

Ypsilanti
Community
Utilities
Authority



Years Ended
August 31, 2014
and 2013

Comprehensive
Annual Financial
Report

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

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INTRODUCTORY SECTION

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February 26, 2015

To the Commissioners of the Ypsilanti Community
Utilities Authority and Citizens of the Member Communities

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Ypsilanti Community Utilities Authority (“YCUA” or the “Authority”) for the fiscal year ended August 31, 2014.

This report consists of management’s representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, YCUA management has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority’s financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended August 31, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that YCUA’s financial statements for the fiscal year ended August 31, 2014 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

Profile of the Authority

YCUA provides water and wastewater services to the Ypsilanti area. The Authority is governed by a Board of Commissioners comprised of two representatives from the City of Ypsilanti (the “City”) and three from the Charter Township of Ypsilanti (the “Township”).

The Authority provides water and sewage services to the City and Township, as well as the townships of Pittsfield, Augusta, York and Superior. YCUA also contracts with Sumpter Township for wastewater treatment and Western Townships Utility Authority to provide wastewater treatment services for the townships of Canton, Northville and Plymouth.

The Authority was formed in 1974 by the Township and City in response to a number of factors occurring at that time. The need for a new wastewater treatment facility was the most significant driving force to bring about the creation of YCUA. By combining the water and sewer departments of both the City and Township, economic benefits through the elimination of staff duplication and economies of scale could be achieved. The fact that the City is almost completely surrounded by the Township makes the combination of the two systems an obvious economic advantage.

The current wastewater plant was opened in 1982 with a capacity of 28.9 million gallons per day (MGD). The wastewater treatment consists of primary screening, grit removal, primary clarification, and secondary and tertiary treatment utilizing the activated sludge process. A permit is issued from the Michigan Department of Environmental Quality (MDEQ) that regulates the discharge from the wastewater treatment plant. This permit requires stable effluent treatment levels and the plant currently is in compliance with its permit.

Growth in the Wayne County townships of Plymouth, Canton and Northville resulted in a request by Western Townships Utilities Authority (WTUA, the organization that represents the three townships) to expand the plant to treat the wastewater generated by these communities. Presently, the wastewater from the three communities is divided between the YCUA and Wayne County systems.

Construction on the plant expansion and improvements project, which increased the YCUA wastewater facility treatment capacity by 17 MGD to 45.9 MGD, began in 2002 with completion in 2010. The expanded capacity is for the WTUA, which is presently negotiating with Wayne County and is anticipated a majority of the sewage from Northville, Plymouth and Canton Townships will be diverted to YCUA upon completion of those negotiations. The construction updated equipment, adding additional odor controls, safer disinfection equipment and a more efficient incinerator for burning sewage sludge, which replaced a multiple hearth unit. Air incineration emissions have been reduced by more than 80%. Eight MGD capacity has been leased to WTUA, which helped pay for many of these improvements. The Authority recently requested and was granted an updated wastewater treatment plant design capacity from the Michigan Department of Environment Quality in 2009. The new design capacity is for 51.2 MGD. Of the 51.2 MGD of total capacity, WTUA now has rights to use up to 54% of the total plant capacity.

Projects currently under construction include improvements to the Snow Road Pump Station (wastewater), water supply system improvements to be completed on West Cross Street in the City and Golfside Drive in the Township. The Golfside project will also include improvements to a wastewater force main. Sanitary sewer improvements are also planned for the Paint Creek Interceptor south of Interstate 94 in the Township and along Huron Street north of Michigan Avenue in the City. Construction of further odor control measures at the wastewater treatment plant will also be getting underway later this spring.

Cash management policies and practices. The Authority is very conservative in its approach to cash management. Generally, cash is deposited in receiving bank accounts and then transferred to and between a variety of other bank accounts, many of which are interest bearing including money market and cash management accounts and certificates of deposit. These transfers are made to satisfy various requirements imposed, or interpreted to be imposed, by the member governments and bond ordinances.

Pension and other postemployment benefits. The Authority participates in an agent multiple-employer plan that provides pension benefits for all full-time employees. The annual actuarial valuation for this plan shows that it is 65% funded as of December 31, 2013 (the date of the latest actuarial valuation). The remaining unfunded amount is being systematically funded over 30 years as part of the annual required contribution calculated by the actuary.

The Authority also provides postretirement health care benefits to all full-time employees upon retirement. As of August 31, 2014, there were 83 retired employees receiving these benefits. In September 2005, YCUA entered into an agreement with MERS to create a retiree healthcare trust plan.

Further information regarding the Authority's retirement and other postemployment benefits plans can be found in Notes 11 and 12 in the notes to the financial statements.

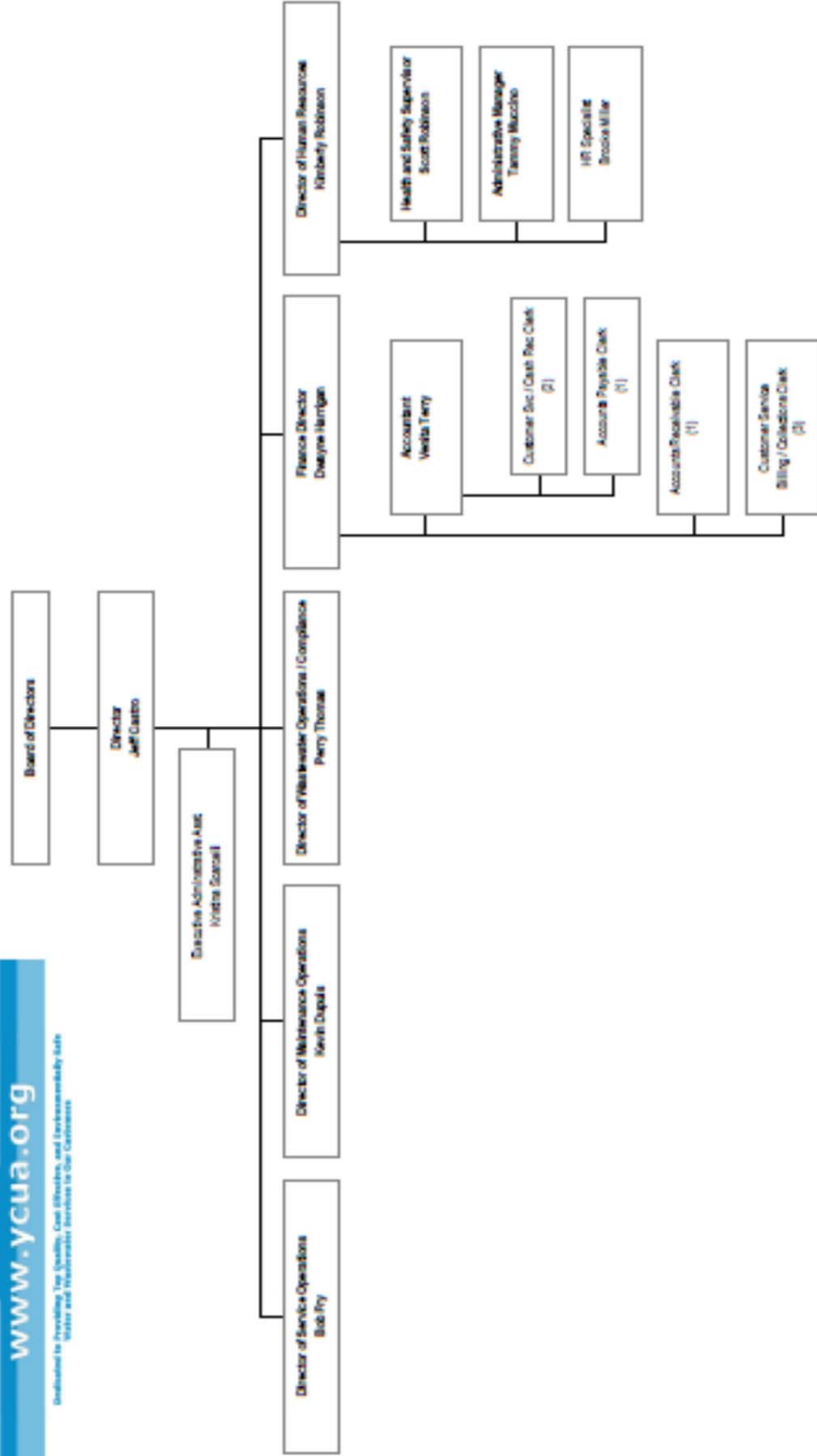
Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Ypsilanti Community Utilities Authority. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Commissioners for their support in maintaining the highest standards of professionalism in the management of the Authority's finances.

Jeff Castro
Executive Director

August 31, 2013

Upper Management and Other Key Accounting Personnel



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

February 26, 2015

To the Board of Commissioners of the
Ypsilanti Community Utilities Authority
Ypsilanti, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the *Ypsilanti Community Utilities Authority*, as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ypsilanti Community Utilities Authority as of August 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *Ypsilanti Community Utilities Authority's* basic financial statements. The supplementary information and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated February 26, 2015 on our consideration of the *Ypsilanti Community Utilities Authority'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 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 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 *Ypsilanti Community Utilities Authority's* internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ypsilanti Community Utilities Authority (the "Authority") we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended August 31, 2014, 2013 and 2012. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$168,924,687 (net position). Of this amount, \$5,228,022 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position decreased by \$5,812,902 for fiscal 2014 and by \$6,920,290 for fiscal 2013.
- The Authority's total long-term debt increased by a net of \$4,837,153 for fiscal 2014 and decreased by \$4,837,153 for fiscal 2013; new debt was issued during both years as described in detail in Note 7 of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of:

- The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.
- The *statement of cash flows* presents the change in the Authority's cash and investments for the two most recent fiscal years.
- The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Generally, these schedules provide a breakdown of revenue and expenses between the political subdivisions (i.e., the City and Township) and/or the primary operating functions (i.e., water and wastewater), along with a comparison of planned and actual expenses.

The Authority presents its supplementary financial information classified into the components of city, township, water and wastewater. The city and township divisions together comprise the activity of the Authority in total. The water and wastewater divisions together also comprise the activity of the Authority in total. The water and wastewater divisions assist management in assessing the financial activity of the Authority's principal functions. The city and township divisions assist the member communities in assessing the impact of operations on their constituents.

The Authority operates a single wastewater treatment plant, obtains its water from a single source and maintains a single group of related supporting functions. It is not possible to directly associate the cost of these activities to the city or township divisions. Instead, the reporting by division is achieved by allocating particular revenue and expense account balances using relevant objective measures. Similar allocations are used to produce financial information for the water and wastewater divisions.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of YCUA, assets exceeded liabilities by \$168,924,687 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net position (89.4 percent) is its net investment in capital assets (e.g., land, buildings, systems, equipment and construction in process), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although YCUA's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (7.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to system users and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net position. The same situation held true for the prior two fiscal years.

	YCUA's Net Position		
	2014	2013	2012
Current and other assets	\$ 13,077,677	\$ 13,606,034	\$ 17,302,438
Restricted assets	12,628,321	13,189,154	13,215,207
Capital assets	225,139,153	229,214,403	227,659,010
Total assets	250,845,151	256,009,591	258,176,655
Long-term liabilities outstanding	76,155,269	75,483,637	70,154,798
Other liabilities	5,765,195	5,788,365	6,363,978
Total liabilities	81,920,464	81,272,002	76,518,776
Net position			
Net investment in capital assets	151,068,344	155,839,392	159,728,150
Restricted	12,628,321	13,189,154	13,215,207
Unrestricted	5,228,022	5,709,043	8,714,522
Total net position	\$ 168,924,687	\$ 174,737,589	\$ 181,657,879

The Authority's net position decreased by \$5,812,902 for fiscal 2013 and \$6,920,290 for fiscal 2013. Key elements of the 2014 changes include:

- Capital contributions to the Authority were \$0 (\$55,936 less than last year).
- Water sales increased by \$.65 million (or 4.5%). There was a 2.2 percent decrease in consumption and a rate increase of 5.0% in the City and a 5.0% increase in the Township. Corresponding direct costs for water distribution increased by \$1.3 million (or 8.8%).
- Sewage disposal sales increased by \$.5 million (or 2.7%). Direct costs for treatment decreased \$.9 million (or 3.9%). Total wastewater billed by the City and Township was up 1.4%.
- Total operating expenses increased by \$.3 million (or .84%) primarily reflecting the increase for purchasing water from the City of Detroit.
- The city division increased sewer rates by 4.5% and water rates increased by 5.0%; the surcharge decreased to 67.0%. These rates all became effective November 1, 2013.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The township division sewer rates increased by 4.5% and water rates increased 5.0%. The water rate increase became effective October 1, 2013. The surcharge rate remained unchanged at 5.0%.

	YCUA's Change in Net Position		
	2014	2013	2012
Operating revenues	\$ 35,000,803	\$ 33,786,402	\$ 34,517,290
Expenses:			
Water distribution	15,606,354	14,342,984	13,717,834
Wastewater treatment	22,930,316	23,869,652	24,317,322
Total expenses	38,536,670	38,212,636	38,035,156
Operating loss	(3,535,867)	(4,426,234)	(3,517,866)
Nonoperating expenses	(2,277,035)	(2,401,764)	(2,508,067)
Loss before contributions	(5,812,902)	(6,827,998)	(6,025,933)
Contributions			
Capital contributions	-	55,936	131,779
Prior year capital contributions converted to debt	-	(148,228)	-
Change in net position	(5,812,902)	(6,920,290)	(5,894,154)
Net position - beginning, as restated	174,737,589	181,657,879	187,552,033
Net position - end of year	\$ 168,924,687	\$ 174,737,589	\$ 181,657,879

Key elements of the 2013 changes include:

- Capital contributions to the Authority were \$55,936 (\$75,843 less than last year).
- Water sales decreased by \$.6 million (or 4.5%). There was a 5.5 percent increase in consumption and a rate increase of 7.0% in the City and a 7.0% increase in the Township. Corresponding direct costs for water distribution increased by \$.4 million (or 4.7%).
- Sewage disposal sales decreased by \$.2 million (or 1.1%). Direct costs for treatment decreased \$.1 million (or .61%). Total wastewater billed by the City and Township was down 4.1%.
- Total operating expenses increased by \$.2 million (or .46%) primarily reflecting the increase for purchasing water from the City of Detroit.
- The city division increased sewer rates by 3.0% and water rates increased by 5.0%; the surcharge remained at 68.0%. These rates all became effective November 1, 2012.
- The township division sewer rates increased by 3.0% and water rates increased 5.0%. The water rate increase became effective October 1, 2012. The surcharge rate remained unchanged at 5.0%.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital assets. YCUA's investment in capital assets as of August 31, 2014 amounted to \$225.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, plants, transmission lines, vehicles and other equipment. Total net capital assets decreased by \$4.1 million or 1.78 percent. The net decrease is primarily attributable to depreciation in excess of current year additions.

	YCUA's Capital Assets		
	2014	2013	2012
Land	\$ 1,298,704	\$ 1,298,704	\$ 1,298,704
Buildings and improvements	909,304	968,320	1,027,335
Wastewater treatment plant	94,779,826	101,338,649	105,596,226
Water and wastewater systems	121,167,967	117,443,325	108,710,578
Vehicles	944,497	738,475	833,392
Equipment	706,613	477,170	585,643
Construction in process	5,332,242	6,949,760	9,607,132
Total	\$ 225,139,153	\$ 229,214,403	\$ 227,659,010

Additional information on the Authority's capital assets can be found in Note 6.

Long-term debt. At year-end, the Authority had \$79,633,833 of long-term debt including limited tax obligation bonds, revenue bonds and other obligations as summarized below.

	YCUA's Outstanding Debt		
	2014	2013	2012
Limited tax obligation bonds	\$ 49,206,310	\$ 47,930,224	\$ 40,863,071
Revenue bonds	25,195,000	25,825,000	28,055,000
Environmental liability	1,041,456	1,041,456	1,041,456
Total	\$ 75,442,766	\$ 74,796,680	\$ 69,959,527

Additional information on the Authority's long-term debt can be found in Note 7.

Economic Factors Affecting Next Year's Operations and Rates

The City and Township independently set their own water rates. Wastewater operation and maintenance rates are the same for each community, a requirement imposed by the federal government when it provided funds to build the original wastewater treatment plant.

Water and wastewater revenues fluctuate from year to year depending on factors such as consumer behavior, population growth, industrial usage and rate changes. Consumer behavior is affected by local economic conditions, the weather, conservation education efforts and imposition of water restrictions.

Other factors also affect the Authority's operating plan for fiscal 2015. The most significant among them are changes in consumer behavior in response to local economic conditions, the effects of inflation on the local labor market and health care costs, and the rates charged by the Authority's water supplier (i.e., the City of Detroit Water Board).

YCUA's plan reflects a belief that local economic conditions will not improve from those during fiscal year 2014. Inflation in the local labor markets will remain moderate, whereas inflation in the utility and health care costs will be significant. The Authority has increased its operating costs in response to increased usage. YCUA has been able to minimize the rate increase passed on by Detroit Water Board and maintain wastewater rates at last year's level.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's operating budget for fiscal 2015 is approximately \$41.2 million; key provisions include:

- An increase of 2.2% in budgeted operating revenue, attributable to an increase in water rates along with a conservative consumption forecast due to little or no growth in our residential and manufacturing customers.
- A net increase of 3.4% in operating expenses with a general decrease in operating costs to offset the increase in the cost of water purchased from the City of Detroit.

The capital budget for fiscal 2015 totals approximately \$4.1 million due primarily to wastewater plant improvements and water main replacement projects. Delivering water to our customers and collecting and treating the wastewater generated are the primary functions of the Authority. In addition, planning for the future water and wastewater needs of our communities is a vital function. Other capital asset activity scheduled to occur includes:

- Many water mains and sanitary sewers within the city and township have been identified as needing replacement, either because of age or inadequate size. These replacements are being scheduled as time and funds permit. In fiscal 2014, about 1.9 miles of water main replacement are scheduled for replacement.
- The city division increased sewer rates by 3.5% and increased water rates by 3.5%; the surcharge decreased to 65.0%. These rates all became effective November 1, 2014.
- The township division increased sewer rates by 3.5% and water rates increased by 3.5%. The rate increase became effective October 1, 2014. The surcharge rate remained unchanged at 5.0%.

Requests for Information

This financial report is designed to provide a general overview of YCUA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ypsilanti Community Utilities Authority, Accounting Department, 2777 State Road, Ypsilanti, Michigan 48198.

BASIC FINANCIAL STATEMENTS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Net Position

	August 31,	
	2014	2013
Assets		
Current assets:		
Cash and investments	\$ 5,627,411	\$ 6,694,067
Receivables, net	5,752,726	5,170,802
Inventories	1,057,086	1,069,510
Prepaid items	366,994	379,129
Total current assets	<u>12,804,217</u>	<u>13,313,508</u>
Noncurrent assets:		
Restricted assets:		
Cash and investments	9,986,612	10,547,445
Bond reserve funds held by City of Ypsilanti	2,641,709	2,641,709
Receivables, long-term portion	273,460	292,526
Capital assets not being depreciated	6,630,946	8,248,464
Capital assets being depreciated, net	218,508,207	220,965,939
Total noncurrent assets	<u>238,040,934</u>	<u>242,696,083</u>
Total assets	<u>250,845,151</u>	<u>256,009,591</u>
Liabilities		
Current liabilities:		
Accounts payable	2,694,691	2,480,027
Retentions, deposits and other liabilities	2,076,998	2,767,556
Accrued interest payable	993,506	540,782
Current maturities of long-term liabilities	4,672,205	3,588,723
Current maturities of accrued compensated absences	521,502	533,585
Total current liabilities	<u>10,958,902</u>	<u>9,910,673</u>
Long-term liabilities:		
Bonds payable	69,848,604	70,236,288
Environmental liability	591,456	591,456
Accrued compensated absences	521,502	533,585
Total long-term liabilities	<u>70,961,562</u>	<u>71,361,329</u>
Total liabilities	<u>81,920,464</u>	<u>81,272,002</u>
Net position		
Net investment in capital assets	151,068,344	155,839,392
Restricted for special purposes	12,628,321	13,189,154
Unrestricted	5,228,022	5,709,043
Total net position	<u>\$ 168,924,687</u>	<u>\$ 174,737,589</u>

The accompanying notes are an integral part of these financial statements.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended August 31,	
	2014	2013
Operating revenues		
Water sales	\$ 14,568,698	\$ 13,917,141
Sewage disposal sales	14,855,053	14,325,974
Surcharges and other usage fees:		
Capital improvement surcharge	3,651,521	3,546,610
Construction reserve	269,301	274,627
Environmental reserve	95,366	94,686
Other operating revenue	1,560,864	1,627,364
Total operating revenues	35,000,803	33,786,402
Operating expenses		
Water distribution	9,908,197	9,483,636
Wastewater treatment	15,860,564	16,150,407
Wastewater pump stations	1,136,517	1,285,808
Industrial surveillance	379,784	422,880
Transmission and distribution	7,698,787	7,290,247
Meter service	1,074,717	1,099,771
Customer accounting and collections	670,487	673,930
General and administration	1,807,617	1,805,957
Total operating expenses	38,536,670	38,212,636
Operating loss	(3,535,867)	(4,426,234)
Nonoperating income (expense)		
Investment earnings	168,262	187,826
Connection fees	34,051	68,551
Interest and amortization expense	(2,500,935)	(2,671,012)
Gain on disposal of capital assets	21,587	12,871
Total nonoperating income (expense)	(2,277,035)	(2,401,764)
Loss before contributions	(5,812,902)	(6,827,998)
Capital contributions	-	55,936
Prior year capital contributions converted to debt	-	(148,228)
Change in net position	(5,812,902)	(6,920,290)
Net position, beginning of year	174,737,589	181,657,879
Net position, end of year	\$ 168,924,687	\$ 174,737,589

The accompanying notes are an integral part of these financial statements.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2014	2013
Cash flows from operating activities		
Receipts from customers and users	\$ 34,418,879	\$ 34,738,753
Payments to suppliers	(16,252,389)	(16,445,469)
Payments to employees and employee benefits	(11,865,377)	(12,151,403)
Net cash provided by operating activities	<u>6,301,113</u>	<u>6,141,881</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of and draws on long-term debt	3,659,809	17,569,165
Proceeds from federal grants for capital assets	-	55,936
Proceeds from original issuance premiums on bonds	-	489,129
Bond reserve funds deposited with the City of Ypsilanti	-	177,072
Acquisition and construction of capital assets	(6,784,766)	(11,845,738)
Proceeds from sale or disposal of capital assets	21,587	12,871
Principal payments on long-term debt	(3,013,723)	(3,542,574)
Payment to refunding bond escrow agent	-	(9,337,666)
Interest payments on long-term debt	(2,013,822)	(2,804,441)
Receipts from connection fees	34,051	68,551
Net cash used in capital and related financing activities	<u>(8,096,864)</u>	<u>(9,157,695)</u>
Cash flows from investing activities		
Earnings received on investments	<u>168,262</u>	<u>187,826</u>
Net change in cash and investments	(1,627,489)	(2,827,988)
Cash and investments, beginning of year	<u>17,241,512</u>	<u>20,069,500</u>
Cash and investments, end of year	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>
Reconciliation to statements of net position		
Cash and investments	\$ 5,627,411	\$ 6,694,067
Restricted cash and investments	<u>9,986,612</u>	<u>10,547,445</u>
Total cash and investments	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2014	2013
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (3,535,867)	\$ (4,426,234)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	10,860,016	10,290,345
Amortization of bond discounts, bond premiums and deferred loss on refunding	34,389	117,871
Changes in current assets and liabilities:		
Receivables	(581,924)	952,351
Inventories	12,424	74,181
Prepaid items	12,135	(260,927)
Accounts payable	214,664	(1,058,729)
Retentions, deposits and other liabilities	(690,558)	568,335
Accrued compensated absences	(24,166)	(115,312)
Net cash provided by operating activities	<u>\$ 6,301,113</u>	<u>\$ 6,141,881</u>
Noncash items		
Prior year federal capital contributions converted to debt	<u>\$ -</u>	<u>\$ (148,228)</u>

concluded.

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the Ypsilanti Community Utilities Authority (the "Authority"). The Authority has no component units - i.e., separately legal entities for which the Authority is financially accountable - nor is it reported as a component unit of another government.

The Authority was formed on March 19, 1974, when the City of Ypsilanti (the "City") and Ypsilanti Township (the "Township") entered into an agreement to create a utility authority pursuant to Public Act 233 of 1955, as amended. The two governments approved the Authority's Articles of Incorporation on September 3, 1974.

On October 1, 1974, a contract was executed between the Authority and the two governments giving the Authority the responsibility for providing water distribution and wastewater treatment services to residents of the City and Township. This responsibility includes all activities necessary to provide such services including but not limited to: administration, operations, maintenance, financing, debt service, billing and collections. The contract also permits the Authority to expand and improve both the water and wastewater systems.

A five-member board of commissioners governs the Authority. Three of the members are appointed by the Township, the other two are appointed by the City. In addition to serving residents of the City and Township, the Authority also sells water distribution and wastewater treatment services capacity to neighboring governments under contractual agreements.

Any rate changes, including increases, must be approved by the Authority Board, as well as the governing board of either the City or Township depending on the particular service and service area. That is, the Ypsilanti City Council has the ultimate rate setting responsibility for users located in the City, whereas the Ypsilanti Township Board of Trustees has the ultimate responsibility for users located in the Township.

Basis of Presentation / Measurement Focus / Basis of Accounting

The Authority uses a single proprietary or enterprise fund to account for and report its financial activities, which is limited to *business-type activities* - i.e., activities that are financed in whole or in part by fees charged to external parties and are operated in a manner similar to private business where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, which for the Authority is water distribution and wastewater treatment. Operating expenses 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.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Assets, Liabilities and Equity

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize local governments to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. Investments are stated at fair value.

Receivables

Trade receivables are shown net of an allowance for uncollectible non-residential accounts; an allowance is not made for residential accounts since any such delinquencies may be added to the City and/or Township property tax rolls for collection.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

The proceeds of certain bond issues, as well as certain other resources, are classified as restricted assets on the statement of net position to indicate that their use is limited as stipulated by contract or ordinance.

Capital Assets

Capital assets, which include property, plant and equipment, are recorded at cost. The Authority defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Donated capital assets, if any, are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed. No net interest costs were capitalized for fiscal 2014 or 2013.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	40
Water and wastewater systems	5-50
Vehicles and heavy equipment	5-20
Machinery and equipment	5-20

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick leave pay benefits, subject to certain limitations. All vacation and sick pay are accrued when incurred since 100 percent of the unused benefits are payable upon employee separation from service with the Authority.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of issuance.

2. BUDGETARY INFORMATION

State statutes provide that local units shall adopt budget appropriations for general and special revenue funds (i.e., governmental fund types); as such, the Authority is not required to adopt a budget for State compliance purposes. However, under its contract with the City and Township, the Authority is required to prepare an annual operating budget that is subject to review and approval by the Authority Board, as well as the governing boards of the City and Township.

3. DEPOSITS AND INVESTMENTS

Following is a summary of deposit and investment balances as of August 31:

	2014	2013
Statement of Net Position:		
Cash and investments	\$ 5,627,411	\$ 6,694,067
Restricted cash and investments	9,986,612	10,547,445
	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>
Total		
	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>
Deposits and Investments:		
Bank deposits (checking accounts, savings accounts and certificate of deposits)	\$ 4,784,321	\$ 5,375,258
Investments in money market accounts	10,828,852	11,865,404
Cash on hand	850	850
	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>
Total		
	<u>\$ 15,614,023</u>	<u>\$ 17,241,512</u>

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to the government. As of August 31, 2014, \$5,113,449 of the Authority's total bank balance of \$6,313,120 (total book balance was \$4,784,321) was exposed to custodial credit risk as it was uninsured and uncollateralized. As of August 31, 2013, \$6,979,740 of the Authority's total bank balance of \$8,151,206 (total book balance was \$5,375,258) was exposed to custodial credit risk as it was uninsured and uncollateralized.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

The Authority's investment policy does not specifically address this risk, although the Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of August 31, 2014 and 2013, all of the Authority's investments were held in money market accounts, which are not subject to custodial credit risk.

Credit Risk. The Authority held investments in money market accounts, which are not rated. All of the Authority's investments comply with its policy regarding the types of investments it may hold.

Interest Rate Risk. The Authority's policy is that funds be invested in securities whose maturities do not exceed two years at the time of purchase, except that debt retirement, motor pool and capital funds may be invested for longer periods provided the maturity dates match anticipated cash needs. The Authority's investments comply with this policy.

4. RECEIVABLES

Receivables as of August 31 are summarized as follows:

	2014	2013
Accounts, net of \$25,000 allowance	\$ 5,732,929	\$ 5,137,651
Accrued investment interest	9,583	9,583
Special assessments and benefit charges	283,674	316,094
Total receivables	6,026,186	5,463,328
Less long-term portion of benefit charges and special assessments	(273,460)	(292,526)
Current portion of receivables	<u>\$ 5,752,726</u>	<u>\$ 5,170,802</u>

Special assessments receivable, which represent liens against the applicable properties, mature through December 2024 and are due in equal annual installments plus interest at 5.0% of the outstanding balance.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

5. RESTRICTED ASSETS

Restricted cash and investments as of August 31 are summarized as follows:

Description / Reference	2014	2013
Township bond and interest reserve (Ordinance No. 11, section 13, amended by No. 47)	\$ 300,300	\$ 300,000
Township construction reserve surcharge (Ordinance No. 124, sections A(10) and B(9))	2,289,633	2,286,921
WWTP future construction reserve (WWTP construction agreement, as amended)	1,031,676	1,030,496
City construction reserve surcharge (Ordinance No. 697, section 2.137)	594,899	668,799
City debt retirement and capital improvement surcharge (Ordinance No. 696, amended by Ordinance No. 959)	303,763	1,183,568
Wastewater treatment plant improvement reserve (WTUA wastewater disposal agreement, as amended)	1,671,991	1,478,923
EPA replacement reserve (EPA regulatory requirements)	1,013,818	821,910
Township environmental reserve surcharge (Ordinance No. 11, section 9; amended by No. 134)	2,088,372	2,084,668
Construction project bond/capital lease proceeds (Bond ordinances)	692,160	692,160
	<u>\$ 9,986,612</u>	<u>\$ 10,547,445</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	6,949,760	2,915,719	(4,533,237)	5,332,242
Total capital assets not being depreciated	<u>8,248,464</u>	<u>2,915,719</u>	<u>(4,533,237)</u>	<u>6,630,946</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	184,172,183	144,344	-	184,316,527
Water and wastewater systems	181,179,803	7,596,936	(160,000)	188,616,739
Vehicles	3,637,434	306,573	-	3,944,007
Equipment	5,532,032	354,431	-	5,886,463
Total capital assets being depreciated	<u>376,737,534</u>	<u>8,402,284</u>	<u>(160,000)</u>	<u>384,979,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,247,762)	(59,016)	-	(1,306,778)
Wastewater treatment plant	(82,833,534)	(6,703,167)	-	(89,536,701)
Water and wastewater systems	(63,736,478)	(3,872,294)	160,000	(67,448,772)
Vehicles	(2,898,959)	(100,551)	-	(2,999,510)
Equipment	(5,054,862)	(124,988)	-	(5,179,850)
Total accumulated depreciation	<u>(155,771,595)</u>	<u>(10,860,016)</u>	<u>160,000</u>	<u>(166,471,611)</u>
Total capital assets being depreciated, net	<u>220,965,939</u>	<u>(2,457,732)</u>	<u>-</u>	<u>218,508,207</u>
Total capital assets, net	<u>\$ 229,214,403</u>	<u>\$ 457,987</u>	<u>\$ (4,533,237)</u>	<u>\$ 225,139,153</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Capital assets activity for the year ended August 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	9,607,132	11,362,758	(14,020,130)	6,949,760
Total capital assets not being depreciated	<u>10,905,836</u>	<u>11,362,758</u>	<u>(14,020,130)</u>	<u>8,248,464</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	181,833,090	2,339,093	-	184,172,183
Water and wastewater systems	169,085,202	12,094,601	-	181,179,803
Vehicles	3,605,498	31,936	-	3,637,434
Equipment	5,494,552	37,480	-	5,532,032
Total capital assets being depreciated	<u>362,234,424</u>	<u>14,503,110</u>	<u>-</u>	<u>376,737,534</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,188,747)	(59,015)	-	(1,247,762)
Wastewater treatment plant	(76,236,864)	(6,596,670)	-	(82,833,534)
Water and wastewater systems	(60,374,624)	(3,361,854)	-	(63,736,478)
Vehicles	(2,772,106)	(126,853)	-	(2,898,959)
Equipment	(4,908,909)	(145,953)	-	(5,054,862)
Total accumulated depreciation	<u>(145,481,250)</u>	<u>(10,290,345)</u>	<u>-</u>	<u>(155,771,595)</u>
Total capital assets being depreciated, net	<u>216,753,174</u>	<u>4,212,765</u>	<u>-</u>	<u>220,965,939</u>
Total capital assets, net	<u>\$ 227,659,010</u>	<u>\$ 15,575,523</u>	<u>\$ (14,020,130)</u>	<u>\$ 229,214,403</u>

The Authority has active construction projects as of August 31, 2014. Projects currently under construction include improvements to all four major wastewater pump stations, upgrade to the plant effluent water system at the wastewater treatment plant, water supply system replacement projects in certain township subdivisions (Smokler-Textile, Huron Dam and Grove Park), construction of improvements to the retention basin header, and repair of the incinerator at the wastewater treatment plant.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

7. LONG-TERM DEBT

Limited tax general obligation bonds. The Authority issues bonds that are backed by the full faith and credit of the City or Township, but where the income derived from the acquired or constructed assets is intended to pay debt service. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. The original amount of bonds issued in prior years for the issues outstanding as of August 31, 2014 was \$78,977,163.

During fiscal 2014 and 2013, the cash draws against the Drinking Water Revolving Fund and Clean Water State Revolving Fund bonds amounted to \$3,659,809 and \$5,502,393, respectively, which were the project construction costs incurred during those years. The total amount authorized under these issues was \$32,482,133 of which \$4,831,304 is still available and expected to be drawn through August 31, 2015.

Limited tax general obligation bonds outstanding at August 31, 2014 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1998 water (DWRf)	Twp	2.50%	\$ 892,056	\$ -	\$ (240,000)	\$ 652,056	\$ 245,000
1999 water (DWRf)	City	2.50%	375,000	-	(50,000)	325,000	50,000
2002 sewer	Twp	3.25-5.00%	6,275,000	-	(310,000)	5,965,000	325,000
2003 water	Twp	3.00-4.35%	160,000	-	(160,000)	-	-
2003 water (DWRf)	Twp	2.50%	7,225,000	-	(80,000)	7,145,000	80,000
2006 refunding	Twp	3.75-4.125%	90,000	-	(90,000)	-	-
2007 water refunding	Twp	4.00-4.10%	1,912,426	-	(155,000)	1,757,426	155,000
2007 water (DWRf)	City	2.125%	238,702	-	(15,000)	223,702	15,000
2007 water (DWRf)	Twp	2.125%	1,620,075	-	(95,000)	1,525,075	95,000
2008 water (DWRf)	Twp	2.50%	933,213	-	(50,000)	883,213	50,000
2008 water (DWRf)	City	2.50%	359,253	-	(20,000)	339,253	20,000
2009 water (DWRf)	City	2.50%	124,029	-	(5,000)	119,029	5,000
2009 water (DWRf)	Twp	2.50%	271,566	-	(17,000)	254,566	17,000
2010 water (SRF)	Shared	2.50%	630,151	-	(30,000)	600,151	30,000
2010 water (SRF)	Twp	2.50%	2,582,658	-	(120,000)	2,462,658	125,000
2010 water (SRF)	Twp	2.50%	377,148	-	(20,000)	357,148	20,000
2010 refunding	Twp	1.50-3.125%	1,349,556	-	(156,723)	1,192,833	160,205
2010 water	Twp	4.0-5.0%	1,705,000	-	(65,000)	1,640,000	65,000
2011 water refunding	Twp	2.0-4.0%	6,285,000	-	(225,000)	6,060,000	400,000
2012 water (DWRf)	Shared	2.50%	1,055,050	484,394	(65,000)	1,474,444	65,000
2012 water (DWRf)	City	2.50%	1,514,532	1,382,467	-	2,896,999	115,000
2012 water (DWRf)	Twp	2.50%	3,029,040	153,079	(140,000)	3,042,119	145,000
2012 water	Twp	2.0-4.0%	2,370,000	-	-	2,370,000	-
2012 water (DWRf)	Twp	2.00%	1,743,144	337,152	(90,000)	1,990,296	90,000
2013 water refunding	Twp	0.45-3.25%	4,725,000	-	(185,000)	4,540,000	190,000
2013 water (DWRf)	Shared	2.00%	87,625	1,023,730	-	1,111,355	50,000
2014 water (DWRf)	Shared	2.50%	-	278,987	-	278,987	-
			<u>\$47,930,224</u>	<u>\$ 3,659,809</u>	<u>\$ (2,383,723)</u>	<u>\$49,206,310</u>	<u>\$ 2,512,205</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Limited tax general obligation bonds outstanding at August 31, 2013 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1998 water (DWRf)	Twp	2.50%	\$ 1,122,056	\$ -	\$ (230,000)	\$ 892,056	\$ 240,000
1999 water (DWRf)	City	2.50%	425,000	-	(50,000)	375,000	50,000
2001 sewer	Twp	4.875%	180,000	-	(180,000)	-	-
2002 sewer	Twp	3.25-5.00%	6,390,000	-	(115,000)	6,275,000	310,000
2003 water	Twp	3.00-4.35%	495,000	-	(335,000)	160,000	160,000
2003 water (DWRf)	Twp	2.50%	7,305,000	-	(80,000)	7,225,000	80,000
2006 refunding	Twp	3.75-4.125%	1,365,000	-	(1,275,000)	90,000	90,000
2007 water refunding	Twp	4.00-4.10%	2,062,426	-	(150,000)	1,912,426	155,000
2007 water (DWRf)	City	2.125%	253,702	-	(15,000)	238,702	15,000
2007 water (DWRf)	Twp	2.125%	1,710,075	-	(90,000)	1,620,075	95,000
2008 water (DWRf)	Twp	2.50%	988,213	-	(55,000)	933,213	55,000
2008 water (DWRf)	City	2.50%	379,253	-	(20,000)	359,253	20,000
2009 water (DWRf)	City	2.50%	129,029	-	(5,000)	124,029	5,000
2009 water (DWRf)	Twp	2.50%	270,943	17,623	(17,000)	271,566	17,000
2010 water (SRF)	Shared	2.50%	655,151	-	(25,000)	630,151	30,000
2010 water (SRF)	Twp	2.50%	2,550,717	151,941	(120,000)	2,582,658	125,000
2010 water (SRF)	Twp	2.50%	397,148	-	(20,000)	377,148	20,000
2010 refunding	Twp	1.50-3.125%	1,502,796	-	(153,240)	1,349,556	156,723
2010 water	Twp	4.0-5.0%	1,755,000	-	(50,000)	1,705,000	65,000
2011 water refunding	Twp	2.0-4.0%	6,325,000	-	(40,000)	6,285,000	225,000
2012 water (DWRf)	Shared	2.50%	5,299	1,049,751	-	1,055,050	65,000
2012 water (DWRf)	City	2.50%	18,699	1,495,833	-	1,514,532	115,000
2012 water (DWRf)	Twp	2.50%	2,207,564	956,476	(135,000)	3,029,040	140,000
2012 water	Twp	2.0-4.0%	2,370,000	-	-	2,370,000	-
2012 water (DWRf)	Twp	2.00%	-	1,743,144	-	1,743,144	90,000
2013 water refunding	Twp	0.45-3.25%	-	4,725,000	-	4,725,000	185,000
2013 water (DWRf)	Shared	2.00%	-	87,625	-	87,625	-
			<u>\$40,863,071</u>	<u>\$10,227,393</u>	<u>\$ (3,160,240)</u>	<u>\$47,930,224</u>	<u>\$ 2,508,723</u>

Because certain principal and interest payments on bonds are due September 1, the Authority makes payment on those obligations on or before August 31. As such, since the amounts due within one year for certain issues were already paid, no amounts are shown as payable within one year for those particular issues.

During fiscal 2013, the Authority issued \$4,725,000 of limited tax general obligation bonds; of this amount, \$1,220,000 was for refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of \$1,190,000 in bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed. The refunding resulted in a savings of future debt service payments of \$130,430 and an economic gain \$100,666.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Annual debt service requirements to maturity for limited tax general obligation bonds are as follows:

Year Ended August 31,	Principal	Interest
2015	\$ 2,515,205	\$ 1,402,698
2016	2,671,947	1,345,451
2017	2,907,485	1,273,883
2018	2,833,912	1,195,656
2019	2,914,136	1,120,427
2020-2024	14,944,630	4,381,411
2025-2029	14,867,641	2,242,655
2030-2034	9,827,658	313,655
2035-2036	555,000	-
	54,037,614	<u>\$13,275,836</u>
Less amount remaining to draw on outstanding projects	<u>(4,831,304)</u>	
	<u>\$ 49,206,310</u>	

For purposes of presenting the above maturities, the debt amortization schedules for the outstanding projects present the maturities based on the total authorized project amount whereas the debt per the financial statements is based on the actual draws through year end.

Revenue bonds. The Authority, in conjunction with the City, also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the issues outstanding as of August 31, 2014 was \$35,085,000.

Revenue bonds outstanding at August 31, 2014 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	2.50%	\$ 255,000	\$ -	\$ (25,000)	\$ 230,000	\$ 25,000
2003A water and sewer	City	3.00-4.10%	505,000	-	-	505,000	505,000
2003C water (DWRf)	City	2.50%	480,000	-	(40,000)	440,000	40,000
2003D water (DWRf)	City	2.50%	3,235,000	-	(260,000)	2,975,000	265,000
2004B water (DWRf)	City	2.125%	4,115,000	-	(305,000)	3,810,000	310,000
2006 refunding	City	3.75-4.125%	9,745,000	-	-	9,745,000	25,000
2013 refunding	City	2.00-4.00%	7,490,000	-	-	7,490,000	540,000
			<u>\$25,825,000</u>	<u>\$ -</u>	<u>\$ (630,000)</u>	<u>\$25,195,000</u>	<u>\$ 1,710,000</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Revenue bonds outstanding at August 31, 2013 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2001 water and sewer	City	4.25-8.75%	\$ 870,000	\$ -	\$ (870,000)	\$ -	\$ -
2002A water and sewer	City	4.00-5.00%	1,000,000	-	(1,000,000)	-	-
2002B water (DWRf)	City	2.50%	280,000	-	(25,000)	255,000	25,000
2002C water and sewer	City	4.00-4.75%	3,255,000	-	(3,255,000)	-	-
2003A water and sewer	City	3.00-4.10%	1,015,000	-	(510,000)	505,000	-
2003B water and sewer	City	3.50-4.25%	1,240,000	-	(1,240,000)	-	-
2003C water (DWRf)	City	2.50%	520,000	-	(40,000)	480,000	40,000
2003D water (DWRf)	City	2.50%	3,490,000	-	(255,000)	3,235,000	260,000
2004A water and sewer	City	3.30-4.55%	2,200,000	-	(2,200,000)	-	-
2004B water (DWRf)	City	2.125%	4,415,000	-	(300,000)	4,115,000	305,000
2006 refunding	City	3.75-4.125%	9,770,000	-	(25,000)	9,745,000	-
2013 refunding	City	2.00-4.00%	-	7,490,000	-	7,490,000	-
			<u>\$28,055,000</u>	<u>\$ 7,490,000</u>	<u>\$ (9,720,000)</u>	<u>\$25,825,000</u>	<u>\$ 630,000</u>

During fiscal 2013, the Authority issued \$7,490,000 of limited tax general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of \$7,950,000 in bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed. The refunding resulted in a savings of future debt service payments of \$580,402 and an economic gain \$497,141.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ended August 31,	Principal	Interest
2015	\$ 1,710,000	\$ 832,278
2016	1,695,000	790,123
2017	1,740,000	742,509
2018	1,785,000	683,438
2019	1,900,000	621,476
2020-2024	10,465,000	2,084,435
2025-2028	5,900,000	434,601
	<u>\$25,195,000</u>	<u>\$ 6,188,860</u>

Environmental liability. In fiscal 1988, the U.S. Environmental Protection Agency (EPA) notified the Authority that it had been named a potential responsible party (PRP) for contaminated sites commonly known as the Willow Run Sludge Lagoon, Tyler Pond, and Willow Creek. The other entities named as PRP's in this matter included the Township, Wayne County, Ford Motor Company, General Motors Corporation, the University of Michigan and the federal government.

In fiscal 1995, the named PRP's entered into an agreement to fund the cost of the clean up. Based on this agreement, the Authority recorded a liability totaling \$1,250,000 and agreed that it will: (1) make three annual payments of \$250,000 each beginning in 2002; and (2) pay up to an additional \$500,000 for certain water treatment costs over a period of not more 30 years with no more than \$50,000 payable in any one year. Through August 31, 2008, two payments of \$50,000 each were made between fiscal 1997 and 1998. During fiscal year 2009, following receipt of a reimbursement request from General Motors Corporation, the Authority made a payment of \$108,544 to cover costs from 1998 through 2007. No payments have been made or requested since 2009.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Accordingly, the Authority's obligation for this matter is carried on the financial statements until it is released from the agreement by the EPA. Of the total liability, \$450,000 is reported as a current liability (i.e., one payment of \$250,000 and four payments of \$50,000 each) and \$591,456 is reported as long-term.

Compensated absences. The Authority records a liability for accrued compensated absences, which includes earned but unused vacation and sick leave. The liability is classified between current and long-term portions based on estimated usage.

Changes in long-term debt. Following is a summary of long-term debt activity for the years ended August 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$47,930,224	\$ 3,659,809	\$ (2,383,723)	\$49,206,310	\$ 2,512,205
Revenue bonds	25,825,000	-	(630,000)	25,195,000	1,710,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	1,067,172	761,875	(786,043)	1,043,004	521,502
	75,863,852	4,421,684	(3,799,766)	76,485,770	5,193,707
Deduct deferred amounts for:					
Issuance discounts	(442,441)	-	33,135	(409,306)	-
Issuance premiums	660,806	-	(44,480)	616,326	-
Deferred loss on refunding	(628,199)	-	64,761	(563,438)	-
Deferred gain on refunding	29,619	-	(3,702)	25,917	-
	<u>\$75,483,637</u>	<u>\$ 4,421,684</u>	<u>\$ (3,750,052)</u>	<u>\$76,155,269</u>	<u>\$ 5,193,707</u>

Following is a summary of long-term debt activity for the years ended August 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$40,863,071	\$10,227,393	\$ (3,160,240)	\$47,930,224	\$ 2,508,723
Revenue bonds	28,055,000	7,490,000	(9,720,000)	25,825,000	630,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	1,182,482	622,857	(738,167)	1,067,172	533,585
	71,142,009	18,340,250	(13,618,407)	75,863,852	4,122,308
Deduct deferred amounts for:					
Issuance discounts	(461,571)	-	19,130	(442,441)	-
Issuance premiums	171,677	489,129	-	660,806	-
Deferred loss on refunding	(730,638)	-	102,439	(628,199)	-
Deferred gain on refunding	33,321	-	(3,702)	29,619	-
	<u>\$70,154,798</u>	<u>\$18,829,379</u>	<u>\$(13,500,540)</u>	<u>\$75,483,637</u>	<u>\$ 4,122,308</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

8. CAPITAL CONTRIBUTIONS

The sources of capital contributions for the year ended August 31, are summarized as follows:

	2014	2013
Federal government	\$ -	\$ 55,936
Prior year capital contributions converted to debt	-	(148,228)
	<u>\$ -</u>	<u>\$ (92,292)</u>

During fiscal 2013, it was determined that one of the Authority's State Revolving Fund projects (that was supported, in part, with federal funds) was not fully expended. As a result, a portion of the amount previously reimbursed as federal grant revenue (reported in contributed capital) was converted in debt under the terms of the revolving loan funded project, as reflected above.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries; and natural disasters, as well as medical and death benefits provided to employees. The Authority purchases commercial insurance to cover all risks of losses. The Authority has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies, including amounts borrowed under the Michigan revolving loan fund programs, are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

11. DEFINED BENEFIT PENSION PLAN

The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

The Authority is required to contribute at an actuarially determined rate; the rate for the year ended August 31, 2014 ranged from 12.67% to 27.92% of annual covered payroll for the three various divisions. The Authority's non-union and AFSCME unionized employees are required to contribute 3.0% of their annual covered payroll to the plan, whereas Teamster unionized employees are required to contribute 4.0%. The Authority's contribution requirements are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Authority, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the Authority.

For the year ended August 31, 2014, the Authority's annual pension cost of \$1,255,433 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit.

The actuarial value of MERS pension assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information			
Annual Years Ended August 31,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2012	\$ 1,122,916	100%	\$ -
2013	1,141,004	100%	-
2014	1,255,433	100%	-

The funded status of the plan as of December 31, 2013, the date of the last latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 46,729,765
Actuarial value of plan assets	<u>30,396,268</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,333,497</u>
Funded ratio	65.0%
Covered payroll (active plan members)	\$ 6,518,415
UAAL as a percentage of covered payroll	250.6%

The accompanying schedule of employer contributions presents trend information about the amounts contributed by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

12. POSTEMPLOYMENT BENEFITS

The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer other postemployment benefit (OPEB) plan, that provides certain health care benefits to all full-time employees upon retirement, in accordance with the applicable labor agreements. These benefits are integrated with Medicare to provide benefits comparable to those received at the date of retirement for the employee's life. MERS issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

The Authority had 83 retirees that were eligible and receiving benefits for the year ended August 31, 2014; as the plan is closed to new hires, there are 90 active employees eligible for future benefits. Plan participants are not required to contribute to the plan. Administrative costs of the plan are paid for by the Authority. The Authority has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. However, under applicable financial reporting standards, as a single-purpose government reported in a single enterprise fund, the Authority would be required to record a fund liability for any net OPEB obligation, as described below.

For the year ended August 31, 2014, the Authority estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2010. Such a valuation computes an annual required contribution (ARC) that represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current combined ARC is 49.36% of annual covered payroll.

For fiscal 2014, the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the Authority's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 2,695,009
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>2,695,009</u>
Payments of current costs	<u>(2,695,009)</u>
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ -</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two years were as follows:

Annual Years Ended August 31,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2012	\$ 2,724,992	100%	\$ -
2013	2,709,587	100%	-
2014	2,695,009	100%	-

The funded status of the plan as of December 31, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 28,820,484
Actuarial value of plan assets	<u>14,714,923</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,105,561</u>
Funded ratio	51.1%
Covered payroll (active plan members)	\$ 5,808,191
UAAL as a percentage of covered payroll	242.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/2013
Actuarial cost method	Individual entry age normal cost
Amortization method	Level dollar amount, closed
Remaining amortization period	8 years
Asset valuation method	Market value
Discount rate	7.0%
Projected salary increases	4.0%
Healthcare inflation rate	9.0% grading to 4.0% ultimately

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

13. ALLOCATION METHODS

Financial information of the Authority can be separated by component or division. For such purposes, the City and Township divisions together comprise the Authority, in aggregate, as is the same for the Water and Wastewater divisions. In certain instances, revenues and expenses are directly attributable to the respective divisions, whereas other revenues and expenses are shared or not directly attributable. For these latter items, the Authority uses a variety of objectively measurable allocation methods to equitably distribute the account balances between the applicable divisions. These methods include metered water and sewage flows, work orders, time and attendance, number of meters and so on.

14. SEGMENT INFORMATION

Revenue bonds have been issued through the City to finance certain water and wastewater capital projects. The City and Township divisions are accounted for in a single fund (i.e., the Authority). However, investors in the revenue bonds rely solely on the revenue generated by the City division for repayment. Accordingly, summary information for the City and Township divisions as of and for the year ended August 31, 2014 is presented below.

	Condensed Statement of Net Position		
	City	Township	Totals
Assets			
Current and other assets	\$ 10,280,862	\$ 15,425,136	\$ 25,705,998
Capital assets	66,941,073	158,198,080	225,139,153
Total assets	77,221,935	173,623,216	250,845,151
Liabilities			
Long-term liabilities	30,198,016	45,957,253	76,155,269
Other liabilities	1,272,981	4,492,214	5,765,195
Total liabilities	31,470,997	50,449,467	81,920,464
Net position			
Net investment			
in capital assets	36,868,285	114,200,059	151,068,344
Restricted	5,605,730	7,022,591	12,628,321
Unrestricted	3,276,923	1,951,099	5,228,022
Total net position	\$ 45,750,938	\$ 123,173,749	\$ 168,924,687

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Condensed Statement of Revenues, Expenses and Changes in Net Position							
	City			Township			Totals
	Water	Wastewater	Total	Water	Wastewater	Total	
Operating revenue	\$ 4,299,294	\$ 4,831,527	\$ 9,130,821	\$ 12,625,203	\$ 13,244,779	\$ 25,869,982	\$ 35,000,803
Operating expenses							
Depreciation	850,802	1,674,666	2,525,468	1,551,362	6,783,186	8,334,548	10,860,016
Other operating	2,480,343	3,240,103	5,720,446	10,723,847	11,232,361	21,956,208	27,676,654
	<u>3,331,145</u>	<u>4,914,769</u>	<u>8,245,914</u>	<u>12,275,209</u>	<u>18,015,547</u>	<u>30,290,756</u>	<u>38,536,670</u>
Operating income (loss)	968,149	(83,242)	884,907	349,994	(4,770,768)	(4,420,774)	(3,535,867)
Nonoperating expense	<u>(547,768)</u>	<u>(380,238)</u>	<u>(928,006)</u>	<u>(481,806)</u>	<u>(867,223)</u>	<u>(1,349,029)</u>	<u>(2,277,035)</u>
Change in net position	<u>\$ 420,381</u>	<u>\$ (463,480)</u>	<u>(43,099)</u>	<u>\$ (131,812)</u>	<u>\$ (5,637,991)</u>	<u>(5,769,803)</u>	<u>(5,812,902)</u>
Net position							
Beginning of year			<u>45,794,037</u>			<u>128,943,552</u>	<u>174,737,589</u>
End of year			<u>\$ 45,750,938</u>			<u>\$ 123,173,749</u>	<u>\$ 168,924,687</u>

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REQUIRED SUPPLEMENTAL INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Defined Benefit Pension Plan

Schedule of Funding Progress						
Actuarial Valuation as of December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2004	\$22,212,469	\$31,546,256	\$ 9,333,787	70.4%	\$ 6,738,337	138.5%
2005	23,276,154	33,270,928	9,994,774	70.0%	7,186,387	139.1%
2006	24,848,546	35,783,703	10,935,157	69.4%	7,803,193	140.1%
2007	26,567,938	37,824,856	11,256,918	70.2%	7,954,021	141.5%
2008	27,456,016	40,050,833	12,594,817	68.6%	8,125,523	155.0%
2009	28,091,431	40,184,091	12,092,660	69.9%	7,557,538	160.0%
2010	28,817,702	41,318,496	12,500,794	69.7%	7,143,311	175.0%
2011	29,488,169	42,796,960	13,308,791	68.9%	7,234,372	184.0%
2012	29,838,589	44,269,173	14,430,584	67.4%	6,904,586	209.0%
2013	30,396,268	46,729,765	16,333,497	65.0%	6,518,415	250.6%

Schedule of Employer Contributions			
Fiscal Year Ended August 31	Annual Contribution Required	Actual	Percentage Contributed
2005	\$ 925,863	\$ 925,863	100.0%
2006	1,039,502	1,039,502	100.0%
2007	1,155,082	1,155,082	100.0%
2008	1,146,712	1,146,712	100.0%
2009	1,213,837	1,213,837	100.0%
2010	1,046,865	1,046,865	100.0%
2011	1,095,324	1,095,324	100.0%
2012	1,122,916	1,122,916	100.0%
2013	1,141,004	1,141,004	100.0%
2014	1,255,433	1,255,433	100.0%

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Other Postemployment Benefits

Schedule of Funding Progress						
Actuarial Valuation as of December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2007	\$ 2,985,517	\$31,101,121	\$28,115,604	9.6%	\$ 7,722,755	364.1%
2010	7,127,544	29,443,624	22,316,080	24.2%	7,291,562	306.1%
2013	14,714,923	28,820,484	14,105,561	51.1%	5,808,191	242.9%

Schedule of Employer Contributions			
Fiscal Year Ended August 31	Annual Contribution Required	Actual	Percentage Contributed
2009	\$ 2,322,304	\$ 2,322,304	100.0%
2010	2,426,808	2,426,808	100.0%
2011	2,598,816	2,598,816	100.0%
2012	2,724,992	2,724,992	100.0%
2013	2,709,587	2,709,587	100.0%
2014	2,695,009	2,695,009	100.0%

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SUPPLEMENTAL FINANCIAL INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Operating revenues			
Water sales	\$ 2,503,790	\$ 12,064,908	\$ 14,568,698
Sewage disposal sales	3,104,609	11,750,444	14,855,053
Surcharges and other usage fees:			
Capital improvement surcharge	3,084,310	567,211	3,651,521
Construction reserve	74,100	195,201	269,301
Environmental reserve	-	95,366	95,366
Other operating revenue	364,012	1,196,852	1,560,864
Total operating revenues	9,130,821	25,869,982	35,000,803
Operating expenses			
Water distribution	1,688,754	8,219,443	9,908,197
Wastewater treatment	3,508,358	12,352,206	15,860,564
Wastewater pump stations	238,960	897,557	1,136,517
Industrial surveillance	84,008	295,776	379,784
Transmission and distribution	1,914,907	5,783,880	7,698,787
Meter service	249,079	825,638	1,074,717
Customer accounting and collections	155,419	515,068	670,487
General and administration	406,429	1,401,188	1,807,617
Total operating expenses	8,245,914	30,290,756	38,536,670
Operating income (loss)	884,907	(4,420,774)	(3,535,867)
Nonoperating income (expense)			
Investment earnings	61,573	106,689	168,262
Connection fees	-	34,051	34,051
Interest and amortization expense	(989,579)	(1,511,356)	(2,500,935)
Gain on disposal of capital assets	-	21,587	21,587
Total nonoperating expense	(928,006)	(1,349,029)	(2,277,035)
Change in net position	(43,099)	(5,769,803)	(5,812,902)
Net position, beginning of year	45,794,037	128,943,552	174,737,589
Net position, end of year	\$ 45,750,938	\$ 123,173,749	\$ 168,924,687

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

Water and Wastewater Allocation

For the Year Ended August 31, 2014

	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 14,568,698	\$ -	\$ 14,568,698
Sewage disposal sales	-	14,855,053	14,855,053
Surcharges and other usage fees:			
Capital improvement surcharge	2,061,169	1,590,352	3,651,521
Construction reserve	148,017	121,284	269,301
Environmental reserve	-	95,366	95,366
Other operating revenue	146,613	1,414,251	1,560,864
Total operating revenues	16,924,497	18,076,306	35,000,803
Operating expenses			
Water distribution	9,908,197	-	9,908,197
Wastewater treatment	-	15,860,564	15,860,564
Wastewater pump stations	-	1,136,517	1,136,517
Industrial surveillance	-	379,784	379,784
Transmission and distribution	4,044,947	3,653,840	7,698,787
Meter service	537,357	537,360	1,074,717
Customer accounting and collections	335,244	335,243	670,487
General and administration	780,609	1,027,008	1,807,617
Total operating expenses	15,606,354	22,930,316	38,536,670
Operating income (loss)	1,318,143	(4,854,010)	(3,535,867)
Nonoperating income (expense)			
Investment earnings	95,765	72,497	168,262
Connection fees	17,026	17,025	34,051
Interest and amortization expense	(1,142,365)	(1,358,570)	(2,500,935)
Gain on disposal of capital assets	-	21,587	21,587
Total nonoperating expense	(1,029,574)	(1,247,461)	(2,277,035)
Change in net position	\$ 288,569	\$ (6,101,471)	\$ (5,812,902)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues and Expenses

Water and Wastewater Allocation by Member

For the Year Ended August 31, 2014

	City		
	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 2,503,790	\$ -	\$ 2,503,790
Sewage disposal sales	-	3,104,609	3,104,609
Surcharges and other usage fees:			
Capital improvement surcharge	1,717,616	1,366,694	3,084,310
Construction reserve	40,205	33,895	74,100
Environmental reserve	-	-	-
Other operating revenue	37,683	326,329	364,012
Total operating revenue	4,299,294	4,831,527	9,130,821
Operating expenses			
Water distribution	1,688,754	-	1,688,754
Wastewater treatment	-	3,508,358	3,508,358
Wastewater pump stations	-	238,960	238,960
Industrial surveillance	-	84,008	84,008
Transmission and distribution	1,264,540	650,367	1,914,907
Meter service	124,536	124,543	249,079
Customer accounting and collections	77,708	77,711	155,419
General and administration	175,607	230,822	406,429
Total operating expenses	3,331,145	4,914,769	8,245,914
Operating income (expense)	968,149	(83,242)	884,907
Nonoperating income (expense)			
Investment earnings	32,901	28,672	61,573
Connection fees	-	-	-
Interest and amortization expense	(580,669)	(408,910)	(989,579)
Gain on disposal of capital assets	-	-	-
Total nonoperating expense	(547,768)	(380,238)	(928,006)
Change in net position	\$ 420,381	\$ (463,480)	\$ (43,099)

Township			
Water	Wastewater	Total	Total
\$ 12,064,908	\$ -	\$ 12,064,908	\$ 14,568,698
-	11,750,444	11,750,444	14,855,053
343,553	223,658	567,211	3,651,521
107,812	87,389	195,201	269,301
-	95,366	95,366	95,366
108,930	1,087,922	1,196,852	1,560,864
<u>12,625,203</u>	<u>13,244,779</u>	<u>25,869,982</u>	<u>35,000,803</u>
8,219,443	-	8,219,443	9,908,197
-	12,352,206	12,352,206	15,860,564
-	897,557	897,557	1,136,517
-	295,776	295,776	379,784
2,780,407	3,003,473	5,783,880	7,698,787
412,821	412,817	825,638	1,074,717
257,536	257,532	515,068	670,487
605,002	796,186	1,401,188	1,807,617
<u>12,275,209</u>	<u>18,015,547</u>	<u>30,290,756</u>	<u>38,536,670</u>
<u>349,994</u>	<u>(4,770,768)</u>	<u>(4,420,774)</u>	<u>(3,535,867)</u>
62,864	43,825	106,689	168,262
17,026	17,025	34,051	34,051
(561,696)	(949,660)	(1,511,356)	(2,500,935)
-	21,587	21,587	21,587
<u>(481,806)</u>	<u>(867,223)</u>	<u>(1,349,029)</u>	<u>(2,277,035)</u>
<u>\$ (131,812)</u>	<u>\$ (5,637,991)</u>	<u>\$ (5,769,803)</u>	<u>\$ (5,812,902)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Water distribution			
Wages	\$ 69,467	\$ 330,229	\$ 399,696
Benefits allocation	60,818	289,111	349,929
Purchased water	1,508,730	7,172,112	8,680,842
Utilities	3,007	205,825	208,832
Maintenance and supplies	629	2,995	3,624
Depreciation	512	2,432	2,944
Other	11,795	56,073	67,868
Fleet allocation	2,037	9,689	11,726
Engineering allocation	132	630	762
Information technology allocation	2,858	13,585	16,443
Maintenance allocation	28,769	136,762	165,531
	<u>1,688,754</u>	<u>8,219,443</u>	<u>9,908,197</u>
Wastewater treatment			
Wages	331,102	1,165,744	1,496,846
Benefits allocation	289,876	1,020,594	1,310,470
Utilities	529,935	1,865,795	2,395,730
Sludge removal	11,931	42,004	53,935
Maintenance	131,153	461,765	592,918
Engineering	7,507	26,432	33,939
Laboratory	2,935	10,329	13,264
Chemicals	70,857	249,475	320,332
Depreciation	1,535,875	5,407,500	6,943,375
Other	28,523	100,418	128,941
Fleet allocation	56,041	197,308	253,349
Engineering allocation	8,599	30,278	38,877
Information technology allocation	18,808	66,220	85,028
Maintenance allocation	407,458	1,434,578	1,842,036
Laboratory allocation	77,758	273,766	351,524
	<u>3,508,358</u>	<u>12,352,206</u>	<u>15,860,564</u>
Wastewater pump stations			
Wages	69,196	243,627	312,823
Benefits allocation	60,581	213,292	273,873
Utilities	86,624	333,085	419,709
Maintenance and supplies	19,363	68,174	87,537
Engineering	41	144	185
Depreciation	2,543	8,953	11,496
Other	-	28,126	28,126
Engineering allocation	612	2,156	2,768
	<u>238,960</u>	<u>897,557</u>	<u>1,136,517</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Industrial surveillance			
Wages	\$ 39,937	\$ 140,610	\$ 180,547
Benefits allocation	34,964	123,103	158,067
Other	4,522	15,922	20,444
Fleet allocation	948	3,335	4,283
Information technology allocation	3,637	12,806	16,443
	<u>84,008</u>	<u>295,776</u>	<u>379,784</u>
Transmission and distribution			
Wages	362,694	1,094,495	1,457,189
Benefits allocation	307,516	968,236	1,275,752
Utilities	14,946	45,098	60,044
Sewer overflow settlements	13,179	78,300	91,479
Maintenance:			
Shop and office	5,814	17,545	23,359
Water and sewer mains	49,837	150,090	199,927
Depreciation	936,654	2,746,321	3,682,975
Other	71,008	204,504	275,512
Fleet allocation	98,112	326,391	424,503
Engineering allocation	22,332	73,771	96,103
Information technology allocation	14,953	45,380	60,333
Maintenance allocation	17,862	33,749	51,611
	<u>1,914,907</u>	<u>5,783,880</u>	<u>7,698,787</u>
Meter service			
Wages	111,983	371,121	483,104
Benefits allocation	98,040	324,911	422,951
Utilities	320	1,222	1,542
Maintenance and supplies	3,731	12,367	16,098
Meter parts	2,239	7,420	9,659
Depreciation	13,120	43,483	56,603
Other	991	3,286	4,277
Fleet allocation	14,844	49,196	64,040
Information technology allocation	3,811	12,632	16,443
	<u>249,079</u>	<u>825,638</u>	<u>1,074,717</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Customer accounting and collections			
Wages	\$ 64,830	\$ 214,850	\$ 279,680
Benefits allocation	56,758	188,098	244,856
Utilities	4,412	14,622	19,034
Maintenance and supplies	9,328	30,913	40,241
Postage	13,563	44,950	58,513
Depreciation	2,714	8,993	11,707
Other	3	10	13
Information technology allocation	3,811	12,632	16,443
	<u>155,419</u>	<u>515,068</u>	<u>670,487</u>
General and administrative			
Wages	39,702	139,782	179,484
Benefits allocation	34,758	122,378	157,136
Utilities	1,024	3,392	4,416
Maintenance and supplies	1,632	5,746	7,378
Building and liability insurance	39,410	138,755	178,165
Legal and settlements	13,756	48,434	62,190
Other professional services	121	425	546
Depreciation	3,161	11,131	14,292
Other	2,941	7,433	10,374
Bad debt expense	5,043	526	5,569
Fleet allocation	2,366	8,329	10,695
Engineering allocation	10,448	36,787	47,235
Information technology allocation	6,673	23,493	30,166
Maintenance allocation	924	3,252	4,176
Human resource allocation	124,839	432,033	556,872
Accounting allocation	119,631	419,292	538,923
	<u>406,429</u>	<u>1,401,188</u>	<u>1,807,617</u>
Fleet			
Wages	42,335	144,296	186,631
Benefits allocation	37,064	126,329	163,393
Maintenance parts and supplies	21,876	74,561	96,437
Gas, oil and grease	37,578	128,080	165,658
Insurance	9,907	33,765	43,672
Depreciation	24,989	85,169	110,158
Other	599	2,048	2,647
Allocated to various departments	(174,348)	(594,248)	(768,596)
	<u>-</u>	<u>-</u>	<u>-</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Human resources			
Wages	\$ 53,992	\$ 186,902	\$ 240,894
Benefits allocation	47,270	163,630	210,900
Utilities	740	2,453	3,193
Safety program	414	1,433	1,847
Training and education	706	2,441	3,147
Legal and professional	8,481	29,355	37,836
Physicals	2,536	8,780	11,316
Office supplies	229	795	1,024
Depreciation	3,474	12,024	15,498
Other	3,921	13,573	17,494
Information technology allocation	3,076	10,647	13,723
Allocated to general and administrative	(124,839)	(432,033)	(556,872)
	-	-	-
Benefits and payroll taxes			
Health insurance	921,410	3,189,583	4,110,993
Life insurance	3,544	12,268	15,812
Disability insurance	9,872	34,174	44,046
Social security	118,511	410,241	528,752
Workers compensation	9,409	32,573	41,982
Pension contribution	281,384	974,049	1,255,433
Unemployment	255	882	1,137
Uniforms	3,808	13,180	16,988
Allocated to various departments	(1,348,193)	(4,666,950)	(6,015,143)
	-	-	-
Maintenance			
Wages	230,346	814,206	1,044,552
Benefits allocation	201,665	712,827	914,492
Utilities	1,443	5,102	6,545
Office and supplies	7,304	25,815	33,119
Other professional services	608	2,150	2,758
Depreciation	904	3,196	4,100
Other	1,858	6,570	8,428
Information technology allocation	10,885	38,475	49,360
Allocated to various departments	(455,013)	(1,608,341)	(2,063,354)
	-	-	-

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2014

	City	Township	Total
Engineering			
Wages	\$ 22,012	\$ 75,050	\$ 97,062
Benefits allocation	19,271	65,706	84,977
Utilities	260	888	1,148
Maintenance and supplies	323	1,100	1,423
Other	257	878	1,135
Allocated to various departments	(42,123)	(143,622)	(185,745)
	-	-	-
Information Technology			
Wages	29,740	102,445	132,185
Benefits allocation	26,037	89,689	115,726
Utilities	662	2,280	2,942
Maintenance and supplies	13,707	47,221	60,928
Other	185	637	822
Allocated to various departments	(70,331)	(242,272)	(312,603)
	-	-	-
Laboratory			
Wages	36,297	127,793	164,090
Benefits allocation	31,777	111,882	143,659
Utilities	371	1,307	1,678
Maintenance and supplies	4,471	15,736	20,207
Contractual services	3,033	10,679	13,712
Depreciation	948	3,336	4,284
Other	861	3,033	3,894
Allocated to wastewater treatment	(77,758)	(273,766)	(351,524)
	-	-	-
Accounting			
Wages	47,743	168,094	215,837
Benefits allocation	41,798	147,164	188,962
Utilities	412	1,365	1,777
Office supplies	1,330	4,683	6,013
Audit and accounting services	15,030	52,916	67,946
Depreciation	571	2,010	2,581
Other	10,928	36,658	47,586
Information technology allocation	1,819	6,402	8,221
Allocated to general and administrative	(119,631)	(419,292)	(538,923)
	-	-	-
Total operating expenses	\$ 8,245,914	\$ 30,290,756	\$ 38,536,670

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2014

	Water	Wastewater	Total
Water distribution			
Wages	\$ 399,696	\$ -	\$ 399,696
Benefits allocation	349,929	-	349,929
Purchased water	8,680,842	-	8,680,842
Utilities	208,832	-	208,832
Maintenance and supplies	3,624	-	3,624
Depreciation	2,944	-	2,944
Other	67,868	-	67,868
Fleet allocation	11,726	-	11,726
Engineering allocation	762	-	762
Information technology allocation	16,443	-	16,443
Maintenance allocation	165,531	-	165,531
	<u>9,908,197</u>	<u>-</u>	<u>9,908,197</u>
Wastewater treatment			
Wages	-	1,496,846	1,496,846
Benefits allocation	-	1,310,470	1,310,470
Utilities	-	2,395,730	2,395,730
Sludge removal	-	53,935	53,935
Maintenance	-	592,918	592,918
Engineering	-	33,939	33,939
Laboratory	-	13,264	13,264
Chemicals	-	320,332	320,332
Depreciation	-	6,943,375	6,943,375
Other	-	128,941	128,941
Fleet allocation	-	253,349	253,349
Engineering allocation	-	38,877	38,877
Information technology allocation	-	85,028	85,028
Maintenance allocation	-	1,842,036	1,842,036
Laboratory allocation	-	351,524	351,524
	<u>-</u>	<u>15,860,564</u>	<u>15,860,564</u>
Wastewater pump stations			
Wages	-	312,823	312,823
Benefits allocation	-	273,873	273,873
Utilities	-	419,709	419,709
Maintenance and supplies	-	87,537	87,537
Engineering	-	185	185
Depreciation	-	11,496	11,496
Other	-	28,126	28,126
Engineering allocation	-	2,768	2,768
	<u>-</u>	<u>1,136,517</u>	<u>1,136,517</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2014

	Water	Wastewater	Total
Industrial surveillance			
Wages	\$ -	\$ 180,547	\$ 180,547
Benefits allocation	-	158,067	158,067
Other	-	20,444	20,444
Fleet allocation	-	4,283	4,283
Information technology allocation	-	16,443	16,443
	<u>-</u>	<u>379,784</u>	<u>379,784</u>
Transmission and distribution			
Wages	643,786	813,403	1,457,189
Benefits allocation	555,875	719,877	1,275,752
Utilities	26,527	33,517	60,044
Sewer overflow settlements	-	91,479	91,479
Maintenance:			
Shop and office	10,319	13,040	23,359
Water and sewer mains	88,332	111,595	199,927
Depreciation	2,318,033	1,364,942	3,682,975
Other	121,841	153,671	275,512
Fleet allocation	187,545	236,958	424,503
Engineering allocation	42,459	53,644	96,103
Information technology allocation	27,431	32,902	60,333
Maintenance allocation	22,799	28,812	51,611
	<u>4,044,947</u>	<u>3,653,840</u>	<u>7,698,787</u>
Meter service			
Wages	241,552	241,552	483,104
Benefits allocation	211,476	211,475	422,951
Utilities	771	771	1,542
Maintenance and supplies	8,049	8,049	16,098
Meter parts	4,829	4,830	9,659
Depreciation	28,301	28,302	56,603
Other	2,138	2,139	4,277
Fleet allocation	32,020	32,020	64,040
Information technology allocation	8,221	8,222	16,443
	<u>537,357</u>	<u>537,360</u>	<u>1,074,717</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2014

	Water	Wastewater	Total
Customer accounting and collections			
Wages	\$ 139,840	\$ 139,840	\$ 279,680
Benefits allocation	122,428	122,428	244,856
Utilities	9,517	9,517	19,034
Maintenance and supplies	20,121	20,120	40,241
Postage	29,257	29,256	58,513
Depreciation	5,854	5,853	11,707
Other	6	7	13
Information technology allocation	8,221	8,222	16,443
	<u>335,244</u>	<u>335,243</u>	<u>670,487</u>
General and administrative			
Wages	89,742	89,742	179,484
Benefits allocation	78,568	78,568	157,136
Utilities	2,208	2,208	4,416
Maintenance and supplies	3,690	3,688	7,378
Building and liability insurance	89,083	89,082	178,165
Legal and settlements	31,095	31,095	62,190
Other professional services	273	273	546
Depreciation	7,146	7,146	14,292
Other	5,187	5,187	10,374
Bad debt expense	2,784	2,785	5,569
Fleet allocation	5,348	5,347	10,695
Engineering allocation	23,618	23,617	47,235
Information technology allocation	15,083	15,083	30,166
Maintenance allocation	2,088	2,088	4,176
Human resource allocation	155,232	401,640	556,872
Accounting allocation	269,464	269,459	538,923
	<u>780,609</u>	<u>1,027,008</u>	<u>1,807,617</u>
Fleet			
Wages	57,461	129,170	186,631
Benefits allocation	50,306	113,087	163,393
Maintenance parts and supplies	29,691	66,746	96,437
Gas, oil and grease	51,004	114,654	165,658
Insurance	13,446	30,226	43,672
Depreciation	33,916	76,242	110,158
Other	815	1,832	2,647
Allocated to various departments	(236,639)	(531,957)	(768,596)
	<u>-</u>	<u>-</u>	<u>-</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2014

	Water	Wastewater	Total
Human resources			
Wages	\$ 66,844	\$ 174,050	\$ 240,894
Benefits allocation	58,521	152,379	210,900
Utilities	1,596	1,597	3,193
Safety program	512	1,335	1,847
Training and education	874	2,273	3,147
Legal and professional	10,499	27,337	37,836
Physicals	3,140	8,176	11,316
Office supplies	284	740	1,024
Depreciation	4,300	11,198	15,498
Other	4,854	12,640	17,494
Information technology allocation	3,808	9,915	13,723
Allocated to general and administrative	(155,232)	(401,640)	(556,872)
	-	-	-
Benefits and payroll taxes			
Health insurance	1,140,723	2,970,270	4,110,993
Life insurance	4,388	11,424	15,812
Disability insurance	12,222	31,824	44,046
Social security	146,719	382,033	528,752
Workers compensation	11,649	30,333	41,982
Pension contribution	348,359	907,074	1,255,433
Unemployment	315	822	1,137
Uniforms	4,714	12,274	16,988
Allocated to various departments	(1,669,089)	(4,346,054)	(6,015,143)
	-	-	-
Maintenance			
Wages	96,399	948,153	1,044,552
Benefits allocation	84,396	830,096	914,492
Utilities	604	5,941	6,545
Office and supplies	3,055	30,064	33,119
Other professional services	254	2,504	2,758
Depreciation	378	3,722	4,100
Other	777	7,651	8,428
Information technology allocation	4,555	44,805	49,360
Allocated to various departments	(190,418)	(1,872,936)	(2,063,354)
	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2014

	Water	Wastewater	Total
Engineering			
Wages	\$ 34,927	\$ 62,135	\$ 97,062
Benefits allocation	30,578	54,399	84,977
Utilities	413	735	1,148
Maintenance and supplies	512	911	1,423
Other	409	726	1,135
Allocated to various departments	(66,839)	(118,906)	(185,745)
	-	-	-
Information Technology			
Wages	37,157	95,028	132,185
Benefits allocation	32,531	83,195	115,726
Utilities	827	2,115	2,942
Maintenance and supplies	17,127	43,801	60,928
Other	231	591	822
Allocated to various departments	(87,873)	(224,730)	(312,603)
	-	-	-
Laboratory			
Wages	-	164,090	164,090
Benefits allocation	-	143,659	143,659
Utilities	-	1,678	1,678
Maintenance and supplies	-	20,207	20,207
Contractual services	-	13,712	13,712
Depreciation	-	4,284	4,284
Other	-	3,894	3,894
Allocated to wastewater treatment	-	(351,524)	(351,524)
	-	-	-
Accounting			
Wages	107,918	107,919	215,837
Benefits allocation	94,481	94,481	188,962
Utilities	889	888	1,777
Office supplies	3,007	3,006	6,013
Audit and accounting services	33,973	33,973	67,946
Depreciation	1,291	1,290	2,581
Other	23,794	23,792	47,586
Information technology allocation	4,111	4,110	8,221
Allocated to general and administrative	(269,464)	(269,459)	(538,923)
	-	-	-
Total operating expenses	\$ 15,606,354	\$ 22,930,316	\$ 38,536,670

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Water distribution				
Wages	\$ 371,180	\$ 371,180	\$ 399,696	\$ 28,516
Benefits allocation	438,972	438,972	349,929	(89,043)
Purchased water	8,585,339	8,585,339	8,680,842	95,503
Utilities	205,120	205,120	208,832	3,712
Maintenance and supplies	25,075	25,075	3,624	(21,451)
Engineering	1,000	1,000	-	(1,000)
Depreciation	2,944	2,944	2,944	-
Other	52,550	52,550	67,868	15,318
Fleet allocation	18,073	18,073	11,726	(6,347)
Engineering allocation	-	-	762	762
Information technology allocation	-	-	16,443	16,443
Maintenance allocation	206,297	206,297	165,531	(40,766)
	<u>9,906,550</u>	<u>9,906,550</u>	<u>9,908,197</u>	<u>1,647</u>
Wastewater treatment				
Wages	1,309,396	1,309,396	1,496,846	187,450
Benefits allocation	1,849,754	1,849,754	1,310,470	(539,284)
Utilities	2,696,000	2,696,000	2,395,730	(300,270)
Sludge removal	315,000	315,000	53,935	(261,065)
Maintenance	773,880	773,880	592,918	(180,962)
Engineering	55,000	55,000	33,939	(21,061)
Laboratory	17,650	17,650	13,264	(4,386)
Chemicals	600,000	600,000	320,332	(279,668)
Depreciation	6,816,161	6,816,161	6,943,375	127,214
Other	118,000	118,000	128,941	10,941
Fleet allocation	288,892	288,892	253,349	(35,543)
Engineering allocation	-	-	38,877	38,877
Information technology allocation	-	-	85,028	85,028
Maintenance allocation	1,964,151	1,964,151	1,842,036	(122,115)
Laboratory allocation	479,904	479,904	351,524	(128,380)
	<u>17,283,788</u>	<u>17,283,788</u>	<u>15,860,564</u>	<u>(1,423,224)</u>
Wastewater pump stations				
Wages	387,703	387,703	312,823	(74,880)
Benefits allocation	438,088	438,088	273,873	(164,215)
Utilities	568,900	568,900	419,709	(149,191)
Maintenance and supplies	153,350	153,350	87,537	(65,813)
Engineering	500	500	185	(315)
Depreciation	11,496	11,496	11,496	-
Other	35,000	35,000	28,126	(6,874)
Engineering allocation	-	-	2,768	2,768
	<u>1,595,037</u>	<u>1,595,037</u>	<u>1,136,517</u>	<u>(458,520)</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Industrial surveillance				
Wages	\$ 188,441	\$ 188,441	\$ 180,547	\$ (7,894)
Benefits allocation	189,605	189,605	158,067	(31,538)
Other	21,600	21,600	20,444	(1,156)
Fleet allocation	12,041	12,041	4,283	(7,758)
Information technology allocation	-	-	16,443	16,443
	<u>411,687</u>	<u>411,687</u>	<u>379,784</u>	<u>(31,903)</u>
Transmission and distribution				
Wages	1,593,212	1,593,212	1,457,189	(136,023)
Benefits allocation	1,607,057	1,607,057	1,275,752	(331,305)
Utilities	59,130	59,130	60,044	914
Sewer overflow settlements	80,000	80,000	91,479	11,479
Maintenance:				
Shop and office	24,950	24,950	23,359	(1,591)
Water and sewer mains	210,000	210,000	199,927	(10,073)
Engineering	1,000	1,000	-	(1,000)
Depreciation	3,151,724	3,151,724	3,682,975	531,251
Other	234,700	234,700	275,512	40,812
Fleet allocation	372,394	372,394	424,503	52,109
Engineering allocation	-	-	96,103	96,103
Information technology allocation	-	-	60,333	60,333
Maintenance allocation	48,854	48,854	51,611	2,757
	<u>7,383,021</u>	<u>7,383,021</u>	<u>7,698,787</u>	<u>315,766</u>
Meter service				
Wages	492,509	492,509	483,104	(9,405)
Benefits allocation	469,576	469,576	422,951	(46,625)
Utilities	3,851	3,851	1,542	(2,309)
Maintenance and supplies	6,575	6,575	16,098	9,523
Meter parts	43,000	43,000	9,659	(33,341)
Depreciation	56,603	56,603	56,603	-
Other	4,200	4,200	4,277	77
Fleet allocation	84,504	84,504	64,040	(20,464)
Information technology allocation	-	-	16,443	16,443
	<u>1,160,818</u>	<u>1,160,818</u>	<u>1,074,717</u>	<u>(86,101)</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Customer accounting/collections				
Wages	\$ 276,682	\$ 276,682	\$ 279,680	\$ 2,998
Benefits allocation	286,920	286,920	244,856	(42,064)
Utilities	20,000	20,000	19,034	(966)
Maintenance and supplies	43,600	43,600	40,241	(3,359)
Postage	60,000	60,000	58,513	(1,487)
Depreciation	8,929	8,929	11,707	2,778
Other	2,145	2,145	13	(2,132)
Information technology allocation	-	-	16,443	16,443
	<u>698,276</u>	<u>698,276</u>	<u>670,487</u>	<u>(27,789)</u>
General and administrative				
Wages	165,112	165,112	179,484	14,372
Benefits allocation	1,224,178	1,224,178	157,136	(1,067,042)
Utilities	2,346	2,346	4,416	2,070
Maintenance and supplies	3,350	3,350	7,378	4,028
Engineering	2,000	2,000	-	(2,000)
Building and liability insurance	225,000	225,000	178,165	(46,835)
Legal and settlements	120,000	120,000	62,190	(57,810)
Other professional services	8,000	8,000	546	(7,454)
Depreciation	14,292	14,292	14,292	-
Other	55,160	55,160	10,374	(44,786)
Bad debt expense	32,000	32,000	5,569	(26,431)
Fleet allocation	30,086	30,086	10,695	(19,391)
Engineering allocation	-	-	47,235	47,235
Information technology allocation	-	-	30,166	30,166
Maintenance allocation	1,332	1,332	4,176	2,844
Human resource allocation	538,032	538,032	556,872	18,840
Accounting allocation	518,024	518,024	538,923	20,899
	<u>2,938,912</u>	<u>2,938,912</u>	<u>1,807,617</u>	<u>(1,131,295)</u>
Fleet				
Wages	180,062	180,062	186,631	6,569
Benefits allocation	165,792	165,792	163,393	(2,399)
Radio maintenance	2,000	2,000	-	(2,000)
Maintenance parts and supplies	99,600	99,600	96,437	(3,163)
Gas, oil and grease	210,000	210,000	165,658	(44,342)
Insurance	40,000	40,000	43,672	3,672
Depreciation	102,798	102,798	110,158	7,360
Other	5,737	5,737	2,647	(3,090)
Allocated to various departments	(805,989)	(805,989)	(768,596)	37,393
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Human resources				
Wages	\$ 231,386	\$ 231,386	\$ 240,894	\$ 9,508
Benefits allocation	226,464	226,464	210,900	(15,564)
Utilities	1,825	1,825	3,193	1,368
Safety program	3,500	3,500	1,847	(1,653)
Training and education	6,000	6,000	3,147	(2,853)
Legal and professional	20,000	20,000	37,836	17,836
Physicals	8,000	8,000	11,316	3,316
Office supplies	3,150	3,150	1,024	(2,126)
Depreciation	14,947	14,947	15,498	551
Other	22,760	22,760	17,494	(5,266)
Information technology allocation	-	-	13,723	13,723
Allocated to general and administrative	(538,032)	(538,032)	(556,872)	(18,840)
	-	-	-	-
Benefits and payroll taxes				
Health insurance	4,569,236	4,569,236	4,110,993	(458,243)
Life insurance	16,022	16,022	15,812	(210)
Disability insurance	61,818	61,818	44,046	(17,772)
Social security	544,895	544,895	528,752	(16,143)
Workers compensation	51,579	51,579	41,982	(9,597)
Pension contribution	1,212,231	1,212,231	1,255,433	43,202
Unemployment	1,086	1,086	1,137	51
Uniforms	14,700	14,700	16,988	2,288
Allocated to various departments	(6,471,567)	(6,471,567)	(6,015,143)	456,424
	-	-	-	-
Maintenance				
Wages	1,103,462	1,103,462	1,044,552	(58,910)
Benefits allocation	1,064,277	1,064,277	914,492	(149,785)
Utilities	3,125	3,125	6,545	3,420
Office and supplies	38,170	38,170	33,119	(5,051)
Other professional services	-	-	2,758	2,758
Depreciation	4,100	4,100	4,100	-
Other	7,500	7,500	8,428	928
Information technology allocation	-	-	49,360	49,360
Allocated to various departments	(2,220,634)	(2,220,634)	(2,063,354)	157,280
	-	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Engineering				
Wages	\$ 166,149	\$ 166,149	\$ 97,062	\$ (69,087)
Benefits allocation	152,982	152,982	84,977	(68,005)
Utilities	781	781	1,148	367
Maintenance and supplies	1,150	1,150	1,423	273
Engineering	1,000	1,000	-	(1,000)
Other	2,380	2,380	1,135	(1,245)
Allocated to various departments	(324,442)	(324,442)	(185,745)	138,697
	-	-	-	-
Information Technology				
Wages	130,197	130,197	132,185	1,988
Benefits allocation	119,879	119,879	115,726	(4,153)
Utilities	800	800	2,942	2,142
Maintenance and supplies	56,000	56,000	60,928	4,928
Other	1,505	1,505	822	(683)
Allocated to various departments	(308,381)	(308,381)	(312,603)	(4,222)
	-	-	-	-
Laboratory				
Wages	231,253	231,253	164,090	(67,163)
Benefits allocation	212,927	212,927	143,659	(69,268)
Utilities	525	525	1,678	1,153
Maintenance and supplies	19,975	19,975	20,207	232
Contractual services	8,000	8,000	13,712	5,712
Depreciation	4,284	4,284	4,284	-
Other	2,940	2,940	3,894	954
Allocated to wastewater treatment	(479,904)	(479,904)	(351,524)	128,380
	-	-	-	-
Accounting				
Wages	201,819	201,819	215,837	14,018
Benefits allocation	193,874	193,874	188,962	(4,912)
Utilities	800	800	1,777	977
Office supplies	5,450	5,450	6,013	563
Audit and accounting services	64,000	64,000	67,946	3,946
Depreciation	2,581	2,581	2,581	-
Other	49,500	49,500	47,586	(1,914)
Information technology allocation	-	-	8,221	8,221
Allocated to general and administrative	(518,024)	(518,024)	(538,923)	(20,899)
	-	-	-	-
Total operating expenses	\$ 41,378,089	\$ 41,378,089	\$ 38,536,670	\$ (2,841,419)

concluded.

STATISTICAL SECTION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Unaudited

Last Ten Fiscal Years Ended August 31

	2014	2013	2012	2011
Operating revenue				
Water sales	\$ 14,568,698	\$ 13,917,141	\$ 14,548,680	\$ 13,148,378
Sewage disposal sales	14,855,053	14,325,974	14,479,442	14,805,649
Surcharges and other usage fees	4,016,188	3,915,923	3,890,623	3,757,175
Other operating revenue	1,560,864	1,627,364	1,598,545	1,635,819
Total operating revenue	<u>35,000,803</u>	<u>33,786,402</u>	<u>34,517,290</u>	<u>33,347,021</u>
Operating expenses				
Water distribution	9,908,197	9,483,636	9,036,006	7,792,536
Wastewater treatment	15,860,564	16,150,407	16,249,549	16,017,852
Wastewater pump stations	1,136,517	1,285,808	1,620,234	1,027,107
Industrial surveillance	379,784	422,880	393,651	368,906
Transmission and distribution	7,698,787	7,290,247	7,071,733	6,706,413
Meter service	1,074,717	1,099,771	1,280,659	1,229,452
Customer accounting and collections	670,487	673,930	594,560	641,919
General and administration	1,807,617	1,805,957	1,788,764	2,511,663
Total operating expenses	<u>38,536,670</u>	<u>38,212,636</u>	<u>38,035,156</u>	<u>36,295,848</u>
Operating income (loss)	(3,535,867)	(4,426,234)	(3,517,866)	(2,948,827)
Nonoperating income (expense)				
Investment earnings	168,262	187,826	212,126	237,628
Connection fees	34,051	68,551	35,250	2,304
Debt service contributions	-	-	-	-
Interest and amortization expense	(2,500,935)	(2,671,012)	(2,757,137)	(2,769,043)
Gain (loss) on disposal of capital assets	21,587	12,871	1,694	31,117
Total nonoperating income (expense)	<u>(2,277,035)</u>	<u>(2,401,764)</u>	<u>(2,508,067)</u>	<u>(2,497,994)</u>
Income (loss) before contributions and special item	<u>\$ (5,812,902)</u>	<u>\$ (6,827,998)</u>	<u>\$ (6,025,933)</u>	<u>\$ (5,446,821)</u>

Table 1

2010	2009	2008	2007	2006	2005
\$ 11,896,822	\$ 11,829,728	\$ 12,338,209	\$ 12,680,932	\$ 11,542,307	\$ 11,649,244
13,438,220	15,683,034	16,422,599	16,480,689	13,621,058	13,701,463
3,824,805	3,915,930	4,070,849	4,195,911	4,422,394	4,460,475
1,686,828	1,863,459	1,562,404	2,500,151	2,217,203	2,159,409
<u>30,846,675</u>	<u>33,292,151</u>	<u>34,394,061</u>	<u>35,857,683</u>	<u>31,802,962</u>	<u>31,970,591</u>
7,081,762	6,680,598	7,527,032	7,486,176	7,085,751	6,930,845
16,080,897	16,928,838	17,771,780	16,977,585	13,052,424	10,226,090
1,098,445	1,106,431	1,145,548	1,054,513	883,122	834,416
378,400	516,865	336,782	335,299	335,131	375,466
6,502,734	6,814,592	6,627,636	6,630,235	6,105,316	5,766,919
1,038,294	1,281,173	1,436,719	1,518,009	1,513,485	1,419,979
757,180	842,231	872,717	837,640	791,665	720,370
2,800,453	2,917,627	2,467,995	2,424,113	2,438,567	2,125,010
<u>35,738,165</u>	<u>37,088,355</u>	<u>38,186,209</u>	<u>37,263,570</u>	<u>32,205,461</u>	<u>28,399,095</u>
(4,891,490)	(3,796,204)	(3,792,148)	(1,405,887)	(402,499)	3,571,496
265,257	462,878	998,650	1,595,219	958,973	651,753
3,751	593,613	155,860	265,589	909,761	975,348
-	-	-	63,007	146,476	1,004,525
(2,693,219)	(2,712,540)	(2,783,337)	(2,747,453)	(1,109,703)	(951,745)
(348,062)	3,602	32,337	19,852	-	(75,287)
<u>(2,772,273)</u>	<u>(1,652,447)</u>	<u>(1,596,490)</u>	<u>(803,786)</u>	<u>905,507</u>	<u>1,604,594</u>
<u>\$ (7,663,763)</u>	<u>\$ (5,448,651)</u>	<u>\$ (5,388,638)</u>	<u>\$ (2,209,673)</u>	<u>\$ 503,008</u>	<u>\$ 5,176,090</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - City Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2014	2013	2012	2011
Operating revenue				
Water sales	\$ 2,503,790	\$ 2,321,846	\$ 2,350,010	\$ 2,117,075
Sewage disposal sales	3,104,609	2,971,752	2,976,710	3,210,681
Surcharges and other usage fees	3,158,410	3,018,037	3,007,247	2,905,733
Other operating revenue	364,012	381,369	397,267	410,163
Total operating revenue	9,130,821	8,693,004	8,731,234	8,643,652
Operating expenses				
Water distribution	1,688,754	1,735,094	1,495,435	1,220,447
Wastewater treatment	3,508,358	3,627,379	3,622,023	3,757,790
Wastewater pump stations	238,960	278,352	308,345	199,909
Industrial surveillance	84,008	94,978	87,743	86,546
Transmission and distribution	1,914,907	1,827,963	1,927,194	1,812,792
Meter service	249,079	255,760	296,564	284,591
Customer accounting and collections	155,419	156,756	137,699	148,668
General and administration	406,429	397,109	391,822	585,766
Total operating expenses	8,245,914	8,373,391	8,266,825	8,096,509
Operating income (loss)	884,907	319,613	464,409	547,143
Nonoperating income (expense)				
Investment earnings	61,573	69,325	72,503	77,554
Connection fees	-	200	9,354	-
Debt service contributions	-	-	-	-
Interest and amortization expense	(989,579)	(1,267,179)	(1,226,770)	(1,263,478)
Gain (loss) on disposal of capital assets	-	-	-	8,744
Total nonoperating income (expense)	(928,006)	(1,197,654)	(1,144,913)	(1,177,180)
Income (loss) before contributions and special item	\$ (43,099)	\$ (878,041)	\$ (680,504)	\$ (630,037)

Table 2

	2010	2009	2008	2007	2006	2005
\$	1,959,836	\$ 1,903,714	\$ 1,930,661	\$ 1,874,679	\$ 1,514,474	\$ 1,813,223
	2,908,831	3,353,761	3,505,232	3,311,569	2,983,581	2,899,389
	2,990,356	3,043,380	3,155,294	3,154,752	3,249,101	3,341,073
	392,322	384,288	415,965	998,639	484,405	475,132
	<u>8,251,345</u>	<u>8,685,143</u>	<u>9,007,152</u>	<u>9,339,639</u>	<u>8,231,561</u>	<u>8,528,817</u>
	1,104,248	1,039,709	1,117,918	1,047,563	1,035,327	985,830
	3,772,580	3,968,120	4,185,210	4,199,045	3,016,898	2,280,419
	261,659	236,208	251,459	232,488	170,871	174,512
	88,772	121,153	78,639	82,920	77,884	83,730
	1,741,448	2,227,406	1,863,539	1,811,269	1,245,754	1,174,276
	239,901	293,137	336,541	361,620	362,019	334,123
	175,060	192,787	204,304	199,025	189,367	169,503
	658,522	693,653	583,954	591,252	554,375	460,812
	<u>8,042,190</u>	<u>8,772,173</u>	<u>8,621,564</u>	<u>8,525,182</u>	<u>6,652,495</u>	<u>5,663,205</u>
	<u>209,155</u>	<u>(87,030)</u>	<u>385,588</u>	<u>814,457</u>	<u>1,579,066</u>	<u>2,865,612</u>
	98,523	160,812	341,508	704,584	347,237	219,724
	3,751	17,224	2,122	10,455	61,780	102,504
	-	-	-	63,007	146,476	149,273
	(1,311,768)	(1,347,719)	(1,387,097)	(1,238,663)	(711,028)	(405,501)
	(97,805)	-	-	-	-	-
	<u>(1,307,299)</u>	<u>(1,169,683)</u>	<u>(1,043,467)</u>	<u>(460,617)</u>	<u>(155,535)</u>	<u>66,000</u>
\$	<u>(1,098,144)</u>	<u>(1,256,713)</u>	<u>(657,879)</u>	<u>353,840</u>	<u>1,423,531</u>	<u>2,931,612</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Township Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2014	2013	2012	2011
Operating revenue				
Water sales	\$ 12,064,908	\$ 11,595,295	\$ 12,198,670	\$ 11,031,303
Sewage disposal sales	11,750,444	11,354,222	11,502,732	11,594,968
Surcharges and other usage fees	857,778	897,886	883,376	851,442
Other operating revenue	1,196,852	1,245,995	1,201,278	1,225,656
Total operating revenue	25,869,982	25,093,398	25,786,056	24,703,369
Operating expenses				
Water distribution	8,219,443	7,748,542	7,540,571	6,572,089
Wastewater treatment	12,352,206	12,523,028	12,627,526	12,260,062
Wastewater pump stations	897,557	1,007,456	1,311,889	827,198
Industrial surveillance	295,776	327,902	305,908	282,360
Transmission and distribution	5,783,880	5,462,284	5,144,539	4,893,621
Meter service	825,638	844,011	984,095	944,861
Customer accounting and collections	515,068	517,174	456,861	493,251
General and administration	1,401,188	1,408,848	1,396,942	1,925,897
Total operating expenses	30,290,756	29,839,245	29,768,331	28,199,339
Operating income (loss)	(4,420,774)	(4,745,847)	(3,982,275)	(3,495,970)
Nonoperating income (expense)				
Investment earnings	106,689	118,501	139,623	160,074
Connection fees	34,051	68,351	25,896	2,304
Debt service contributions	-	-	-	-
Interest and amortization expense	(1,511,356)	(1,403,833)	(1,530,367)	(1,505,565)
Gain (loss) on disposal of capital assets	21,587	12,871	1,694	22,373
Total nonoperating income (expense)	(1,349,029)	(1,204,110)	(1,363,154)	(1,320,814)
Income (loss) before contributions and special item	\$ (5,769,803)	\$ (5,949,957)	\$ (5,345,429)	\$ (4,816,784)

Table 3

2010	2009	2008	2007	2006	2005
\$ 9,936,986	\$ 9,926,014	\$ 10,407,548	\$ 10,806,253	\$ 10,027,833	\$ 9,836,021
10,529,389	12,329,273	12,917,367	13,169,120	10,637,477	10,802,074
834,449	872,550	915,555	1,041,159	1,173,293	1,119,402
1,294,506	1,479,171	1,146,439	1,501,512	1,732,798	1,684,277
<u>22,595,330</u>	<u>24,607,008</u>	<u>25,386,909</u>	<u>26,518,044</u>	<u>23,571,401</u>	<u>23,441,774</u>
5,977,514	5,640,889	6,409,114	6,438,613	6,050,424	5,945,015
12,308,317	12,960,718	13,586,570	12,778,540	10,035,526	7,945,671
836,786	870,223	894,089	822,025	712,251	659,904
289,628	395,712	258,143	252,379	257,247	291,736
4,761,286	4,587,186	4,764,097	4,818,966	4,859,562	4,592,643
798,393	988,036	1,100,178	1,156,389	1,151,466	1,085,856
582,120	649,444	668,413	638,615	602,298	550,867
2,141,931	2,223,974	1,884,041	1,832,861	1,884,192	1,664,198
<u>27,695,975</u>	<u>28,316,182</u>	<u>29,564,645</u>	<u>28,738,388</u>	<u>25,552,966</u>	<u>22,735,890</u>
<u>(5,100,645)</u>	<u>(3,709,174)</u>	<u>(4,177,736)</u>	<u>(2,220,344)</u>	<u>(1,981,565)</u>	<u>705,884</u>
166,734	302,066	657,142	890,635	611,736	432,029
-	576,389	153,738	255,134	847,981	872,844
-	-	-	-	-	855,252
(1,381,451)	(1,364,821)	(1,396,240)	(1,508,790)	(398,675)	(546,244)
(250,257)	3,602	32,337	19,852	-	(75,287)
<u>(1,464,974)</u>	<u>(482,764)</u>	<u>(553,023)</u>	<u>(343,169)</u>	<u>1,061,042</u>	<u>1,538,594</u>
<u>\$ (6,565,619)</u>	<u>\$ (4,191,938)</u>	<u>\$ (4,730,759)</u>	<u>\$ (2,563,513)</u>	<u>\$ (920,523)</u>	<u>\$ 2,244,478</u>

Water and Wastewater Debt Coverage - Unaudited
 Last Ten Fiscal Years Ended August 31

Fiscal Year	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	(3) Total Debt Service Requirement	Coverage
2014	\$ 35,203,116	\$ 27,676,654	\$ 7,526,462	\$ 5,027,545	1.50
2013	34,042,779	27,922,291	6,120,488	5,844,681	1.05
2012	34,764,666	27,565,394	7,199,272	4,509,206	1.60
2011	33,586,953	26,167,215	7,419,738	5,683,760	1.31
2010	31,115,683	25,491,690	5,623,993	6,002,290	0.94
2009	34,348,642	26,841,880	7,506,762	5,653,810	1.33
2008	35,548,571	27,925,431	7,623,140	5,368,807	1.42
2007	37,781,498	26,934,365	10,847,133	5,765,242	1.88
2006	33,818,172	25,512,868	8,305,304	6,534,757	1.27
2005	34,602,217	23,178,366	11,423,851	6,108,306	1.87

(1) Includes operating revenue, investment earnings, connection fees and debt service contributions.

(2) Excludes depreciation expense.

(3) Includes bonds and capital leases (excludes principal reduction on refunded debt).