RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Fund, though the potential impact and duration is unknown as of the date the financial statements were available to be issued.

Several major legislative relief packages were enacted in response to the coronavirus outbreak, containing numerous tax, emergency funding and other regulatory provisions. The Fund continues to evaluate the impact of newly enacted legislation that may affect the Fund's operations and cash flows.

The Fund's attorney and management report that the Fund is not involved with any pending or current litigation as of the issuance date of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in the District's Net Pension Liability and Related Ratios
- Schedule of District Contributions and Related Note
- Schedule of Investment Returns

Metropolitan Water Reclamation District Retirement Fund

Required Supplementary Information

Schedule of Changes in the District's Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension liability								
Service cost	$ 31,574,003	$ 32,591,914	$ 33,039,382	$ 32,212,530	$ 32,370,187	$ 32,057,687	$ 32,228,341	$ 31,602,226
Interest	191,470,085	188,334,503	183,916,142	182,881,416	179,038,283	173,861,700	168,530,178	163,338,376
Differences between expected and actual experience	4,491,952	4,553,932	17,732,815	12,157,757	(1,990,761)	13,813,742	14,421,984	10,861,109
Changes of assumptions	-	-	-	35,593,015	-	-	-	-
Benefit payments, including refunds of employee contributions	(185,138,748)	(177,287,311)	(169,308,620)	(161,323,522)	(154,713,043)	(147,336,015)	(140,509,756)	(133,897,848)
Net change in total pension liability	42,397,292	48,193,038	65,379,719	101,521,196	54,704,666	72,397,114	74,670,747	71,903,863
Total pension liability								
Beginning of year	2,701,962,060	2,653,769,022	2,588,389,303	2,486,868,107	2,432,163,441	2,359,766,327	2,285,095,580	2,213,191,717
End of year	$2,744,359,352	$2,701,962,060	$2,653,769,022	$2,588,389,303	$2,486,868,107	$2,432,163,441	$2,359,766,327	$2,285,095,580
Change in fiduciary net position								
Contributions - employer	$ 88,803,958	$ 107,852,191	$ 87,446,476	$ 87,167,339	$ 89,858,224	$ 80,259,713	$ 71,041,361	$ 73,906,168
Contributions - employee	20,630,052	20,982,056	21,182,425	21,032,601	20,839,829	20,830,779	21,385,212	18,974,954
Net investment income (loss)	220,776,847	124,099,459	225,158,880	(103,006,062)	194,821,459	113,585,872	(1,427,839)	81,600,566
Benefit payments, including refunds of employee contributions	(185,138,748)	(177,287,311)	(169,308,620)	(161,323,522)	(154,713,043)	(147,336,015)	(140,509,756)	(133,897,848)
Administrative expense	(1,788,002)	(1,592,783)	(1,642,209)	(1,685,479)	(1,613,976)	(1,502,639)	(1,659,917)	(1,406,507)
Other	5,213	2,738	3,058	15,415	3,100	107,175	28,817	4,460
Net change in fiduciary net position	143,289,320	74,056,350	162,840,010	(157,799,708)	149,195,593	65,944,885	(51,142,122)	39,181,793
Net position restricted for pension benefits								
Beginning of year	1,580,890,628	1,506,834,278	1,343,994,268	1,501,793,976	1,352,598,383	1,286,653,498	1,337,795,620	1,298,613,827
End of year	$1,724,179,948	$1,580,890,628	$1,506,834,278	$1,343,994,268	$1,501,793,976	$1,352,598,383	$1,286,653,498	$1,337,795,620
District's net pension liability	$1,020,179,404	$1,121,071,432	$1,146,934,744	$1,244,395,035	$ 985,074,131	$1,079,565,058	$1,073,112,829	$ 947,299,960
Fund fiduciary net position as a percentage of the total pension liability	62.83%	58.51%	56.78%	51.92%	60.39%	55.61%	54.52%	58.54%
Covered payroll	$ 187,213,026	$ 188,072,970	$ 189,961,010	$ 187,849,708	$ 184,385,188	$ 182,640,163	$ 177,792,309	$ 176,183,941
Employer's net pension liability as a perecentage of covered payroll	544.93%	596.08%	603.77%	662.44%	534.25%	591.09%	603.58%	537.68%

This schedule will show information for ten years as the additional years' information becomes available.

Metropolitan Water Reclamation District Retirement Fund

Required Supplementary Information

Schedule of District Contributions and Related Note

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution (ADC)	$ 74,828,844	$ 68,414,142	$ 64,477,662	$ 62,603,576	$ 64,596,066	$ 65,727,912	$ 64,988,583	$ 74,279,999	$ 77,392,414	$ 76,841,344
Contributions in Relation to the ADC	65,097,835	92,944,381	73,906,168	71,041,361	80,259,713	89,858,224	87,167,339	87,446,476	107,852,191	88,803,958
Contribution deficiency (excess)	$ 9,731,009	$ (24,530,239)	$ (9,428,506)	$ (8,437,785)	$ (15,663,647)	$ (24,130,312)	$ (22,178,756)	$ (13,166,477)	$ (30,459,777)	$ (11,962,614)
Covered payroll	$ 163,816,934	$ 169,375,857	$ 176,183,941	$ 177,792,309	$ 182,640,163	$ 184,385,188	$ 187,849,708	$ 189,961,010	$ 188,072,970	$ 187,213,026
Contributions as a percentage of covered payroll	39.74%	54.87%	41.95%	39.96%	43.94%	48.73%	46.40%	46.03%	57.35%	47.43%

NOTE TO SCHEDULE:

Valuation date:
Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed.
Remaining amortization period	30 years remaining amortization as of 1/1/21.
Actuarial asset method	Fair value of assets adjusted by the unrecognized investment gains and losses for each of the five years prior to the valuation date. Gains and losses are recognized at a rate of 20% per year. Actuarial assets shall not be less than 80% nor greater than 120% of fair value of assets.
Investment rate of return	7.25% per year compounded annually, net of investment related expenses.
Inflation	2.5% per year
Salary increases	Vary by service.
Payroll growth	3.0% per year
Termination rates	Termination rates vary by age and gender.
Retirement rates	Retirement rates are based on the most recent experience analysis and vary by age of member.

Required Supplementary Information

Schedule of Investment Returns

Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.10%	8.67%	18.25%	-7.44%	15.62%	9.43%	-0.15%	6.67%

SUPPLEMENTARY INFORMATION

Other supplementary information includes financial information and disclosures that are not required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Schedule of Payments to Consultants
- Postemployment Healthcare Disclosure

Metropolitan Water Reclamation District Retirement Fund

Supplementary Information

Schedule of Administrative Expenses

Year Ended December 31, 2021
(with comparative amounts for prior year)

	2021	2020
Salaries and wages		
Regular employees	$ 1,177,678	$ 1,128,393
Employee benefits	186,913	182,787
Professional services		
Payments to consultants – (PAS)	107,408	19,736
Payments to consultants – other	32,269	22,323
Actuarial	53,923	52,940
Legal and lobbyist	51,348	49,211
Audit and state regulatory fees	41,000	40,000
Public stenographer	11,189	11,263
Medical	10,445	3,751
Investigation	3,954	1,530
Printing and publication	3,061	2,958
Postage	15,133	4,633
Office supplies and furniture	10,966	4,396
Travel	–	89
Maintenance and repair	451	2,877
Membership dues, conference fees, subscriptions and publications	9,037	8,896
Computer hardware and software	18,798	15,205
Insurance	25,268	23,396
Miscellaneous	29,161	18,399
Total administrative expenses	$ 1,788,002	$ 1,592,783

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

SUPPLEMENTARY INFORMATION

Schedule of Investment Expenses

Year ended December 31, 2021
(with comparative amounts for prior year)

	2021	2020
Investment manager fees	$ 4,706,683	$ 4,312,220
Custodian fees	165,344	179,301
Investment consulting fees	180,000	180,000
Investment expenses	$ 5,052,027	$ 4,671,521

Schedule of Payments to Consultants

Year Ended December 31, 2021
(with comparative amounts for prior year)

Firm / Individual	Services	2021	2020
Provaliant	Pension Administration System (PAS) - procurement and implementation	$ 103,064	$ 19,736
Elizabeth Cautadella	Benefits consultant	12,545	14,663
LaSalle Consulting	IT cyber security audit	16,000	-
MBS	PAS - data management services	4,344	-
Novitas	Benefit System maintenance	1,706	-
Crestwood Associates	Microsoft Dynamics support	301	6,274
HR Boost, LLC	HR consulting	1,717	1,386
Total payments to consultants		$ 139,677	$ 42,059

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

SUPPLEMENTARY INFORMATION

POSTEMPLOYMENT HEALTHCARE DISCLOSURE

The Fund does not provide any health insurance supplement. Employee and survivor annuitants may elect coverage under the insurance programs offered through the Metropolitan Water Reclamation District of Greater Chicago (the District), the former employer of employee annuitants. The District offers these programs to retirees on a year-by-year basis. Retirees are not guaranteed coverage under the District's insurance programs. The Fund withholds the prescribed annuitant portion of the monthly medical premium and forwards it in total to the District, which subsidizes the medical coverage. The District provides full disclosure in its Annual Comprehensive Financial Report.

INVESTMENT SECTION

BNY MELLON

May 3, 2022

To the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund:

The Bank of New York Mellon as custodian of the assets of the Metropolitan Water Reclamation District Retirement Fund (fund) held by it in a custodial account has provided annual accounting statements to the fund which represents The Bank of New York Mellon's record of investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the custody accounts for the period of January 1, 2021 through December 31, 2021.

In addition to the custody of assets in the custody accounts, and pursuant to the Master Custody Agreement among the Board of Trustees and The Bank of New York Mellon dated May 2, 2107 and the securities lending contract dated June 27, 2007 the Bank of New York Mellon provides the following services:

- Maintain safe custody of the assets owned by MWRD Retirement Fund.
- Settle trades in accordance with manager instructions.
- Collect dividends and registered interest payments.
- Provide proxy processing and corporate action services.
- Sweep cash balances of manager accounts in end of day sweep vehicle.
- Provide MWRD with monthly and annual audited investment accounting statements.
- Provide Periodic reports summarizing the investment activity of the Fund's assets.
- Administer a securities lending program for MWRD Retirement Fund's assets and invest cash collateral received from such loans.

Sincerely,

Jon Bangor

Jon Bangor
Relationship Manager
412-234-8544

BNY Mellon Center, 500 Grant Street Suite 151-0625, Pittsburgh, PA 15258
bnymellon.com

MarquetteAssociates

June 10, 2022

Board of Trustees
Metropolitan Water Reclamation District Retirement Fund
100 East Erie Street
Chicago, IL 60611

To the Board of Trustees:

Marquette Associates ("Marquette") is the independent investment consultant for the Metropolitan Water Reclamation District Retirement Fund ("MWRDRF"). Marquette is responsible for the implementation of the MWRDRF's allocation, trustee education, the selection and monitoring of investment managers as well as investment performance analysis. Marquette follows the CFA® Institute's Performance Presentation Standards for calculating and reporting performance returns.

The assumed actuarial rate of return for the MWRDRF is 7.25%. In 2021, the MWRDRF returned +15.2% net of fees. Over the same period, the policy index returned +14.2%.

The year 2021 continued with several of the same themes that were seen the prior year: The pandemic remained a prevalent concern with focus shifting to vaccination rates, heightened market volatility reappeared, and inflation was introduced to the list of familiar concerns.

The first quarter of 2021 marked the 1-year anniversary of the pandemic-driven market bottom and subsequent rebound. After having been subdued much of the year, volatility was sparked by default concerns surrounding Evergrande, one of the largest property developers in China, and technology-driven sell-off in the third quarter. The Evergrande debt crisis sparked contagion fears, which were subdued when overdue interest payments were made, and Chinese government stepped in to offer support to the property developer.

The Agg returned -1.5% in 2021 as bank loans returned +5.4%, high yield returned +5.3%, and emerging markets debt returned -1.8%. At the end of 2021, the MWRDRF had approximately 23% allocated to Fixed Income. The composite returned -1.2% versus the benchmark which returned -1.5%.

After a positive 2020, equities carried momentum into the first half of 2021. Speculative trading in January and February dominated headlines but had minimal impact on the U.S. equity market as a whole and largely eased in March. Volatility remained muted during the second quarter despite ongoing speculative trading of "meme stocks" within the small-cap space. All major U.S. equity indices fell in September as a sell-off in the technology sector took hold. However, despite the fall in September, U.S. stocks ended 2021 on a high note with the S&P 500 returning +28.7% for the year. The Russell 2000 index, which tracks U.S. small companies, also finished the year in positive territory, returning +14.8%.

The MWRDRF ended 2021 with approximately 42% allocated to domestic equities. Domestic equity composite returned +28.4% versus the benchmark which returned +27.1%.

Except for emerging markets, 2021 was largely a positive year for the global equity markets. Following a strong 2020, China experienced default concerns, regulatory changes and a policy shift that culminated in a loss of over 20% in 2021. Developed markets outperformed emerging markets as China's challenging year weighed on emerging markets' performance. Emerging markets concluded

MarquetteAssociates

the year with a return of -2.5%, while their developed markets counterparts returned +11.3%. Despite the damage felt across emerging markets, small-cap stocks outperformed, returning +18.8%.

To conclude 2021, the MWRDRF had approximately 25% allocated to international equities, with 5% allocated to Global Low Volatility and the remaining 20% allocated to non-US equities. The non-US equity composite returned +8.7% versus the benchmark which returned +7.8%. Global Low Volatility mandate was funded during the third quarter and has returned +2.5% since inception, performing in-line with its benchmark.

Recovery across commercial real estate is expected to continue in 2022, driven by price and income accelerations within industrial and multifamily assets. With the Fed raising short-term interest rates, cap rate spreads are expected to compress further, highlighting the resiliency of real estate valuations. The Retirement Fund ended 2021 with approximately 9% allocated to open-end real estate. The composite returned +20.0% versus the benchmark which returned +21.1%.

2022 has fostered heightened market volatility, fueled by inflation concerns, the Fed's tapering of bond purchases, rate increases paired with the risks of war, as tensions between Russia and Ukraine have escalated to a full-blown conflict.

The Retirement Fund continues to be diversified, liquid and transparent which is projected to help the portfolio navigate through today's market volatility and protect on the downside.

Sincerely,

Kweku Obed, CFA, CAIA

INVESTMENT PREFACE

INVESTMENT AUTHORITY

The Metropolitan Water Reclamation District Retirement Fund's (Fund) investment authority is established by and subject to the provisions of the Illinois Compiled Statutes, Chapter 40, Act 5, Articles 1 and 13.

The Retirement Fund Board of Trustees (Board) invests the Fund's reserves according to the Prudent Person Rule. This rule requires a Trustee, who is a fiduciary by way of title, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

INVESTMENT RESPONSIBILITY

The duties of the Board include the appointment and review of investment managers as fiduciaries to manage the investment assets of the Fund. The investment managers are granted discretionary authority to manage stated assets and vote all proxies for the Board. The investment managers must discharge their duties with respect to the Fund solely in the interest of the Fund's contributors and beneficiaries.

INVESTMENT POLICY & OBJECTIVES

The Fund's asset allocation strategy is based on a combination of long-term investment return expectations and the Fund's expected cash requirements for payments of benefits and expenses. The investment objective of the total portfolio is to maximize the rate of return within a prudent level of risk.

The Fund is expected to meet or exceed the actuarial return assumption on average over 5-year rolling quarterly periods. During 2021, the Fund's actuarial return assumption was 7.25%. The Fund's policy index since November 2021 is as follows:

15%	S&P 500 Index	Domestic Large Cap Core
5%	Russell 1000 Growth Index	Domestic Large Cap Growth
4%	S&P 400 Index	Domestic Mid Cap Core
5%	Russell 2500 Value Index	Domestic SMID Cap Value
9%	Russell 2000 Value Index	Domestic Small Cap Value
9%	MSCI ACWI ex-US Index	International Large Cap Core
6%	S&P Developed Small Cap ex-U.S.	International Small Cap Core
5%	MSCI ACWI Minimum Volatility Index	Global Large Cap Core
5%	MSCI Emerging Markets Index	Emerging Markets Core
27%	Bloomberg Barclays US Aggregate Index	Domestic Fixed Income
10%	NFI-ODCE Index	Domestic Real Estate

Individual goals are established for each investment manager and incorporated into the contracts with those managers. The Board hires and reviews investment managers based on an evaluation of their investment philosophy, long-term performance, and ability to complement existing portfolio styles. Investment managers must adhere to their stated investment philosophy and strive to attain their performance goals. The formal investment policy is reviewed annually.

INVESTMENT ALLOCATION

The Investment Policy of the Fund establishes asset allocation targets and ranges for each asset class to achieve risk and return objectives. Fund staff, in collaboration with the Fund's investment consultant, monitors the investment allocation monthly. Rebalancing is normally recommended by the consultant when variances approach 5% over or under the targets. In addition, strategic withdrawals for payment of benefits are used to fine-tune the allocations.

INVESTMENT MANAGEMENT

The Fund's stated investment objective is to maximize the rate of return within a prudent level of risk. During 2021, the Board of Trustees, with the assistance of the Fund's investment consultant, Marquette Associates, undertook the following investment activities related to the Fund's stated investment objective:

- In January, April, July, and October the Fund received partial redemptions from the UBS Trumbull Property Fund; total redeemed during the year was $9.4 million.

- In February, The Retirement Board issued an RFP from firms interested in providing actively managed Global Low Volatility Equity investment management services to the Fund. Size of the mandate was estimated to be 5% of Fund assets. Funding of two new managers in the total amount of $80.0 million, split evenly, took place in August and was sourced from across the Fund's existing equity managers.

- At the August Board meeting, the Board approved the termination of the Fund's remaining Domestic Large Cap Growth Equity mandate. The $79.4 million mandate was transitioned to the State Street Global Advisors Russell 1000 Growth Index Fund in September.

- In August, the Board issued an RFP from firms interested in providing actively managed International Developed Countries Equity mandates. Mandates to be considered included Large Cap, All Cap, and Small Cap products. Estimated aggregate mandate size was 5-10% of total Fund assets; finalists to be considered for the Small Cap product were chosen by year end.

- Investment withdrawals for benefit payments throughout the year totaled $81.2 million.

- During 2021, the Board revised the Fund's Brokerage Utilization Policy, Investment Policy, and Professional Investment Services Policy.

- By year end, all managers met or exceed the Fund's annual goals for minority broker/dealer (MWDBE) commissions. Goals per asset category are 40% for domestic equity trades, 20% for international equity trades, 30% for global equity trades, and 25% of par for fixed income trades.

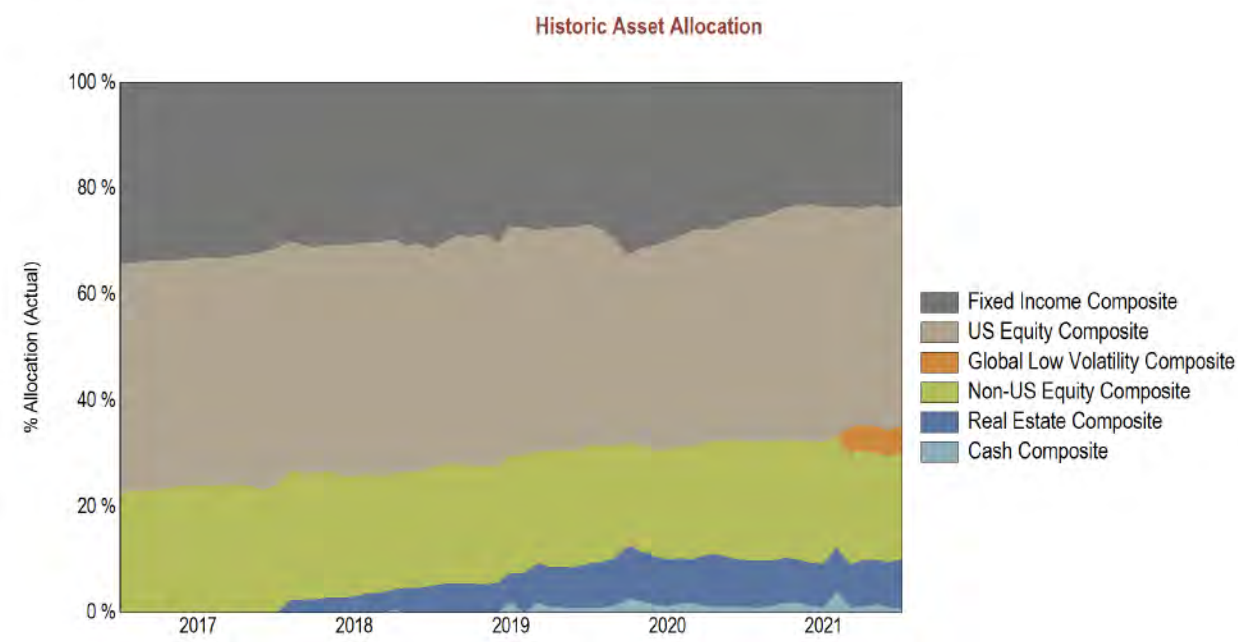
INVESTMENT PERFORMANCE

Marquette Associates evaluates investment manager performance as well as overall performance on a monthly and quarterly basis and presents their reports to the Trustees at the monthly Board meetings. Investment returns are calculated based on a time-weighted rate of return, in compliance with industry accepted reporting standards. Rates of returns are reported net of investment fees. The Fund's investment managers report performance in compliance with Global Investment Performance Standards. This reporting requirement is also included in the managers' contractual agreements with the Fund.

The time weighted rate of return on invested assets for the year ending December 31, 2021 was +15.2% net of fees. The Fund's performance over the long term against the actuarial rate of return assumption, the various component indices, and the Policy Index is an important indicator of how well the Fund is accomplishing its investment objectives. Data for trend analysis is also included in this section.

PORTFOLIO ASSET ALLOCATION
By Manager Type

	December 31, 2021			December 31, 2020		
	Fair Value	Actual	Policy	Fair Value	Actual	Policy
Fixed Income	376,584,570	23.0 %	27.0 %	380,492,611	25.5 %	27.0 %
U.S. Equity	682,323,158	41.6	38.0	625,810,363	41.9	41.0
Non-U.S. Equity	331,924,364	20.3	20.0	338,861,887	22.7	22.0
Global Equity	83,213,179	5.1	5.0	-	-	-
Real Assets	147,473,400	9.0	10.0	131,861,303	8.8	10.0
Other	16,726,933	1.0	-	16,429,568	1.1	-
Total Investments	$1,638,245,604	100.0 %	100.0 %	$1,493,455,732	100.0 %	100.0 %



Note: Investment balances in the Investment Section of this report refer to balances per Marquette's Q4 2021 Performance Book, unless otherwise noted.

Source: Marquette Associates

PORTFOLIO PERFORMANCE

	Year ending 12/31/21[2]	3-Year Annualized	5-Year Annualized	10-Year Annualized
Total Fund Composite	**15.2%**	**14.2%**	**9.8%**	**9.7%**
Policy Index[1]	*14.2%*	*14.2%*	*10.0%*	*9.8%*
Actuarial Rate 7.25%	*7.2%*	*7.2%*	*7.3%*	*7.5%*
Fixed Income Composite	**-1.2%**	**5.1%**	**3.8%**	**3.2%**
Bloomberg US Aggregate TR	*-1.5%*	*4.8%*	*3.6%*	*2.9%*
US Equity Composite	**28.4%**	**22.5%**	**14.4%**	**14.5%**
US Equity Custom Benchmark	*27.1%*	*22.8%*	*14.3%*	*14.6%*
Large Cap Core Composite	**28.3%**	**28.2%**	**20.1%**	**--**
S&P 500	*28.7%*	*26.1%*	*18.5%*	*16.6%*
Large Cap Growth Composite	**--**	**--**	**--**	**--**
Russell 1000 Growth	*27.6%*	*34.1%*	*25.3%*	*19.8%*
Mid Cap Composite	**24.9%**	**20.1%**	**11.9%**	**--**
S&P 400 MidCap	*24.8%*	*21.4%*	*13.1%*	*14.2%*
Smid Cap Composite	**34.7%**	**--**	**--**	**--**
Russell 2500 Value	*27.8%*	*18.3%*	*9.9%*	*12.4%*
Small Cap Composite	**26.9%**	**19.7%**	**11.5%**	**--**
Small Cap Benchmark	*28.3%*	*18.0%*	*9.1%*	*--*
Global Low Volatility Composite	**--**	**--**	**--**	**--**
MSCI ACWI Minimum Volatility Index	*13.9%*	*12.3%*	*10.5%*	*10.0%*
MSCI World	*21.8%*	*21.7%*	*15.0%*	*12.7%*
Non-US Equity Composite	**8.7%**	**11.9%**	**8.9%**	**8.2%**
MSCI ACWI ex USA	*7.8%*	*13.2%*	*9.6%*	*7.3%*
Real Estate Composite	**20.0%**	**6.0%**	**--**	**--**
NFI-ODCE	*21.1%*	*8.2%*	*7.7%*	*9.4%*

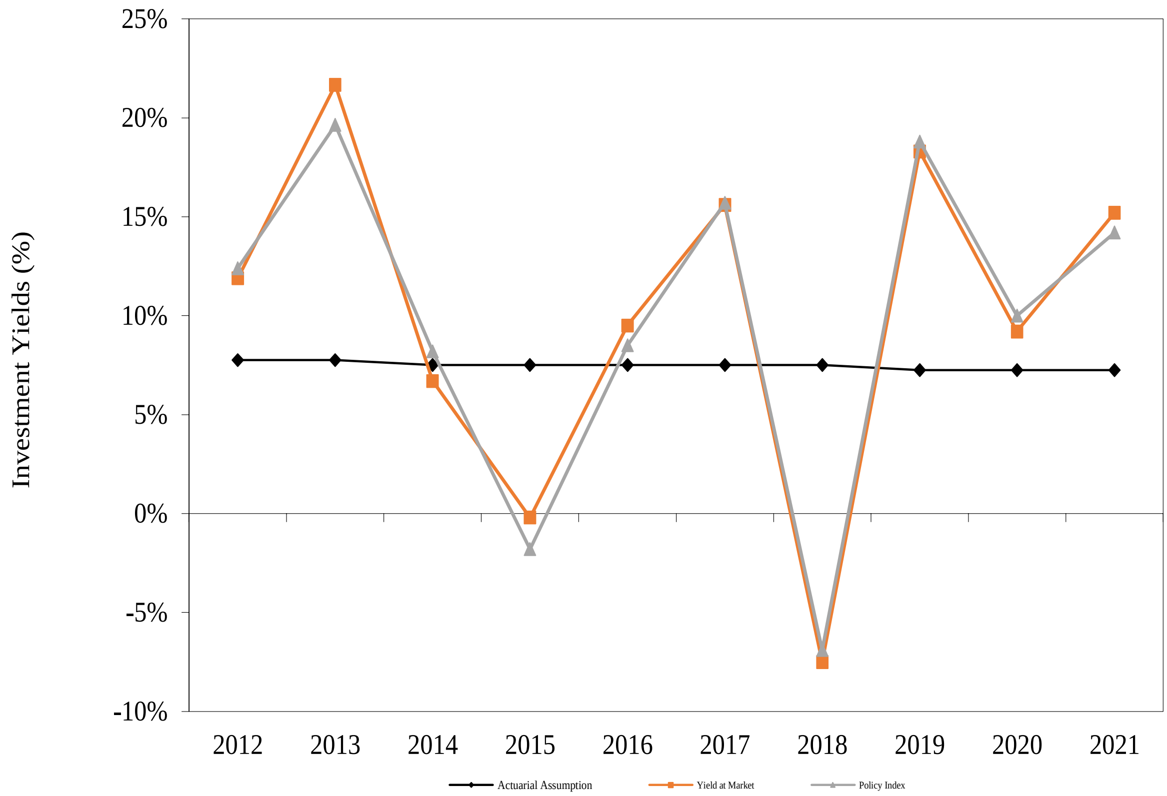
1 See current Policy Index on p.59. Policy index has been modified over time based on changes to the Fund's asset allocation.

2 Investment returns are reported net of investment fees. The calculation is based on a time-weighted rate of return and is in compliance with industry accepted reporting standards. Quarterly reports of the Fund's Investment Consultant can be obtained upon request.

Source: Marquette Associates

INVESTMENT RETURNS
Last Ten Years

December 31st	Investment Assets[1]	Actuarial Assumption	Portfolio Return[2]	Fund's Policy Index[3]
2012	$ 1,064,586,807	7.75%	11.9%	12.4%
2013	1,246,898,339	7.75%	21.7%	19.6%
2014	1,281,356,457	7.50%	6.7%	8.2%
2015	1,221,831,791	7.50%	-0.2%	-1.8%
2016	1,271,792,170	7.50%	9.5%	8.5%
2017	1,383,772,856	7.50%	15.6%	15.7%
2018	1,242,672,493	7.50%	-7.5%	-6.9%
2019	1,422,895,959	7.25%	18.3%	18.8%
2020	1,498,905,113	7.25%	9.2%	10.0%
2021	1,645,660,326	7.25%	15.2%	14.2%



[1] Investment Assets balances shown in this table are from the audited Financial Statements.
[2] Time weighted investment returns are reported net of investment fees.
[3] See current Policy Index in Investment Preface. Policy index has been modified over time based on changes to the Fund's asset allocation.

EQUITY DIVERSIFICATION
as of December 31, 2021

	US Equity		Non-US Equity		Global Equity	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
Communication Services	$ 60,726,761	8.9	$ 19,915,462	6.0	$ 14,229,454	17.1
Consumer Discretionary	85,972,718	12.6	39,167,075	11.8	6,407,415	7.7
Consumer Staples	24,563,634	3.6	22,570,857	6.8	12,232,337	14.7
Energy	14,328,786	2.1	12,613,126	3.8	7,905,252	9.5
Financials	90,066,657	13.2	56,759,066	17.1	3,162,101	3.8
Healthcare	65,503,023	9.6	20,911,235	6.3	8,321,318	10.0
Industrials	70,961,608	10.4	49,788,655	15.0	12,814,830	15.4
Information Technology	139,876,247	20.5	48,792,882	14.7	8,570,957	10.3
Materials	19,787,372	2.9	32,528,588	9.8	748,919	0.9
Real Estate	24,563,634	3.6	11,949,277	3.6	3,078,888	3.7
Utilities	10,234,847	1.5	9,625,807	2.9	4,659,938	5.6
Unclassified	75,737,871	11.1	7,302,336	2.2	1,081,771	1.3
	$ 682,323,158	100.0	$ 331,924,364	100.0	$ 83,213,179	100.0

Note: Fair Value per sector on this schedule is approximate and is calculated based on the Industry Sector distribution percentages applied to the asset class balance at 12/31/21, provided by Marquette Associates.

TOP 10 HOLDINGS - EQUITIES
as of December 31, 2021

US EQUITY

Company Name	Industry	Portfolio Weight %
APPLE INC	Information Technology	4.2
MICROSOFT CORP	Information Technology	3.8
ALPHABET INC	Telecommunication Services	2.5
AMAZON.COM INC	Consumer Discretionary	2.2
TESLA INC	Consumer Discretionary	1.3
META PLATFORMS INC	Telecommunication Services	1.2
NVIDIA CORPORATION	Information Technology	1.1
KKR & CO INC	Financials	0.8
MADISON SQUARE GARDEN ENTERTAINMENT CORP	Telecommunication Services	0.7
AFFILIATED MANAGERS GROUP INC	Financials	0.7

NON-US EQUITY

Company Name	Industry	Portfolio Weight %
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Information Technology	2.2
SAMSUNG ELECTRONICS CO LTD	Information Technology	1.6
TENCENT HOLDINGS LTD	Telecommunication Services	1.4
NESTLE SA, CHAM UND VEVEY	Consumer Staples	0.6
ASML HOLDING NV	Information Technology	0.5
ALIBABA GROUP HOLDING LTD	Consumer Discretionary	0.5
ROCHE HOLDING AG	Health Care	0.5
RELIANCE INDUSTRIES LTD	Energy	0.4
LVMH MOET HENNESSY LOUIS VUITTON SE	Consumer Discretionary	0.4
CHINA CONSTRUCTION BANK CORP	Financials	0.4

GLOBAL EQUITY

Company Name	Industry	Portfolio Weight %
MICROSOFT CORP	Information Technology	3.3
ALPHABET INC	Telecommunication Services	2.6
JOHNSON & JOHNSON	Health Care	2.3
APPLE INC	Information Technology	2.1
ADOBE INC	Information Technology	2.0
ROCHE HOLDING AG	Health Care	2.0
NOVO NORDISK 'B'	Health Care	1.7
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Information Technology	1.5
CLP HOLDINGS LTD	Utilities	1.3
ELI LILLY AND CO	Health Care	1.3

Source: Marquette Associates

FIXED INCOME DIVERSIFICATION
as of December 31, 2021

Sector	Fair Value[1]	% of Total
U.S Treasuries/Agency	$ 120,507,062	32.0
Corporate	111,092,448	29.5
Mortgage-Backed	106,196,849	28.2
Asset-Backed	11,297,537	3.0
Foreign	14,686,798	3.9
Municipals	25,231,166	6.7
Other	(12,427,291)	-3.3
Total Fixed Income	$ 376,584,570	100.0

[1] Negative fair value in the "Other" sector represents net unsettled positions at year end.

Note: Fair Value per sector on this schedule is approximate and is calculated based on the Industry Sector distribution percentages applied to the asset class balance at 12/31/21, provided by Marquette Associates.

TOP 10 HOLDINGS - FIXED INCOME
as of December 31, 2021

Security Name	Portfolio Weight %
LEHMAN BROTHERS HIGH YIELD BOND FUND	2.52
UST 2.5% SNR 15/05/2046 USD1000	1.60
UST 2.25% SNR 15/08/46 USD1000	1.47
COMMIT TO PUR FNMA SF MTG 2.500% 01/01/2042 DD 01/01/12	1.08
UST 2% SNR 15/11/2026 USD1000	1.03
UST 1.375% NTS 15/02/2023 USD	0.96
UST 0% NTS 28/02/23 USDAX-2023	0.95
UST 2.5% NTS 15/02/2022 USD1000	0.88
UST 2.375% NTS 15/03/22 USD1000	0.80
UST 0% T-BILL 03/03/2022 USD	0.74

Source: Marquette Associates

ASSETS UNDER MANAGEMENT
By Asset Type and Manager

	December 31, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
Fixed Income Managers				
Neuberger Berman	$ 111,889,993	6.8	$ 112,314,554	7.5
Ramirez Asset Management	59,885,906	3.7	59,826,895	4.0
State Street Global Advisors	148,964,377	9.1	151,306,153	10.1
Garcia Hamilton & Associates	55,844,294	3.4	57,045,008	3.9
Total Fixed Income	376,584,570	23.0	380,492,610	25.5
Equity Managers				
U.S. Equity				
Ariel Investments	102,557,792	6.3	92,669,675	6.3
Decatur Capital Management, Inc.	-	-	70,682,472	4.7
Mesirow Financial Management	65,577,526	4.0	53,794,356	3.6
State Street Global Advisors S&P500	273,099,725	16.7	244,162,873	16.3
State Street Global Advisors S&P400	66,695,258	4.0	63,967,999	4.3
State Street Global Advisors Russell1KG	83,624,134	5.1		
Wasatch Advisors	90,768,723	5.5	100,532,988	6.7
Subtotal	682,323,158	41.6	625,810,363	41.9
Non-U.S. Equity				
Dimensional Fund Advisors	89,718,116	5.5	97,691,014	6.5
LSV Asset Management	91,830,806	5.6	88,367,802	5.9
State Street Global Advisors MSCI-ACWI	150,375,442	9.2	152,803,071	10.3
Subtotal	331,924,364	20.3	338,861,887	22.7
Global Equity				
MFS Investment Management	41,778,265	2.6	-	-
Northern Trust Asset Management	41,434,914	2.5	-	-
Subtotal	83,213,179	5.1	-	-
Total Equities	1,097,460,701	67.0	964,672,250	64.6
Real Estate Managers				
DWS RREEF America II	85,150,130	5.2	68,735,552	4.6
UBS Trumbull Property Fund	62,323,270	3.8	63,125,751	4.2
Total Real Estate	147,473,400	9.0	131,861,303	8.8
Cash	16,726,933	1.0	16,429,568	1.1
Total Investments	$ 1,638,245,604	100.0	$ 1,493,455,731	100.0

Source: Marquette Associates

INVESTMENT MANAGER COMPENSATION

Investment Managers:[1]	2021	2020
Ariel Investments	$ 480,202	$ 363,508
DWS RREEF	698,539	542,518
Decatur Capital Management	267,875	382,857
Garcia Hamilton & Associates	106,347	110,021
Hexavest Inc.	-	128,961
LSV Asset Management	829,667	710,872
MFS Investment Management	49,863	-
Matarin Capital Management	-	115,029
Mesirow Financial Management	362,850	216,852
Neuberger Berman	266,982	272,208
Northern Trust Asset Management	44,930	-
O'Shaughnessy Asset Management	-	141,384
Ramirez Asset Management	110,869	108,509
State Street Global Advisors	190,688	151,522
UBS Realty Investors	509,761	539,139
Wasatch Advisors	788,109	528,840
Total	$ 4,706,683	$4,312,220

CUSTODIAL FEES [2]

Institution		
Bank of New York Mellon Co.	$ 165,344	$ 179,301

INVESTMENT CONSULTANT FEES

Consulting Firm		
Marquette Associates	$ 180,000	$ 180,000
Total Investment Expenses	$ 5,052,027	$4,671,521

[1] Investment manager compensation is reflected in the financial statements along with other direct investment expenses as an offset to investment income and is so described within the notes to the financial statements.

[2] Custodial fees do not include management fees related to the Fund's commingled assets custodied by State Street.

U.S. BROKERAGE COMMISSIONS

Year Ended December 31, 2021

Broker Name	Commissions[1]	% of Total
Loop Capital Markets LLC[2]	$ 32,872	14.8
Penserra Securities LLC[2]	30,936	14.0
Drexel Hamilton LLC[2]	27,873	12.6
Robert W Baird & Co. Incorporated	19,773	8.9
CastleOak Securities LP[2]	16,516	7.5
Siebert Williams Shank & Co LLC[2]	10,854	4.9
CL King & Associates Inc[2]	10,367	4.7
Academy Securities Inc.[2]	7,694	3.5
Cabrera Capital Markets LLC[2]	7,131	3.2
Goldman Sachs & Co. LLC	6,398	2.9
Stifel, Nicolaus & Company, Incorporated	5,850	2.6
Virtu Americas LLC	5,771	2.6
Jeffries & Co	5,402	2.4
Susquehanna Investment Group	4,478	2.0
Raymond James & Associates Inc	4,219	1.9
Liquidnet Inc	3,028	1.4
JonesTrading	2,949	1.3
Subtotal	202,109	91.2
All Others[3]	19,733	8.8
Total	$ 221,842	100.0

[1] Investment brokerage commissions are accounted for as an additional cost to a security when the security is purchased, and as a reduction to the cash amount received when the security is sold.

[2] Brokerage for stock trades executed by Minority/Women/Disabled/Veteran – Owned Business Enterprises.

[3] Brokerage firms that each received less than 1.0% of the total commissions.

NON-U.S. BROKERAGE COMMISSIONS
Year Ended December 31, 2021

Broker Name	Commissions[1]	% of Total
Loop Capital Markets LLC[2]	$ 5,710	16.7
Cabrera Capital Markets LLC[2]	3,863	11.3
BofA Securties Inc	3,819	11.2
Credit Suisse Securities LLC	3,611	10.6
Instinet LLC	2,508	7.3
Liquidnet Inc	2,309	6.7
UBS Securities LLC	1,901	5.6
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,788	5.2
J.P. Morgan Securities LLC	1,709	5.0
Morgan Stanley & Co LLC	1,299	3.8
Virtu Americas LLC	1,127	3.3
Goldman Sachs & Co LLC	1,004	2.9
Citigroup Global Markets Inc	843	2.5
Jeffries & Co	652	1.9
HSBC Securities Inc	555	1.6
Barclays Capital Inc	351	1.0
Subtotal	33,049	96.6
All Others[3]	1,181	3.4
Total	$ 34,230	100.0

1 Investment brokerage commissions are accounted for as an additional cost to a security when the security is purchased, and as a reduction to the cash amount received when the security is sold.

2 Brokerage for stock trades executed by Minority/Women/Disabled/Veteran - Owned Business Enterprises.

3 Brokerage firms that each received less than 1.0% of the total commissions.

ACTUARIAL SECTION

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

April 19, 2022

Board of Trustees
Metropolitan Water Reclamation District Retirement Fund
111 E. Erie St.
Chicago, IL 60611

Dear Board:

We are pleased to present to the Board this report of the December 31, 2021 actuarial valuation of the Metropolitan Water Reclamation District Retirement Fund.

The valuation was performed as of December 31, 2021 to determine the current funding status and to develop the appropriate funding requirements for the applicable plan year. Successive valuations will be performed every year.

Included are the related results for GASB Statements No. 67 and No. 68. The total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the valuation date. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and produce significantly different results.

Data Sources
In preparing this report, we have relied on personnel, plan design and asset information supplied by the Fund. The actuarial value of assets was determined based on audited financial statements supplied by Legacy Professionals LLP, the auditor for the Fund. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Experience
The experience of the Fund over the last year is outlined in this report. Overall, the Fund experienced an actuarial gain of $23,821,813 which consists of a $29,048,737 gain on the Fund's actuarial value of assets and a $5,226,924 loss on the Fund's actuarial accrued liability. Based on the actuarial value of assets, the Fund earned 9.18% compared to the assumed 7.25% return. The primary source of liability loss was due to more retirements than expected. These losses were offset somewhat by lower than assumed salary increases and higher than expected mortality experience for surviving spouses.

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Changes Since Prior Report
The valuation reflects no changes since the prior report.

Contribution Amounts
The statutory funding objective of the Fund is to attain a funded ratio of at least 90% by the year 2050. However, an additional contribution requirement has been determined based on achieving a funding level of 100%. District contributions equal an amount that will be sufficient to meet the Fund's actuarially determined contribution requirement but shall not exceed an amount equal to the total employee contributions 2 years prior multiplied by 4.19.

Based on the results of this valuation, the actuarially determined contribution applicable for the fiscal year ending December 31, 2022 is $76,680,499. This contribution is based on a 100% funding target. Based on the pension code, the maximum employer contribution (based on the 4.19 multiplier) is $87,915,000.

We estimate that a multiplier of 3.65 is required to cover the full actuarially determined contribution requirement for the year 2022.

Illinois Public Act 97-0894 (effective 8/3/2012) provided for changes to member contribution requirements and the required multiplier. The expected member contributions reflect the same rates as the prior year valuation.

Schedules for Annual Financial Report
The report includes information and trend data schedules for use in the Annual Financial Report. The following information and exhibits are included in the body of the report and Supplementary Tables section:

- Recommended Employer Multiple
- Present Value of Future Benefits
- Membership Note Data
- Participant Statistics
- History of Change in Unfunded Accrued Liability
- History of Annuitants and Surviving Spouses Added/Dropped from Rolls
- Summary of Annuitants and Surviving Spouses by Age
- History of Average Annuities at Retirement
- Breakdown of Aggregate Accrued Liabilities

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Actuarial Certification
The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Article 13, Illinois Pension Code, as well as applicable federal laws and regulations. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In our opinion, the assumptions and method used to determine the annual required contribution, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In our opinion, the following valuation results fairly present the financial condition of the Metropolitan Water Reclamation District Retirement Fund as of December 31, 2021.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the Metropolitan Water Reclamation District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

We look forward to discussing the results with you.

Regards,

Jason L. Franken

Jason L. Franken, FSA, EA, MAAA

Enrollment Number: 20-06888
Foster & Foster, Inc.

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ACTUARIAL PREFACE

PENSION FINANCING

The approaches used to finance pensions can be divided into two basic categories. Under Pay-As-You-Go Financing the benefits called for by the plan would be paid out directly by the employer as they become due. Most public retirement plans including the MWRD Retirement Fund use Actuarial Funding, a form of Advance Funding, which is designed to set aside money during an employee's working career so that sufficient funds are accumulated at the time of retirement to pay the employee's future pension. This method builds up a pool of assets which will generate investment income, thereby reducing the contribution requirements to meet the pension costs.

ACTUAL FUNDING

The Fund is financed by employee contributions, employer contributions (i.e. the MWRD tax levy) and investment earnings; investment earnings and employer funding are the primary determinants of the Fund's financial status.

Through fiscal year 2013, employer contributions were set at 2.19 times employee contributions made in the calendar year two years prior. Beginning in 2013, employer contributions were increased to the lesser of the amount resulting from using a 4.19 multiple, or the actuarially determined contribution requirement.

Prior to 2013, employee contributions were 9% of salary for all employees. Contributions for Tier 1 employees, who became members before January 1, 2011, increased to 10% of salary in 2013, to 11% in 2014 and to 12% in 2015; the Tier 1 contribution rate remains at 12%. Contributions for Tier 2 employees, who became members after January 1, 2011, are 9% of salary.

ACTUARIAL FUNDING

The Fund's actuary performs an annual actuarial valuation which includes the determination of the Actuarial Accrued Liability, the Actuarial Value of Assets and what is known as the Actuarially Determined Contribution Requirement. Actuaries use demographic data (such as employee age, salary, and service credits), economic assumptions (such as estimated salary increases and interest rates), and decrement assumptions (such as employee turnover, mortality, and retirement rates) in performing these valuations. The actuarial valuation process is generally as follows:

1. Based on the demographic data and actuarial assumptions described above, the amount and timing of benefits payable in the future are estimated by the actuary for all participants at the valuation date. Important assumptions in this computation are the turnover, retirement age, and earnings progression for active members, and mortality for all participants.

2. The actuary then calculates the actuarial present value of these future benefits. This is the amount necessary to be invested at the valuation interest rate, at the valuation date, to provide benefit payments as they come due. Each year's estimated benefit payments are discounted by an assumed interest rate to determine the present dollar value of benefits.

3. The final step is to apply a cost method assigning portions of the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of normal cost and accrued benefit cost.

One of the most important actuarial assumptions is the assumed rate of return on investments. The Fund's current assumed rate is 7.25% since the 12/31/19 valuation. It is believed to be appropriate based on the actuary's review of capital market assumptions and other factors which are part of the annual valuation. Based on common actuarial practice this return has been determined reasonable and achievable through asset allocation, on average, over the long-term.

The Fund uses the entry age normal actuarial cost method with costs allocated on the basis of earnings, one of several accepted actuarial cost methods. Under this cost method, the Actuarial Present Value of the projected pension of each member included in the valuation is assumed to be funded by annual installments, equal to a level percent of the member's earnings for each year between entry age and assumed exit age. The normal cost for the member for the current year is equal to the portion of the value so determined, assigned to this year. The normal cost for the plan for the year is the sum of the normal costs of all active members. The normal cost for the year beginning January 1, 2022 was determined to be $30.1 million or 16.07% of payroll (10.98% of payroll is expected from employee contributions, 5.09% of payroll is the employer's portion, and 0.96% of payroll for administrative expenses.)

Accrued benefit cost, or the Actuarial Accrued Liability (AAL), is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date (i.e. for past service). This value changes as the member's salary and years of service change, and as some members leave and are replaced by new members. Future normal cost is the portion of the present value of benefits assigned to future years of service (i.e. for future service) and is assumed to be funded annually.

To the extent that current assets plus future normal costs (assumed to be funded annually) do not support members' expected future benefits, an Unfunded Actuarial Accrued Liability (UAAL) develops. The UAAL is generally amortized over a fixed period of time (e.g. 30 years) from the date incurred. Actuarial funding of plan benefits would require annual District (employer) contributions which at least cover the employer's normal cost, plus an amortization of the UAAL. In the past the District funded the plan according to statute as described above, which until the 2013 tax levy resulted in actual contributions that often fell short of the actuarial requirement. Legislation passed in 2012 changed the computation of the tax levy, resulting in higher District contributions that more closely approximate the actuarial funding requirement. The legislation which increased both the employer and employee contribution requirements is expected to eliminate the UAAL by the year 2050.

The information following this Preface is from the December 31, 2021 actuarial valuation performed by Foster & Foster, which was based upon:

a) Membership data - provided by Fund staff

b) Assets of the Fund - audited financial statements

c) Actuarial Method – entry age actuarial cost method, approved by the Board

d) Actuarial Assumptions – summarized in this section, approved by the Board

SUMMARY OF VALUATION RESULTS

	December 31, 2021	December 31, 2020
Total Actuarial Liability	$ 2,756,489,008	$ 2,714,192,284
Actuarial Value of Assets	1,617,809,696	1,556,056,167
Unfunded Actuarial Liability	$ 1,138,679,312	$ 1,158,136,117
Funded Ratio	58.7%	57.3%
Fair Value of Assets	$ 1,724,180,047	$ 1,580,890,628
Unfunded Liability (FVA basis)	$ 1,032,308,961	$ 1,133,301,656
Funded Ratio (FVA basis)	62.5%	58.2%
Employer Normal Cost as % of Payroll:		
Tier 1 Benefits	6.23%	6.36%
Tier 2 Benefits	2.89%	2.87%
Administrative Expenses	0.96%	0.85%
Total Employer Normal Cost	6.05%	6.14%
Applicable Fiscal Year[1]	**2022**	**2021**
Actuarially Determined Contribution	$ 76,680,499	$ 76,841,344
Contribution Requirement For Fiscal Year[2]	$ 76,680,499	$ 76,841,344
Expected Employer Contribution for Fiscal Year	$ 87,915,000	$ 88,754,000

[1] The contribution requirements are levied in the applicable fiscal year and deposited into the Fund during the following fiscal year.

[2] See details of calculation on page 82.

Source: Foster & Foster

ACTUARIAL LIABILITY AND FUNDED RATIO

Below are details regarding the actuarial liability and funded ratio as of December 31, 2021.

1.	Present Value of Future Benefits	$	3,014,716,000
2.	Active Members		
	Retirement	$	612,485,554
	Termination		20,497,886
	Death		21,734,624
	Disability		6,615,501
	Total	$	661,333,565
3.	Members Receiving Benefits		
	Retirement Annuities	$	1,837,596,506
	Survivor Annuities/Children		245,186,612
	Total	$	2,082,783,118
4.	Inactive Members	$	12,372,325
5.	Total Actuarial Liability (2. + 3. + 4.)	$	2,756,489,008
6.	Actuarial Value of Assets	$	1,617,809,696
7.	Unfunded Actuarial Liability	$	1,138,679,312
8.	Funded Ratio		58.7%

Source: Foster & Foster

EMPLOYER'S NORMAL COST

Below is a summary of the employer's share of the normal cost for the year beginning January 1, 2022.

	Tier 1		Tier 2		Total	
Normal Cost	Normal Cost	Percent of Total Payroll	Normal Cost	Percent of Total Payroll	Normal Cost	Percent of Total Payroll
Retirement	$ 19,702,487	15.95%	$ 5,119,995	8.04%	$ 24,822,482	13.26%
Termination	1,059,096	0.86%	1,325,937	2.08%	2,385,033	1.27%
Death	1,379,798	1.12%	792,893	1.24%	2,172,691	1.16%
Disability	376,333	0.30%	336,622	0.53%	712,955	0.38%
Total Normal Cost	$ 22,517,714	18.23%	$ 7,575,447	11.89%	$ 30,093,161	16.07%
Expected Member Contributions	$ 14,822,022	12.00%	$ 5,732,656	9.00%	$ 20,554,678	10.98%
Employer's Share of Normal Cost	$ 7,695,692	6.23%	$ 1,842,791	2.89%	$ 9,538,483	5.09%
Expected Administrative Expenses					$ 1,787,903	0.96%
Employer's Share of Normal Cost, adjusted for expected administrative expenses					$ 11,326,386	6.05%
Pensionable Payroll	$ 123,516,853		$ 63,696,173		$ 187,213,026	

Source: Foster & Foster

ACTUARIALLY DETERMINED CONTRIBUTION

The actuarially determined contribution requirement based on the provisions applicable for fiscal years 2013 and later, according to section 13-503 of Article 13 of the Illinois Pension Code, is below.

1.	Employer's Share of Normal Cost	$	11,326,386
2.	Amortization Payment (annual amount to amortize 100% of the unfunded liability by 2050)		
	Actuarial Liability	$	2,756,489,008
	Actuarial Assets	$	1,617,809,696
	Unfunded Accrued Liability	$	1,138,679,312
	Amortization Period		29 years
	Amortization Payment	$	65,354,113
3.	Actuarially Determined Contribution for Year Beginning January 1, 2022	$	76,680,499
	as a percentage of pensionable payroll		40.96%
4.	District's Funding Policy (4.19 x Total Member Contributions for two years prior)	$	87,915,000
	as a percentage of pensionable payroll		46.96%
5.	Statutory Employer Contribution (lesser of 3 and 4)	$	76,680,499

Source: Foster & Foster

UNFUNDED ACTUARIAL LIABILITY

1.	Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2020	$ 1,158,136,117
2.	Employer Normal Cost, Developed as of December 31, 2020	11,530,925
3.	Expected Interest (7.25%) on 1. and 2.	84,800,861
4.	Employer Contributions	88,803,958
5.	Expected Interest (7.25%, mid-year) on 4.	3,162,820
6.	Expected UAAL as of December 31, 2021 (1)+(2)+(3)-(4)-(5)	1,162,501,125
7.	Change in UAAL Due to Actuarial (Gain)/Loss, by component	
	Decrease in UAAL due to investment return higher than assumed	(29,048,737)
	Decrease in UAAL due to salary increases lower than assumed	(7,730,245)
	Increase in UAAL due to decrement experience	17,262,490
	Decrease in UAAL due to inactive mortality experience	(7,425,859)
	Increase in UAAL due to other changes	3,120,538
	Net decrease in UAAL due to actuarial experience	(23,821,813)
8.	Change in UAAL Due to Assumption Changes	-
9.	Unfunded Actuarial Accrued Liability as of December 31, 2021	$ 1,138,679,312

Source: Foster & Foster

PARTICIPANT DATA

Participant Information	**December 31, 2021**	**December 31, 2020**	**Change**
Number Active Members - Total	1,737	1,769	-1.8%
Number Active Members - Fully Vested	965	1,095	-11.9%
Number Receiving Benefits			
Retirement Annuities	1,918	1,917	0.1%
Surviving Spouse Annuities	543	546	-0.5%
Children's Annuities	21	20	5.0%
Number Inactive Members - Total	128	132	-3.0%
Number Inactive Members - Vested	34	37	-8.1%
Total Members	4,347	4,384	-0.8%
Total Pensionable Salary	$ 187,213,026	$ 188,072,970	-0.5%
Active Statistics – Tier 1			
Number	1,044	1,124	-7.1%
Average Age	53.71	53.44	0.5%
Average Service	18.30	17.96	1.9%
Total Pensionable Salary	$ 123,516,853	$ 130,079,718	-5.0%
Average Salary	$ 118,311	$ 115,729	2.2%
Active Statistics – Tier 2			
Number	693	645	7.4%
Average Age	43.72	43.31	0.9%
Average Service	4.91	4.39	11.9%
Total Salary	$ 64,296,858	$ 58,463,131	10.0%
Average Salary	$ 92,780	$ 90,641	2.4%
Pensionable Salary	$ 63,696,173	$ 57,993,252	9.8%
Average Pensionable Salary	$ 91,914	$ 89,912	2.2%
Annual Benefit Payments for Members Receiving Benefits			
Retirement Annuities	$ 154,398,273	$ 149,537,047	3.3%
Surviving Spouse Annuities	$ 29,684,725	$ 27,722,263	7.1%
Children's Annuities	$ 126,000	$ 120,000	5.0%

Source: Foster & Foster

ACTUARIAL ASSUMPTIONS AND METHODS

Below is a summary of the actuarial assumptions for the December 31, 2021 valuation. An experience study was performed in September of 2018 based on data for the period December 31, 2012 through December 31, 2017. The assumptions below are based on the experience study and were recommended by Foster & Foster Actuaries, and adopted by the Board of Trustees effective December 31, 2018.

Interest Rate	7.25%
Mortality Rates – Healthy & Disabled Lives	RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Female rates are adjusted by a factor of 1.04 and male rates are unadjusted.
Cost-of-Living Adjustment - Annuitants	
Members Hired On Or After January 1, 2011	1.25%
Members Hired Before January 1, 2011	3.00%
Inflation Rate	2.50%
Payroll Growth	3.00%
Salary Increases	See Table 1
Retirement Rates	See Table 2
Termination Rates	See Table 3
Disability Rates	See Table 4
Load for Reciprocal Benefits	1.5% of active member costs and liabilities.
Assumed Administrative Expenses	Administrative expenses paid from the trust during the prior year.
Percent Married	76%
Spousal Age Difference	Spouse of male member assumed to be 4 years younger than member; Spouse of female member assumed to be 4 years older than member.

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Actuarial Cost Method	Entry Age Normal, with costs allocated on basis of earnings. Actuarial gains and losses are reflected in the unfunded actuarial liability.
Actuarially Determined Contribution Requirement	Section 13-503. Employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll. The funding goal is to attain a funded ratio of at least 100% by the year 2050.
Actuarial Asset Method	Fair value of assets adjusted by the unrecognized investment gains and losses for each of the five years prior to the valuation date. Gains and losses are recognized at a rate of 20% per year. Actuarial Assets shall not be less than 80% nor greater than 120% of Fair Value of Assets.
Payroll Growth	3.00%
Assumed Administrative Expenses	Administrative expenses paid from the trust during the prior year.
Source of Data	Data and audited financial information is provided by the Fund.
Valuation Date	December 31, 2021.

Changes in Funding Assumptions/Methods Since the Prior Valuation

The valuation reflects no assumption or method changes since the prior year.

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Table 1 – Salary Increase Rates

Service	Salary Increase Rate
0	7.00%
1	6.50%
2	5.75%
3	5.50%
4	5.25%
5	6.00%
6	5.00%
7	4.75%
8	4.50%
9	4.25%
10	5.00%
11 - 14	4.00%
15	5.00%
16 - 19	4.00%
20	5.00%
21+	3.50%

Table 2 – Retirement Rates

Age	Retirement Rate
50 - 59	7%
60	20%
61 - 64	10%
65	15%
66	18%
67	25%
68	15%
69	30%
70	35%
71 - 74	20%
75	100%

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Table 3 – Termination Rates

Service	Male Rate	Female Rate
0	5.00%	7.75%
1	3.50%	6.75%
2	3.50%	5.75%
3	2.60%	4.75%
4	2.24%	4.52%
5	2.15%	4.49%
6	1.75%	4.19%
7	1.70%	3.94%
8	1.65%	3.74%
9	1.55%	3.54%
10	1.55%	3.34%
11	1.55%	3.14%
12	1.45%	2.94%
13	1.40%	2.85%
14	1.35%	2.52%
15	1.20%	2.52%
16+	1.00%	2.52%

Table 4 – Disability Rates (Sample Rates)

Age	Disability Rate
20	0.002%
25	0.003%
30	0.006%
35	0.014%
40	0.033%
45	0.065%
50	0.120%
55	0.225%
60	0.490%
65	0.000%

PLAN PROVISIONS

The following describe and reflect provisions in effect as described in Article 13 of the Illinois Pension Code. The provisions below reflect changes included in Public Act 96-0889 and Public Act 96-1490, which created the second "tier" of benefits for members hired on or after January 1, 2011 and provided clarifying changes.

Eligibility	All employees of the District whose duties indicate service during the calendar year for a minimum of 120 days are eligible.
Normal Retirement Eligibility	Hired before January 1, 2011: Age 60 and 5 years of service Hired on or after January 1, 2011: Age 67 and 10 years of service
Normal Retirement Benefit	The annual benefit payable immediately is equal to the sum of: (a) 2.2% of Average Final Salary for each year of service up to 20 years. (b) 2.4% of Average Final Salary for each year of service in excess of 20 years The benefit shall not exceed 80% of Average Final Salary.
Early Retirement Eligibility	Hired before January 1, 2011: Age 55 (50 if hired before June 13, 1997) and 10 years of service Hired on or after January 1, 2011: Age 62 and 10 years of service
Early Retirement Benefit	Normal Retirement Benefit reduced as follows: Hired before January 1, 2011: If member retires before reaching age 60 with less than 30 years of service, 0.5% for each full month the member is less than age 60 or service is less than 30 years, whichever is less. Hired on or after January 1, 2011: 0.5% per month the member is less than age 67
Deferred Retirement Eligibility	Tier 1: Age 55 (50 if hired before June 13, 1997) and 5 years of service. Tier 2: 10 years of service

Deferred Retirement Benefit	The annual benefit payable at the following ages: Hired before January 1, 2011: Age 62, if withdraw on or after age 55 (50 if hired before June 13, 1997) with at least 5 years of service and less than 10 years Age 55 (50 if hired before June 13, 1997), if withdraw with 10 years of service Hired on or after January 1, 2011: Age 62, if withdraw with 10 years of service The annual benefit amount equals the Normal Retirement Benefit reduced with Early Retirement Reductions.
Minimum Retirement Annuity	10 years of service: $500 per month plus $25 per month for each year of service in excess of 10 years, not to exceed $750 with 20 years of service Less than 10 years of service or retirement before age 60: $250 per month
Duty Disability Eligibility	Member incurs injury or sickness due to employment with the District and is compensable under the Workers' Compensation Act or the Occupational Disease Act.
Duty Disability Benefit	75% of salary earned on the date of disability, less the amount paid by Workers' Compensation Benefit is 50% of salary if disability resulted from physical defect or disease that existed at the time injury was sustained. Benefits are payable during period of disablement, but not beyond attainment of age 65. If disability occurs at age 60 or older, benefits are payable for a maximum of 5 years.
Ordinary Disability Eligibility	Member becomes disabled due to any cause other than injury or illness incurred in the performance of duty.
Ordinary Disability Benefit	50% of earnable salary at the date of disability Member may receive ordinary disability benefits for a maximum period of the lesser of 25% of member's actual service prior to disablement or 5 years.

Surviving Spouse Annuity Eligibility	Hired before June 13, 1997: Immediately eligible if married to member on date of member's death while in service or married to member on member's date of termination from service and remained married until member's death. Dissolution of marriage after retirement shall not divest the member's spouse of entitlement if marriage was in effect for at least 10 years on the date of retirement. Hired on or after June 13, 1997: Eligible after 3 years of service. Conditions for marriage described for members hired prior to June 13, 1997 apply.
Surviving Spouse Benefit	Hired before January 1, 2011: Retirement annuity earned at the time of death multiplied by a factor of 60% plus 1% for each year of member's total service, to a maximum of 85%. If hired after January 1, 1992, annuity is reduced by 0.25% for each full month spouse is younger than member to maximum reduction of 60%. Discount is reduced by 10% for each year marriage is in effect. Hired on or after January 1, 2011: 66 2/3% of retirement annuity earned at the time of death.
Minimum Surviving Spouse Annuity	Member with 10 years of service: greater of (a) $500 per month plus $25 per month for each year of service in excess of 10, not to exceed $750 per month, or (b) 50% of the retirement annuity of member at time of death. Member with less than 10 years of service: $250 per month.
Children's Annuity Eligibility	Member parent dies in service or deceased parent was former member with at least 10 years of service. Child is unmarried and less than age 18 (23, if full-time student).
Children's Annuity Benefit	$500 per month for each child if have living parent and $1,000 per month for each child if neither parent is living to a maximum of $5,000 per month.

Cost-of-Living Adjustments

Hired before January 1, 2011: Retirement annuity is increased on the anniversary of retirement by 3% of the monthly annuity payable at the time of increase.

Spouse annuity is increased on the earlier of the anniversary of the member's death or retirement (whichever occurs first) by 3% of the monthly annuity payable at the time of increase.

Hired on or after January 1, 2011: increase percentage is the lesser of 3% or ½ the increase in CPI-U during the previous calendar year. Increase is based on the originally granted retirement or spouse's annuity.

Member Contributions – retiree annuity

Pay period:	Contribution % Annuity:	Contribution % Annual Inc.:
Before January 1, 2013	7.0%	0.5%
During calendar year 2013	7.5%	1.0%
During calendar year 2014	8.0%	1.5%
During calendar year 2015 and until fund is 90% funded	8.5%	1.5%
After fund is 90% funded	7.0%	0.5%

Members hired on or after January 1, 2011 have member contributions of 7.5% (7.0% of pay for the annuity and 0.5% of pay for annual increases).

Member Contributions – spouse annuity

Pay period:	Contribution percentage:
Before January 1, 2015	1.5%
During calendar year 2015 and until fund is 90% funded	2.0%
After fund is 90% funded	1.5%

Members hired on or after January 1, 2011 contribute 1.5% of pay.

Refund to Member upon Termination	Hired before January 1, 2011: Eligible for refund of all member contributions without interest if under age 55 (50 if hired before June 13, 1997); if age 60 with less than 20 years of service; or if 60 with less than 5 years of service. Upon receipt of refund, member forfeits rights to benefits from the Fund. Hired on or after January 1, 2011: Eligible for refund of all member contributions without interest if under age 62; or if have less than 10 years of service on termination. Upon receipt of refund, member forfeits rights to benefits from the Fund.
Refund for Surviving Spouse's Annuity	Members unmarried at the time of retirement will receive a refund of contributions for spouse annuity with interest at 3% per year, compounded annually.
Refund of Remaining Amounts	If upon death the total amount contributed by the member with 3% interest per year has not been paid to the member, the spouse or designated beneficiaries or estate receives a refund of the excess amount.
Required Tax Levy – Illinois Pension Code	Lesser of actuarially determined contribution and 4.19 multiplied by total member contributions for the two years prior.
District's Funding Policy	Effective August 27, 2014, the District implemented a policy of contributing an amount equal to 4.19 multiplied by total member contributions for the two years prior until the Fund reaches a funded ratio of 100%.
Pension Service	Any employment, excluding overtime or extra service for which salary is received.
Average Final Salary	Hired before January 1, 2011: Highest average annual salary for any 52 consecutive bi-weekly pay periods within the last 10 years of service immediately preceding the date of retirement. Hired on or after January 1, 2011: Highest average annual salary for 96 consecutive months of service within last 120 months of service, limited to $106,800 (automatically increased by lesser of 3% or ½ the increase in CPI-U during the previous calendar year).

Pensionable Salary	Salary paid to a Fund member for service to the District or to the Fund, including salary paid for vacation and sick leave and any amounts deferred under a deferred compensation plan established under the Code, but excluding the following: payment for unused vacation or sick leave, overtime pay, termination pay and any compensation in the form of benefits other than salary. Salary for members hired on or after January 1, 2011 is subject to the salary limitations established in the Illinois Pension Code. The statutory salary limitation is \$116,740.42 for calendar 2021 and \$119,892.41 for calendar 2022.

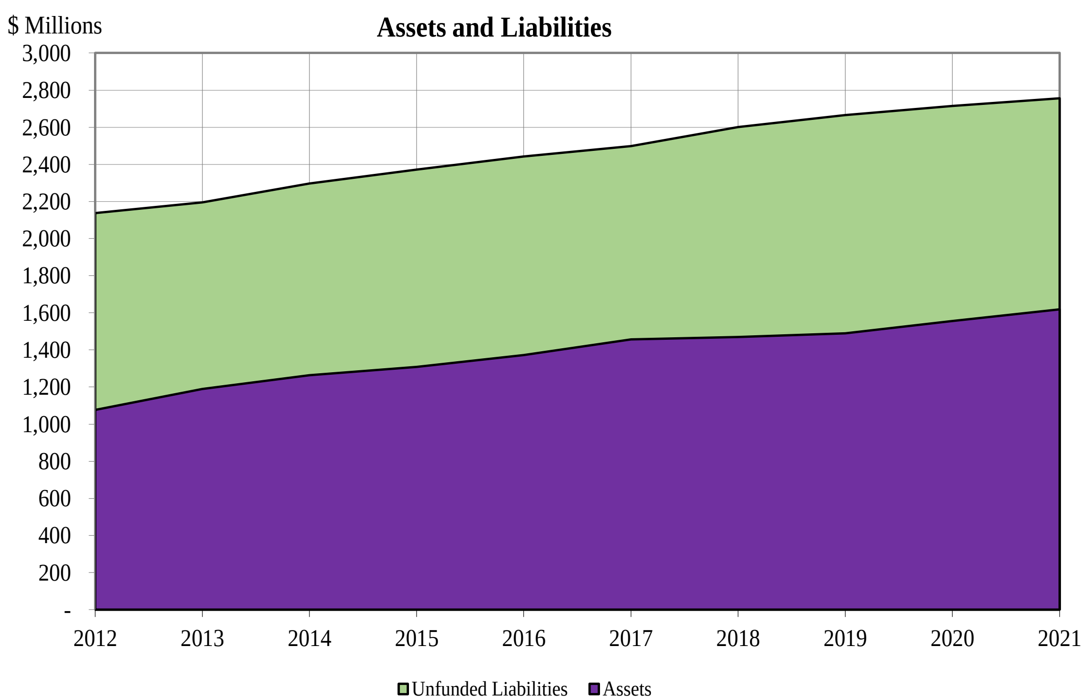
Changes in Fund Provisions Since the Prior Valuation

- None

SCHEDULE OF FUNDING PROGRESS
(Actuarial Funding - Going Concern, Entry Age Normal Method)

Year End	Total Actuarial Accrued Liability (AAL)	Actuarial Value of Assets [1]	Funded Ratio	Unfunded AAL (UAAL)	Active Pensionable Payroll[3]	UAAL as a % of Payroll
2012 [2]	$2,136,508,223	$1,076,740,164	50.4%	$1,059,768,059	$163,816,934	646.9%
2013	2,194,911,693	1,188,503,716	54.1%	1,006,407,977	169,375,857	594.2%
2014 [2]	2,296,438,698	1,263,287,068	55.0%	1,033,151,630	176,183,941	586.4%
2015	2,371,031,195	1,307,982,039	55.2%	1,063,049,156	177,507,159	598.9%
2016	2,443,291,644	1,372,361,950	56.2%	1,070,929,694	182,640,163	586.4%
2017	2,497,890,179	1,456,195,876	58.3%	1,041,694,303	184,385,188	565.0%
2018 [2]	2,601,163,632	1,470,308,639	56.5%	1,130,854,993	187,849,708	602.0%
2019	2,666,221,630	1,489,266,144	55.9%	1,176,955,486	189,961,010	619.6%
2020	2,714,192,284	1,556,056,167	57.3%	1,158,136,117	188,072,970	615.8%
2021	2,756,489,008	1,617,809,696	58.7%	1,138,679,312	187,213,026	608.2%

[1] Assets are stated using 5-year smoothing Actuarial Asset Method.
[2] Change in actuarial assumptions.
[3] Pensionable payroll is annualized based on actual payroll paid to active members on the last paydate of the year.



The table and graph above illustrate the growth of the unfunded liability over the last ten years. The unfunded AAL (UAAL) as a percentage of active member payroll, the last column of the table above, provides a helpful index which shows the smaller the ratio, the stronger the Fund. Observation of the trend of this index will give an indication of whether the Fund is becoming financially stronger or weaker.

SOLVENCY TEST

The prioritized solvency test is another means of checking a system's progress under its funding program. It shows the percentage of future benefit promises that are covered by the current Actuarial Value of Assets. In a short-term solvency test the plan's present assets (cash and investments) are compared with actuarial accrued liabilities classified into the following categories:

1. liability for active member contributions on deposit;
2. liability for future benefits to present retired lives; and
3. liability for the employer financed portion of service already rendered by active members.

If a system has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (i.e. the present value of liability 1) and the liabilities for future benefits to present retired lives (i.e. the present value of liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for the employer financed portion of benefits for present active members (i.e. the present value of liability 3) will normally be partially covered by the remainder of present assets. In addition, if a system has been using a level cost financing, the funded portion of the present value of liability 3 will increase over time. The Fund has not received employer contributions according to level cost financing, but rather has been financed in accordance with Illinois statutes.

	Actuarial Accrued Liabilities				Portion of Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
Year Ended	Active and Inactive Member Contributions	Retirees and Survivors	Active and Inactive Members (ER Financed)	Actuarial Value of Assets	Active and Inactive Member Contributions	Retirees and Survivors	Active and Inactive Members (ER Financed)
12/31/2012	213,323,414	1,431,829,221	491,355,588	1,076,740,164	100%	60%	0%
12/31/2013	223,354,127	1,463,856,177	507,701,389	1,188,503,716	100%	66%	0%
12/31/2014	231,430,077	1,541,326,692	422,154,924	1,263,287,068	100%	67%	0%
12/31/2015	236,967,954	1,616,195,435	517,867,805	1,307,982,039	100%	66%	0%
12/31/2016	244,239,334	1,676,732,070	522,320,240	1,372,361,950	100%	67%	0%
12/31/2017	247,730,731	1,745,598,298	504,561,150	1,456,195,876	100%	69%	0%
12/31/2018	251,845,144	1,843,563,888	505,754,600	1,470,308,639	100%	66%	0%
12/31/2019	251,719,321	1,929,940,867	484,561,442	1,489,266,144	100%	64%	0%
12/31/2020	249,921,777	2,013,763,878	450,506,629	1,556,056,167	100%	65%	0%
12/31/2021	249,356,777	2,082,783,118	424,349,113	1,617,809,696	100%	66%	0%

Source: Foster & Foster

HISTORY OF CHANGE IN UNFUNDED LIABILITY
(Actuarial Funding - Going Concern, Entry Age Normal Method)

Year	Salary Scale	Investment Returns[1]	Employer Contribution[2]	Legislative Amendments
2012	$ (23,145,806)	$ 58,584,984	$ 31,300,739	$ -
2013	(6,368,436)	(48,963,802)	3,395,524	-
2014	(5,667,229)	(26,867,032)	16,960,113	-
2015	(3,201,181)	3,056,008	17,070,881	-
2016	(844,096)	(15,960,567)	9,554,045	-
2017	(11,576,111)	(27,925,002)	154,718	-
2018	(7,369,068)	40,260,410	540,397	-
2019	(4,517,433)	23,071,682	4,872,323	-
2020	(6,558,614)	(10,483,804)	(13,370,672)	-
2021	(7,730,245)	(29,048,737)	4,365,008	-
	$ (76,978,219)	$ (34,275,860)	$ 74,843,076	$ -

Year	Changes in Actuarial Assumptions	(see assumption reference key 3)	All Other Miscellaneous Experience	Total Increase (Decrease) in Unfunded Liability
2012	$ 7,171,009	(d)	$ (18,064,759)	$ 55,846,167
2013			(1,423,368)	(53,360,082)
2014	32,494,969	(i, m, r, s , t, d)	9,822,832	26,743,653
2015	-		12,971,818	29,897,526
2016	-		15,131,156	7,880,538
2017	-		10,111,004	(29,235,391)
2018	37,438,859	(i, m, r, s, t)	18,290,092	89,160,690
2019	-		22,673,921	46,100,493
2020	-		11,593,721	(18,819,369)
2021	-		12,957,169	(19,456,805)
	$ 77,104,837		$ 94,063,586	$ 134,757,420

[1] Represents investment income deficiency (excess) over expected returns.

[2] Represents employer contributions deficiency (excess) from normal cost plus interest.

[3] Key to changes in assumptions:

i = interest rate	d=disability assumption
r = retirement rates	s = salary
m = mortality	rb = reciprocal benefits
	t = termination rates

The table above illustrates that over the last 10 years, the unfunded liability has increased by $134.8 million. Of this increase, $74.8 million has been due to employer contributions that were less than normal cost plus interest on the UAAL. These increases in the unfunded liability, plus the effects of other actuarial experience, were partially offset by a $77.0 million reduction for overall salary increases being less than assumed and $34.3 million has been due to investment returns being higher than assumed, over the last ten years.

During the year 2021 the unfunded liability decreased by $19.5 million; components of this change are shown above.

HISTORY OF ACTIVE MEMBER VALUATION DATA

Year End	Members in Service	% Change	Annual Payroll[1]	% Change	Average Salary	% Change	Actuarial Salary % Increase[3]	CPI Chicago[2]
2012	1,856	(1.7)	$ 163,816,934	(0.3)	$ 88,263	1.4	5.0	1.5
2013	1,858	0.1	169,375,857	3.4	91,160	3.3	5.0	1.1
2014	1,873	0.8	176,183,941	4.0	94,065	3.2	Range	1.7
2015	1,846	(1.4)	177,507,159	0.8	96,158	2.2	Range	(0.3)
2016	1,843	(0.2)	182,640,163	2.9	99,099	3.1	Range	0.7
2017	1,835	(0.4)	184,385,188	1.0	100,482	1.4	Range	1.9
2018	1,832	(0.2)	187,849,708	1.9	102,538	2.0	Range	1.8
2019	1,817	(0.8)	189,961,010	1.1	104,547	2.0	Range	1.5
2020	1,769	(3.4)	188,072,970	0.1	106,316	3.7	Range	1.1
2021	1,769	(2.6)	187,213,026	(1.4)	106,316	1.7	Range	4.2
10 year average change:		(1.0) %		1.3 %		2.4 %		1.5 %

[1] Payroll is annualized based on actual pensionable salary paid to active members on the last paydate of the year.
[2] Represents average annual change in Consumer Price Index (CPI-U All Urban Consumers for Chicago-Gary-Kenosha) per the U.S. Bureau of Labor Statistics through 2016. The Index was renamed to CPI-U All Urban Consumers for Chicago-Naperville-Elgin, IL-IN-WI in 2017.
[3] The salary increase assumption was updated from a flat 5.0% to a table of rates from 3.5%-7.0% based on years of service as of the December 31, 2014 valuation.

HISTORY OF EMPLOYER CONTRIBUTIONS

Year Ended	Actuarially Determined Contribution for Fiscal Year End	Maximum Employer Contribution	Employer Contribution[1]	% of Actuarially Determined Contribution Contributed	Estimated Multiplier Necessary to Match ADC
12/31/2012	$ 74,828,844	$ 34,761,000	$ 65,097,835	87.00	4.71
12/31/2013	74,774,148	62,984,000	92,944,381	124.30	4.97
12/31/2014	69,924,438	61,654,000	73,906,168	105.69	4.75
12/31/2015	62,603,576	70,772,000	71,041,361	113.48	3.71
12/31/2016	64,596,066	79,505,000	80,259,713	124.25	3.40
12/31/2017	65,727,912	89,604,000	89,858,224	136.71	3.07
12/31/2018	64,988,583	87,281,000	87,167,339	134.13	3.12
12/31/2019	74,279,999	87,319,000	87,446,476	117.73	3.56
12/31/2020	77,392,414	88,127,000	107,852,181	139.36	3.68
12/31/2021	76,841,344	88,754,000	88,803,958	115.57	3.63

[1] In 2012, 2013, 2014 and 2020 the Fund received special contributions of $30.0 million, $30.0 million $12.0 million, amd $20.0 million, respectively, from the District in addition to the employer contribution based upon the District's Funding policy.

HISTORY OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

Employee Annuitants (Male and Female)

	Added to Payroll		Removed from Payroll		Annual Payroll		Average	Increase
Year	No.	Annuity Benefits [1]	No.	Annuity Benefits	No.	Annuity Benefits [2]	Annuity Benefits	to Avg Benefits
2012	60	$6,027,239	62	$3,098,526	1,681	$104,021,486	$61,881	3.0
2013	75	6,497,171	52	2,345,133	1,704	108,173,524	63,482	2.6
2014	80	7,583,277	55	2,677,032	1,729	113,079,769	65,402	3.0
2015	101	9,640,885	70	3,828,434	1,760	118,892,220	67,552	3.3
2016	87	8,688,540	68	4,089,312	1,779	123,491,448	69,416	2.8
2017	98	20,067,179	68	3,780,260	1,809	129,366,688	71,513	3.0
2018	99	6,049,960	60	3,769,202	1,848	135,435,622	73,288	2.5
2019	94	10,830,012	59	3,941,499	1,883	142,324,135	75,584	3.1
2020	104	11,484,248	70	4,271,335	1,917	149,537,047	78,006	3.2
2021	92	11,244,741	91	6,383,515	1,918	154,398,273	80,500	3.2

Surviving Spouse Annuitants (Male and Female)

	Added to Payroll		Removed from Payroll		Annual Payroll		Average	Increase
Year	No.	Annuity Benefits [1]	No.	Annuity Benefits	No.	Annuity Benefits [2]	Annuity Benefits	to Avg Benefits
2012	38	$1,969,114	47	$858,542	619	$19,071,845	$30,811	7.7
2013	29	1,718,098	43	1,021,552	605	19,768,391	32,675	6.1
2014	28	1,846,441	40	931,782	593	20,683,050	34,879	6.7
2015	34	2,313,674	47	1,160,738	580	21,835,986	37,648	7.9
2016	42	3,096,415	32	1,162,089	590	23,770,312	40,289	7.0
2017	25	3,925,789	39	1,146,717	576	24,615,058	42,734	6.1
2018	30	1,798,261	35	1,046,607	571	25,965,116	45,473	6.4
2019	28	2,408,555	38	1,246,555	561	27,127,117	48,355	6.3
2020	34	2,659,591	49	2,064,444	546	27,722,263	50,773	5.0
2021	44	3,536,201	49	1,573,739	543	29,684,725	54,668	7.7

[1] Includes 3% annual statutory increase for qualified employee and surviving spouse annuitants.

[2] Annual payroll is an annualized amount and represents twelve times the December 1st paid annuities.

Source: Foster & Foster

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STATISTICAL SECTION

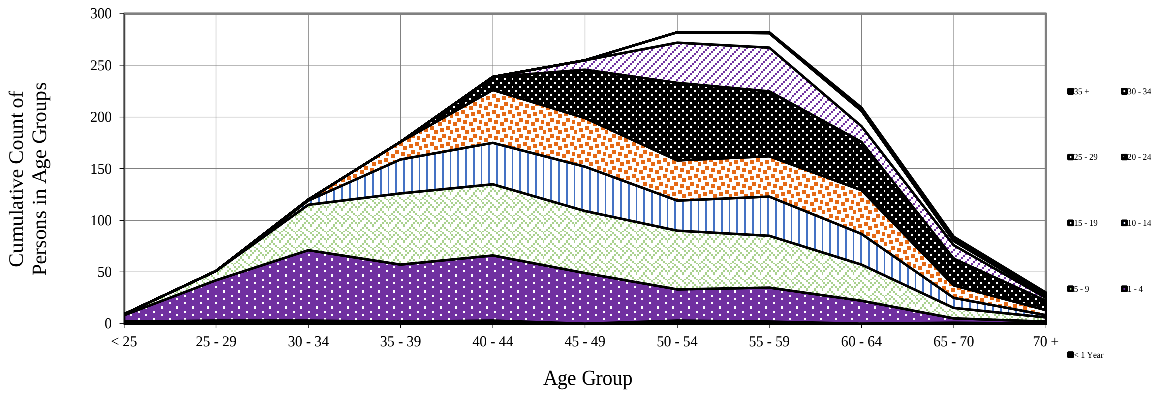
CHANGES IN PARTICIPANT COUNTS
YEAR 2021

Changes in Active Participants	Number at Beginning of Year	Additions	Decreases	Number at Year End
Tier 1				
Male	821	8	75	754
Female	303	6	19	290
Total Active	1,124	14	94	1,044
Tier 2				
Male	484	59	17	526
Female	161	17	11	167
Total Active	645	76	28	693
Total Active				
Male	1,305	67	92	1,280
Female	464	23	30	457
Total Active	1,769	90	122	1,737
Changes in Annuitants and Beneficiaries				
Employee Annuitants				
Male	1,452	73	76	1,449
Female	465	19	15	469
Total Employee Annutitants	1,917	92	91	1,918
Spouse Annuitants				
Male	24	2	1	25
Female	522	42	46	518
Total Spouse Annutitants	546	44	47	543
Child Annuities	20	3	2	21
Total Annuitants	2,483	139	140	2,482
Percentage of Active Participants to Annuitants and Beneficiaries	71.2%			70.0%

The above schedule provides details about the changes in the number and gender of active participants, as well as the changes in the number and type of annuitants for the year. A percentage of active participants to annuitants less than 100% indicates that there are more retirees/payees than working members of the Fund.

EMPLOYEE AGE AND SERVICE DISTRIBUTION
ACTIVE MEMBER COUNT & PENSIONABLE SALARIES - BY AGE AND SERVICE
Male and Female Combined

12/31/21



AGE	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 +	Total
	YEARS OF SERVICE									
< 25	2	6	1							9
	$44,164	$83,854	$83,990							$75,049
25-29	3	39	9							51
	62,221	74,379	$88,609							76,175
30-34	3	68	44	4	1					120
	70,574	79,805	98,467	105,840	$88,213					87,354
35-39	2	55	69	33	17					176
	66,414	88,811	91,207	120,486	$128,230					99,242
40-44	3	63	69	40	51	13				239
	103,466	91,063	103,261	114,056	120,305	$123,182				106,575
45-49		49	60	43	47	47	9			255
		96,806	105,393	110,694	128,497	134,251	$156,137			116,005
50-54	3	30	57	29	39	75	39	10		282
	69,167	92,764	100,013	104,218	110,560	125,531	135,449	128,239		113,493
55-59	2	33	50	38	39	63	42	14	1	282
	51,944	92,898	101,138	106,480	113,178	115,477	133,512	138,599	$107,489	112,117
60-64		22	35	30	42	47	15	15	3	209
		89,538	103,135	104,474	106,430	133,171	122,033	116,922	115,368	111,834
65-69	1	4	10	10	12	26	13	4	4	84
	78,660	86,570	104,198	91,277	112,444	119,334	128,921	101,724	146,581	113,105
70 +		2	4	2	5	9	3	2	3	30
		92,383	74,777	102,346	100,680	116,907	118,600	111,721	110,254	105,138
Total Number	19	371	408	229	253	280	121	45	11	1,737
Average Salary	$69,473	$87,723	$99,668	$109,353	$116,568	$125,053	$133,533	$124,599	$124,606	$107,779

The above table provides detail about the number of active members categorized in 5-year bands of age and years of service. The above chart illustrates that the largest age segments of active members is 50-54 and 55-59 years of age with average pensionable salary of $113,493 and $112,117 respectively. By years of service, the largest segment of active members has 5 - 9 years of service with an average pensionable salary of $99,668.

DISTRIBUTION OF ANNUITANTS BY ANNUAL BENEFIT

Annual Benefit	Retirees	Survivors	Children	Total
Under $20K	131	106	21	258
$20K - $30K	100	49	0	149
$30K - $40K	111	60	0	171
$40K - $50K	151	53	0	204
$50K - $60K	148	58	0	206
$60K - $70K	199	53	0	252
$70K - $80K	223	54	0	277
$80K - $90K	167	35	0	202
$90K - $100K	164	19	0	183
$100K - $110K	125	16	0	141
$110K - $120K	92	8	0	100
$120K - $130K	69	11	0	80
$130K - $140K	71	9	0	80
$140K - $150K	33	3	0	36
Over $150K	134	9	0	143
Total	1,918	543	21	2,482

The above schedule provides detail about the number, amount, and type of monthly benefits paid by the Fund in the last pay period of the year.

HISTORY OF ANNUITANTS BY TYPE OF BENEFIT at Year End

Year	Employee Annuitants [1]	Spouse Annuitants [1,2]	Child Annuitants	Total Annuitants	Ordinary Disability	Duty Disability
2012	1,681	619	17	2,317	20	23
2013	1,704	605	20	2,329	18	17
2014	1,729	593	21	2,343	16	16
2015	1,760	580	19	2,359	16	14
2016	1,779	590	25	2,394	12	11
2017	1,809	576	23	2,408	23	7
2018	1,848	571	24	2,443	19	13
2019	1,883	561	21	2,465	13	7
2020	1,917	546	20	2,483	14	6
2021	1,918	543	21	2,482	21	6

[1] Includes reciprocal annuitants
[2] Includes reversionary annuitants

The above schedule provides historical perspective about the number and types of beneficiaries paid by the Fund in the last pay period of the year.

HISTORY OF ANNUITY PAYMENTS
at Year End

	Employee Annuitants (Male and Female)		Spouse Annuitants (Male and Female)	
Year	Number of Annuitants	Annuity Payments [1]	Number of Annuitants	Annuity Payments [1]
2012	1,681	$ 104,021,486	619	$ 19,071,845
2013	1,704	108,173,524	605	19,768,391
2014	1,729	113,079,769	593	20,683,050
2015	1,760	118,892,219	580	21,835,988
2016	1,779	123,491,448	590	23,770,312
2017	1,809	129,366,689	576	24,615,058
2018	1,848	135,435,625	571	25,965,116
2019	1,883	142,324,135	561	27,127,167
2020	1,917	149,537,047	546	27,722,263
2021	1,918	154,398,273	543	29,684,725

[1] Payments are annualized, computed as twelve times the December 1st annuity payment.

The above schedule provides historical perspective about the number, type, and annualized amount of annuity payments made by the Fund.

Distribution of Retirement Annuities by Age and Gender

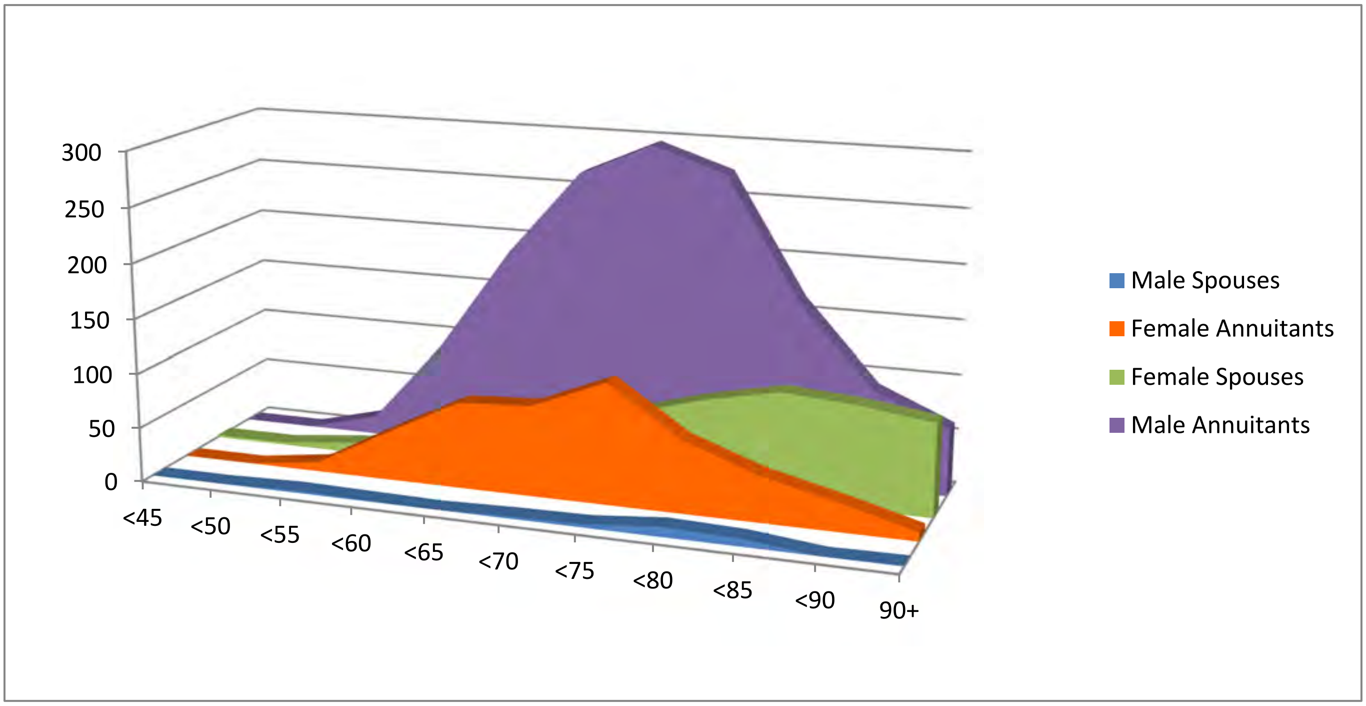
	Male			Female			Total		
	Count	Total Annuities	Average Annuities	Count	Total Annuities	Average Annuities	Count	Total Annuities	Average Annuities
x < 45	0	0	0	0	0	0	0	0	0
45 <= x < 50	0	0	0	0	0	0	0	0	0
50 <= x < 55	17	1,661,930	97,761	9	712,825	79,203	26	2,374,755	91,337
55 <= x < 60	93	8,125,624	87,372	45	3,282,262	72,939	138	11,407,887	82,666
60 <= x < 65	188	15,190,068	80,798	79	6,411,872	81,163	267	21,601,939	80,906
65 <= x < 70	266	20,879,622	78,495	83	5,596,536	67,428	349	26,476,158	75,863
70 <= x < 75	296	26,797,922	90,534	111	6,945,625	62,573	407	33,743,547	82,908
75 <= x < 80	274	23,698,429	86,491	66	4,040,171	61,215	340	27,738,601	81,584
80 <= x < 85	164	14,350,754	87,505	42	2,230,981	53,119	206	16,581,735	80,494
85 <= x < 90	90	8,018,359	89,093	26	1,334,849	51,340	116	9,353,208	80,631
90 <= x	61	4,841,024	79,361	8	279,420	34,928	69	5,120,444	74,209
Total	1,449	123,563,733	85,275	469	30,834,540	65,745	1,918	154,398,273	80,500

Distribution of Surviving Spouse Annuities by Age and Gender

	Male			Female			Total		
	Count	Total Annuities	Average Annuities	Count	Total Annuities	Average Annuities	Count	Total Annuities	Average Annuities
x < 45	0	0	0	2	62,485	31,243	2	62,485	31,243
45 <= x < 50	0	0	0	2	84,986	42,493	2	84,986	42,493
50 <= x < 55	2	15,293	7,647	9	340,360	37,818	11	355,653	32,332
55 <= x < 60	1	4,501	4,501	14	668,062	47,719	15	672,563	44,838
60 <= x < 65	0	0	0	22	1,029,484	46,795	22	1,029,484	46,795
65 <= x < 70	2	182,472	91,236	40	2,390,478	59,762	42	2,572,951	61,261
70 <= x < 75	3	220,329	73,443	66	4,012,933	60,802	69	4,233,262	61,352
75 <= x < 80	9	369,321	41,036	85	5,120,076	60,236	94	5,489,397	58,398
80 <= x < 85	7	225,248	32,178	99	6,074,012	61,354	106	6,299,260	59,427
85 <= x < 90	0	0	0	94	5,560,439	59,154	94	5,560,439	59,154
90 <= x	1	67,398	67,398	85	3,256,847	38,316	86	3,324,245	38,654
Total	25	1,084,563	43,383	518	28,600,162	55,213	543	29,684,725	54,668

The above schedules provide detail about the age, gender and average annual amounts paid to annuitants by the Fund in the current year. The age and gender information above is graphically represented on the following page.

ANNUITANTS BY AGE AND GENDER
(Reflects the data on the previous page)



HISTORY OF AVERAGE ANNUITIES AT RETIREMENT

Year of Retirement	Number of New Employee Annuitants	Average Annual Benefit at Retirement	Average Age at Retirement	Average Service at Retirement
2012	60	51,464	61.7	n/a
2013	75	45,960	60.6	n/a
2014	80	55,123	61.7	n/a
2015	101	56,673	61.3	n/a
2016	87	57,656	62.6	n/a
2017	98	59,842	59.6	n/a
2018	99	61,111	60.5	n/a
2019	94	73,717	60.9	24.2
2020	104	70,592	61.1	24.0
2021	92	75,529	63.1	24.3

The above schedule provides summary information about the changes in the number, age, service and monthly pension benefit of the Fund’s new retirees from year to year.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS AT RETIREMENT[1]	Years of Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30+	Total
Period 1/1/12 to 12/31/12								
Average Pension	$632	$1,040	$2,090	$3,238	$5,511	$5,984	$5,531	$4,264
Average Final Average Salary	$7,169	$6,670	$7,403	$7,671	$9,437	$8,466	$7,017	$8,006
Number of Retired Members	4	4	6	10	14	12	10	60
Period 1/1/13 to 12/31/13								
Average Pension	$273	$2,077	$2,210	$2,863	$3,586	$6,208	$5,255	$3,836
Average Final Average Salary	$6,130	$9,343	$7,585	$7,024	$6,782	$8,698	$6,677	$7,513
Number of Retired Members	3	3	13	12	19	19	6	75
Period 1/1/14 to 12/31/14								
Average Pension	$500	$868	$1,784	$3,018	$4,560	$6,287	$6,493	$4,661
Average Final Average Salary	$8,176	$5,588	$6,145	$7,522	$7,882	$8,332	$8,262	$7,788
Number of Retired Members	2	2	9	11	19	29	8	80
Period 1/1/15 to 12/31/15								
Average Pension	$406	$1,090	$2,339	$2,949	$4,806	$6,321	$7,541	$5,139
Average Final Average Salary	$7,361	$6,460	$8,489	$7,986	$8,184	$8,738	$9,664	$8,560
Number of Retired Members	2	4	10	14	11	46	14	101
Period 1/1/16 to 12/31/16								
Average Pension	-	$1,542	$1,841	$2,800	$5,034	$6,524	$7,112	$4,889
Average Final Average Salary	-	$7,889	$7,263	$7,308	$8,800	$9,030	$9,316	$8,499
Number of Retired Members	-	8	8	13	15	33	10	87
Period 1/1/17 to 12/31/17								
Average Pension	$150	$1,623	$1,925	$2,930	$3,967	$7,014	$7,694	$5,333
Average Final Average Salary	$6,249	$8,142	$7,544	$7,487	$7,563	$9,671	$9,952	$8,739
Number of Retired Members	2	1	8	13	19	46	9	98
Period 1/1/18 to 12/31/18								
Average Pension	$0	$1,336	$1,951	$3,145	$4,422	$6,635	$6,831	$5,087
Average Final Average Salary	$0	$7,215	$7,696	$8,347	$8,750	$9,130	$8,911	$8,636
Number of Retired Members	-	4	16	9	14	29	27	99
Period 1/1/19 to 12/31/19								
Average Pension	$452	$1,069	$1,643	$3,166	$5,678	$7,310	$8,240	$6,129
Average Final Average Salary	$7,927	$6,577	$6,572	$8,723	$10,956	$10,256	$10,447	$9,772
Number of Retired Members	3	2	7	13	11	22	36	94
Period 1/1/20 to 12/31/20								
Average Pension	$534	$977	$2,315	$3,353	$4,280	$7,989	$8,666	$5,989
Average Final Average Salary	$9,741	$7,051	$8,584	$8,841	$8,677	$10,603	$10,949	$9,811
Number of Retired Members	2	2	10	16	17	35	22	104
Period 1/1/21 to 12/31/21								
Average Pension	$160	$1,550	$2,292	$3,672	$5,244	$8,946	$7,977	$6,308
Average Final Average Salary	$8,234	$8,219	$7,706	$8,823	$9,894	$11,719	$10,330	$10,150
Number of Retired Members	2	6	5	6	25	24	24	92

[1]Average Monthly Benefit amount is rounded to the nearest dollar and does not include Survivor Annuities.
Years of Credited Service does not include reciprocal service. Calculated by Fund staff.

The above schedule provides historical perspective and detail about average initial pensions for retirees categorized by years of service.

ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE
Last Ten Years
(in Thousands of Dollars)

ADDITIONS BY SOURCE

Year Ending December 31	Employee Contributions	Employer Contributions	Investment Income [1]	Total Additions
2012	$14,714	$65,098	$116,325	$196,137
2013	16,891	92,944	226,102	335,937
2014	18,975	73,906	81,605	174,486
2015	21,385	71,041	(1,399)	91,027
2016	20,831	80,260	113,693	214,784
2017	20,840	89,858	194,825	305,523
2018	21,033	87,167	(102,991)	5,209
2019	21,182	87,446	225,163	333,791
2020	20,982	107,852	124,102	252,936
2021	20,630	88,804	220,782	330,216

DEDUCTIONS BY TYPE

Year Ending December 31	Benefits	Refunds	Administrative Expenses	Total Deductions
2012	$122,714	$1,195	$1,297	$125,206
2013	127,206	1,129	1,391	129,726
2014	132,913	984	1,407	135,304
2015	139,161	1,348	1,660	142,169
2016	145,325	2,011	1,503	148,839
2017	152,153	2,560	1,614	156,327
2018	159,561	1,762	1,685	163,008
2019	167,481	1,828	1,642	170,951
2020	174,996	2,291	1,593	178,880
2021	182,857	2,282	1,788	186,927

[1] Investment Income is net of investment expenses, and includes miscellaneous income and securities lending income.

The schedules above provide historical detail about additions and deductions.

Last Ten Years
(in Thousands of Dollars)
EMPLOYEE CONTRIBUTIONS

Year	Tier1 Contributions[1]	Tier 2 Contributions[1]	Prior Service Payments[2]	Commissioners' Alternative Plan[3]	Total
2012	$14,244	$133	$326	$11	$14,714
2013	15,936	486	454	15	16,891
2014	17,557	1,018	385	15	18,975
2015	19,692	1,623	54	16	21,385
2016	18,571	2,197	13	50	20,831
2017	17,986	2,838	1	15	20,840
2018	17,465	3,484	70	14	21,033
2019	16,894	4,245	24	19	21,182
2020	16,059	4,878	25	19	20,981
2021	15,111	5,492	11	16	20,630

EMPLOYER CONTRIBUTIONS

Year	Regular Contributions [4]	Special Contributions [5]	Total	
2012	$35,098	30,000	$65,098	
2013	62,944	30,000	92,944	
2014	61,906	12,000	73,906	
2015	71,041	-	71,041	-
2016	80,260	-	80,260	
2017	89,858	-	89,858	
2018	87,167	-	87,167	
2019	87,446	-	87,446	
2020	87,852	20,000	107,852	
2021	88,804	-	88,804	

[1] Includes employee contributions towards employee and surviving spouse annuities, and annual statutory increases.

[2] Prior Service Payments include leave of absence, refund repayment and military service (2012 & 2013.).

[3] Contributions by elected Commissioners to an alternative benefit plan.

[4] Employer contributions based on two years prior employee contributions; since 2014 employer contributions are based on the MWRD Funding Policy.

[5] Special contributions from the MWRD.

The schedules above provide historical financial information and detail about the types of contributions received by the Fund.

BENEFIT EXPENSES BY TYPE (in Thousands of Dollars)

Year	Employee Annuities	Spouse Annuities	Child Annuities [1]	Ordinary Disabilities	Duty Disabilities	Total Benefits
2012	$103,043	$18,675	$114	$678	$204	$122,714
2013	106,624	19,432	114	822	214	127,206
2014	111,352	20,444	157	821	140	132,914
2015	116,885	21,279	116	722	159	139,161
2016	121,730	22,920	153	412	110	145,325
2017	127,099	24,203	142	632	77	152,153
2018	133,184	25,264	143	856	114	159,561
2019	139,788	26,741	137	747	67	167,481
2020	146,762	27,322	122	706	84	174,996
2021	152,683	29,215	126	764	69	182,857

PERCENT OF TOTAL BENEFITS

Year	Employee Annuities	Spouse Annuities	Child Annuities	Ordinary Disabilities	Duty Disabilities
2012	83.97 %	15.22 %	0.09 %	0.55 %	0.17 %
2013	83.82	15.28	0.09	0.65	0.17
2014	83.78	15.38	0.12	0.62	0.11
2015	83.99	15.29	0.08	0.52	0.11
2016	83.76	15.77	0.11	0.28	0.08
2017	83.53	15.91	0.09	0.42	0.05
2018	83.47	15.83	0.09	0.54	0.07
2019	83.46	15.97	0.08	0.45	0.04
2020	83.87	15.61	0.07	0.40	0.05
2021	83.50	15.98	0.07	0.42	0.04

PERCENT CHANGE FROM YEAR TO YEAR

Year	Employee Annuities	Spouse Annuities	Child Annuities	Ordinary Disabilities	Duty Disabilities	Total Benefits
2012	3.46 %	6.57 %	1.79 %	4.31 %	-5.56 %	3.91 %
2013	3.48	4.05	0.00	21.24	4.90	3.66
2014	4.43	5.21	37.72	-0.12	-34.58	4.49
2015	4.97	4.08	-26.11	-12.06	13.57	4.70
2016	4.15	7.71	31.90	-42.94	-30.82	4.43
2017	4.41	5.60	-7.19	53.40	-30.00	4.70
2018	4.79	4.38	0.70	35.44	48.05	4.87
2019	4.96	5.85	-4.20	-12.73	-41.23	4.96
2020	4.99	2.17	-10.95	-5.49	25.37	4.49
2021	4.03	6.93	3.28	8.22	-17.86	4.49

[1] Child Annuities include children aged 18-23 who are enrolled as full-time students.

The schedules above provide historical information about the types of benefits, the relative dollar amounts, as well as the total and relative growth or decline in the amount of benefits paid by the Fund.

REFUNDS BY TYPE (in Thousands of Dollars)

Year Ending December 31	Inherited Rollovers	Refund Commissioners Alternative	Refunds Regular Contribution	Refunds to Estate	Refund No Surviving Spouse	Refund Excess Optional Contributions	Total
2015	-	$6	$281	$163	$759	$140	$1,349
2016	$127	-	430	718	678	59	2,011
2017	439	-	512	320	1,208	81	2,560
2018	-	-	564	38	1,063	98	1,762
2019	413	13	207	306	744	146	1,828
2020	444	2	315	316	1,116	97	2,291
2021	600	6	367	419	795	95	2,281

Note: Schedule was created in 2019 and will contain 10 years of data in 2024.

The schedule above provides historical financial information and detail about the types of refunds paid to members by the Fund.

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Last 10 Years

Additions:	2021	2020	2019	2018	2017
Employer contributions	$ 88,803,958	$ 107,852,191	$ 87,446,476	$ 87,167,339	$ 89,858,224
Employee contributions	20,630,052	20,982,056	21,182,425	21,032,601	20,839,829
Total contributions	109,434,010	128,834,247	108,628,901	108,199,940	110,698,053
Investment income					
Net appreciation (depreciation) in					
fair value of investments	204,279,993	106,380,332	204,118,604	(122,365,473)	177,341,970
Interest on fixed income investmen	7,068,363	7,767,240	7,587,473	8,269,739	7,679,730
Interest on short-term investments			78,543	48,251	20,697
Dividend income	14,384,727	14,424,224	18,275,337	15,758,513	14,054,030
Total investment income (loss)	225,733,083	128,571,796	230,059,957	(98,288,970)	199,096,427
Less investment expenses	(5,052,027)	(4,671,521)	(5,155,389)	(5,024,180)	(4,620,753)
Investment income (loss) net of expenses	220,681,056	123,900,275	224,904,568	(103,313,150)	194,475,674
Security lending activities					
Securities lending income	78,207	192,572	431,648	555,840	448,326
Broker rebates	41,870	55,683	(104,883)	(164,155)	(13,332)
Bank fees	(24,286)	(49,071)	(72,453)	(84,597)	(89,209)
Net income from securities lending	95,791	199,184	254,312	307,088	345,785
Other	5,213	2,738	3,058	15,415	3,100
Total additions	330,216,070	252,936,444	333,790,839	5,209,293	305,522,612
Deductions:					
Annuities and benefits					
Employee annuitants	152,683,226	146,762,252	139,787,569	133,184,182	127,098,834
Surviving spouse annuitants	29,215,385	27,322,271	26,741,289	25,264,246	24,203,400
Child annuitants	126,000	121,500	137,000	143,000	142,000
Ordinary disability benefits	763,703	706,057	747,456	856,301	631,401
Duty disability benefits	69,027	84,373	67,422	113,318	77,279
Total annuities and benefits	182,857,341	174,996,453	167,480,736	159,561,047	152,152,914
Refunds of employee contributions	2,281,407	2,290,858	1,827,884	1,762,475	2,560,129
Administrative expenses	1,788,002	1,592,783	1,642,209	1,685,479	1,613,976
Total deductions	186,926,750	178,880,094	170,950,829	163,009,001	156,327,019
Net increase (decrease)	**143,289,320**	**74,056,350**	**162,840,010**	**(157,799,708)**	**149,195,593**
Net position held in trust for pension benefits					
Beginning of year	1,580,890,628	1,506,834,278	1,343,994,268	1,501,793,976	1,352,598,383
End of year	$ 1,724,179,948	$ 1,580,890,628	$ 1,506,834,278	$ 1,343,994,268	$ 1,501,793,976

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (Continued)
Last 10 Years

Additions:	2016	2015	2014	2013	2012
Employer contributions	$ 80,259,713	$ 71,041,361	$ 73,906,168	$ 92,944,381	$ 65,097,835
Employee contributions	20,830,779	21,385,212	18,974,954	16,890,798	14,714,496
Total contributions	101,090,492	92,426,573	92,881,122	109,835,179	79,812,331
Investment income					
Net appreciation (depreciation) in fair value of investments	92,762,607	(20,894,824)	63,589,719	211,132,376	103,332,085
Interest on fixed income investments	11,347,002	10,369,440	8,933,924	7,044,688	3,064,231
Interest on short-term investments	23,036	2,589	2,008	2,295	10,218
Dividend income	13,633,175	14,072,578	14,539,290	12,836,171	13,885,983
Total investment income (loss)	117,765,820	3,549,783	87,064,941	231,015,530	120,292,517
Less investment expenses	(4,613,683)	(5,542,836)	(5,899,566)	(5,465,211)	(4,755,254)
Investment income (loss) net of expenses	113,152,137	(1,993,053)	81,165,375	225,550,319	115,537,263
Security lending activities					
Securities lending income	265,142	98,280	64,302	89,443	131,240
Broker rebates	294,951	645,265	505,896	630,124	851,467
Bank fees	(126,358)	(178,331)	(135,007)	(174,283)	(233,885)
Net income from securities lending	433,735	565,214	435,191	545,284	748,822
Other	107,175	28,817	4,460	6,833	40,046
Total additions	214,783,539	91,027,551	174,486,148	335,937,615	196,138,462
Deductions:					
Annuities and benefits					
Employee annuitants	121,729,901	116,884,577	111,351,904	106,623,945	103,043,445
Surviving spouse annuitants	22,919,525	21,279,363	20,443,693	19,431,705	18,674,499
Child annuitants	153,500	116,000	157,500	114,000	114,000
Ordinary disability benefits	412,706	721,720	820,626	821,914	677,523
Duty disability benefits	109,753	159,251	139,779	214,417	204,441
Total annuities and benefits	145,325,385	139,160,911	132,913,502	127,205,981	122,713,908
Refunds of employee contributions	2,010,630	1,348,845	984,346	1,128,922	1,195,737
Administrative expenses	1,502,639	1,659,917	1,406,507	1,391,487	1,296,826
Total deductions	148,838,654	142,169,673	135,304,355	129,726,390	125,206,471
Net increase (decrease)	**65,944,885**	**(51,142,122)**	**39,181,793**	**206,211,225**	**70,931,991**
Net position held in trust for pension benefits					
Beginning of year	1,286,653,498	1,337,795,620	1,298,613,827	1,092,402,602	1,021,470,611
End of year	$ 1,352,598,383	$ 1,286,653,498	$ 1,337,795,620	$ 1,298,613,827	$ 1,092,402,602

Note: beginning in 2020, "Interest on short-term investments" is combined with "Interest on fixed income investments."

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LEGISLATIVE CHANGES SECTION

Legislative Changes – Ten Years

2012 Session

PA 97-0651 Signed January 5, 2012

Expands the duties of fiduciaries to include the responsibility to report a reasonable suspicion of a false statement or other fraud to the Board of Trustees or the State's Attorney of the jurisdiction where the fraudulent activity occurred.

PA 97-0894 Signed August 3, 2012

Effective with the 2013 fiscal year, increases the maximum tax levy from 2.19 multiplied by the employee contributions two years prior to the lesser of 4.19 multiplied by the employee contributions two years prior or the actuarially determined contribution requirement. Increases employee retirement contributions for Tier 1 employees by 1% per year for three years, starting with the first pay period paid in 2013. Resulting contribution rates for Tier 1 members are 10% in 2013, 11% in 2014, and 12% in 2015. The Tier 1 employee contribution rate will revert to 9% the first pay period paid on or after the date when the funded ratio of the Fund is determined to have reached the 90% funding goal.

2013 Session

PA 98-0433 Signed August 16, 2013

Creates an exception to the current RFP requirements for investment services. The competitive bid process will not be required for contracts for follow-on funds with the same fund sponsor through closed-end funds.

PA 98-0597 Signed November 20, 2013

Effective June 1, 2014, makes changes permitting same-sex marriage in the State of Illinois. Provides for reciprocity, recognizing same-sex marriages solemnized in other states and countries in which same-sex marriage is legal. Allows for voluntary conversion of civil unions to marriages.

2014 Session

PA 98-1022 Signed August 22, 2014

Effective February 1, 2015, the Boards of the Illinois retirement systems shall establish goals for utilization of investment managers that meet the definition of minority owned business, female owned business, and disabled person owned business. The systems will set a goal for each category.

Furthermore, beginning January 1, 2015, no contract for investment or consulting services or commitment to a private market fund shall be awarded by a retirement system unless such entity first discloses the following:

1) The number and percentage of its senior staff who are minority, female, or disabled.
2) The number of contracts for services that the applying entity has with a minority owned business, female owned business, or business owned by a person with a disability.
3) The number of contracts for services that the applying entity has with businesses other than a minority owned business, female owned business, business owned by a person with a disability, if more than 50% of the services under that contract are performed by a minority person, a female, or a person with a disability.

2014 Session, continued

PA 98-1022, continued

Provides that a retirement system must consider such information (within the bounds of financial and fiduciary prudence) before awarding a contract for investment services, consulting services, or commitment to a private market firm. The Act also provides that if an investment firm meeting the system's criteria responds to an RFP for investment services and meets the definition of a minority owned business, then that firm shall be allowed to present to the Board before a final decision is made for that RFP.

2015 Session

PA 99-0008 Signed July 9, 2015

Effective July 1, 2015, provides that if the employer fails to transmit required contributions to the pension fund, the fund may certify to the State Comptroller the amount due, and the Comptroller must, beginning in 2016, deduct and remit to the fund the certified amounts from payments of State funds to the employer.

PA 99-0462 Signed August 25, 2015

Effective January 1, 2016, adds an aspirational goal for Illinois pension funds to use emerging investment managers for not less than 20% of the total funds under management. It shall also be the goal that not less than 20% of investment managers be minorities, females, and persons with disabilities. It establishes a goal to use businesses owned by minorities, females, and persons with disabilities for not less than 20% of contracts awarded for information technology services, accounting services, insurance

brokers, architectural and engineering services and legal services.

2016 Session

PA 99-0683 Signed July 29, 2016

Requires Illinois pension funds, except downstate police and fire funds, to develop and implement a process to identify deceased annuitants. The process must be implemented no later than June 30, 2017. The process requires the fund to check for any deceased annuitants at least once per month. Accepted methods to identify deceased annuitants include, but are not limited to, the use of a third-party entity that specializes in the identification of deceased persons, the use of data provided by the Social Security Administration, or the use of data provided by the Department of Public Health's Office of Vital Records. Amends the Vital Records Act to require the Department of Public Health to provide death match services to Illinois pension funds at no cost.

2017 Session

PA 100-0244 Signed August 22, 2017

Provides an opportunity for annuitants in same-sex marriages or unions recognized in Illinois a) between June 1, 2011 and June 30, 2016 under the Illinois Religious Freedom Protection and Civil Union Act of 2011, or b) between February 26, 2014 and June 30, 2016 under the Illinois Marriage and Dissolution of Marriage Act of 2014, who retired prior to June 1, 2011 and received a refund of surviving spouse contributions, to repay the no-spouse refund with interest and establish eligibility for a surviving spouse annuity.

2017 Session, continued

PA 100-0244, continued

The annuitant must make an irrevocable election between January 22, 2018, and January 21, 2019. Repayment of the no-spouse refund includes interest at the actuarially assumed rate of return, compounded from the date of the refund to the date of payment. Payment may be made in full or in installments. All payments must be made in full within 24 months of the election.

PA 100-0334 Signed August 25, 2017

Expands the felony forfeiture language to include the forfeiture of surviving spouse benefits that would have been payable to the surviving spouse of a person entering service on or after August 25, 2017, who was convicted of any felony relating to and arising out of service as an employee.

PA 100-0542 Signed November 8, 2017

No later than January 1, 2018, and each January thereafter, requires a consultant to annually disclose to the board of the retirement system, board of the pension fund, or the investment board that retains the consultant certain information concerning searches for investment services from minority owned businesses, female owned businesses, and businesses owned by persons with a disability. Requires a consultant to disclose any compensation or economic opportunity received in the last 24 months from investment advisors retained by the board of a retirement system, board of a pension fund, or investment board. Requires consideration of these disclosures before awarding a contract for consulting services.

2018 Session

PA 100-0902 Signed August 17, 2018

Amends Article 1 to state that each retirement system, pension fund, or investment board shall make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership.

2019 Session

PA 101-0339 Signed August 9, 2019

Amends Section 5/13-208. Provides that "average final salary" means the highest average monthly (instead of annual) salary as calculated by accumulating the salary for the highest 520 consecutive paid days of service (instead of 52 consecutive pay periods) within the last 10 years of service immediately preceding the date of retirement and dividing by 24 (instead of 2). Provides that if the employee is paid for any portion of a workday, the fraction of the day worked and the salary for that fraction of the day shall be counted in accordance with the Fund's administrative rules.

PA 101-0473 Signed August 23, 2019

Amends Section 5/1-113.6 and creates 5/1-113.17. The Illinois Sustainable Investing Act. Provides that any public agency or governmental unit shall develop, publish, and implement sustainable investment policies applicable to the management of all public funds under its control. Provides that the sustainable investment policy may be incorporated in existing investment policies developed, published, and implemented by a public agency or governmental unit. Provides that the sustainable investment policy shall include material, relevant, and decision-useful sustainability factors to be applied by the public agency or governmental unit in evaluating investment decisions. Provides that a public agency shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize

2019 Session, continued

PA 101-0473, continued

anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. Specifies sustainability factors, and the ways in which such factors may be analyzed. Amends the Deposit of State Moneys Act, the Public Funds Investment Act, and the Illinois Pension Code to make changes concerning investment policy and the Illinois Sustainable Investing Act. Provides findings and purpose provisions.

PA 101-0546 Signed August 23, 2019

Creates 765 ILCS 1026/15-1505. Requires a retirement system, pension fund, or investment board under the Illinois Pension Code report to the Illinois Treasurers' Office annually property presumed abandoned. No retirement system, pension fund, or investment board under the Illinois Pension Code shall pay or deliver any annuity, pension, or benefit fund held in a fiduciary capacity to the Illinois Treasurers' Office.

PA 101-0620 Signed December 20, 2019

Adds Section 167 to Article 1. Prohibits the disclosure of certain personal information regarding participants and members except where required by the Freedom of Information Act.

2020 Session No legislative changes

2021 Session

PA 102-0097 Signed July 9, 2021

Created 40 ILCS 5/1-113.24. Provides an exception to 5/1-113.14 for investment services with an emerging investment manager provided through a qualified manager of emerging managers service provider.

PA 102-0210 Signed July 30, 2021

Revises 40 ILCS 5/13-310. Provides that payments of an ordinary disability benefit shall be made at least monthly instead of intervals of not more than 30 days.

PA 102-0603 Signed August 27, 2021

Provides that no individual who is a board member of a pension fund, investment board, or retirement system may be employed by that pension fund, investment board, or retirement system at any time during his or her service and for a period of 12 months after he or she ceases to be a board member.