



Murphy, Murphy, & Assoc.
Certified Public Accountants Ltd.

September 4, 2009

Ms. Dawn Thompson
Associate Planner
Staff Secretary to the Wastewater Committee
Chicago Metropolitan Agency for Planning
233 South Wacker Drive Suite 800
Chicago, Illinois 60606

RE: Grand Prairie Sanitary District
New Land Treatment System
CMAP Water Quality Review Number 09-WQ-005

Dear Ms. Thompson:

I am the accountant for the Mill Creek Water Reclamation District. I wish to respond to and REFUTE the allegations and incorrect statements of "facts" in the Sworn Affidavit of Mr. Timothy J. Kellogg, the General Manager and Clerk of the Grand Prairie Sanitary District of Kane County, Illinois, dated July 30, 2009 (copy attached).

Mr. Kellogg asserted that I stated that the MCWRD is nearly "insolvent" at "this time". The MCWRD is not, and has never been, insolvent. I refer you to the following, taken from Wikipedia, the free encyclopedia. "Insolvency means the inability to pay one's debts as they fall due. Business insolvency is defined in two different ways:

Cash Flow Insolvency: the inability to pay debts as they fall due.

Balance Sheet Insolvency: having negative net assets- in other words, liabilities exceed assets."

Neither of these statements is true regarding the MCWRD, nor have they ever applied to the financial position of the MCWRD. The District's books are subject to a Certified Audit yearly, and never has the "going concern" issue been raised. To the contrary, the District has received a "clean" opinion letter in each year of its existence.

The preliminary audit report for 2008 does indicate an operating deficit of approximately \$390,000, all of which is attributable to Depreciation, which is a non-cash charge against Operations. On a Cash Basis, the operations of the District were positive. This rebuts the presumption of insolvency on a Cash Flow Basis.

Elizabeth J. Murphy, CPA ; Sharon Murphy Karpierz, CPA



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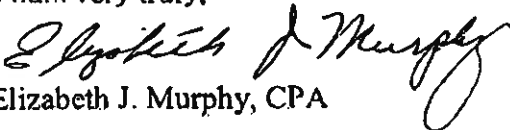
September 4, 2009

Page 2

Again, the preliminary audit report for 2008 shows an increase in net assets of approximately \$544,000. This rebuts the presumption of insolvency on a Balance Sheet Basis.

The District is charged with matching its income to its cost of operations. Since the primary source of funds to the District is User Fees, the annexation of the Settlements of LaFox development would be beneficial to its financial position, as many fixed costs would be spread over a larger customer base. Because of its fiduciary duty to the users of its system, the District, in its budgetary planning, will continue to discuss the most equitable and efficient ways to fund the operations of the District, including ways to increase revenues and/or reduce operating costs without jeopardizing the well being of its users.

Yours very truly,


Elizabeth J. Murphy, CPA

Elizabeth J. Murphy, CPA : Sharon Murphy Karpierz, CPA