

**WATER AND SEWERAGE SYSTEM OF
DUPAGE COUNTY, ILLINOIS
An Enterprise Fund of DuPage County, Illinois**

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended November 30, 2014
(With Comparative Totals for November 30, 2013)

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

An Enterprise Fund of DuPage County, Illinois

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Members of the County Board
Water and Sewerage System of DuPage County, Illinois
DuPage County, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Water and Sewerage System of DuPage County, Illinois, an enterprise fund of the DuPage County, Illinois, as of and for the year ended November 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water and Sewerage System of DuPage County, Illinois as of November 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Chairman and Members of the County Board
Water and Sewerage System of DuPage County, Illinois

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Water and Sewerage System of DuPage County, and do not purport to, and do not present fairly the financial position of DuPage County, Illinois, as of November 30, 2014 and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 audits were conducted for the purpose of forming opinions on the financial statements as a whole. The financial information listed as supplementary information in the table of contents for the year ended November 30, 2014 is presented for purposes of additional analysis and is 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplementary information in the table of contents for the year ended November 30, 2014 is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The other information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion or provide any assurance on it.

We have previously audited the Water and Sewerage System of DuPage County, Illinois' 2013 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated May 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, w2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly Vinchow Krause, LLP

Oak Brook, Illinois
June 30, 2015

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

The Water and Sewerage System of DuPage County, Illinois (the System) began operations in 1962. The System consists of sewage collection and treatment facilities, water pumping connection facilities to the DuPage Water Commission, and water distribution facilities in certain areas of DuPage County. The System's principal activity is sewage collection and treatment with some pumping and distribution of water purchased primarily from the DuPage Water Commission. The System consists of a single proprietary type fund using full accrual accounting to report operations.

GENERAL FINANCIAL HIGHLIGHTS

The following is a discussion and analysis of The Water and Sewerage System of DuPage County, Illinois' financial statements for the fiscal year ending November 30, 2014.

- For fiscal year 2014, user charges and other revenues of the System were \$29,715,805 and expenses were \$24,582,084 resulting in total revenues exceeding total expenses by \$5,133,721. It should be noted that \$5.85 million of the reported revenue is related to capital contributions and \$3.15 million of the reported expense is related to depreciation and amortization.
- Cash receipts exceeded cash disbursements by \$1,598,101 in the Operation and Maintenance Account.

In 2011, an independent consultant was commissioned to perform a wastewater and water rate study analysis. The purpose of the study was to determine the required rate structure for the System. The study was approved by the Public Works Committee in late 2011. As a result of the study, water rate increases took effect beginning with the March 2012 customer bills. Water rates were increased in 2013, 2014 and 2015. The sewer, sewer maintenance, and base billing rates increased beginning with the March 2013 customer bills. These rates will remain in effect through 2015. In late 2014, the System hired an independent consultant to perform its next rate study analysis. The purpose of the study will be to determine the required rate structure for wastewater and water services from 2016 through 2019. The rate study is expected to be completed by mid 2015.

The System completed the following construction projects in 2014: sewer relining at 75th Street and Plainfield Road, rehabilitation of the biosolid and salt storage facility at Woodridge, roof repairs at Woodridge, air main rehabilitation at Knollwood, blower repair at Knollwood, a new water system to serve York Township residents (Special Service Area), and water tower rehabilitation and painting in Glen Ellyn Heights. There are a number of large ongoing projects, including the final stages on the construction of a water tower and metering station to serve York Township (Special Service Areas), final stages on construction of a Vactor Receiving Station at Woodridge, rehabilitation of the tertiary filters at Woodridge, lighting upgrades to Public Works facilities throughout the system, and replacement of the water main on Poss Street.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements which are comprised of the Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic Financial Statements themselves.

Financial Statements

The Financial Statements are designed to provide readers with a broad overview of the System's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the System's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the System's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing the changes in net position occurring during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., unbilled services fees and amounts due to vendors).

Because the System's primary function is to provide water delivery and sewage collection and treatment to its customers and to recover all costs through user fees and charges, the financial statements only include business-type activities.

The accounts of the System are organized on the basis of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Because the System provides water delivery and sewage treatment and recovers these costs through user fees and charges, the System's funds are accounted for as an enterprise fund type of the proprietary fund group.

The Financial Statements can be found on pages 12 to 16.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

Notes to Financial Statements

The Notes provide additional information that is essential to a full understanding of the financial data provided in the Financial Statements. The Notes to the Financial Statements can be found on pages 17 to 31 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and other information. This information can be found on pages 32 to 39.

Statement of Net Position

The following is a summary of the System's Statement of Net Position as of November 30, 2014 and 2013.

Statement of Net Position Summary

	November 30,	
	2014	2013
Current Assets	\$15,646,945	\$13,753,889
Capital Assets	92,504,065	93,196,393
Restricted and Other Assets	8,111,133	4,704,991
	<u>\$116,262,143</u>	<u>\$111,655,273</u>
Current Liabilities	\$6,389,690	\$5,996,477
Long-term Liabilities	18,377,272	19,297,336
Total Liabilities	24,766,962	25,293,813
Investment in Capital Assets, Net of Related Debt	\$74,249,205	\$75,261,628
Restricted for Debt Service	7,875,651	2,908,933
Unrestricted Net Assets	9,370,325	8,190,899
Total Net Positions	<u>\$91,495,181</u>	<u>\$86,361,460</u>

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

Statement of Revenue and Expenses and Changes in Net Position Summary

The follow is a summary of the System's Statement of Revenue and Expenses and Changes in Net Position for the fiscal years ending on November 30, 2014 and November 30, 2013

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION SUMMARY**

	November 30,	
	2014	2013
Revenues:		
Users' Charges	\$ 13,414,295	\$ 13,878,546
Miscellaneous Income	2,084,000	2,246,937
Administrative Fees	1,204,718	1,159,035
Connection Fees	1,184,357	434,650
Capital Contributions	5,854,916	1,434,955
Total Revenue	23,742,286	19,154,123
Pass Through Revenue		
Darien Water Charges	\$ 5,430,010	\$ 4,671,477
Glen Ellyn Sewer Charges	543,509	512,706
Total Pass Through Revenue	5,973,519	5,184,183
Expenses:		
Salaries & Employee Benefits	\$ 7,646,040	\$ 7,445,382
Commodities	1,634,006	1,429,586
Contractual	5,238,122	3,898,466
Depreciation and Amortization	3,146,104	3,791,406
Interest and Other	944,293	759,992
Total Expenses	18,608,565	17,324,832
Pass Through Expenses		
Darien Water Payments	\$ 5,430,010	\$ 4,671,477
Glen Ellyn Sewer Payments	543,509	492,363
Total Pass Through Expenses	5,973,519	5,163,840
Change in Net Position	\$ 5,133,721	\$ 1,849,634

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

The following is a discussion of the variances between 2014 and 2013.

Revenues

Revenues from user charges for sewerage service were down by 7.1%. Sewer and sewer maintenance rates remained unchanged. Consumption decreased a similar amount between 2013 and 2014. The drop in consumption can be attributed to cooler temperatures and more rain during the spring and summer months in 2014.

Revenues from user charges for water increased by 10.4%. Water rates increased by 11.1%. Consumption for water service decreased by 2.2% during 2014. The drop in consumption can be attributed to cooler temperatures and more rain during the spring and summer months in 2014.

Miscellaneous income decreased by 10.7%. The System rents space on its water towers to cellular providers. During 2013, one of the cellular providers did not renew its lease resulting in a decline in revenue of approximately \$34,000. Also during 2013, the System replaced aeration tank panels that were sold for scrap for approximately \$76,000. Finally, there was a flood in April 2013 that resulted in reimbursement from the Federal Emergency Management Agency for \$71,500. These were one-time revenues.

Administrative fees increased 3.9% from 2013 to 2014. There are two reasons for the increase. In March 2013, the bi-monthly fee charged to customers for billing and meter reading increased 3.6% from \$5.58 to \$5.78 and was in effect for a portion of the year. The increase was effective for the entire year in 2014. In addition, the System increased the meter reading fee 18% for approximately 2,000 customers. In previous years, the System read the water meters for these customers. However, during 2013, the System entered into an intergovernmental agreement to contract with the municipality and to pay for the meter readings. Those charges were passed along to the customers.

User connection income increased 172% in 2014. During 2014, there has been an increase in the number of connections sold for new homes and businesses that will be served by the System.

In 2014, contributed revenue consisted of acceptance of the water system that was constructed in the Lakes of Royce Renaissance Special Service Area #35 and the York Center Special Service Area #37. The cost to construct the water system was \$5,854,916. Construction work in progress for this project was \$759,805 at the end of 2014.

Expenses

Salaries and Employee Benefits increased 2.7% in 2014. Employees received a salary increase of 2%. Employee health insurance premiums increased 11.5% in 2014.

Commodity expenses increased by 14.3%. During 2014, the System revised its capitalization policy and increased the capitalization threshold from \$5,000 to \$25,000.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

As a result of this policy change, there were several plant and system parts that were expensed as commodities in 2014 and would have been capitalized under the old capitalization policy. The cost of fuel increased 6.3%. Although the average cost of a gallon of fuel fell approximately \$.10, there was an increase in the number of gallons purchased in 2014. The increase more than offset the price decrease. Finally, chemicals increased 15.2% in 2014. The type and amount of chemicals required to run the plant is dependent on the weather. The cold winter and wetter summer required additional chemical purchases.

Contractual expenses increased 34.8% in 2014. Engineering fees increased from \$22,849 in 2013 to \$111,119 in 2014. In conjunction with the countywide effort to streamline local government, the System is working with an engineering firm to conduct an operations and consolidation study to identify opportunities to share services within the county. Worker's Compensation claims increased \$212,730 primarily due to a large claim that was settled in early 2015. Natural gas and electricity charges increased 32.8% and 30% respectively during 2014. The extremely cold conditions in early 2014 resulted in a large price spike passed on by the gas and electric utilities during those months. The cost of water purchased increased \$297,871. Although consumption was slightly down, the cost to purchase water increased in early 2014. Wired and wireless communication charges increased \$35,636 in 2014. There were several reasons for the increase including a new wired communication services contract, addition of wireless services, and the addition of a new high speed internet connection at the Woodridge facility. Indirect Expenses increased by \$232,441. Based on the advice of counsel, the System accrued \$300,000 for a likely worker's compensation claim. In 2013, the System was informed that the claim was non-compensable and the accrual was written off. The write-off resulted in a substantial reduction of Indirect Expenses in 2013.

Interest and Other Expenses increased 24.3%. During 2014, the System incurred a \$394,264 loss on the disposal of assets. The loss is attributable to writing off the net book value of the York Center water system that was replaced by the York Township water system paid for by special service areas.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

CAPITAL ASSETS, OTHER ASSETS AND LONG-TERM DEBT

Capital Assets

The System's investment in capital assets as of November 30, 2014 is summarized below, net of accumulated depreciation.

Land and Land Improvements	\$ 1,532,945
Sewage System	66,295,597
Water System	15,347,242
Other Property, Plant and Equipment	1,021,019
Net Intangible Assets	2,762,044
Construction in Progress	<u>5,545,218</u>
 Total Net Capital Assets	 <u>\$ 92,504,065</u>

Capital asset activity included \$5,590,746 in additions and \$2,715,685 of disposals. Of the capital asset additions, \$2,431,869 was contributed. Additional information on the System's capital assets can be found in Note 3 of the financial statements.

Other Assets

Other Assets increased from \$50,884 in 2013 to \$4,950,550 in 2014. The increase is directly related to the York Township water system built with funds from special service areas.

Long Term Debt

The System has three outstanding Revenue Bond issues and two outstanding loans from the Illinois Environmental Protection Agency. Revenue Bonds were issued in 2008 to advance refund and refinance outstanding bonds from 2003 and also provided \$14.9 million in new money to fund its capital improvement program. In 2012, The System issued \$2.4 million in Revenue Bonds to repay the outstanding loan to the DuPage Water Commission for the buy in fee which is a membership requirement of the commission. The System also entered into a loan agreement with the Illinois Environmental Protection Agency for the construction of the York Township water system and water tower.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

The following is a summary of the outstanding long-term obligations of the System as of November 30, 2014.

Series 2008A	\$ 5,595,000
Series 2008B	5,585,000
Series 2012	1,995,000
IEPA Loan (1996)	167,607
IEPA Loan (2012)	4,803,731
Unamortized debt premium	110,845
Accrued sick, vacation and retention payable	1,724,619
Other post employment benefit payable	5,945
Net pension obligation payable	<u>24,154</u>
 Total Long Term Debt	 \$ <u>20,111,901</u>

Additional information on the System's long term debt can be found in Note 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The System is supported solely by user charges and other miscellaneous income. Miscellaneous income includes connection revenue, septic revenue, cell tower leases, and interest income.

The current economic conditions, if continued in 2015, will have an impact on connection revenue, interest income and user charges.

The connection revenue forecast for 2015 is conservative and is based on local economic conditions. It is anticipated that the increase in connection revenues experienced in 2014 will continue in 2015. The local economy has continued to slowly recover and residential and commercial developers have started new construction and have purchased connection permits in various parts of the County. Interest income is expected to be at or near 2014 levels.

User charges may be influenced by several factors, including: 1.) An increase in consumption due to a decrease in foreclosed or vacant properties. 2.) An increase in consumption due to new housing and commercial developments. 3.) An increase in consumption as new areas are served by the System. 4.) A reduction in consumption resulting from water conservation by customers experiencing an increase in water rates. 5.) Increase or reduction in consumption due to climate conditions.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2014**

Over the past several years, the System converted all but one of its well water systems to Lake Michigan water. This conversion has had and will continue to have an impact on the operational expenditures for the water system as the System must now pay for Lake Michigan water. The System decommissioned the older water facilities, but will maintain them for emergency/standby sources of water.

A rate study was done in 2011 to set rates. The purpose of the study was to allow the System to balance revenues with expenditures through 2015. In 2013, user rates for the sewer system were increased 15.77%, sewer maintenance rates were increased 10.47% and administrative fees were increased by 3.60%. The System continued to replace water meters in areas where water loss was high. It also performed additional system repairs during 2014 to mitigate water loss.

The System anticipates an increase in retirements from 2015 through 2017. This increase will have a direct impact on cash flows. DuPage County has an employee retention program that provides for a retention payment at retirement for eligible employees. In addition to this retention payment, employees receive a payout for their accrued vacation and sick time accrued prior to December 1, 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Water and Sewerage System's financial results and position for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information may be addressed to the Financial Services Administrator at 7900 S. Route 53, Woodridge, IL 60517 or questions may be submitted to the Financial Services Manager via email at publicworks@ec.dupageco.org.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

STATEMENTS OF NET POSITION
As of November 30, 2014
(With Comparative Totals for November 30, 2013)

ASSETS		
CURRENT ASSETS	2014	2013
Cash		
Operation and maintenance account	\$ 4,916,180	\$ 3,318,079
Depreciation account	3,680,606	3,421,387
Liability insurance account	1,159,454	1,033,986
Employee retention account	250,038	-
Workers compensation account	<u>200,388</u>	<u>150,311</u>
Total Cash	10,206,666	7,923,763
Accounts receivable - service (net of reserve for uncollectible accounts of \$299)	2,274,739	2,732,131
Unbilled service revenue	3,054,615	2,795,336
Due from County	-	171,896
Miscellaneous receivable	<u>110,925</u>	<u>130,763</u>
Total Current Assets	<u>15,646,945</u>	<u>13,753,889</u>
 RESTRICTED ASSETS		
Cash		
First lien bond principal account	685,858	665,658
First lien bond interest account	152,211	169,740
First lien bond reserve account	1,016,127	1,016,127
Second lien bond principal account	465,449	450,449
Second lien bond interest account	116,887	125,281
Second lien bond reserve account	721,528	721,528
Subordinated indebtedness account	200	51
2008 and 2012 water and sewer bond account	2,323	1,505,273
Special service area assessments receivable	<u>4,950,550</u>	<u>50,884</u>
Total Restricted Assets	<u>8,111,133</u>	<u>4,704,991</u>
 CAPITAL ASSETS		
Utility Plant in Service		
Land and land improvements	<u>1,532,945</u>	<u>1,532,945</u>
Sewerage system	157,103,617	155,994,015
Accumulated depreciation	<u>(90,808,020)</u>	<u>(88,599,074)</u>
Net Sewerage System	<u>66,295,597</u>	<u>67,394,941</u>
Water system	25,868,628	23,853,211
Accumulated depreciation	<u>(10,521,386)</u>	<u>(10,434,879)</u>
Net Water System	<u>15,347,242</u>	<u>13,418,332</u>
Other property, plant and equipment	3,928,028	4,177,986
Accumulated depreciation	<u>(2,907,009)</u>	<u>(3,297,516)</u>
Net Other Property, Plant and Equipment	<u>1,021,019</u>	<u>880,470</u>
Water commission buy in	3,397,959	3,397,959
Water commission meter station	1,054,261	1,054,261
Accumulated amortization	<u>(1,690,176)</u>	<u>(1,405,491)</u>
Net Intangibles	<u>2,762,044</u>	<u>3,046,729</u>
Total Utility Plant in Service	86,958,847	86,273,417
Construction in Progress	<u>5,545,218</u>	<u>6,922,976</u>
Total Capital Assets	<u>92,504,065</u>	<u>93,196,393</u>
Total Assets	<u>\$ 116,262,143</u>	<u>\$ 111,655,273</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 1,840,769	\$ 1,830,918
Accrued wages	109,736	109,076
Accrued sick leave, vacation and retention - current	191,542	202,572
Charges collected for others	2,028,902	1,825,510
Due to County	442,495	-
Current Liabilities Payable From Restricted Assets		
Accrued interest payable	233,159	239,901
Current maturities of revenue bonds	1,150,000	1,115,000
Current maturities of IEPA construction loan	393,087	673,500
Total Current Liabilities	<u>6,389,690</u>	<u>5,996,477</u>

LONG-TERM LIABILITIES

Accrued sick leave, vacation and retention - noncurrent	1,533,077	1,515,699
Revenue bonds	12,025,000	13,175,000
Unamortized debt premium	110,845	126,494
IEPA construction loans	4,578,251	4,350,044
Other post employment benefit payable	5,945	5,945
Net pension obligation payable	124,154	124,154
Total Long-Term Liabilities	<u>18,377,272</u>	<u>19,297,336</u>

Total Liabilities	<u>24,766,962</u>	<u>25,293,813</u>
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NET POSITON

Net investment in capital assets	74,249,205	75,261,628
Restricted for debt service	7,875,651	2,908,933
Unrestricted	<u>9,370,325</u>	<u>8,190,899</u>

TOTAL NET POSITION	<u>\$ 91,495,181</u>	<u>\$ 86,361,460</u>
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WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended November 30, 2014
(With Comparative Totals for the Year Ended November 30, 2013)

	Sewer				Total	
	Sewerage	Water	Maintenance	Administration	2014	2013
OPERATING REVENUES						
Sewerage Service Users' Charges						
DuPage system	\$ 8,702,800	\$ -	\$ -	\$ -	\$ 8,702,800	\$ 9,363,187
Other systems	543,509	-	-	-	543,509	512,706
Water Service Users' Charges						
DuPage system	-	2,949,569	-	-	2,949,569	2,671,367
Other systems	-	5,430,010	-	-	5,430,010	4,671,477
Sewer Maintenance Users' Charges						
Administrative fees	-	-	1,527,940	-	1,527,940	1,604,037
DuPage Water Commission capital buy-in fee	-	233,986	-	-	233,986	239,955
Penalties	-	-	-	204,077	204,077	193,641
Miscellaneous income	251,187	295,870	-	1,274,016	1,821,073	2,038,848
Total Operating Revenues	<u>9,497,496</u>	<u>8,909,435</u>	<u>1,527,940</u>	<u>2,682,811</u>	<u>22,617,682</u>	<u>22,454,253</u>
OPERATING EXPENSES						
Operation and Maintenance Expenses						
Personnel						
Salaries	2,915,059	895,513	761,827	1,155,070	5,727,469	5,629,705
Employee benefits	975,335	299,147	254,911	389,178	1,918,571	1,815,677
Commodities						
Equipment parts and supplies	515,947	94,249	121,067	36,739	768,002	642,578
Chemicals and gases	452,108	22,649	5,990	385,257	866,004	787,008
Contractual Services						
Professional services	94,544	75,159	20,229	28,377	218,309	135,348
Sludge removal	328,301	-	-	-	328,301	281,463
Natural gas	282,071	23,025	2,112	-	307,208	231,364
Electricity	1,220,025	77,239	12,264	-	1,309,528	1,007,614
Water and sewer	30,728	1,598,693	-	-	1,629,421	1,331,550
Repairs and maintenance	130,791	46,393	23,227	12,747	213,158	199,447
Reimbursements	512,754	5,430,010	-	12,641	5,955,405	5,163,840
Other contractual	477,711	304,540	131,563	336,497	1,250,311	711,680
Total Operation and Maintenance Expenses	<u>7,935,374</u>	<u>8,866,617</u>	<u>1,333,190</u>	<u>2,356,506</u>	<u>20,491,687</u>	<u>17,937,274</u>
Operating income before amortization and depreciation	1,562,122	42,818	194,750	326,305	2,125,995	4,516,979
Amortization of intangibles	-	284,685	-	-	284,685	284,685
Depreciation	2,533,729	327,690	-	-	2,861,419	3,506,721
Total Operating Expenses	<u>10,469,103</u>	<u>9,478,992</u>	<u>1,333,190</u>	<u>2,356,506</u>	<u>23,637,791</u>	<u>21,728,680</u>
Operating Income (Loss)	<u>(971,607)</u>	<u>(569,557)</u>	<u>194,750</u>	<u>326,305</u>	<u>(1,020,109)</u>	<u>725,573</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	30,721	-	-	12,480	43,201	14,448
Interest expense on bonds and loans	(294,245)	(162,527)	(93,257)	-	(550,029)	(545,279)
Amortization of bond premium issuance costs	-	15,649	-	-	15,649	(213,774)
Loss on disposal of assets	(3,859)	(390,405)	-	-	(394,264)	(939)
Total Nonoperating Revenues (Expenses)	<u>(267,383)</u>	<u>(537,283)</u>	<u>(93,257)</u>	<u>12,480</u>	<u>(885,443)</u>	<u>(745,544)</u>
Income (Loss) before contributions	(1,238,990)	(1,106,840)	101,493	338,785	(1,905,552)	(19,971)
CONNECTION CHARGES	1,109,401	74,956	-	-	1,184,357	434,650
CAPITAL CONTRIBUTIONS	-	5,854,916	-	-	5,854,916	1,434,955
CHANGE IN NET POSITION	<u>\$ (129,589)</u>	<u>\$ 4,823,032</u>	<u>\$ 101,493</u>	<u>\$ 338,785</u>	<u>5,133,721</u>	<u>1,849,634</u>
NET POSITION, Beginning of Year					<u>86,361,460</u>	<u>84,511,826</u>
NET POSITION - END OF YEAR					<u>\$91,495,181</u>	<u>\$86,361,460</u>

See accompanying notes to financial statements.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

STATEMENTS OF CASH FLOWS For the Year Ended November 30, 2014 (With Comparative Totals for November 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 21,269,390	\$ 19,428,078
Payments to employees for services	(7,639,032)	(7,366,109)
Payments to suppliers for goods and services	(12,411,531)	(10,543,233)
Other revenue	<u>2,036,356</u>	<u>2,075,619</u>
Net Cash Flows From Operating Activities	<u>3,255,183</u>	<u>3,594,355</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment from (to) other funds	<u>836,145</u>	<u>(577,625)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>43,201</u>	<u>14,448</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,733,955)	(3,444,761)
Proceeds from IEPA Loan	653,444	1,233,211
Principal payments on revenue bonds	(1,115,000)	(1,105,000)
Principal payments on IEPA loan	(785,191)	(651,428)
Interest payments on bonds and loans	(609,036)	(639,234)
Proceeds from the sale of capital assets	60,231	-
Proceeds from connection charges	<u>1,184,357</u>	<u>434,650</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(3,345,150)</u>	<u>(4,172,562)</u>
 Net Change in Cash and Cash Equivalents	 789,379	 (1,141,384)
 CASH AND CASH EQUIVALENTS, Beginning of Year	 <u>12,577,870</u>	 <u>13,719,254</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 13,367,249</u>	 <u>\$ 12,577,870</u>
 RECONCILIATION TO STATEMENTS OF NET POSITION		
Cash	\$ 10,206,666	\$ 7,923,763
Restricted cash	<u>3,160,583</u>	<u>4,654,107</u>
 CASH AND CASH EQUIVALENTS	 <u>\$ 13,367,249</u>	 <u>\$ 12,577,870</u>

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,020,109)	\$ 725,573
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities		
Depreciation	2,861,419	3,506,721
Amortization of other assets	284,685	284,685
Changes in assets and liabilities		
Accounts receivable, net	457,392	(776,578)
Accrued unbilled service revenue	(259,279)	(210,749)
Due from special service area	195,445	32,204
Miscellaneous receivable	19,838	4,567
Accounts payable	505,392	(175,582)
Accrued sick leave, vacation, retention and wages payable	7,008	76,166
Other post employment benefits payable	-	3,107
Charges collected for others	<u>203,392</u>	<u>124,241</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 3,255,183</u>	<u>\$ 3,594,355</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	<u>\$ 5,854,916</u>	<u>\$ 1,434,955</u>
Accrued construction interest included in IEPA loan payable	<u>\$ 79,541</u>	<u>\$ -</u>

See accompanying notes to financial statements.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Water and Sewerage System of DuPage County, Illinois (System) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the System are described below.

REPORTING ENTITY

The System began operations in 1962 and is an enterprise fund of DuPage County (County). The System, which is operated by the DuPage County Public Works Department, owns and operates sewerage collection and treatment facilities along with water pumping and distribution systems in certain areas of the County. Financial policies and regulations are established and adopted by the passage of a governing ordinance (ordinance). The System consists of an operating fund and multiple bond, interest, and reserve accounts required by ordinances described in Note 5. All intrafund transactions are eliminated.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The System is presented as an enterprise fund of the County. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET POSITION

Cash and Investments

The System's cash and investments consist of demand deposits. For the statement of cash flows, cash equivalents have original maturities of three months or less from the date of acquisition.

Illinois Statutes authorize the System to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

The System follows the investment policy adopted by the County. That policy follows the state statute for allowable investments. Additionally, the System's restricted cash and cash equivalents must be invested in qualified investments as directed by the revenue bond ordinance relating to the Series 2008A, Series 2008B and Series 2012 Water and Sewerage System Revenue Bonds. Qualified investments shall mean:

- (1) direct obligations of, or obligations the timely payment of which is fully guaranteed by, the United States of America;
- (2) certificates of deposit or time deposits issued by any bank or savings and loan institution and
 - (i) insured by the Federal Deposit Insurance Corporation or
 - (ii) to the extent not insured as described in (i), secured by obligations described in (1) above held by the depository which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate or time deposit;
- (3) obligations of the Federal Home Loan Bank, Federal Farm Credit Administration, Federal National Mortgage Association, Federal Intermediate Credit Banks, Bank for Cooperatives or the Federal Land Bank;
- (4) obligations of any state which are rated in either of the two highest rating categories by both Moody's Investors Service and Standard & Poor's Rating Services (or a nationally recognized successor of either);
- (5) repurchase agreements extending not more than 30 days with any banks which are members of the Federal Reserve System or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York that are secured by obligations described in (1) above which obligations
 - (i) have a current market value at least equal to 103% of the amount of the repurchase agreement, marked to market weekly and
 - (ii) have been deposited in trust by such banks or dealers with a Federal Reserve Bank or branch for the benefit of the County and the appropriate fund or account as collateral security for such repurchase agreements; and
- (6) obligations of any state or political subdivision or instrumentality of any state which are secured by obligations described in (1) above.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET POSITION (cont.)

Receivables/Payables

Outstanding balances between the System and other funds of the County are reported as due to/from County funds. The System and the County perform services for one another, in some instances without the exchange of cash. A due to/from is set up to track the balance of what is owed by each party. As activity is back and forth, the interfund balance is considered to be current.

The System states accounts receivable at the amounts billed to customers. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. When both restricted and unrestricted resources are available for use and using restricted resources is appropriate, it is the System's policy to use restricted resources first, then unrestricted resources.

Capital Assets

Capital assets purchased, constructed and obtained through federal grants are recorded at cost or estimated historical cost. Major outlays for System plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. The total interest expense incurred by the System during the current fiscal year was \$602,294. Of this amount, \$52,265 was included as part of capital assets under construction in progress. Certain System plant and sewer systems acquired under agreements providing for connections in lieu of cash are recorded at the value of the connection charges at the time of fulfillment of all prepaid connections due under each applicable agreement. In addition, certain contributed property has been recorded at the donor's cost or engineering estimate, whichever was lower at the time the property contributed was recorded. A minimum capitalization threshold of \$25,000 and an estimated useful life greater than one year has been established for capital asset reporting.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of these assets, generally between 3 and 70 years. Expenditures which significantly extend the lives or expand capacity of the capital assets are capitalized. All other repairs and maintenance are charged to operations currently.

Accrued Vacation, Sick Leave and Retention

The System has accrued its estimated liability for compensated absences relating to accrued vacation, sick leave, and the employee retention program for eligible employees as of November 30, 2014. The liability is liquidated from general operating revenues of the System.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET POSITION (cont.)

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Issuance costs are expensed in the period incurred.

REVENUES AND EXPENSES

The System distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the System's principal ongoing operations. The principal operating revenues of the System is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded bi-monthly based on metered usage. The System accrues revenues beyond billing dates. Current water and sewerage rates were approved by the Public Works Committee on December 6, 2011 to adjust water and sewer rates effective January 1, 2013. The motion also incorporated water rate changes effective January 1, 2014 and January 1, 2015.

Operating Expenses

The System accounts for direct sewerage, sewer maintenance, and water system operating expenses separately. Common indirect expenses are allocated to various operating expenses of sewerage, sewer maintenance, and water operations based on the benefits those costs provide. In addition, the System accounts for certain administrative expenses separately.

Capital Contributions

Cash and capital assets are contributed to the System from customers, the County, or external parties. The value of property contributed to the System is reported as revenue on the statements of revenues, expenses, and changes in net position.

The System charges new customers a connection fee to connect to the System. Fees collected are recorded as capital contributions on the statements of revenues, expenses, and changes in net position.

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended November 30, 2013, from which such summarized information was derived.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *The Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB Statement No. 71, *Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Application of these standards may restate portions of these financial statements.

NOTE 2 – CASH AND INVESTMENTS

The System is covered under the County’s investment policy, which states that time deposits in excess of FDIC or FSLIC insurable limits must be secured by some sort of collateral to protect public deposits in a single financial institution if it were to default due to poor management or economic factors. All non FDIC or FSLIC financial institutions must fully collateralize deposits.

As of November 30, 2014, cash and cash equivalents at year end consisted of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits with financial institutions	\$ 13,367,249	\$ 13,346,217	Custodial credit
Per statement of net position			
Cash	\$ 10,206,666		
Restricted cash	3,160,583		
Total deposits and investments	\$ 13,367,249		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The System maintains separate cash and investment accounts at the same financial institutions utilized by the County. Federal depository insurance applies to all County accounts, and accordingly, the amount of insured funds is not determinable for the System alone. Therefore, coverage for the System may be reduced. Further information about whether County deposits are insured, collateralized, or uncollateralized is available from the County’s financial statements.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 2 – CASH AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to the System.

The System is covered under the County's investment policy, which states that time deposits in excess of FDIC or FSLIC insurable limits must be secured by collateral to protect public deposits in a single financial institution if it were to default due to poor management or economic factors. All non FDIC or FSLIC financial institutions must fully collateralize deposits. Further information about whether County deposits are insured, collateralized, or uncollateralized is available from the County's financial statements.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2014, was as follows:

	Balance Beginning	Additions/ Transfers	Transfers/ Disposal	Balance Ending
Capital assets, not being depreciated				
Land	\$ 1,527,725	\$ 5,220	\$ -	\$ 1,532,945
Land improvements	5,220	-	5,220	-
Construction in progress	6,922,976	3,013,030	4,390,788	5,545,218
Total Capital Assets Not Being Depreciated	<u>8,455,921</u>	<u>3,018,250</u>	<u>4,396,008</u>	<u>7,078,163</u>
Capital assets being depreciated/amortized				
Sewerage treatment plant	85,848,393	982,585	323,374	86,507,604
Sewerage systems	70,145,622	450,391	-	70,596,013
Total Sewerage System	<u>155,994,015</u>	<u>1,432,976</u>	<u>323,374</u>	<u>157,103,617</u>
Water pumping facility	10,003,198	324,390	860,624	9,466,964
Water supply	13,850,013	3,121,073	569,422	16,401,664
Total Water System	<u>23,853,211</u>	<u>3,445,463</u>	<u>1,430,046</u>	<u>25,868,628</u>
Data processing equipment	260,864	103,453	-	364,317
Other machinery and equipment	1,381,193	195,684	653,140	923,737
Autos and trucks	2,332,174	413,170	190,344	2,555,000
Furniture and office equipment	203,755	-	118,781	84,974
Total Equipment	<u>4,177,986</u>	<u>712,307</u>	<u>962,265</u>	<u>3,928,028</u>
Water commission buy in	3,397,959	-	-	3,397,959
Water commission meter station	1,054,261	-	-	1,054,261
Total Intangibles	<u>4,452,220</u>	<u>-</u>	<u>-</u>	<u>4,452,220</u>
Total Capital Assets Being Depreciated/Amortized	<u>188,477,432</u>	<u>5,590,746</u>	<u>2,715,685</u>	<u>191,352,493</u>
Less: Accumulated depreciation/amortization				
Sewerage System	(88,599,074)	(2,408,765)	(199,819)	(90,808,020)
Water System	(10,434,879)	(327,690)	(241,183)	(10,521,386)
Equipment	(3,297,516)	(124,964)	(515,471)	(2,907,009)
Intangibles	(1,405,491)	(284,685)	-	(1,690,176)
Total Accumulated Depreciation/Amortization	<u>(103,736,960)</u>	<u>(3,146,104)</u>	<u>(956,473)</u>	<u>(105,926,591)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>84,740,472</u>	<u>2,444,642</u>	<u>1,759,212</u>	<u>85,425,902</u>
Net Capital Assets	<u>\$ 93,196,393</u>			<u>\$ 92,504,065</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 4 – RESTRICTED ASSETS – SPECIAL SERVICE AREA ASSESSMENTS RECEIVABLE

As of November 30, 2014, the System has \$4,950,550 due from the County's special service area funds. The balance included \$20,370 due to the special service area funds offset by \$4,970,920 due from the special service area funds related to the reimbursement of costs for the York Township water improvement project. The reimbursement will be repaid in installments through fiscal year 2033 and \$4,720,440 of the reimbursement is due after one year.

NOTE 5 – LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended November 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds	\$ 14,290,000	\$ --	\$ 1,115,000	\$ 13,175,000	\$ 1,150,000
Other Liabilities:					
IEPA construction loans	5,023,544	732,985	785,191	4,971,338	393,087
Unamortized debt premium	126,494	-	15,649	110,845	-
Accrued compensated absences	1,718,271	408,028	401,680	1,724,619	191,542
Other post-employment benefit payable	5,945	-	-	5,945	-
Net pension obligation payable	124,154	-	-	124,154	-
Total Long-Term Obligations	<u>\$ 21,288,408</u>	<u>\$ 1,141,013</u>	<u>\$ 2,317,520</u>	<u>\$ 20,111,901</u>	<u>\$ 1,734,629</u>

REVENUE BONDS PAYABLE

Revenue bonds outstanding at year end are as follows:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 11/30/14
7/23/2008	Refund bonds and construction of plant	1/1/2024	4.5%	\$ 8,250,000	\$ 5,595,000
7/23/2008	Refund bonds and construction of plant	1/1/2024	4.5%	8,250,000	5,585,000
4/25/2012	DuPage Water Commission buy-in	1/1/2022	3%-4%	2,445,000	1,995,000
	Total			<u>\$ 18,945,000</u>	<u>\$ 13,175,000</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 5 – LONG-TERM OBLIGATIONS (cont.)

REVENUE BONDS PAYABLE (cont.)

Future Bond Payments

Fiscal Year	Series 2008A		
	Bond Principal	Interest	Total
2015	\$ 465,000	\$ 224,188	\$ 689,188
2016	485,000	205,769	690,769
2017	500,000	186,069	686,069
2018	520,000	165,669	685,669
2019	545,000	144,369	689,369
2020-2024	<u>3,080,000</u>	<u>351,084</u>	<u>3,431,084</u>
Totals	\$ <u>5,595,000</u>	\$ <u>1,277,148</u>	\$ <u>6,872,148</u>

Fiscal Year	Series 2008B		
	Bond Principal	Interest	Total
2015	\$ 465,000	\$ 223,738	\$ 688,738
2016	480,000	205,419	685,419
2017	505,000	185,719	690,719
2018	525,000	165,119	690,119
2019	545,000	143,719	688,719
2020-2024	<u>3,065,000</u>	<u>349,223</u>	<u>3,414,223</u>
Totals	\$ <u>5,585,000</u>	\$ <u>1,272,937</u>	\$ <u>6,857,937</u>

Fiscal Year	Series 2012		
	Bond Principal	Interest	Total
2015	\$ 220,000	\$ 66,900	\$ 286,900
2016	230,000	60,150	290,150
2017	235,000	52,000	287,000
2018	245,000	43,625	288,625
2019	250,000	34,950	284,950
2020-2022	<u>815,000</u>	<u>48,175</u>	<u>863,175</u>
Totals	\$ <u>1,995,000</u>	\$ <u>305,800</u>	\$ <u>2,300,800</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 5 – LONG-TERM OBLIGATIONS (cont.)

PLEDGED REVENUES

The System has pledged a portion of future net revenues to repay the revenue bonds issued on July 23, 2008 and April 25, 2012. The bonds are payable solely from the revenues generated by the System and are payable through January 1, 2024. The total principal and interest remaining on the bonds is \$16,030,885. For the current year, principal and interest paid and total net revenues were \$1,670,663 and \$3,617,437 respectively. Annual principal and interest are expected to require approximately 7% of gross revenues.

WATER AND SEWERAGE SYSTEM REVENUE BOND ORDINANCE

On July 21, 2008, the County Board adopted a revenue bond ordinance authorizing and providing for the issuance of Water and Sewerage System Revenue Bonds, Series A of 2008 and Series B of 2008. On March 13, 2012, the County Board adopted a revenue bond ordinance authorizing and providing for the issuance of Water and Sewerage System Revenue Bonds, Series 2012. The 2008 and 2012 Ordinances required a "Revenue Fund" and various accounts within that fund to be established. The Ordinances account structure is as follows:

Operation and Maintenance Account – An amount sufficient to make the amount then on deposit equal to 1/12th of the amount of current expenses budgeted for the current fiscal year.

First Lien Interest Account – An amount sufficient to cover interest becoming due on the next succeeding interest payment date on a monthly pro rata basis.

First Lien Principal Account – An amount sufficient to cover principal becoming due on the next succeeding principal payment date on a monthly pro rata basis.

First Lien Bond Reserve Account – An amount equal to the maximum annual debt service with respect to the 2008A and 2012 Revenue Bonds.

Second Lien Interest Account – An amount sufficient to cover interest becoming due on the next succeeding interest payment date on a monthly pro rata basis.

Second Lien Principal Account – An amount sufficient to cover principal becoming due on the next succeeding principal payment date on a monthly pro rata basis.

Second Lien Bond Reserve Account – An amount equal to the maximum annual debt service with respect to the 2008B Revenue Bonds.

Subordinated Indebtedness Account – An amount sufficient to cover interest becoming due on the IEPA construction loan on the next succeeding interest payment date, and an amount sufficient to cover the principal of the loan coming due on the next succeeding principal maturity date.

Depreciation Account – An amount equal to the percentage of the Depreciation Funding Requirement as determined by the Superintendent of Public Works whenever the balance in said account is less than the Depreciation Funding Requirement.

General Account – All revenues remaining in the Revenue Fund after all required transfers are made to the respective accounts.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 5 – LONG-TERM OBLIGATIONS (cont.)

WATER AND SEWERAGE SYSTEM REVENUE BOND ORDINANCE (cont.)

Deposits held in the Revenue Fund are required to be transferred, when available, to the established accounts in the above order.

At November 30, 2014, all required balances were in accordance with the Ordinance.

NOTE 6 – IEPA CONSTRUCTION LOANS

The System borrowed funds from the Illinois Environmental Protection Agency (IEPA) for sewerage treatment facility improvements. The original principal amount to be repaid under the loan agreement #L17-0795 with the IEPA is \$9,900,000. The loan bears an interest rate of 3.36% per annum and matures on June 1, 2015. The total principal paid in fiscal year 2014 was \$673,500.

The System borrowed funds from the Illinois Environmental Protection Agency (IEPA) for the York Township water improvement project. The original principal amount to be repaid under the loan agreement #L17-4161 with the IEPA is \$4,915,421. The loan bears an interest rate of 1.25% per annum and matures on September 29, 2033. The total principal paid in fiscal year 2014 was \$111,691.

Payments due on the IEPA Construction Loan #L17-0795 through maturity are as follows:

<u>Fiscal Year</u>	IEPA Construction Loan		
	Principal	Interest	Total
2015	<u>\$ 167,607</u>	<u>\$ 2,816</u>	<u>\$ 170,423</u>

Payments due on the IEPA Construction Loan #L17-4161 through maturity are as follows:

<u>Fiscal Year</u>	IEPA Construction Loan		
	Principal	Interest	Total
2015	\$ 225,480	\$ 59,344	\$ 284,824
2016	228,307	56,517	284,824
2017	231,170	53,654	284,824
2018	234,069	50,755	284,824
2019	237,004	47,820	284,824
2020-2024	1,230,348	193,773	1,424,121
2025-2029	1,309,443	114,677	1,424,120
2030-2033	<u>1,107,910</u>	<u>31,388</u>	<u>1,139,298</u>
Totals	<u>\$ 4,803,731</u>	<u>\$ 607,928</u>	<u>\$ 5,411,659</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 7 – NET POSITION

GASB No. 34 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

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

The following calculation supports the System's net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 92,504,065
Less: Capital related debt	
Current portion of capital related IEPA construction loan	393,087
Current portion of capital related revenue bonds	1,150,000
Long-term portion of capital related IEPA construction loans	4,578,251
Long-term portion of capital related revenue bonds	12,025,000
Unamortized debt premium	110,845
Sub-Total	<u>18,257,183</u>
Add: Unspent debt proceeds – water and sewer bond account	<u>2,323</u>
Total Net Investment in Capital Assets	<u>\$ 74,249,205</u>

The following calculation supports the System's net position restricted for debt service:

Total restricted assets	\$ 8,111,133
Unspent debt proceeds – water and sewer bond account	(2,323)
Liabilities payable from restricted assets:	
Accrued interest payable	<u>(233,159)</u>
Total Net Position Restricted for Debt Service	<u>\$ 7,875,651</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 8 – RISK MANAGEMENT

The System maintains a managed self-insured automobile and liability risk management program. Under this program, the System retains the first \$2,000,000 of general claim risk per occurrence. An additional insurance policy covers claims in excess of this amount. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An amount for claims incurred but not yet reported has not been accrued in the financial statements at November 30, 2014, due to minimal claims experience over the past three years. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Employees of the System are covered for health benefits and workers' compensation under the DuPage County self-insurance program, reported in an Internal Service Fund of the County. The System is charged a share of the overall program cost, which totaled \$1,063,533 in fiscal 2014. See the DuPage County Comprehensive Annual Financial Report for additional information.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

ILLINOIS MUNICIPAL RETIREMENT FUND

The System, under the sponsorship of the County, contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefits levels, employee contributions and employer contributions for the plan is governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Although IMRF is an agent multiple-employer pension plan, the System's participation through the County is considered to be that of a cost sharing, multiple-employer pension plan.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in Regular Tier 1. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

For Regular Tier 1, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. A separate actuarial valuation for System employees is not performed. Actuarial information regarding IMRF is presented in the County's Comprehensive Annual Financial Report.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended November 30, 2014

NOTE 9 – DEFINED BENEFIT PENSION PLAN

ILLINOIS MUNICIPAL RETIREMENT FUND (cont.)

For 2010 and 2011, IMRF offered members the option of paying less than the annual required contribution. The System elected this option for both years. As such, the System has a net pension obligation at November 30, 2014 of \$124,154. Annual required contributions and the percentage contributed for the current year and each of the preceding two years is as follows:

	2014	2013	2012
Annual Required Contribution	\$ 459,030	\$ 453,142	\$ 410,944
Actual Contribution	\$ 459,030	\$ 453,142	\$ 410,944
Net Pension Obligation	\$ 124,154	\$ 124,154	\$ 124,154
Percent Contributed	100%	100%	100%

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

The County provides limited health-care insurance for certain eligible employees. The Plan provides an explicit premium subsidy to certain employees who meet eligibility conditions, and other coverage to certain employees as a function of their early retirement agreements. The County's annual other postemployment benefit costs are calculated based on the annual required contribution of the employer as determined by an actuary in accordance with parameters of Governmental Accounting Standards Board Statement No. 45. The County's annual required contribution and actual contribution for the past three years was as follows:

	2014	2013	2012
Annual Required Contribution	\$ 870,187	\$ 870,187	\$ 584,353
Actual Contribution	\$ 762,978	\$ 762,978	\$ 604,346

The 2014 annual required contribution and actual contribution were estimated based on the prior year actuarial valuation. As of November 30, 2014, the estimated portion of the County's other post employment benefit obligation payable applicable to the System was \$5,945, which was equal to the prior year. Please refer to the County's financial statements for additional information concerning the plan and the other postemployment benefit obligation.

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended November 30, 2014

NOTE 11 – COMMITMENTS AND CONTINGENCIES

DUPAGE WATER COMMISSION CONTRACT

The System is a customer of the DuPage Water Commission and has executed a Water Supply Contract with the Commission for a term ending in 2024. The Contract provides that the System pay its proportionate share of “fixed costs” (debt service and capital costs) to the Commission, such obligation being unconditional and irrevocable whether or not water is ever delivered. These costs are billed and payable to the System on an annual basis as water service is rendered. The following represents future minimum obligations under the agreement:

<u>Fiscal Year</u>	<u>Amount*</u>
2015	\$ 96,609
2016	96,609
2017	96,609
2018	96,609
2019	96,609
2020-2024	<u>483,044</u>
Total	<u>\$ 966,089</u>

* These amounts are estimates which have been calculated using the System’s calendar year 2012 and 2013 historic usage percentage of 1.76 %. The estimates and usage percentage are subject to change in future years. Estimates for the future years are not currently available; however, the System does not expect the minimum amounts for these years to materially vary from the amounts presented above. Included in the above amounts is a monthly charge for the Southeast Regional Facility that is billed to the City of Darien, but paid for by the System.

On March 1, 2015, the System was notified by the DuPage Water Commission that the fixed cost portion of the water rate will be reduced to zero beginning May 1, 2015.

Claims and Judgments

From time to time, the System is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the System’s legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the System’s financial position or results of operations.

Open Contracts

The System has signed construction contracts that continue into subsequent years. These contracts are for the York Township water metering station, the rehabilitation of the biosolids building, roof repairs, rehabilitation of the chlorine enclosure, rehabilitation of the tertiary filters, demolition of old well house, Poss Street water main improvements, Vactor Receiving Station construction, and water tower rehabilitation and painting. The value of service provided and corresponding liability as of November 30, 2014 has been accrued in these financial statements. The value of service to be provided in subsequent fiscal years has not been accrued and is approximately \$1,335,819.

SUPPLEMENTARY INFORMATION

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

COMBINING SCHEDULE OF NET POSITION
As of November 30, 2014

	Bond and Interest Accounts	Bond Reserve Accounts	2008 Water and Sewer Bond Account	Other Accounts	Total
ASSETS					
CURRENT ASSETS					
Cash and Investments					
Operation and maintenance account	\$ -	\$ -	\$ -	\$ 4,916,180	\$ 4,916,180
Depreciation account	-	-	-	3,680,606	3,680,606
Liability insurance account	-	-	-	1,159,454	1,159,454
Employee retention account	-	-	-	250,038	250,038
Workers compensation account	-	-	-	200,388	200,388
Total Cash and Investments	-	-	-	10,206,666	10,206,666
Accounts receivable - service	-	-	-	2,274,739	2,274,739
Unbilled service revenue	-	-	-	3,054,615	3,054,615
Miscellaneous receivable	-	-	-	110,925	110,925
Total Current Assets	-	-	-	15,646,945	15,646,945
RESTRICTED ASSETS					
Cash and Investments					
First lien bond principal account	685,858	-	-	-	685,858
First lien bond interest account	152,211	-	-	-	152,211
First lien bond reserve account	-	1,016,127	-	-	1,016,127
Second lien bond principal account	465,449	-	-	-	465,449
Second lien bond interest account	116,887	-	-	-	116,887
Second lien bond reserve account	-	721,528	-	-	721,528
Subordinated indebtedness account	200	-	-	-	200
2008 and 2012 water and sewer bond account	-	-	2,323	-	2,323
Special service area assessments receivable	-	-	-	4,950,550	4,950,550
Total Restricted Assets	1,420,605	1,737,655	2,323	4,950,550	8,111,133
CAPITAL ASSETS					
Utility Plant in Service					
Land and land improvements	-	-	-	1,532,945	1,532,945
Sewerage system	-	-	-	157,103,617	157,103,617
Accumulated depreciation	-	-	-	(90,808,020)	(90,808,020)
Net Sewerage System	-	-	-	66,295,597	66,295,597
Water system	-	-	-	25,868,628	25,868,628
Accumulated depreciation	-	-	-	(10,521,386)	(10,521,386)
Net Water System	-	-	-	15,347,242	15,347,242
Other property, plant and equipment	-	-	-	3,928,028	3,928,028
Accumulated depreciation	-	-	-	(2,907,009)	(2,907,009)
Net Property, Plant and Equipment	-	-	-	1,021,019	1,021,019
Water commission buy in	-	-	-	3,397,959	3,397,959
Water commission meter station	-	-	-	1,054,261	1,054,261
Accumulated amortization	-	-	-	(1,690,176)	(1,690,176)
Net Intangibles	-	-	-	2,762,044	2,762,044
Total Utility Plant in Service	-	-	-	86,958,847	86,958,847
Construction in progress	-	-	-	5,545,218	5,545,218
Total Capital Assets	-	-	-	92,504,065	92,504,065
Total Assets	\$ 1,420,605	\$ 1,737,655	\$ 2,323	\$ 113,101,560	\$ 116,262,143

	Bond and Interest Accounts	Bond Reserve Accounts	2008 Water and Sewer Bond Account	Other Accounts	Total
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,840,769	\$ 1,840,769
Accrued wages	-	-	-	109,736	109,736
Current accrued sick leave, vacation and retention	-	-	-	191,542	191,542
Charges collected for others	-	-	-	2,028,902	2,028,902
Due to County General Fund, net	-	-	-	442,495	442,495
Current Liabilities Payable From Restricted Assets					
Accrued interest payable	233,159	-	-	-	233,159
Current maturities of revenue bonds	-	-	-	1,150,000	1,150,000
Current maturities of IEPA construction loans	-	-	-	393,087	393,087
Total Current Liabilities	<u>233,159</u>	<u>-</u>	<u>-</u>	<u>6,156,531</u>	<u>6,389,690</u>
LONG-TERM LIABILITIES					
Noncurrent accrued sick leave, vacation and retention	-	-	-	1,533,077	1,533,077
Revenue bonds	-	-	-	12,025,000	12,025,000
Unamortized debt premium	-	-	-	110,845	110,845
IEPA construction loans	-	-	-	4,578,251	4,578,251
Other post employment benefit payable	-	-	-	5,945	5,945
Net pension obligation payable	-	-	-	124,154	124,154
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,377,272</u>	<u>18,377,272</u>
Total Liabilities	<u>233,159</u>	<u>-</u>	<u>-</u>	<u>24,533,803</u>	<u>24,766,962</u>
NET POSITION					
Net investment in capital assets	-	-	2,323	74,246,882	74,249,205
Restricted for debt service	1,187,446	1,737,655	-	4,950,550	7,875,651
Unrestricted	-	-	-	9,370,325	9,370,325
TOTAL NET POSITION	<u>\$ 1,187,446</u>	<u>\$ 1,737,655</u>	<u>\$ 2,323</u>	<u>\$ 88,567,757</u>	<u>\$ 91,495,181</u>

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN CASH AND CASH EQUIVALENTS
For the Year Ended November 30, 2014

	Operation and Maintenance Account	Bond and Interest Accounts				Subordinated Indebtedness Account
		First Lien Principal Account	First Lien Interest Account	Second Lien Principal Account	Second Lien Interest Account	
CASH RECEIPTS						
Service charges	\$ 21,269,390	\$ -	\$ -	\$ -	\$ -	\$ -
Connection charges	1,184,357	-	-	-	-	-
Proceeds from IEPA Loan	-	-	-	-	-	-
Interest income	40,838	-	-	-	-	-
Transfers (to) from, net	(3,778,653)	685,200	297,240	465,000	232,500	838,713
Payments from other funds	836,145	-	-	-	-	-
Other, net	2,096,587	-	-	-	-	-
Total Cash Receipts	<u>21,648,664</u>	<u>685,200</u>	<u>297,240</u>	<u>465,000</u>	<u>232,500</u>	<u>838,713</u>
CASH DISBURSEMENTS						
Operating expenses	20,050,563	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-	-
Principal and interest expense	-	665,000	314,769	450,000	240,894	838,564
Total Cash Disbursements	<u>20,050,563</u>	<u>665,000</u>	<u>314,769</u>	<u>450,000</u>	<u>240,894</u>	<u>838,564</u>
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	1,598,101	20,200	(17,529)	15,000	(8,394)	149
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>3,318,079</u>	<u>665,658</u>	<u>169,740</u>	<u>450,449</u>	<u>125,281</u>	<u>51</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,916,180</u>	<u>\$ 685,858</u>	<u>\$ 152,211</u>	<u>\$ 465,449</u>	<u>\$ 116,887</u>	<u>\$ 200</u>
CONSISTING OF						
Demand deposits	<u>4,916,180</u>	<u>685,858</u>	<u>152,211</u>	<u>465,449</u>	<u>116,887</u>	<u>200</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,916,180</u>	<u>\$ 685,858</u>	<u>\$ 152,211</u>	<u>\$ 465,449</u>	<u>\$ 116,887</u>	<u>\$ 200</u>

<u>Bond Reserve Accounts</u>							
<u>First Lien Bond Reserve Account</u>	<u>Second Lien Bond Reserve Account</u>	<u>2008 and 2012 Water & Sewer Bond Accounts</u>	<u>Depreciation Account</u>	<u>Liability Insurance Account</u>	<u>Workers' Compensation Account</u>	<u>Employee Retention Account</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,269,390
-	-	-	-	-	-	-	1,184,357
-	-	-	653,444	-	-	-	653,444
-	-	340	1,440	468	77	38	43,201
-	-	-	835,000	125,000	50,000	250,000	-
-	-	-	-	-	-	-	836,145
-	-	-	-	-	-	-	2,096,587
-	-	340	1,489,884	125,468	50,077	250,038	26,083,124
-	-	-	-	-	-	-	20,050,563
-	-	1,503,290	1,230,665	-	-	-	2,733,955
-	-	-	-	-	-	-	2,509,227
-	-	1,503,290	1,230,665	-	-	-	25,293,745
-	-	(1,502,950)	259,219	125,468	50,077	250,038	789,379
1,016,127	721,528	1,505,273	3,421,387	1,033,986	150,311	-	12,577,870
\$ 1,016,127	\$ 721,528	\$ 2,323	\$ 3,680,606	\$ 1,159,454	\$ 200,388	\$ 250,038	\$ 13,367,249
1,016,127	721,528	2,323	3,680,606	1,159,454	200,388	250,038	13,367,249
\$ 1,016,127	\$ 721,528	\$ 2,323	\$ 3,680,606	\$ 1,159,454	\$ 200,388	\$ 250,038	\$ 13,367,249

OTHER INFORMATION

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) As of November 30, 2014

Property/Boiler	All risk building contents for scheduled amounts at each location; \$100,000 deductible - Flood and earthquake sub limit \$750,000,000 each; \$150,000 deductible	
General Liability, Auto Liability, Auto Property	\$30,000,000 coverage	\$2,000,000 self-insured retention
Employment Practices	\$2,000,000 coverage	\$100,000 self-insured retention
Underground Storage	\$2,000,000 coverage	\$100,000 deductible
Crime Coverage	\$2,000,000 coverage	\$50,000 deductible
Workers' Compensation	Statutory Coverage; self-insured retention \$1,000,000; employer limit of liability \$1,000,000	

NOTE: The Ordinance requires that the audit report include a list of all insurance policies held by the County pursuant to the Ordinance. The insurance coverage of the water and sewerage treatment plants and their operations is included in the above coverage of the County, for all County property (exclusive of those for the Health Department, which has separate coverage).

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

REQUIRED INFORMATION FOR CONTINUING DISCLOSURE UNDERTAKING
As of and for the Year Ending November 30, 2014

Customers

Total Metered Sewer and Water Customers

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Metered Sewer Customers	35,175	35,454	35,661	35,970	35,251	35,348	35,210	35,465	35,499	35,641
Metered Water Customers	4,608	4,626	4,701	3,148	3,163	3,078	3,111	3,174	3,214	3,273

Top 10 Sewer Customers
December 2013 through November 2014

<u>Customer</u>	<u>Annual Total</u>
Willow Lake Apts Multi Unit Housing (Globetrotters)	\$209,354
Four Lakes Development Multi Unit Housing	204,053
Hinsdale Lake Multi Unit Housing	160,551
Aml-Building Multi Unit Housing	126,858
EL-AD Windsor Lakes LLC Multi Unit Housing	111,004
Stratford Green Multi Unit Housing	90,116
Lucent Technologies	78,150
Benedictine University	76,470
M&M / Mars Inc.	76,109
Farmingdale North Condos Multi Unit Housing	69,031

Top 10 Water Customers
December 2013 through November 2014

<u>Customer</u>	<u>Annual Total</u>
Hinsdale Lake Multi Unit Housing	\$434,474
Stratford Green Multi Unit Housing	241,216
Willow Lake Apts Multi Unit Housing	239,639
Hinsdale Pt. Condo Assn. Multi Unit Housing	150,331
Waterfall Glen Multi Unit Housing	143,730
Baum Properties	36,356
Champagne Lodge	28,834
Steeple Run Condo Assn. Multi Unit Housing	26,374
Joint Commission Accreditation	24,842
Royce Realty	22,580

WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS

REQUIRED INFORMATION FOR CONTINUING DISCLOSURE UNDERTAKING
As of and for the Year Ending November 30, 2014

Consumption Data

	<u>Total Gallons Billed (1,000)</u>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sewer Billed Consumption	4,781	4,209	4,181	3,964	3,877	3,826	3,775	4,192	3,766	3,484
Water Billed Consumption	636	400	401	368	360	354	351	373	347	340

Rates

Sewer Service Rates Effective 1/1/13

Sewer Service Charges per 1,000 gallons	\$ 2.57
Sewer Maintenance Charges per 1,000 gallons	\$ 0.95

The calculation of the 2 month sewer bill for a customer using 8,000 gallons of water per month would be as follows:

Base Charge – Billing	\$ 3.94
Base Charge – Meter Reading	1.84
User Charge	41.12
Sewer Maintenance Charge	15.20
NPDES Fee	0.59
Amount billed to a customer connected to a System maintained Sewer (2 month bill)	<u>\$ 62.69</u>

Water Service Rates Effective 1/1/15

Southeast Regional Water Facility (SERWF)
\$9.40 per 1,000 gallons

North Regional Water Facility (NRWF)
\$5.87 per 1,000 gallons

Steeple Run
\$9.40 per 1,000 gallons

Greene Road
\$9.40 per 1,000 gallons

Glen Ellyn Heights
\$9.40 per 1,000 gallons

York Center
\$9.40 per 1,000 gallons



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON DEBT COVENANTS COMPLIANCE

To the Honorable Chairman and Members
of the County Board
DuPage County, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Water and Sewerage System of DuPage County, Illinois (System) as of November 30, 2014, and have issued our report thereon dated June 30, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that the System was not in compliance with any of the terms, covenants, provisions or conditions of the Revenue Bond Ordinances adopted on August 12, 2003 (amended on July 21, 2008) or adopted on March 13, 2012 insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the DuPage County Board, the Public Works Committee, management of the System, System users, and System Revenue Bondholders, and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 30, 2015