

**Water and Sewerage System of
DuPage County, Illinois
(An Enterprise Fund of
DuPage County, Illinois)**

Financial Statements and
Supplementary Information

November 30, 2022

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 of
Water and Sewerage System of DuPage County, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Water and Sewerage System of DuPage County, Illinois, an enterprise fund of DuPage County, Illinois, (the System), as of and for the year ended November 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the System as of November 30, 2022, and the changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the System and do not purport to, and do not, present fairly the financial position of DuPage County, Illinois as of November 30, 2022, and the changes in financial position, or, where applicable, 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.

As discussed in Note 1, the System adopted the provisions of GASB Statement No. 87, *Leases*, effective December 1, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the System's 2021 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated May 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived except for assets and deferred inflows of resources which have been restated to include lease receivable and deferred inflows of resources related to leases.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



Oak Brook, Illinois
May 31, 2023

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

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, 2022.

- For fiscal year 2022, user charges and other revenues of the System were \$31,699,541 and expenses were \$25,274,337 resulting in total revenues exceeding total expenses by \$6,425,204. It should be noted that \$4.0 million of the reported expense is related to depreciation and amortization.
- Cash and investments were at \$19,222,593 as of November 30, 2022, an increase of \$1,531,642 compared to the balances as of November 30, 2021.

In late 2018, the System hired an independent consultant to perform a rate study analysis. The purpose of this rate study was to determine the required rate structure for wastewater and water services from 2019 through 2022. The new rate study was approved by the Public Works Committee in January 2019. The last increase of sewer user, sewer maintenance rates, water rates and base administrative fees per the 2018 rate study were effective with March 2022 customer bills.

The System completed the following construction and information system projects in 2022: screw pump rehabilitation, tertiary roof rehabilitation, at the Woodridge facility; supervisory control and data acquisition (SCADA) control system to monitor sewer and water operations; advanced metering infrastructure (AMI) project for multiple service areas; and the conversion to new utility billing and customer information system.

In 2019, a third-party engineering firm completed a study that identified and prioritized capital improvement needs to the system. This Capital Improvement Plan identified \$119 million of capital expenditures that will be required over approximately a twenty-year period. The purpose of these capital expenditures can be categorized into the following main categories:

- Compliance with changing environmental standards being mandated by the EPA in future years for the wastewater industry.
- Updating of capital equipment and facilities that were constructed over 40 years ago.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

- Incorporation of capital improvements to reduce operating and maintenance expenses such as energy usage.
- Improved customer service initiatives such as modernization of metering equipment and improved capacity of the sewer system.

Construction in Progress for the Capital Improvement Plan and other projects was \$11,170,321 as of November 30, 2022. Major projects in progress include the Nordic Park wastewater treatment facility rehabilitation, electrical infrastructure upgrade projects at the Woodridge Greene Valley and Knollwood treatment facilities, Timberlakes watermain extension, and headworks/blower improvements at Woodridge Greene Valley.

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 required supplementary information and 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/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them 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 WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

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 14 to 18.

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 19 to 39 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 40 to 49.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

Statement of Net Position

The following is a summary of the System's Statement of Net Position as of November 30, 2022 and 2021.

Statement of Net Position Summary

	November 30	
	2022	2021 (as restated)
Current Assets	\$ 27,561,138	\$ 24,997,172
Capital Assets	102,799,261	95,664,368
Restricted and Other Assets	8,788,730	7,024,167
Total Assets	139,149,129	127,685,707
Deferred Outflows of Resources		
Related to Pensions	585,914	995,346
Related to OPEB	118,634	98,277
Related to Asset Retirement Obligations	150,592	171,188
Current Liabilities	7,871,357	7,733,266
Long-term Liabilities	13,279,510	9,770,801
Total Liabilities	21,150,867	17,504,067
Deferred Inflows of Resources		
Resources Related to Pensions	4,243,093	3,037,454
Related to OPEB	15,523	17,235
Related to Leases	1,946,914	2,169,094
Net Investment in Capital Assets	89,621,351	86,450,854
Restricted for Debt Service	4,219,920	5,021,684
Restricted for Employee Benefits	2,793,941	-
Unrestricted Net Position	16,012,660	14,750,130
Total Net Positions	\$ 112,647,872	\$ 106,222,668

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

Statement of Revenue and Expenses and Changes in Net Position Summary

The following 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, 2022 and November 30, 2021:

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION SUMMARY

	November 30	
	2022	2021
Revenues:		
User's Charges	\$ 18,400,678	\$ 18,030,738
Miscellaneous Income	2,366,213	1,990,215
Administrative Fees	1,523,063	1,442,150
Connection Fees	643,348	628,600
Capital Contributions	1,419,292	-
Transfers In	345,892	2,904,820
Total Revenue	24,698,486	24,996,523
Pass Through Revenue		
Darien Water Charges	6,407,688	6,687,345
Glen Ellyn Sewer Charge	593,367	581,995
Total Pass Through Revenue	7,001,055	7,269,340
Expenses:		
Salaries & Employee Benefits	7,031,177	8,188,117
Commodities	1,766,255	1,541,606
Contractual	5,314,243	5,373,043
Depreciation and Amortization	4,011,808	3,910,155
Interest and Other	138,967	(882,643)
Total Expenses	18,262,450	18,130,278
Pass Through Expenses		
Darien Water Payments	6,407,688	6,687,345
Glen Ellyn Sewer Payments	604,199	608,251
Total Pass Through Expenses	7,011,887	7,295,596
Change in Net Position	\$ 6,425,204	\$ 6,839,989

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

The following is a discussion of the variances between 2022 and 2021.

Revenues

Revenues from user charges for sewerage service and sewer maintenance increased by \$295,570 or 2.0%. User charge increases went into effect with March 2022 billing. The user fee increase was 6.2% and the sewer maintenance fee increase was 4.9%. Usage for sewer service is based on metered water consumption. The impact of increased user charges were offset by a small decline in billed volume.

Revenues from user charges for County water increased by \$85,742 or 2.1%. The impact of water rate increases was offset by a small decline in volume. Rates increased 2.7% for customers serviced with Lake Michigan water purchased from the DuPage Water Commission and 4.6% for customers serviced with water pumped from an aquifer and treated at the Northeast Regional Water Facility near Itasca. There was no change in the Water Commission Capital Buy-In-Fee charged to customers serviced with Lake Michigan water.

Miscellaneous Income increased by \$375,998 or 18.9% primarily as result of higher billings to other departments and municipalities including for the use of the System's fuel stations, \$86,661, sewer lining work, \$65,696, and demolition work, \$54,516. Penalties were also \$66,175 higher as the System reinstated charging penalties for late payments in September 2021.

Administrative fees increased by \$80,913. The bi-monthly fee charged to customers for billing and meter reading changed to \$7.12 effective with March 2022 billing.

Capital Contributions increased by \$1,419,292 as the System accepted 4 water and sewer lines in 2022. The System did not accept sewer and water lines from developers in 2021.

Transfers decreased by \$2,558,928 due to the transfer of funds from the County in 2021 in support of the SCADA project.

The pass-through revenue from the City of Darien decreased \$279,657 or -4.2% due to lower water consumption. The County bills customers and collects water revenue for the City of Darien. The revenue is then remitted to the City of Darien each billing period.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

Expenses

Overall Salaries and Employee Benefits decreased \$1,156,940. Salaries increased by \$326,850 due to cost-of-living increases for all employees and selective collective bargaining unit wage adjustments. Employee Benefits expenses decreased by \$1,483,790 primarily due to lower pension related expenses. Additional information on the System's defined benefit pension plan can be found in Note 10 of the financial statements.

Commodity expenses increased approximately 14.6% or \$224,649. Equipment parts and supplies expense increased \$83,249 due to RAS and Nitro pump replacements. Chemicals and gases increased \$141,400 due to inflationary cost increases for chemicals used in the wastewater treatment process and higher diesel and unleaded fuel prices.

Contractual expenses decreased \$58,800 or -1.1% due to lower electricity expense partially offset by higher natural gas and repairs and maintenance expenses. Electricity expense decreased by \$143,574 due to lower distribution costs as a result of credits for the carbon-free energy resource adjustment that started on June 1, 2022, and that will run through May 31, 2023.

Other Government Services decreased \$283,709 or -3.9% compared to 2021. This decrease is due to lower reimbursements to the City of Darien for water billing.

Interest and Other Expenses increased \$1,021,610 due primarily to a smaller gain recognized from the sale and disposal of assets. The significant year-over-year change was from a gain recognized on the sale of land to the Darien Park District in 2021. Interest expense decreased by \$15,435 due to principal reduction on revenue bonds partially offset by interest expense for IEPA loans.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The System's investment in capital assets as of November 30, 2022 is summarized below, net of accumulated depreciation.

Land and Land Improvements	\$ 1,993,475
Sewage System	61,005,037
Water System	21,197,281
Other Property, Plant and Equipment	6,948,583
Net Intangible Assets	484,564
Construction in Progress	<u>11,170,321</u>
 Total Net Capital Assets	 <u>\$ 102,799,261</u>

Capital asset activity included \$11,157,987 in additions and \$406,064 of disposals. Additional information on the System's capital assets can be found in Note 4 of the financial statements.

Long-Term Debt

The System has one outstanding Revenue Bond issue and three outstanding loans from the Illinois Environmental Protection Agency. In 2012, the System entered into a loan agreement with the Illinois Environmental Protection Agency for the construction of the York Township water system and water tower. The System issued Revenue Bonds in 2018 to advance refund and refinance outstanding bonds from 2008. In 2021, the System entered into a loan agreement with the Illinois Environmental Protection Agency for the rehabilitation of the Nordic wastewater treatment facility. In 2022, the System entered into a loan agreement with the Illinois Environmental Protection Agency for the upgrade of the electrical infrastructure at the Woodridge Green Valley and Knollwood facilities.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

The following is a summary of the outstanding long-term obligations of the System as of November 30, 2022:

Series 2018	\$ 2,550,000
IEPA Loan #L17-4161	2,918,710
IEPA Loan #L17-0328	6,140,100
IEPA Loan #L17-4261	1,569,100
Accrued sick, vacation and retention payable	1,113,358
Other post employment benefit payable	519,424
Asset retirement obligation	<u>211,869</u>
 Total Long-Term Liabilities	 <u>\$ 15,022,561</u>

Additional information on the System's long-term debt can be found in Note 6 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The System is primarily supported 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 2022, will have an impact on connection revenue, investment income and user charges. These impacts will differ by category.

The connection revenue forecast for 2023 is conservative and is based on local economic and development conditions. Connection revenues are now projected to decrease compared to 2022. The area served by the System is largely developed with limited land available for new growth.

The impact on user charges will vary. 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.

Five out of six of the System's water systems were previously converted from 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.

**THE WATER AND SEWERAGE SYSTEM OF DUPAGE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended November 30, 2022**

A rate study was initiated in 2022 to set rates for water, sewer, sewer maintenance, and administrative fees. The purpose of the study was to allow the System to balance revenues with expenditures through 2026. This rate study was completed in 2022. Effective with March 2022 billing, user rates for the sewer system increased to \$3.75 per thousand gallons and are scheduled to increase to \$3.89 in 2023. Sewer maintenance rates increased to \$1.29 per thousand gallons effective and are scheduled to stay flat at \$1.29 in 2023. Administrative fees increased to \$7.12 per bi-monthly bill and are scheduled to increase to \$7.36 in 2023. Water rates for customers serviced with Lake Michigan water increased to \$10.79 per thousand gallons and are scheduled to increase to \$11.02 in 2023.

The System plans on utilizing a combination of low interest loans through the IEPA SRF Loan Program, cash reserves, and available grant programs to fund the System's capital improvement projects. Per a County Ordinance adopted in 2019, the System is authorized to make application and borrow funds from the IEPA SRF Loan Program in the aggregate principal amount not to exceed forty million dollars. In February 2021, the System received notification from the IEPA that its loan application for rehabilitating the Nordic Park Wastewater Treatment Facility was approved for an amount up to \$11,530,990, for a term of 20 years at an annual fixed loan rate of 1.35%. In March 2022, the System received notification from the IEPA that its loan application for Woodridge Greene-Valley WWTP and Knollwood WWTP Electrical Infrastructure Improvements was approved for an amount up to \$21,258,984, for a term of 20 years at an annual fixed load rate of 1.11%. The low interest rates through the IEPA SRF Loan Program will allow the system to address critical infrastructure projects in a very cost-effective manner.

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 Administrator via email at publicworks@dupageco.org.

Water and Sewerage System of DuPage County, Illinois

Statements of Net Position

November 30, 2022

(With Comparative Totals for November 30, 2021)

	<u>2022</u>	<u>2021 (as Restated)</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash:		
Operation and maintenance account	\$ 1,505,504	\$ 5,624,749
Depreciation account	3,727,121	6,957,707
Liability insurance account	2,000,000	2,000,000
Employee retention account	694,988	644,988
Workers compensation account	550,000	550,000
Total cash	<u>8,477,613</u>	<u>15,777,444</u>
Investments, operations and maintenance account	9,375,409	-
Accounts receivable, service, net	4,582,507	4,419,051
Unbilled service revenue	3,876,327	3,986,904
Lease receivable	240,405	222,180
Due from County	429,787	179,286
Miscellaneous receivable	579,090	412,307
Total current assets	<u>27,561,138</u>	<u>24,997,172</u>
Noncurrent Assets		
Restricted assets:		
Cash:		
First lien bond principal account	-	256,667
First lien bond interest account	-	4,667
First lien bond reserve account	-	294,950
Second lien bond principal account	1,155,000	1,127,500
Second lien bond interest account	24,688	37,517
Subordinated indebtedness account	189,883	189,883
2012 water bond account	-	2,323
Total restricted cash	<u>1,369,571</u>	<u>1,913,507</u>
Special service area assessments receivable	2,918,709	3,163,746
Net pension asset	2,793,941	-
Total restricted assets	<u>7,082,221</u>	<u>5,077,253</u>
Lease receivable	<u>1,706,509</u>	<u>1,946,914</u>
Capital assets:		
Utility plant in service:		
Land and land improvements	<u>1,993,475</u>	<u>1,993,475</u>
Sewerage system	171,194,347	169,552,627
Accumulated depreciation	<u>(110,189,310)</u>	<u>(107,303,249)</u>
Net sewerage system	<u>61,005,037</u>	<u>62,249,378</u>
Water system	35,098,107	35,037,457
Accumulated depreciation	<u>(13,900,826)</u>	<u>(13,327,503)</u>
Net water system	<u>21,197,281</u>	<u>21,709,954</u>
Other property, plant and equipment	10,080,760	5,153,106
Accumulated depreciation	<u>(3,132,177)</u>	<u>(3,259,216)</u>
Net other property, plant and equipment	<u>6,948,583</u>	<u>1,893,890</u>
Water commission buy-in	3,397,959	3,397,959
Water commission meter station	1,054,261	1,054,261
Accumulated amortization	<u>(3,967,656)</u>	<u>(3,682,971)</u>
Net intangibles	<u>484,564</u>	<u>769,249</u>
Total utility plant in service	<u>91,628,940</u>	<u>88,615,946</u>
Construction in progress	<u>11,170,321</u>	<u>7,048,422</u>
Total capital assets	<u>102,799,261</u>	<u>95,664,368</u>
Total noncurrent assets	<u>111,587,991</u>	<u>102,688,535</u>
Total assets	<u>139,149,129</u>	<u>127,685,707</u>

See notes to financial statements

Water and Sewerage System of DuPage County, Illinois

Statements of Net Position

November 30, 2022

(With Comparative Totals for November 30, 2021)

	<u>2022</u>	<u>2021 (as Restated)</u>
Deferred Outflows of Resources		
Related to pensions	\$ 585,914	\$ 995,346
Related to OPEB	118,634	98,277
Related to asset retirement obligations	150,592	171,188
Total deferred outflows of resources	<u>855,140</u>	<u>1,264,811</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	3,192,607	2,554,536
Accrued wages	315,827	277,437
Accrued sick leave, vacation and retention, current	233,935	270,272
Charges collected for others	2,464,744	2,612,612
Payroll deductions payable	85,738	85,804
Due to County	1,030	123,328
Current Liabilities Payable From Restricted Assets		
Accrued interest payable	68,360	53,246
Current maturities of revenue bonds	1,260,000	1,510,000
Current maturities of IEPA construction loan	249,116	246,031
Total current liabilities	<u>7,871,357</u>	<u>7,733,266</u>
Long-Term Liabilities		
Accrued sick leave, vacation and retention, noncurrent	879,423	1,019,987
Revenue bonds	1,290,000	2,550,000
Unamortized debt premium	-	1,304
Asset retirement obligations	211,869	211,869
IEPA construction loans	10,378,794	4,908,502
Total OPEB liability	519,424	485,543
Net pension liability	-	593,596
Total long-term liabilities	<u>13,279,510</u>	<u>9,770,801</u>
Total liabilities	<u>21,150,867</u>	<u>17,504,067</u>
Deferred Inflows of Resources		
Related to pensions	4,243,093	3,037,454
Related to OPEB	15,523	17,235
Related to leases	1,946,914	2,169,094
Total deferred inflows of resources	<u>6,205,530</u>	<u>5,223,783</u>
Net Position		
Net investment in capital assets	89,621,351	86,450,854
Restricted for debt service	4,219,920	5,021,684
Restricted for employee benefits	2,793,941	-
Unrestricted	16,012,660	14,750,130
Total net position	<u>\$ 112,647,872</u>	<u>\$ 106,222,668</u>

See notes to financial statements

Water and Sewerage System of DuPage County, Illinois

Statements of Revenues, Expenses and Changes in Net Position

Year Ended November 30, 2022

(With Comparative Totals for the Year Ended November 30, 2021)

	Sewer				Total	
	Sewerage	Water	Maintenance	Administration	2022	2021
Operating Revenues						
Sewerage service users' charges:						
DuPage system	\$ 12,244,209	\$ -	\$ -	\$ -	\$ 12,244,209	\$ 11,993,995
Other systems	593,367	-	-	-	593,367	581,995
Water service users' charges:						
DuPage system	-	3,953,847	-	-	3,953,847	3,867,003
Other systems	-	6,407,688	-	-	6,407,688	6,687,345
Sewer maintenance users' charges	-	-	1,942,972	-	1,942,972	1,908,988
Administrative fees	-	-	-	1,523,063	1,523,063	1,442,150
DuPage water commission capital buy-in fee	-	259,650	-	-	259,650	260,752
Penalties	-	-	-	223,090	223,090	156,915
Miscellaneous income	430,332	394,413	-	1,252,631	2,077,376	1,764,803
Total operating revenues	13,267,908	11,015,598	1,942,972	2,998,784	29,225,262	28,663,946
Operating Expenses						
Operation and maintenance expenses:						
Personnel:						
Salaries	3,056,992	1,263,274	933,141	1,220,965	6,474,372	6,147,522
Employee benefits	243,593	133,878	62,790	116,544	556,805	2,040,595
Commodities:						
Equipment parts and supplies	421,423	277,481	112,380	61,087	872,371	789,122
Chemicals and gases	340,546	70,365	22,024	460,949	893,884	752,484
Contractual services:						
Professional services	83,699	32,826	25,439	87,454	229,418	260,685
Sludge removal	322,166	-	-	-	322,166	302,236
Natural gas	141,033	32,329	4,617	1,584	179,563	139,421
Electricity	737,221	79,496	18,926	1,866	837,509	981,083
Water and sewer	12,471	2,073,686	-	-	2,086,157	2,047,769
Repairs and maintenance	219,692	92,244	39,800	15,675	367,411	299,751
Reimbursements	604,199	6,407,688	-	-	7,011,887	7,295,596
Other contractual	595,822	274,632	122,447	299,119	1,292,020	1,342,098
Total operation and maintenance expenses	6,778,857	10,737,899	1,341,564	2,265,243	21,123,563	22,398,362
Operating income before amortization and depreciation	6,489,051	277,699	601,408	733,541	8,101,699	6,265,584
Amortization of intangibles	-	284,685	-	-	284,685	284,685
Depreciation	3,142,260	573,323	-	11,540	3,727,123	3,625,470
Total operating expenses	9,921,117	11,595,907	1,341,564	2,276,783	25,135,371	26,308,517
Operating income (loss)	3,346,791	(580,309)	601,408	722,001	4,089,891	2,355,429
Nonoperating Revenues (Expenses)						
Investment income	-	-	-	64,444	64,444	52,848
Interest expense on bonds and loans	(59,696)	(62,982)	(11,974)	-	(134,652)	(150,087)
Amortization of bond premium issuance costs	-	-	-	1,304	1,304	15,649
Amortization of asset retirement obligation	(18,165)	(2,431)	-	-	(20,596)	(20,596)
Fiscal agent fees	-	-	-	-	-	(550)
Gain (loss) on disposal of assets	13,835	-	-	2,446	16,281	1,053,876
Total nonoperating revenues (expenses)	(64,026)	(65,413)	(11,974)	68,194	(73,219)	951,140
Income (loss) before contributions and transfers	3,282,765	(645,722)	589,434	790,195	4,016,672	3,306,569
Connection charges	603,043	40,305	-	-	643,348	628,600
Capital contributions	1,358,642	60,650	-	-	1,419,292	-
Transfers in	345,892	-	-	-	345,892	2,904,820
Change in net position	\$ 5,590,342	\$ (544,767)	\$ 589,434	\$ 790,195	6,425,204	6,839,989
Net Position, Beginning					106,222,668	99,382,679
Net Position, Ending					\$ 112,647,872	\$ 106,222,668

See notes to financial statements

Water and Sewerage System of DuPage County, Illinois

Statements of Cash Flows

Year Ended November 30, 2022

(With Comparative Totals for November 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Received from customers	\$ 27,095,007	\$ 25,546,135
Payments to employees for services	(8,930,408)	(8,796,615)
Payments to suppliers for goods and services	(13,586,343)	(15,004,249)
Other revenue	2,155,630	2,097,589
	<u>6,733,886</u>	<u>3,842,860</u>
Net cash flows from operating activities	6,733,886	3,842,860
Cash Flows From Noncapital Financing Activities		
Payment (to) from other funds	(26,907)	3,589,535
	<u>(26,907)</u>	<u>3,589,535</u>
Cash Flows From Investing Activities		
Purchase of investments	(11,417,382)	-
Sale of investments	2,000,000	-
Investment income	272,873	52,848
	<u>272,873</u>	<u>52,848</u>
Net cash flows from investing activities	(9,144,509)	52,848
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(9,754,535)	(6,533,843)
Sale of capital assets	27,567	251,952
Proceeds from IEPA Loan	5,719,408	1,989,792
Principal payments on revenue bonds	(1,510,000)	(1,470,000)
Principal payments on IEPA loan	(246,031)	(242,985)
Interest payments on bonds and loans	(119,538)	(162,534)
Proceeds from connection charges	643,348	628,600
Paying agent fees	-	(550)
	<u>-</u>	<u>(550)</u>
Net cash flows from capital and related financing activities	(5,239,781)	(5,539,568)
Net change in cash and cash equivalents	(7,677,311)	1,945,675
Cash and Cash Equivalents, Beginning	<u>17,690,951</u>	<u>15,745,276</u>
Cash and Cash Equivalents, Ending	<u>\$ 10,013,640</u>	<u>\$ 17,690,951</u>
Reconciliation to Statements of Net Position		
Cash	\$ 8,477,613	\$ 15,777,444
Restricted cash	1,369,571	1,913,507
Investments, operations and maintenance account	9,375,409	-
Less noncash equivalents	(9,208,953)	-
	<u>9,375,409</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 10,013,640</u>	<u>\$ 17,690,951</u>

See notes to financial statements

Water and Sewerage System of DuPage County, Illinois

Statements of Cash Flows

Year Ended November 30, 2022

(With Comparative Totals for November 30, 2021)

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Flows		
From Operating Activities		
Operating income:	\$ 4,089,891	\$ 2,355,429
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	3,727,123	3,625,470
Amortization of other assets	284,685	284,685
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:		
Accounts receivable	(163,456)	(1,131,636)
Accrued unbilled service revenue	110,577	(221,372)
Due from special service area	245,037	260,268
Miscellaneous receivable	(166,783)	72,518
Net pension asset	(2,793,941)	-
Deferred outflows of resources related to pensions	409,432	(89)
Deferred outflows of resources related to OPEB	(20,357)	9,509
Accounts payable	653,911	(665,287)
Payroll deductions payable	(66)	(4,528)
Accrued sick leave, vacation, retention and wages payable	(138,511)	(294,861)
Net pension liability	(593,596)	(2,058,901)
Total OPEB liability	33,881	4,949
Charges collected for others	(147,868)	(128,717)
Deferred inflows of resources related to pensions	1,205,639	1,732,968
Deferred inflows of resources related to OPEB	(1,712)	2,455
	<u>\$ 6,733,886</u>	<u>\$ 3,842,860</u>
Net cash flows from operating activities		
	<u>\$ 6,733,886</u>	<u>\$ 3,842,860</u>
Noncash Capital and Related Financing Activities		
Capital contributions	<u>\$ 1,419,292</u>	<u>\$ -</u>

See notes to financial statements

Water and Sewerage System of DuPage County, Illinois (An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

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 6. All intrafund transactions are eliminated.

Changes in Accounting Principles

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented December 1, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the System's leasing activities. This standard was implemented as of December 1, 2020.

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, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Water and Sewerage System of DuPage County, Illinois

(An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The System's cash and investments consist of demand deposits and money market accounts. 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 2018 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

Water and Sewerage System of DuPage County, Illinois

(An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

(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.

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.

Leases

The System, as a lessor, has entered into agreements with cell phone companies to use space on the System water towers and surrounding land for the provision of telecommunication services and the operation and maintenance of the antenna facilities. water towers. As a lessor, the System reports a lease receivable and corresponding deferred inflow of resources. The System continues to report and depreciate the capital assets being leased as capital assets.

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. 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. Expenditure, which significantly extend the lives or expand capacity of the capital assets are capitalized. All other repairs and maintenance are charged to operations currently.

Water and Sewerage System of DuPage County, Illinois (An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

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, 2022. The liability is liquidated from general operating revenues of the System.

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 refunding's 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.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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 October 13, 2015 to sewer rates effective January 1, 2018.

On January 8, 2019, water and sewerage rates were approved by the Public Works Committee to adjust sewer rates effective March 1, 2019. The motion also incorporated water and sewer rate changes effective January 1, 2020, January 1, 2021 and January 1, 2022.

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.

Water and Sewerage System of DuPage County, Illinois (An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

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/Restatement

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, 2021, from which such summarized information was derived with the exception of the implementation of GASB 87 which was applied retroactively restated to the prior year. Fiscal year 2021 information has been restated to include lease receivable and deferred inflows of resources related to leases.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

Water and Sewerage System of DuPage County, Illinois
(An Enterprise Fund of DuPage County, Illinois)

Notes to Financial Statements
November 30, 2022

2. Cash and Investments

As of November 30, 2022, cash and investments at year-end consisted of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits with financial institutions	\$ 9,847,184	\$ 9,659,797	Custodial credit
IIIT – money market	166,456	166,456	Credit risk
Commercial paper	493,260	493,260	Interest rate risk; credit risk; concentration of credit risk; custodial credit risk
Corporate bonds	1,495,770	1,495,770	Interest rate risk; credit risk; concentration of credit risk; custodial credit risk
US treasuries	6,998,483	6,998,483	Interest rate risk; custodial credit risk
US agencies (implicitly guaranteed)	<u>221,440</u>	<u>221,440</u>	Interest rate risk; credit risk; concentration of credit risk; custodial credit risk
Total	<u>\$ 19,222,593</u>	<u>\$ 19,035,205</u>	
Reconciliation to financial statements			
Per statement of net position:			
Cash	\$ 8,477,613		
Investments	9,375,409		
Restricted cash	<u>1,369,571</u>		
Total cash and investments	<u>\$ 19,222,593</u>		

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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Water and Sewerage System of DuPage County, Illinois
(An Enterprise Fund of DuPage County, Illinois)**

Notes to Financial Statements
November 30, 2022

The System used the market valuation method for recurring fair value measurements. As of November 30, 2022, the System's investments were measured using valuation inputs as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 1,495,770	\$ -	\$ 1,495,770	\$ -
Commercial paper	493,260	-	493,260	-
US treasuries	6,998,483	6,998,483	-	-
US agencies (implicitly guaranteed)	221,440	-	221,440	-
Total	<u>\$ 9,208,953</u>	<u>\$ 6,998,483</u>	<u>\$ 2,210,470</u>	<u>\$ -</u>

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. The County's investment policy requires some form of collateral to protect public deposits in a single financial institution if it were to default. All federally and non-federally insured institutions must fully collateralize deposits using instruments and collateral ratios of 105%. Further information about whether County deposits are insured, collateralized or uncollateralized is available from the County's financial statements.

Investments

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

The County's investment policy requires all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. Investments are normally held by financial institutions or brokers under Trust agreements arising from Bond ordinances, subject to the custodial agreements of the ordinances. The System does not have any investments exposed to custodial credit risk.

**Water and Sewerage System of DuPage County, Illinois
(An Enterprise Fund of DuPage County, Illinois)**

Notes to Financial Statements
November 30, 2022

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy allows the Treasurer to invest in any type of security allowed by Illinois Compiled Statutes. If the statutes are amended and one or more investments are no longer permissible, the investments will be allowed to mature or can be sold immediately at the Treasurer's discretion. As of November 30, 2022, the System's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investment Services</u>
IIIT – money market	AAAm	N/R
Commercial paper	A-1	P-1
Corporate bonds	BBB+ to AAA	A3 to Aaa
US agencies (implicitly guaranteed)	AA+	Aaa

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification of the investment portfolio to eliminate the risk of loss resulting from over concentration in a specific issuer, maturity or class of securities. Concentration in short-term corporate obligations will not exceed 90% of the limit contained in Illinois law.

At November 30, 2022, the System's investment portfolio had no concentration of credit risks

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investments. The County's investment policy is designed to obtain a market average rate of return, taking into account investment risk constraints and cash flow needs. At November 30, 2022, the System's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
Commercial paper	\$ 493,260	\$ 493,260	\$ -	\$ -	\$ -
Corporate bonds	1,495,770	-	1,495,770	-	-
U.S. Treasury securities	6,998,483	393,436	6,605,047	-	-
U.S. Agency securities	221,440	-	221,440	-	-
Total	\$ 9,208,953	\$ 886,696	\$ 8,322,257	\$ -	\$ -

See Note 1 for further information on deposit and investment policies.

Water and Sewerage System of DuPage County, Illinois
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3. Lessor – Lease Receivables

<u>Lease Receivable Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Receivable Balance</u>
Green Road Water Tower	12/18/2017	12/17/2027	2.0%	\$ 278,210
Nordic Park Water Tower	11/1/2021	10/31/2041	2.0	1,071,164
Rosewood Water Tower	3/1/2019	2/28/2024	2.0	75,694
Steeple Run Water Tower	6/1/2018	5/22/2028	2.0	347,544
Steeple Run Water Tower	4/1/2016	3/31/2041	2.0	<u>174,302</u>
	Total			<u>\$ 1,946,914</u>

The System recognized \$220,180 and \$51,550 in lease revenue and interest revenue, respectively, during the fiscal year.

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4. Capital Assets

Capital asset activity for the year ended November 30, 2022, was as follows:

	<u>Balance Beginning</u>	<u>Additions/ Transfers</u>	<u>Transfers/ Disposal</u>	<u>Balance Ending</u>
Capital assets, not being depreciated:				
Land	\$ 1,993,475	\$ -	\$ -	\$ 1,993,475
Construction in progress	7,048,422	11,157,987	7,036,088	11,170,321
Total capital assets not being depreciated	<u>9,041,897</u>	<u>11,157,987</u>	<u>7,036,088</u>	<u>13,163,796</u>
Capital assets being depreciated/amortized:				
Sewerage treatment plant	94,716,097	328,078	-	95,044,175
Sewerage systems	74,836,530	1,313,642	-	76,150,172
Total sewerage system	<u>169,552,627</u>	<u>1,641,720</u>	<u>-</u>	<u>171,194,347</u>
Water pumping facility	15,888,039	-	-	15,888,039
Water supply	19,149,418	60,650	-	19,210,068
Total water system	<u>35,037,457</u>	<u>60,650</u>	<u>-</u>	<u>35,098,107</u>
Data processing equipment	365,817	145,226	-	511,043
Other machinery and equipment	1,169,156	4,497,308	39,608	5,626,856
Autos and trucks	3,502,730	691,184	366,456	3,827,458
Furniture and office equipment	115,403	-	-	115,403
Total equipment	<u>5,153,106</u>	<u>5,333,718</u>	<u>406,064</u>	<u>10,080,760</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>214,195,410</u>	<u>7,036,088</u>	<u>406,064</u>	<u>220,825,434</u>
Less accumulated depreciation/amortization:				
Sewerage system	(107,303,249)	(2,886,061)	-	(110,189,310)
Water system	(13,327,503)	(573,323)	-	(13,900,826)
Equipment	(3,259,216)	(267,739)	(394,778)	(3,132,177)
Intangibles	(3,682,971)	(284,685)	-	(3,967,656)
Total accumulated depreciation/amortization	<u>(127,572,939)</u>	<u>(4,011,808)</u>	<u>(394,778)</u>	<u>(131,189,969)</u>
Total capital assets being depreciated/amortized, net	<u>86,622,471</u>	<u>3,024,280</u>	<u>11,286</u>	<u>89,635,465</u>
Net capital assets	<u>\$ 95,664,368</u>	<u>\$ 14,182,267</u>	<u>\$ 7,047,374</u>	<u>\$ 102,799,261</u>

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5. Restricted Assets - Special Service Area Assessments Receivable

As of November 30, 2022, the System has \$2,918,709 due from the County's special service area funds. The balance 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 \$2,668,599 of the reimbursement is due after one year.

6. Long-Term Obligations

Long-term obligations activity for the year ended November 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds	\$ 4,060,000	\$ -	\$ 1,510,000	\$ 2,550,000	\$ 1,260,000
Other liabilities:					
IEPA construction loans	5,154,533	5,719,408	246,031	10,627,910	249,116
Unamortized debt premium	1,304	-	1,304	-	-
Accrued compensated absences	1,290,259	610,137	787,038	1,113,358	233,935
Asset retirement obligation	211,869	-	-	211,869	-
Total OPEB liability	485,543	33,881	-	519,424	-
Net pension liability	593,596	-	593,596	-	-
Total long-term obligations	\$ 11,797,104	\$ 6,363,426	\$ 3,137,969	\$ 15,022,561	\$ 1,743,051

Revenue Bonds Payable

Revenue bonds outstanding at year-end are as follows:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount November 30, 2021
1/23/2018	Refund series 2008A and series 2008B bonds	1/1/2024	2.4%	\$ 7,320,000	\$ 2,550,000
	Total			\$ 7,320,000	\$ 2,550,000

The outstanding debt related to the Series 2018 Revenue Bonds are direct placement and contain a provision that in an event of default, the unpaid principal amount of the Bond, all interest accrued and unpaid, and all other amounts owing or payable under any other related documents to be immediately due and payable, without presentment, demand, protest or other notice of any kind.

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Future Bond Payments

	Series 2018		
	Bond Principal	Interest	Total
Fiscal year:			
2023	\$ 1,260,000	\$ 45,734	\$ 1,305,734
2024	1,290,000	15,364	1,305,364
Total	<u>\$ 2,550,000</u>	<u>\$ 61,098</u>	<u>\$ 2,611,098</u>

Pledged Revenues

The System has pledged a portion of future net revenues to repay the revenue bonds issued on January 23, 2018. 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 \$2,611,098. For the current year, principal and interest paid and total net revenues were \$1,305,390 and \$8,101,699, respectively. Annual principal and interest are expected to require approximately 1% of gross revenues.

Water and Sewerage System Revenue Bond Ordinance

On November 28, 2017, the County Board adopted a revenue bond ordinance authorizing and providing for the issuance of Water and Sewer System Refunding Bonds, Series 2018. The 2018 Ordinance 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.

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.

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.

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

At November 30, 2022, all required balances were in accordance with the Ordinances.

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7. IEPA Construction Loans

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 2022 was \$246,031.

The System borrowed funds from the IEPA for the Nordic Park Wastewater Treatment Facility rehabilitation project. The amount borrowed through the end of 2022 under the loan agreement #L17-0328 with the IEPA was \$6,140,100. Loan agreement #L17-0328 allows the System to borrow up to \$11,530,990 to complete the project. The System anticipates borrowing an additional about of \$5,390,890 in 2023 to fund the completion of the project. After the completion of the project the final loan amount and repayment schedule will be determined with the loan to be repaid over a twenty year term at a 1.35% simple annual interest rate.

The System borrowed funds from the IEPA for the Woodridge-Greene Valley Water Reclamation and Knollwood Water Reclamation facilities electrical upgrade project. The amount borrowed in 2022 under the loan agreement #L17-4261 with the IEPA was \$1,569,100. Loan agreement #L17-4261 allows the System to borrow up to \$21,258,984 to complete the project. The System anticipates borrowing an additional about of \$19,689,884 in 2023 through 2025 to fund the completion of the project. After the completion of the project the final loan amount and repayment schedule will be determined with the loan to be repaid over a twenty year term at a 1.11% simple annual interest rate.

The outstanding IEPA loans are direct borrowings and contain a provision that in an event of default, the IEPA shall pursue the collection of the amounts past due, the outstanding loan balance and relating costs by any other reasonable means provided by the law.

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

	IEPA Construction Loan		
	Principal	Interest	Total
Fiscal year:			
2023	\$ 249,116	\$ 35,708	\$ 284,824
2024	252,240	32,584	284,824
2025	255,403	29,421	284,824
2026	258,605	26,219	284,824
2027	261,848	22,976	284,824
2028-2032	1,359,322	64,800	1,424,122
2033	282,176	2,648	284,824
Total	<u>\$ 2,918,710</u>	<u>\$ 214,356</u>	<u>\$ 3,133,066</u>

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8. 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	\$ 102,799,261
Less capital related debt:	
Current portion of capital related IEPA construction loan	249,116
Current portion of capital related revenue bonds	1,260,000
Long-term portion of capital related IEPA construction loans	10,378,794
Long-term portion of capital related revenue bonds	<u>1,290,000</u>
Subtotal	<u>13,177,910</u>
Total net investment in capital assets	<u>\$ 89,621,351</u>

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

Total restricted cash	\$ 1,369,571
Special service area assessments receivable	2,918,709
Liabilities payable from restricted assets:	
Accrued interest payable	<u>(68,360)</u>
Total net position restricted for debt service	<u>\$ 4,219,920</u>

The System's net position restricted for employee benefits is equal to the net pension asset, \$2,793,941.

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9. 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, 2022, 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 \$935,347 in fiscal 2022. See the DuPage County Annual Comprehensive Financial Report for additional information.

10. Defined Benefit Pension Plan

Illinois Municipal Retirement Fund

The System contributes to the Illinois Municipal Retirement Fund (IMRF) an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois through DuPage County, Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that 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.

The employees of the System are pooled with the employees of DuPage County for purposes of actuarial valuation. As the System is participating under the County's employer number, IMRF is considered to be a cost-sharing plan for the System.

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two-tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 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 of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

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For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 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 of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by .5% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of .5% for each month that the employee is under the age of 67 or .5% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Contributions

As set by statute, System employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the System to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The System's actuarially determined contribution rate for calendar year 2021 was 11.97% of annual covered payroll. The System also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Fiduciary Net Position

Detailed information about the IMRF fiduciary net position as of December 31, 2021 is available in the separately issued DuPage County, Illinois Annual Comprehensive Financial Report as of and for the year ended November 30, 2022.

Net Pension Asset

At November 30, 2022, the System reported an asset for its proportionate share of the net pension asset that reflected the System's portion of the total net pension asset associated with the County's employer number. The amount recognized by the System as its proportionate share of the net pension asset, the County's share of the net pension asset, and the total net pension asset associated with the County's employer number were as follows:

System's proportionate share of collective net pension asset	\$ (2,793,941)
County's proportionate share of collective net pension asset	<u>(83,107,152)</u>
Total	<u>\$ (85,847,093)</u>

The net pension asset was measured as of December 31, 2021. The System's proportion of the net pension asset was based on the System's share of contributions to IMRF for the fiscal year ended November 30, 2022, relative to the total contributions of the System and County during that period. At November 30, 2022, the System's proportion was 3.25%.

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Summary of Significant Accounting Policies

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

Actuarial Assumptions

The assumptions used to measure the total pension liability in the December 31, 2021 annual actuarial valuation included a 7.25% investment rate of return, (b) projected salary increases from 3.35% to 14.25%, including inflation and (c) price inflation of 2.50%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality

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

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocations	Arithmetic	Geometric
Equities	39.00 %	3.25 %	1.90 %
International equities	15.00	4.89	3.15
Fixed income	25.00	(0.50)	(0.60)
Real estate	10.00	4.20	3.30
Alternatives:	10.00		
Private equity		8.85	5.50
Commodities		2.90	1.70
Cash equivalents	1.00	(.90)	(.90)

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Discount Rate

The projection of cash flows used to determine the discount rates assumed that member contributions will be made at the current contribution rates and that System contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefits payments to determine the total pension liabilities.

Discount Rate Sensitivity

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
System's proportionate share of the collective net pension liability (asset)	\$ 888,098	\$ (2,793,941)	\$ (5,719,268)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2022, the System recognized pension expense of (\$928,881). The System reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 158,475	\$ -
Changes in assumptions	-	61,102
Net difference between projected and actual earnings on pension plan investments	-	4,181,991
Contributions subsequent to measurement date	427,439	-
Total	<u>\$ 585,914</u>	<u>\$ 4,243,093</u>

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The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending November 30, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to pensions of \$(4,084,618) will be recognized in pension expense as follows:

Years ending November 30:	
2023	\$ (834,163)
2024	(1,599,715)
2025	(1,030,234)
2026	<u>(620,506)</u>
Total	<u>\$ (4,084,618)</u>

11. Other Postemployment Benefits

The System provides postemployment health insurance benefits for retired employees through a cost-sharing defined benefit plan administered by the County.

Plan Description

The System provides postemployment health insurance benefits for retired employees through a cost-sharing defined benefit plan administered by the County. The System's cost-sharing defined benefit OPEB plan, the Retiree Health Insurance Plan, provides group health insurance plan coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. The plan is funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions and Benefits Provided

The System provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with ILCS, which creates an OPEB for retirees, commonly referred to as an implicit rate subsidy. To be eligible for benefits, an employee must qualify for retirement under the County and System's retirement plans. For System employees, upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the coverage is secondary to Medicare. Retired employees are required to pay 100% of the premiums for such coverage.

Total OPEB Liability

At November 30, 2022, the System reported a liability for its proportionate share of the total OPEB liability of \$519,424. The liability was measured as of November 30, 2022, and was determined by an actuarial valuation as of December 1, 2022. The System's proportion of the total OPEB liability was based on the System's share of OPEB cost, as determined by the independent actuary, for the measurement year ended November 30, 2022. At November 30, 2022, the System's proportion was 3.57%.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the November 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll increases	2.00%
Health care participation rate	30% participation with 40% electing spouse coverage
Healthcare cost trend rates	Initial rate of 7.50%, increasing to the ultimate trend rate of 4.00% in 2022
Retirees' share of benefit related costs	100%

The discount rate was based on the November 30, 2022 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

Mortality rates were based on the Pub-2010 mortality tables with fully generation improvement using Scale MP-2020.

The actuarial assumptions used in the November 30, 2022 valuation were based on the results of an actuarial experience study conducted by IMRF dated November 30, 2022.

Discount Rate

At November 30, 2022, the discount rate used to measure the total OPEB liability was a blended rate of 4.19%, which was a change from the November 30, 2021 rate of 2.23%. Since the plan is financed on a pay-as-you-go basis, the discount rate is based on the high quality 20-year tax-exempt general obligation bond index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the System, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.19%) or 1-percentage-point higher (5.19%) than the current discount rate:

	<u>1% Decrease (3.19%)</u>	<u>Discount Rate (4.19%)</u>	<u>1% Increase (5.19%)</u>
Total OPEB liability	\$ 562,775	\$ 519,424	\$ 480,194

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the System, as well as what the System's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (varies for HMO and PPO) or 1-percentage-point higher (varies for HMO and PPO) than the current healthcare cost trend rates:

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Total OPEB liability	\$ 473,436	\$ 519,424	\$ 572,368

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

For the year ended November 30, 2022, the System recognized OPEB expense of \$45,487. The System reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 95,886	\$ -
Change in assumptions	22,748	15,523
Total	<u>\$ 118,634</u>	<u>\$ 15,523</u>

The amounts reported as deferred inflows of resources related to OPEB \$103,111 will be recognized in OPEB expense as follows:

Years ending November 30:	
2023	\$ 14,602
2024	14,602
2025	14,602
2026	14,602
2027	15,471
Thereafter	<u>29,232</u>
Total	<u>\$ 103,111</u>

12. Commitments and Contingencies

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 various improvements throughout the System. The value of service provided and the corresponding liability as of November 30, 2022 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 \$26,212,713.

REQUIRED SUPPLEMENTARY INFORMATION

Water and Sewerage System of DuPage County, Illinois

Schedule of the System's Proportionate Share of the Net Pension Liability/(Asset) and System Contributions - Illinois Municipal Retirement Fund

Most Recent Eight Fiscal Years

Year Ended November 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
System's proportion of the net pension liability	3.25%	3.75%	3.43%	3.46%	3.49%	3.10%	3.10%	3.57%
System's proportionate share of the net pension liability/(asset)	\$ (2,739,941)	\$ 593,596	\$ 2,652,497	\$ 5,435,867	\$ 1,522,543	\$ 3,746,008	\$ 3,666,995	\$ 2,603,142
County's proportionate share of the net pension liability/(asset)	<u>(83,107,152)</u>	<u>15,224,757</u>	<u>74,701,668</u>	<u>151,607,633</u>	<u>42,062,527</u>	<u>117,209,453</u>	<u>114,626,018</u>	<u>70,315,392</u>
Total net pension liability/(asset)	<u>\$ (85,847,093)</u>	<u>\$ 15,818,353</u>	<u>\$ 77,354,165</u>	<u>\$ 157,043,500</u>	<u>\$ 43,585,070</u>	<u>\$ 120,955,461</u>	<u>\$ 118,293,013</u>	<u>\$ 72,918,534</u>
Covered payroll	\$ 4,481,047	\$ 5,286,674	\$ 4,595,125	\$ 4,582,817	\$ 4,562,894	\$ 3,947,656	\$ 3,932,215	\$ 4,466,442
System's proportionate share of the net pension liability/(asset) as a percentage of covered payroll	-61.15%	11.23%	57.72%	118.61%	33.37%	94.89%	93.26%	58.28%
Plan fiduciary net position as a percentage of the total pension liability	108.40%	98.41%	91.90%	82.92%	94.93%	85.72%	85.43%	90.58%
Contractually required contribution	\$ 535,037	\$ 638,102	\$ 461,810	\$ 554,521	\$ 536,140	\$ 485,262	\$ 444,340	\$ 518,544
Contributions in relation to the contractually required contribution	<u>(536,377)</u>	<u>(638,264)</u>	<u>(461,030)</u>	<u>(553,264)</u>	<u>(535,209)</u>	<u>(489,525)</u>	<u>(444,153)</u>	<u>(515,746)</u>
Contribution deficiency (excess)	<u>\$ (1,340)</u>	<u>\$ (162)</u>	<u>\$ 780</u>	<u>\$ 1,257</u>	<u>\$ 931</u>	<u>\$ (4,263)</u>	<u>\$ 188</u>	<u>\$ 2,798</u>
Contributions as a percentage of covered payroll	11.97%	12.07%	10.03%	12.07%	11.73%	12.40%	11.30%	11.55%

Note: The system implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Water and Sewerage System of DuPage County, Illinois

Schedule of the System's Proportionate Share of the Total OPEB Liability - Retiree Health Insurance Plan

Most Recent Five Fiscal Years

Year Ended November 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
System's proportion of the total OPEB liability	3.57%	3.59%	3.51%	3.46%	3.36%
System's proportionate share of the total OPEB liability	\$ 519,424	\$ 485,543	\$ 480,594	\$ 398,793	\$ 356,039
Covered payroll	\$ 6,340,065	\$ 6,495,963	\$ 6,230,621	\$ 6,062,164	\$ 5,915,829
System's proportionate share of the total OPEB liability as a percentage of covered payroll	8.19%	7.47%	7.71%	6.58%	6.02%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The system implemented GASB 75 in 2018. Information for fiscal years prior to 2018 is not applicable.

Key Assumptions

Long-term expected rate of return	0.00%
Municipal bond index	4.19%
Discount rate	4.19%
Payroll increases	2.00%
Healthcare cost trend rates, initial	7.00%
Healthcare cost trend rates, ultimate	4.00%
Mortality	Pub-2010 mortality tables, using Scale MP-2020

SUPPLEMENTARY INFORMATION

Water and Sewerage System of DuPage County, Illinois

Combining Schedule of Net Position
Year Ended November 30, 2022

	Bond and Interest Accounts	Other Accounts	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash:			
Operation and maintenance account	\$ -	\$ 1,505,504	\$ 1,505,504
Depreciation account	-	3,727,121	3,727,121
Liability insurance account	-	2,000,000	2,000,000
Employee retention account	-	694,988	694,988
Workers compensation account	-	550,000	550,000
Total cash	-	8,477,613	8,477,613
Investments, operations and maintenance account	-	9,375,409	9,375,409
Accounts receivable, service, net	-	4,582,507	4,582,507
Unbilled service revenue	-	3,876,327	3,876,327
Lease receivable	-	240,405	240,405
Due from County	-	429,787	429,787
Miscellaneous receivable	-	579,090	579,090
Total current assets	-	27,561,138	27,561,138
Noncurrent Assets			
Restricted assets:			
Cash:			
Second lien bond principal account	1,155,000	-	1,155,000
Second lien bond interest account	24,688	-	24,688
Subordinated indebtedness account	189,883	-	189,883
Total restricted cash	1,369,571	-	1,369,571
Special service area assessments receivable	-	2,918,709	2,918,709
Net pension asset	-	2,793,941	2,793,941
Total restricted assets	1,369,571	5,712,650	7,082,221
Lease receivable	-	1,706,509	1,706,509
Capital assets:			
Utility plant in service:			
Land and land improvements	-	1,993,475	1,993,475
Sewerage system	-	171,194,347	171,194,347
Accumulated depreciation	-	(110,189,310)	(110,189,310)
Net sewerage system	-	61,005,037	61,005,037
Water system	-	35,098,107	35,098,107
Accumulated depreciation	-	(13,900,826)	(13,900,826)
Net water system	-	21,197,281	21,197,281
Other property, plant and equipment	-	10,080,760	10,080,760
Accumulated depreciation	-	(3,132,177)	(3,132,177)
Net property, plant and equipment	-	6,948,583	6,948,583
Water commission buy-in	-	3,397,959	3,397,959
Water commission meter station	-	1,054,261	1,054,261
Accumulated amortization	-	(3,967,656)	(3,967,656)
Net intangibles	-	484,564	484,564
Total utility plant in service	-	91,628,940	91,628,940
Construction in progress	-	11,170,321	11,170,321
Total capital assets	-	102,799,261	102,799,261
Total noncurrent assets	1,369,571	110,218,420	111,587,991
Total assets	1,369,571	137,779,558	139,149,129

Water and Sewerage System of DuPage County, IllinoisCombining Schedule of Net Position
Year Ended November 30, 2022

	Bond and Interest Accounts	Other Accounts	Total
Deferred Outflows of Resources			
Related to pensions	\$ -	\$ 585,914	\$ 585,914
Related to OPEB	-	118,634	118,634
Related to asset retirement obligations	-	150,592	150,592
Total deferred outflows of resources	-	855,140	855,140
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable	-	3,192,607	3,192,607
Accrued wages	-	315,827	315,827
Current accrued sick leave, vacation and retention	-	233,935	233,935
Charges collected for others	-	2,464,744	2,464,744
Payroll deductions payable	-	85,738	85,738
Due to County	-	1,030	1,030
Current Liabilities Payable From Restricted Assets			
Accrued interest payable	68,360	-	68,360
Current maturities of revenue bonds	-	1,260,000	1,260,000
Current maturities of IEPA construction loans	-	249,116	249,116
Total current liabilities	68,360	7,802,997	7,871,357
Long-Term Liabilities			
Noncurrent accrued sick leave, vacation and retention	-	879,423	879,423
Revenue bonds	-	1,290,000	1,290,000
Asset retirement obligations	-	211,869	211,869
IEPA construction loans	-	10,378,794	10,378,794
Other post employment benefit payable	-	519,424	519,424
Total long-term liabilities	-	13,279,510	13,279,510
Total liabilities	68,360	21,082,507	21,150,867
Deferred Inflows of Resources			
Related to pensions	-	4,243,093	4,243,093
Related to OPEB	-	15,523	15,523
Related to leases	-	1,946,914	1,946,914
Total deferred inflows of resources	-	6,205,530	6,205,530
Net Position			
Net investment in capital assets	-	89,621,351	89,621,351
Restricted for debt service	1,301,211	2,918,709	4,219,920
Restricted for employee benefits	-	2,793,941	2,793,941
Unrestricted	-	16,012,660	16,012,660
Total net position	\$ 1,301,211	\$ 111,346,661	\$ 112,647,872

Water and Sewerage System of DuPage County, Illinois

Combining Schedule of Changes in Cash and Cash Equivalents
Year Ended November 30, 2022

	Bond and Interest Accounts					Bond Reserve Accounts			2012 Water Bond Account	Depreciation Account	Liability Insurance Account	Workers' Compensation Account	Employee Retention Account	Total
	Operation and Maintenance Account	First Lien Principal Account	First Lien Interest Account	Second Lien Principal Account	Second Lien Interest Account	Subordinated Indebtedness Account	First Lien Bond Reserve Account	Second Lien Bond Reserve Account						
Cash Receipts														
Service charges	\$ 27,095,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,095,007
Connection charges	643,348	-	-	-	-	-	-	-	-	-	-	-	-	643,348
Interest income	272,873	-	-	-	-	-	-	-	-	-	-	-	-	272,873
Sale of capital assets	27,567	-	-	-	-	-	-	-	-	-	-	-	-	27,567
Transfers (to) from, net	1,848,953	23,333	933	1,257,500	62,316	284,824	(294,950)	-	(2,323)	(3,230,586)	-	-	50,000	-
Proceeds from IEPA loan	5,719,408	-	-	-	-	-	-	-	-	-	-	-	-	5,719,408
Other, net	2,155,630	-	-	-	-	-	-	-	-	-	-	-	-	2,155,630
Total cash receipts	37,762,786	23,333	933	1,257,500	62,316	284,824	(294,950)	-	(2,323)	(3,230,586)	-	-	50,000	35,913,833
Cash Disbursements														
Operating expenses	22,516,751	-	-	-	-	-	-	-	-	-	-	-	-	22,516,751
Investments purchased and (matured)	9,417,382	-	-	-	-	-	-	-	-	-	-	-	-	9,417,382
Payments to other funds	26,907	-	-	-	-	-	-	-	-	-	-	-	-	26,907
Acquisition and construction of capital assets	9,754,535	-	-	-	-	-	-	-	-	-	-	-	-	9,754,535
Principal, interest and fees expense	-	280,000	5,600	1,230,000	75,145	284,824	-	-	-	-	-	-	-	1,875,569
Total cash disbursements	41,715,575	280,000	5,600	1,230,000	75,145	284,824	-	-	-	-	-	-	-	43,591,144
Excess (deficiency) of cash receipts over cash disbursements	(3,952,789)	(256,667)	(4,667)	27,500	(12,829)	-	(294,950)	-	(2,323)	(3,230,586)	-	-	50,000	(7,677,311)
Cash and Cash Equivalents, Beginning	5,624,749	256,667	4,667	1,127,500	37,517	189,883	294,950	-	2,323	6,957,707	2,000,000	550,000	644,988	17,690,951
Cash and Cash Equivalents, Ending	\$ 1,671,960	\$ -	\$ -	\$ 1,155,000	\$ 24,688	\$ 189,883	\$ -	\$ -	\$ -	\$ 3,727,121	\$ 2,000,000	\$ 550,000	\$ 694,988	\$ 10,013,640
Consisting of:														
Demand deposits	\$ 1,505,504	\$ -	\$ -	\$ 1,155,000	\$ 24,688	\$ 189,883	\$ -	\$ -	\$ -	\$ 3,727,121	\$ 2,000,000	\$ 550,000	\$ 694,988	\$ 9,847,184
Investments, operations and maintenance account	9,375,409	-	-	-	-	-	-	-	-	-	-	-	-	9,375,409
Less noncash equivalents	(9,208,953)	-	-	-	-	-	-	-	-	-	-	-	-	(9,208,953)
Cash and Cash Equivalents, Ending	\$ 1,671,960	\$ -	\$ -	\$ 1,155,000	\$ 24,688	\$ 189,883	\$ -	\$ -	\$ -	\$ 3,727,121	\$ 2,000,000	\$ 550,000	\$ 694,988	\$ 10,013,640

OTHER INFORMATION

Water and Sewerage System of DuPage County, Illinois

Schedule of Insurance Coverage
Year Ended November 30, 2022
(Unaudited)

Property/Boiler	All risk building contents for scheduled amounts at each location; \$500,000 deductible - Flood and earthquake sub limit \$750,000,000 each; \$150,000 deductible	
General liability, auto liability, auto property	\$25,000,000 coverage	\$2,000,000 self-insured retention
Employments practices	\$2,000,000 coverage	\$250,000 self-insured retention
Underground storage	\$2,000,000 coverage	\$100,000 deductible for tanks 1989 and newer, \$250,000 deductible for tanks 1988 and older
Crime coverage	\$2,000,000 coverage	\$50,000 deductible
Network security and privacy	\$1,000,000 coverage	\$1,000,000 deductible
Workers' compensation	Statutory Coverage; self-insured retention \$2,000,000; employer limit of liability \$2,000,000	

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 Certain Continuing Disclosures
Year Ended November 30, 2022

Customers

	Total Metered Sewer and Water Customers									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Metered sewer customers	35,499	35,641	35,289	35,963	36,122	36,301	36,471	36,529	36,675	37,617
Metered water customers	3,214	3,273	3,309	3,324	3,340	3,703	3,719	3,739	3,754	3,887

Top 10 Sewer Customers December 2021 Through November 2022

Customer	Annual Total
Willow Lake Lombard LLC /Globetrotters Inter INC	\$ 240,971
Avanath Hinsdale LLC	233,711
Windsor Lakes LLC	175,365
Mars Inc.	143,605
Alcatel-Lucent	133,384
Stratford Green	111,150
G&I IX Westmont Village JV LLC	102,484
Aramark Cleanroom Services	100,276
Lakeside Apartment Associates LLC	99,303
Wilson Danada LLC	95,925

Top 10 Water Customers December 2021 Through November 2022

Customer	Annual Total
Avanath Hinsdale LLC	\$ 536,910
Willow Lake Lombard LLC /Globetrotters Inter INC	350,258
Stratford Green	255,227
Hinsdale Pt Condo Assoc	161,470
Waterfall Glen Condominiums	141,598
Royce Apartments	132,703
Champagne Lodge/Robert Hansen	43,534
Riverglen Condo Assoc/Baum Prop Mgmt	34,088
Harland Darien LLC	28,542
Austin Highland Dev Co.	25,672

Water and Sewerage System of DuPage County, Illinois

Required Information for Certain Continuing Disclosures
Year Ended November 30, 2022

Consumption Data

	Total Gallons Billed (Millions)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sewer billed volume	3,766	3,484	3,467	3,395	3,648	3,498	3,386	3,584	3,559	3,540
Water billed consumption	347	340	344	339	350	340	358	383	382	374

Rates

Sewer Service Rates Effective January 1, 2022

Sewer service charges per 1,000 gallons	\$ 3.75
Sewer maintenance charges per 1,000 gallons	1.29

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	\$ 4.85
Base charge, meter reading	2.27
User charge	60.00
Sewer maintenance charge	<u>20.64</u>

Amount billed to a customer connected to system maintained sewer (2 month bill)	<u><u>\$ 87.76</u></u>
---------------------------------------------------------------------------------	------------------------

Water Service Rates Effective January 1, 2022

Southeast Regional Water Facility (SERWF)
\$10.79 per 1,000 gallons

North Regional Water Facility (NRWF)
\$7.31 per 1,000 gallons

Steeple Run
\$10.79 per 1,000 gallons

Greene Road
\$10.79 per 1,000 gallons

Glen Ellyn Heights
\$10.79 per 1,000 gallons

York Center
\$10.79 per 1,000 gallons

Water and Sewerage of DuPage County, Illinois

Five Year Summary of Debt Service Coverage Ratios
Year Ended November 30, 2022

	2018	2019	2020	2021	2022
Debt Coverage Ratios Per Section 17 of Series 2018 Bond Ordinance					
Revenues, Exclusive of Connection Fees					
Operating revenue	\$ 25,454,707	\$ 25,691,708	\$ 27,900,331	\$ 28,663,946	\$ 29,225,262
Investment income	65,417	280,701	129,187	52,848	64,444
Total revenues as defined	25,520,124	25,972,409	28,029,518	28,716,794	29,289,706
Current Expenses					
Total operation and maintenance expenses	(22,326,711)	(21,682,966)	(22,868,749)	(22,398,362)	(21,123,563)
Net revenues	3,193,413	4,289,443	5,160,769	6,318,432	8,166,143
Sec 22(a) - Cover current expenses	Met	Met	Met	Met	Met
Sec 22(b) - Net revenues >120% of max annual debt service	Met	Met	Met	Met	Met
- Amount of net revenues to meet	341,940	349,170	343,920	342,720	-
Sec 22(c) - Net revenues > 110% of max annual debt svc	Met	Met	Met	Met	Met
- Amount of net revenues to meet	1,771,481	1,758,452	1,750,025	1,750,089	1,436,308
Sec 22(d) - Net Revenues 100% all debt	Met	Met	Met	Met	Met
- Amount of net revenues to meet	1,895,261	1,883,417	1,875,756	1,875,814	1,920,467
Debt coverage ratios, all revenue bonds (first/second lien)	1.98	2.68	3.24	3.97	6.25
Debt coverage ratio, all debt	1.68	2.28	2.75	3.37	4.25
Standard and Poor's Calculation					
Operating revenues	25,454,707	25,691,708	27,900,331	28,663,946	29,225,262
Operating expenses	(22,326,711)	(21,682,966)	(22,868,749)	(22,398,362)	(21,123,563)
Connection charges	343,265	254,880	269,845	628,600	643,348
Investment income	65,417	280,701	129,187	52,848	64,444
Nonoperating income, premium and discount amortization	15,649	15,649	15,649	15,649	1,304
Net revenue available for debt service	3,552,327	4,559,972	5,446,263	6,962,681	8,810,795
Debt Service					
First lien, 2008A and 2012	284,950	290,975	286,600	286,600	-
Second lien, 2008B and 2018	1,325,487	1,307,618	1,304,332	1,304,332	1,305,734
Subordinated debt, IEPA	284,824	284,824	284,824	284,824	614,731
Total debt	1,895,261	1,883,417	1,875,756	1,875,756	1,920,465
Debt coverage levels, S&P all in	1.87	2.42	2.90	3.71	4.59
Other Data					
Unrestricted cash and investment reserves	\$ 10,229,213	\$ 11,082,364	\$ 13,852,625	\$ 15,777,444	\$ 17,853,022
Total cash and investment reserves	12,102,749	13,051,196	15,745,276	17,690,951	19,222,593
# Days operating reserves	197.86	219.70	251.30	288.29	332.15
Total metered sewer customers	36,301	36,471	36,529	36,675	37,617
Total metered water customers	3,703	3,719	3,739	3,754	3,887
Total customers	40,004	40,190	40,268	40,429	41,504
Top 10 sewer and water customers, % of revenue	11.02%	11.37%	11.29%	10.32%	10.77%
Sewer:					
Total sewer revenues	12,387,504	12,853,267	14,513,371	15,466,714	15,466,714
Sewer Capacity					
Knollwood Plant, Influent/Effluent					
Total average daily flow (mgd)	7.6	8.9	7.8	7.1	7.2
Peak daily flow inf./eff. (mgd)	29.7	28.6	33.9	31.2	25.9
NPDES permit expiration date	8/31/20	8/31/20	8/31/20	3/31/26	3/31/26
Woodridge Plant, Influent					
Total average daily flow (mgd)	10.6	12.1	10.0	8.4	9.6
Peak daily flow inf. (mgd)	29.1	29.2	30.3	24.5	27.2
NPDES permit expiration date	8/31/20	8/31/20	8/31/20	12/31/26	12/31/26
Woodridge Plant, Effluent					
Total average daily flow (mgd)	9.1	10.7	8.6	7.2	8.4
Peak daily flow eff. (mgd)	30.5	34.1	34.9	24.0	26.2
NPDES permit expiration date	8/31/20	8/31/20	8/31/20	12/31/26	12/31/26
Water:					
Total water revenues	\$ 10,737,805	\$ 10,486,165	\$ 11,847,887	\$ 12,327,986	\$ 11,116,554
Total water capacity mg	11,500	11,638	11,752	11,752	9,629
Total storage capacity mg	2,875	2,875	2,875	2,875	2,875
Average daily flow mg	1.155	1.321	1.215	1.215	1.166
Peak day demand	2.773	2.919	2.947	2.947	2.250
Average sold	0.946	0.974	1.039	1.039	1.020

Report of Independent Public Accounts on Debt Covenants Compliance

To the Honorable Chairman and Members of the County Board of
Water and Sewerage System of DuPage County, Illinois
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, 2022 and have issued our report thereon dated May 31, 2023.

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 March 13, 2012 or adopted on November 28, 2017 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 US, LLP

Oak Brook, Illinois
May 31, 2023