



DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630) 834-0100 Fax: (630) 834-0120

NOTICE IS HEREBY GIVEN THAT THE AUGUST 2015 REGULAR MEETING OF THE FINANCE COMMITTEE OF THE DUPAGE WATER COMMISSION WILL BE HELD AT 5:30 P.M., THE THURSDAY, AUGUST 20, 2015, AT 600 EAST BUTTERFIELD ROAD, ELMHURST, ILLINOIS 60126.

AGENDA

FINANCE COMMITTEE

**THURSDAY, AUGUST 20, 2015
5:30 P.M.**

**600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126**

COMMITTEE MEMBERS

P. Suess, Chair

R. Gans

J. Pruyne

D. Russo

J. Zay

- I. Roll Call
- II. Approval of Minutes for Regular Committee Meeting of June 18, 2015 Finance Committee of the DuPage Water Commission
- III. Approval of Reconciliations
- IV. Treasurer's Report – June and July 2015
- V. Financial Statements – June and July 2015
- VI. 2015 Annual Audit Report
- VII. Request for Board Action: Authorizing the Transfer of Funds from the General Account to the Operating Reserve Account (\$5 Million)
- VIII. Update on Treasurer Position
- IX. Discuss Subsequent Customer Monthly Charges
- X. Accounts Payable
- XI. Other
- XII. Adjournment

Board\Agendas\Finance\2015\FC 2015-08.docx

All visitors must present a valid driver's license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JUNE 18, 2015
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:02 P.M.

Committee members in attendance: P. Suess (arrived at 6:05 P.M.), R. Gans, J. Pruyn, D. Russo (by telephone), and J. Zay (arrived at 6:09 P.M.)

Committee members absent: none

Non-Committee members in attendance: none

Also in attendance: J. Spatz, C. Peterson, and D. Ellsworth

Minutes

Commissioner Gans moved to approve the Minutes of the Regular Committee Meeting of May 21, 2015 of the Finance Committee. Seconded by Chairman Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of May 2015.

Treasurer's Report – May 2015

Treasurer Ellsworth stated that he had provided the Committee with a written summary of the May Treasurer's Report. Cash and Investments were \$102.5M, an increase of \$2.9M from last month.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio was at 81 basis points, unchanged from the prior month. The portfolio was showing unrealized gains of nearly \$217,000 compared to unrealized gains at the prior year end of approximately \$215,000.

Treasurer Ellsworth noted that the Statement of Cash Flows shows the breakdown of the \$2.9M increase year-to-date. He stated that all targeted reserve levels were met or exceeded targets. Debt Service is down to \$10.8M as of May 31, 2015.

General Manager Spatz discussed the possibility of moving funds from the General Account to the Operating Reserve Account in the near future to earn a better rate of return. Currently, the Operating Reserve is just meeting its minimum required balance of 120 days of the current budget.

Financial Statements – May 2015

Financial Administrator Peterson provided the Committee with a summary of the May Financial Statements. She noted that for the first month of the new fiscal year, revenues exceeded expenses ahead of budgeted seasonal expectations. Water sales were basically flat with budgeted expectations, but water purchases were approximately 3.8% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 3.4% in May. Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities.

Financial Administrator Peterson noted that cash balances were up compared to prior year by over \$30M. Receivables were slightly higher compared to prior year due to higher water costs. Debt has declined by \$21M compared to prior year balances at May 31st.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss within the statement of revenue and expenses.

Commissioner Pruyn asked staff to verify when the Commission would stop collecting sales tax and if rate increases are expected to occur on May 1st going forward. General Manager Spatz noted that the sales tax expires on June 1, 2016, but the Commission will continue to receive sales tax collections for 3 months following due to the delay between when the tax is collected by the state and then received by the Commission. General Manager Spatz did verify it was the intention of the Commission to implement future rate increases at May 1st, the beginning of each new fiscal year. He did note that this was based upon the City of Chicago maintaining its plan to increase rates in June of each year.

R-16-15

Commissioner Pruyn and General Manager Spatz reviewed briefly the changes discussed in the prior meeting: 1) Adding language to limit Supranational investments to 5% of total portfolio (Section 7.0, b); 2) Extend the ability to invest in Commercial Paper to 270 days from 210 (Section 7.0, d); 3) add language to invest in Mortgage-backed securities based upon weighted average life of 5 years, rather than the final maturity (Section 3.2).

Commissioner Gans moved to recommend to the Board a Resolution Amending and Restating the Investment Policy of the DuPage Water Commission. Seconded by Chairman Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

R-20-15

Chairman Zay moved to recommend to the Board a Resolution Approving, Ratifying, and Accepting the Appointment of Commissioner Pruyn as the Treasurer of the Commission for No Additional Compensation. Seconded by Chairman Suess and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Status of 2015 Audit

Financial Administrator noted that the Commission's 2015 Audit is meeting its scheduled deadlines and will be ready to be distributed in draft form in July.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

May 12, 2015 to June 9, 2015	\$8,765,549.23
<u>Estimated</u>	<u>\$1,109,650.00</u>
Total	\$9,875,199.23

Other

Commissioner Russo discussed with the Committee the monthly charges paid by subsequent customers based upon initial balances due when joining the Commission for missed fixed costs and local facilities charges. He noted that the agreements have the customers paying the Commission a 10% interest rate on the outstanding principal balances. He would like to get on the Finance Committee agenda the possibility of allowing the subsequent customers the ability to pay the remaining principal outstanding with a possible early payment fee.

General Manager Spatz noted there could be savings for the customers and the Commission might benefit from receiving the cash outstanding now rather than over the next nine years. He also stated that the Commission would need to review the contracts with legal counsel regarding prepayment because a couple of the customers had already made prepayments in the past. The Committee agreed to put this as a discussion item on the next agenda.

Adjournment

Commissioner Gans moved to adjourn the meeting at 6:27 P.M. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.



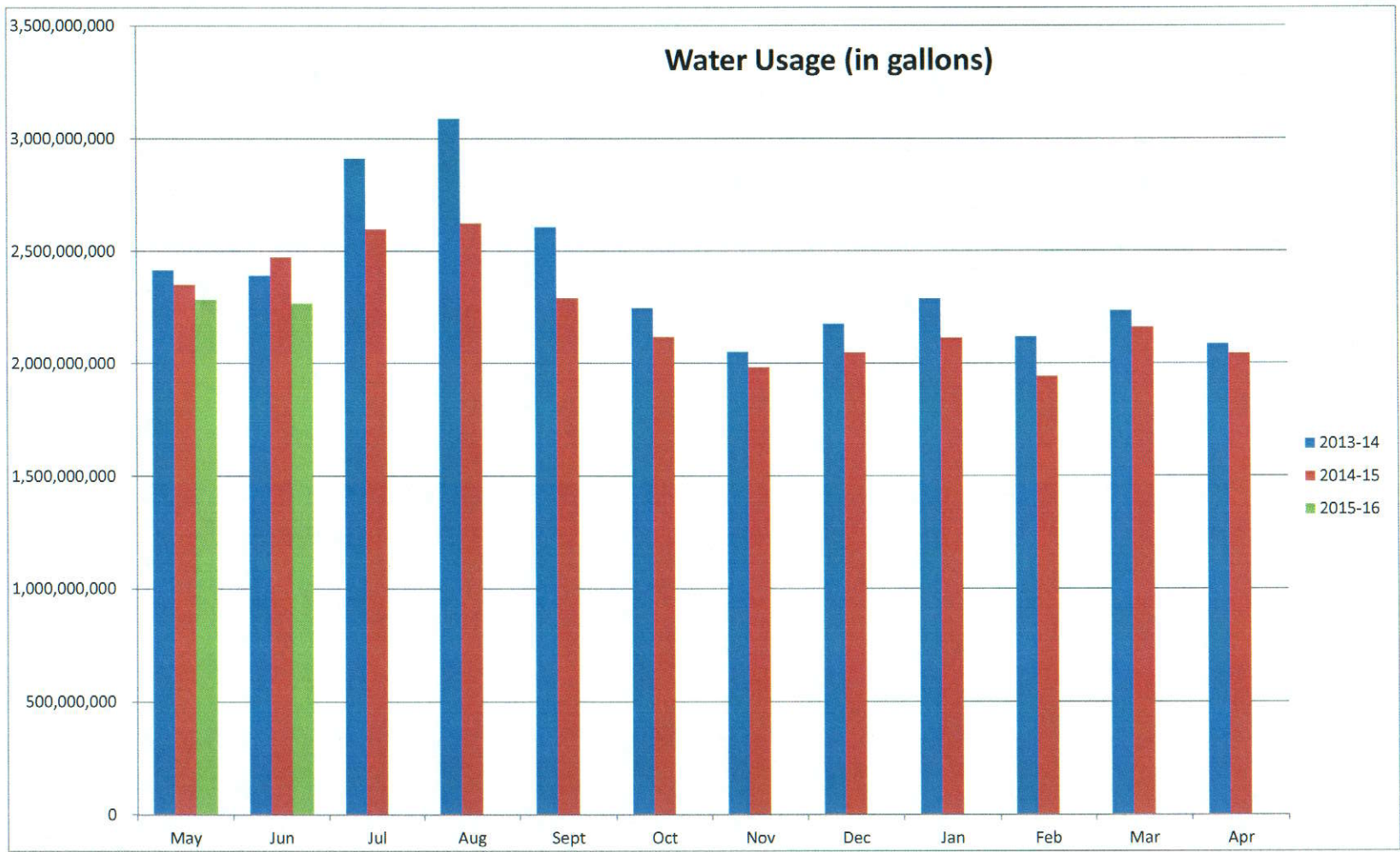
DuPage Water Commission

MEMORANDUM

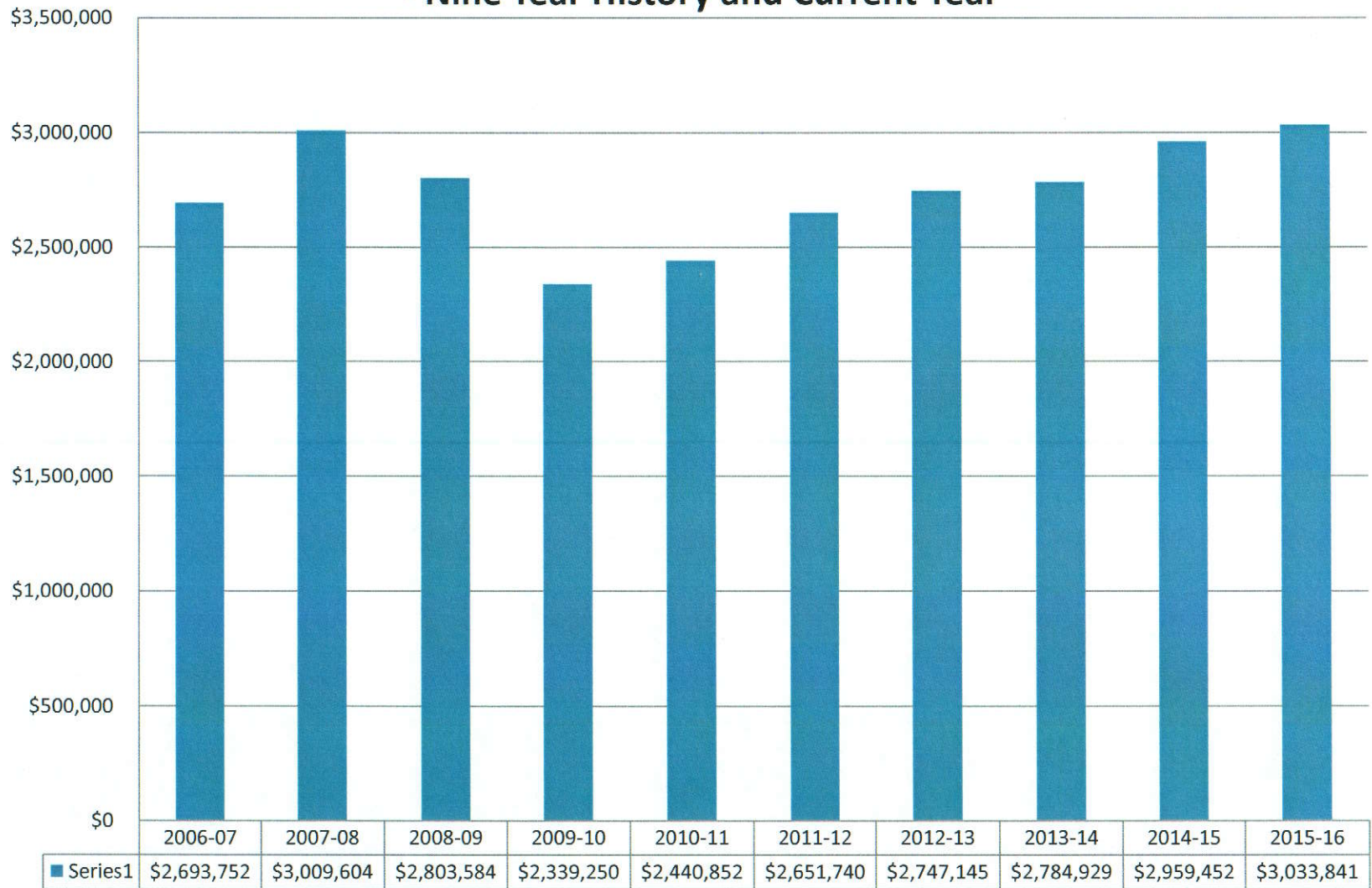
TO: John Spatz, General Manager
FROM: Cheryl Peterson, Financial Administrator *CP*
DATE: July 8, 2015
SUBJECT: Financial Report – June 30, 2015

- Water sales to Commission customers for June 2015 were 192.7 million gallons (8.1%) less than June 2014, and down by 18.6 million gallons compared to May 2015. Year-to-date water sales were down by 255.9 million gallons or 5.5% compared to the prior fiscal year.
- Water sales to Commission customers for June were 275.2 million gallons (11.1%) lower than the budgeted anticipated/forecasted sales for the month. Year-to-date water sales were 284.8 million gallons (6.1%) below the budgeted anticipated/forecasted sales.
- June sales tax collections (March) were \$3.03 million or 2.5% more than the same period last fiscal year. Cumulatively, sales tax collections are approximately \$157,000 (2.9%) more than prior year. Adjusted for seasonality, sales tax collections were nearly \$209,000 over budgeted collections through June 2015.
- For the month of June, water billings to customers for O&M costs were \$10.7 million and water purchases from the City of Chicago was \$8.6 million. Water billing receivables at June month end (\$13.0 million) decreased compared to the prior month (\$13.5 million) primarily due to timing of receivables collected.
- The Commission is two months or 17% into the fiscal year. As of June 30, 2015, \$27.3 million of the \$160.8 million revenue budget has been realized. Therefore, 17% of the revenue budget has been accounted for year to date. For the same period, \$20.3 million of the \$123.3 million expenditure budget has been realized, and this accounts for 16% of the expenditure budget.
- Adjusted for seasonality based on a monthly trend, year to date revenues are 96% percent of the current budget and expenses are 91% of the current budget.
- The Operating Reserve, Capital Reserve and Long Term Water Capital Accounts had reached their respective 2015/2016 fiscal year end targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$18.3 million, \$7.0 million and \$2.1 million, respectively.
- Debt Balances declined by approximately \$0.9 million to \$9.9 million outstanding in the current month.

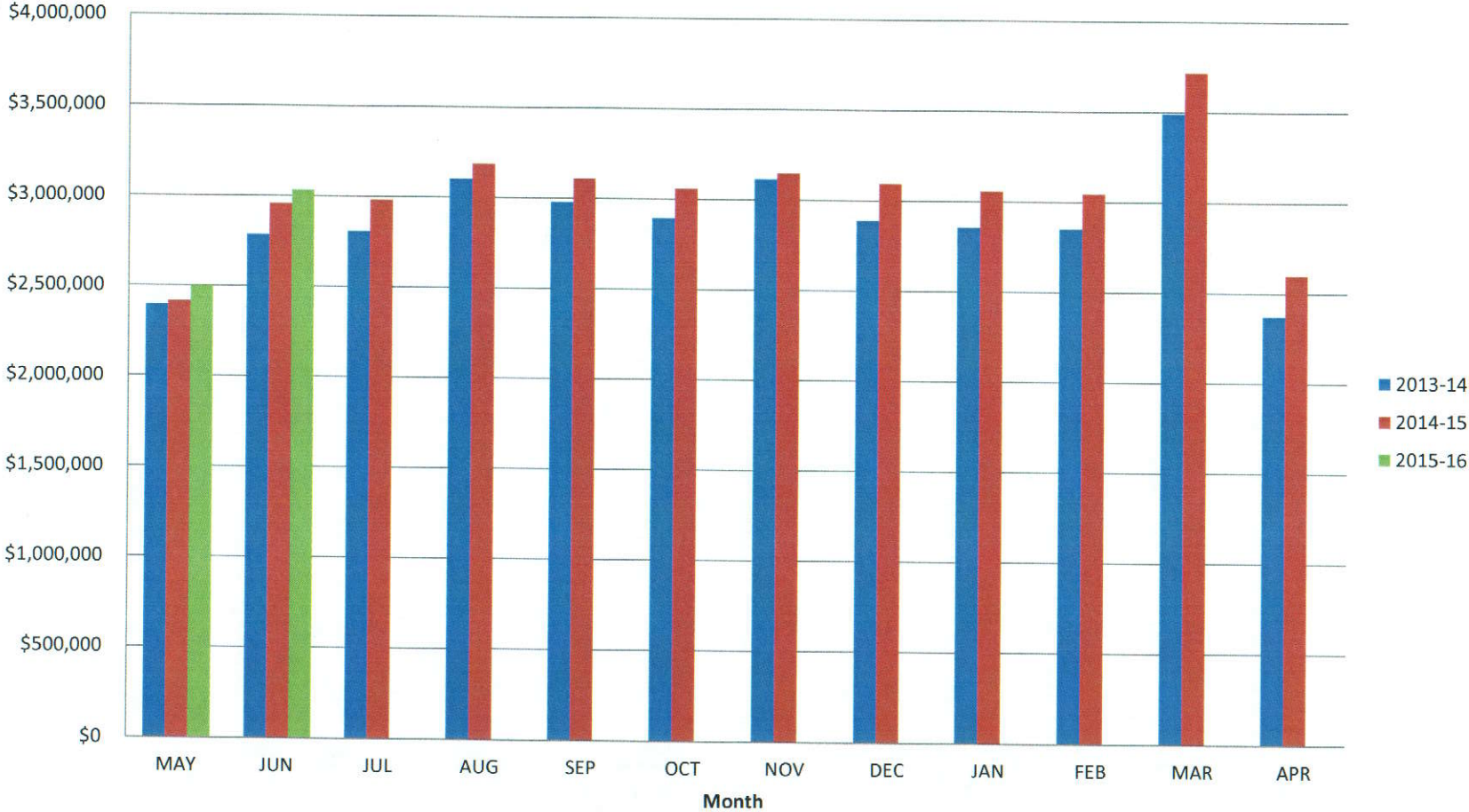
cc: Chairman and Commissioners



DuPage Water Commission - Sales Tax Collections - Month of June - Nine Year History and Current Year



Three Year Sales Tax Analysis



DuPage Water Commission

Summary of Specific Account Target and Summary of Net Assets

June 30, 2015

Revenue Bond Ordinance Accounts and Commission Policy Reserves	Account / Reserve Assets Balance (1)	Offsetting Liabilities	Year-End Specific Account Target	Status
Operations and Maintenance Account	\$ 18,268,808.68	\$ 10,738,301.46		Positive Net Assets
Revenue Bond Interest Account	\$ 10,454.52	\$ 8,069.33		Positive Net Assets
Revenue Bond Principal Account	\$ 905,250.00	\$ 898,250.00		Positive Net Assets
General Account	\$ 7,040,739.44	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 2,124,937.37	\$ 71,113.01		Positive Net Assets
Operating Reserve	\$ 41,100,589.31		\$ 40,158,396.00	Target Met
Capital Reserve	\$ 29,391,491.91		\$ 29,180,884.00	Target Met
L-T Water Capital Reserve	\$ 7,960,029.74		\$ 7,825,000.00	Target Met
	\$ 106,802,300.97	\$ 11,715,733.80	\$ 77,164,280.00	\$ 17,922,287.17

Total Net Assets - All Commission Accounts

Unrestricted	\$ 114,412,118.96
Principal & Interest Accounts	\$ 906,319.33
Invested in Capital Assets, net	\$ 340,977,692.97
Total	\$ 456,296,131.26

(1) Includes Interest Receivable



	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Fund: 01 - WATER FUND			
Assets			
Level1: 10 - CURRENT ASSETS			
110 - CASH	3,830,059.44	2,488,312.40	1,341,747.04
120 - INVESTMENTS	102,790,096.07	72,324,454.49	30,465,641.58
131 - WATER SALES	13,015,453.63	14,010,625.26	-995,171.63
132 - INTEREST RECEIVABLE	182,145.46	114,834.30	67,311.16
133 - SALES TAX RECEIVABLE	8,295,000.00	7,900,000.00	395,000.00
134 - OTHER RECEIVABLE	215,019.18	-46,615.39	261,634.57
135 - WATER QUALITY LOAN - CURRENT	49,043.73	49,043.73	0.00
150 - INVENTORY	150,968.00	167,080.00	-16,112.00
155 - PREPAIDS	260,037.54	266,029.79	-5,992.25
Total Level1 10 - CURRENT ASSETS:	128,787,823.05	97,273,764.58	31,514,058.47
Level1: 17 - NONCURRENT ASSETS			
170 - FIXED ASSETS	500,584,736.75	500,227,930.75	356,806.00
175 - LESS: ACCUMULATED DEPRECIATION	-151,461,087.16	-143,468,928.65	-7,992,158.51
180 - CONSTRUCTION IN PROGRESS	1,305,574.89	363,913.37	941,661.52
190 - LONG-TERM RECEIVABLES	490,437.35	539,481.08	-49,043.73
Total Level1 17 - NONCURRENT ASSETS:	350,919,661.83	357,662,396.55	-6,742,734.72
Total Assets:	479,707,484.88	454,936,161.13	24,771,323.75
Liability			
Level1: 21 - CURRENT LIABILITIES			
210 - ACCOUNTS PAYABLE	8,982,220.36	8,626,977.93	-355,242.43
211 - OTHER CURRENT LIABILITIES	1,411,461.30	535,085.93	-876,375.37
220 - ACCOUNTS PAYABLE CAPITAL	7,806.40	7,326.69	-479.71
225 - ACCRUED PAYROLL LIABILITIES	127,659.20	114,284.47	-13,374.73
226 - ACCRUED VACATION	216,960.60	191,025.77	-25,934.83
232 - NOTES PAYABLE	0.00	7,000,000.00	7,000,000.00
234 - BONDS PAYABLE	8,982,500.00	11,755,000.00	2,772,500.00
244 - ACCRUED INTEREST	8,069.33	30,922.89	22,853.56
250 - CONTRACT RETENTION	6,922.16	5,957.96	-964.20
251 - CUSTOMER DEPOSITS	64,190.85	64,190.85	0.00
270 - DEFERRED REVENUE	3,096,143.64	3,446,650.44	350,506.80
Total Level1 21 - CURRENT LIABILITIES:	22,903,933.84	31,777,422.93	8,873,489.09
Level1: 25 - NONCURRENT LIABILITIES			
282 - CAPITAL LEASE PAYABLE	3,239.90	12,558.68	9,318.78
283 - REVENUE BONDS	898,300.00	11,954,550.00	11,056,250.00
284 - UNAMORTIZED PREMIUM	-448,384.12	-937,530.28	-489,146.16
297 - OTHER POST EMPLOYMENT BENEFITS LIABILITY	54,264.00	52,362.00	-1,902.00
Total Level1 25 - NONCURRENT LIABILITIES:	507,419.78	11,081,940.40	10,574,520.62
Total Liability:	23,411,353.62	42,859,363.33	19,448,009.71
Equity			
Level1: 30 - EQUITY			
300 - EQUITY	449,334,103.32	405,688,713.88	43,645,389.44
Total Level1 30 - EQUITY:	449,334,103.32	405,688,713.88	43,645,389.44
Total Beginning Equity:	449,334,103.32	405,688,713.88	43,645,389.44

(6)

Board Balance Sheet

As Of 06/30/2015

	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Total Revenue	27,252,459.23	25,325,595.14	1,926,864.09
Total Expense	20,290,431.29	18,937,511.22	-1,352,920.07
Revenues Over/(Under) Expenses	<u>6,962,027.94</u>	<u>6,388,083.92</u>	<u>573,944.02</u>
Total Equity and Current Surplus (Deficit):	456,296,131.26	412,076,797.80	44,219,333.46
Total Liabilities, Equity and Current Surplus (Deficit):	<u>479,707,484.88</u>	<u>454,936,161.13</u>	<u>24,771,323.75</u>



		June 2015-2016 Budget	June 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01 - WATER FUND								
Revenue								
510 - WATER SERVICE								
								% of Year Completed: 17%
01-511100	O&M PAYMENTS- GOVERNMENTAL	(11,693,964.05)	(10,405,801.10)	(22,219,748.55)	(20,896,040.70)	94 %	(121,685,369.95)	17 %
01-511200	O&M PAYMENTS- PRIVATE	(294,926.93)	(245,439.10)	(560,391.86)	(499,860.40)	89 %	(3,068,958.75)	16 %
01-513100	SUBSEQUENT CUSTOMER - GO	(27,091.67)	(32,008.69)	(54,183.30)	(64,017.38)	118 %	(325,100.00)	20 %
01-513200	SUBSEQUENT CUSTOMER - PRIVAT	(48,191.67)	(54,427.62)	(96,383.30)	(108,855.24)	113 %	(578,300.00)	19 %
01-514100	EMERGENCY WATER SERVICE- GOV	(1,657.25)	(3,142.80)	(3,314.50)	(3,142.80)	95 %	(19,887.00)	16 %
510 - WATER SERVICE Totals:		(12,065,831.57)	(10,740,819.31)	(22,934,021.51)	(21,571,916.52)	94 %	(125,677,615.70)	17 %
520 - TAXES								
								% of Year Completed: 17%
01-530010	SALES TAXES - WATER REVENUE	(2,863,773.56)	(3,033,841.12)	(5,324,520.36)	(5,533,336.33)	104 %	(27,793,600.00)	20 %
01-530030	WATER FUND - GENERAL	0.00	0.00	0.00	0.00	0 %	(6,948,400.00)	0 %
520 - TAXES Totals:		(2,863,773.56)	(3,033,841.12)	(5,324,520.36)	(5,533,336.33)	104 %	(34,742,000.00)	16 %
540 - OTHER INCOME								
								% of Year Completed: 17%
01-581000	INVESTMENT INCOME	(29,791.66)	(63,312.15)	(59,583.32)	(133,286.38)	224 %	(357,500.00)	37 %
01-590000	OTHER INCOME	0.00	0.00	0.00	(13,920.00)	0 %	0.00	0 %
540 - OTHER INCOME Totals:		(29,791.66)	(63,312.15)	(59,583.32)	(147,206.38)	247 %	(357,500.00)	41 %
Revenue Totals:		(14,959,396.79)	(13,837,972.58)	(28,318,125.19)	(27,252,459.23)	96 %	(160,777,115.70)	17 %

		June 2015-2016 Budget	June 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
Expense								
610 - PERSONNEL SERVICES								
								% of Year Completed: 17%
01-60-611100	ADMIN SALARIES	98,461.97	82,583.89	206,757.36	185,877.96	90 %	1,277,068.39	15 %
01-60-611200	OPERATIONS SALARIES	116,041.45	98,686.01	249,336.43	211,576.57	85 %	1,526,861.20	14 %
01-60-611300	SUMMER INTERNS	6,000.00	8,674.25	8,000.00	12,609.25	158 %	24,000.00	53 %
01-60-611600	ADMIN OVERTIME	616.67	257.04	1,233.30	257.04	21 %	7,400.00	3 %
01-60-611700	OPERATIONS OVERTIME	10,443.73	12,964.82	22,440.27	24,382.72	109 %	137,417.51	18 %
01-60-612100	PENSION	26,556.54	22,246.97	53,113.08	46,413.18	87 %	318,678.49	15 %
01-60-612200	MEDICAL/LIFE BENEFITS	40,980.14	34,456.26	81,960.28	68,792.13	84 %	660,970.00	10 %
01-60-612300	FEDERAL PAYROLL TAXES	18,951.26	14,631.48	37,902.52	31,602.67	83 %	227,415.15	14 %
01-60-612800	STATE UNEMPLOYMENT	406.25	89.89	812.50	93.73	12 %	4,875.00	2 %
01-60-613100	TRAVEL	900.00	1,101.50	1,800.00	1,928.35	107 %	10,800.00	18 %
01-60-613200	TRAINING	3,920.83	522.00	7,841.66	2,652.89	34 %	47,050.00	6 %
01-60-613301	CONFERENCES	2,720.83	1,539.65	5,441.66	4,821.28	89 %	32,650.00	15 %
01-60-619100	OTHER PERSONNEL COSTS	2,191.66	70.00	4,383.32	471.55	11 %	26,300.00	2 %
610 - PERSONNEL SERVICES Totals:		328,191.33	277,823.76	681,022.38	591,479.32	87 %	4,301,485.74	14 %
620 - CONTRACT SERVICES								
								% of Year Completed: 17%
01-60-621000	WATER CONSERVATION PROGRAM	2,083.33	0.00	4,166.66	0.00	0 %	25,000.00	0 %
01-60-623300	TRUST SERVICES & BANK CHARGE	5,666.66	5,654.80	11,333.32	10,714.02	95 %	68,000.00	16 %
01-60-625100	LEGAL SERVICES- GENERAL	7,500.00	2,100.00	15,000.00	4,840.00	32 %	90,000.00	5 %
01-60-625300	LEGAL SERVICES- SPECIAL	4,166.67	0.00	8,333.30	0.00	0 %	50,000.00	0 %
01-60-625800	LEGAL NOTICES	2,458.33	13,279.00	4,916.66	13,279.00	270 %	29,500.00	45 %
01-60-626000	AUDIT SERVICES	23,000.00	20,000.00	28,000.00	25,500.00	91 %	32,000.00	80 %
01-60-628000	CONSULTING SERVICES	20,875.00	12,940.00	41,750.00	14,600.00	35 %	250,500.00	6 %
01-60-629000	CONTRACTUAL SERVICES	31,133.34	14,160.41	62,266.68	28,076.04	45 %	373,600.08	8 %
620 - CONTRACT SERVICES Totals:		96,883.33	68,134.21	175,766.62	97,009.06	55 %	918,600.08	11 %
640 - INSURANCE								
								% of Year Completed: 17%
01-60-641100	GENERAL LIABILITY INSURANCE	4,291.66	3,606.70	8,583.32	7,213.40	84 %	51,500.00	14 %
01-60-641200	PUBLIC OFFICIAL LIABILITY	1,858.33	1,588.17	3,716.66	3,176.30	85 %	22,300.00	14 %
01-60-641500	WORKER'S COMPENSATION	8,750.00	8,750.00	17,500.00	16,767.00	96 %	105,000.00	16 %
01-60-641600	EXCESS LIABILITY COVERAGE	2,916.67	2,585.08	5,833.30	5,170.16	89 %	35,000.00	15 %
01-60-642100	PROPERTY INSURANCE	31,750.00	29,477.16	63,500.00	58,954.32	93 %	381,000.00	15 %
01-60-642200	AUTOMOBILE INSURANCE	1,250.00	867.75	2,500.00	1,735.50	69 %	15,000.00	12 %
01-60-649100	SELF INSURANCE PROPERTY	4,166.66	0.00	8,333.32	0.00	0 %	50,000.00	0 %
640 - INSURANCE Totals:		54,983.32	46,874.86	109,966.60	93,016.68	85 %	659,800.00	14 %

		June 2015-2016 Budget	June 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
650 - OPERATIONAL SUPPORT SRVS								
								% of Year Completed: 17%
01-60-651200	GENERATOR DIESEL FUEL	9,375.00	0.00	18,750.00	0.00	0 %	112,500.00	0 %
01-60-651300	NATURAL GAS	2,750.00	516.85	5,500.00	1,387.26	25 %	33,000.00	4 %
01-60-651401	TELEPHONE	2,178.33	2,277.61	4,356.66	5,061.92	116 %	26,140.00	19 %
01-60-651402	CELL PHONE & CORR. TELEMETRY	2,508.33	(476.88)	5,016.66	1,618.61	32 %	30,100.00	5 %
01-60-651403	RADIOS	780.00	0.00	1,560.00	0.00	0 %	9,360.00	0 %
01-60-651404	REPAIRS & EQUIPMENT	391.67	0.00	783.30	0.00	0 %	4,700.00	0 %
01-60-652100	OFFICE SUPPLIES	2,531.66	1,700.69	5,063.32	1,836.31	36 %	30,380.00	6 %
01-60-652200	BOOKS & PUBLICATIONS	366.33	0.00	732.66	0.00	0 %	4,396.00	0 %
01-60-653100	PRINTING- GENERAL	720.83	0.00	1,441.70	0.00	0 %	8,650.00	0 %
01-60-653200	POSTAGE & DELIVERY	550.00	3,511.15	1,100.00	3,913.06	356 %	6,600.00	59 %
01-60-654000	PROFESSIONAL DUES	708.33	325.00	1,416.66	325.00	23 %	21,700.00	1 %
01-60-655000	REPAIRS & MAINT- OFFICE EQUI	693.33	459.21	1,386.66	720.19	52 %	8,320.00	9 %
01-60-656000	REPAIRS & MAINT- BLDGS & GRN	17,803.33	8,975.44	35,606.66	17,240.05	48 %	213,640.00	8 %
01-60-658000	COMPUTER SOFTWARE	1,016.66	0.00	2,033.32	355.08	17 %	12,200.00	3 %
01-60-659000	COMPUTER/SOFTWARE MAINTENA	7,950.41	0.00	15,900.82	0.00	0 %	95,405.00	0 %
01-60-659100	OTHER ADMINISTRATIVE EXPENSE	1,241.67	113.50	2,483.30	196.18	8 %	14,900.00	1 %
650 - OPERATIONAL SUPPORT SRVS Totals:		51,565.88	17,402.57	103,131.72	32,653.66	32 %	631,991.00	5 %

660 - WATER OPERATION

								% of Year Completed: 17%
01-60-661101	WATER BILLING	9,873,910.92	8,641,987.80	18,761,458.21	17,347,261.48	92 %	102,746,211.48	17 %
01-60-661102	ELECTRICITY	124,930.00	57,114.14	237,380.00	140,417.84	59 %	1,300,000.00	11 %
01-60-661103	OPERATIONS & MAINTENANCE	38,000.00	21,898.44	76,000.00	56,231.48	74 %	456,000.00	12 %
01-60-661201	PUMP STATION	158,333.33	146,788.24	316,666.66	293,576.48	93 %	1,900,000.00	15 %
01-60-661202	METER STATION, ROV, TANK SITE	10,083.33	6,960.51	20,166.66	14,629.90	73 %	121,000.00	12 %
01-60-661300	WATER CHEMICALS	2,225.00	2,051.08	4,450.00	2,051.08	46 %	26,700.00	8 %
01-60-661400	WATER TESTING	2,062.50	3,911.87	4,125.00	4,947.95	120 %	24,750.00	20 %
01-60-662100	PUMPING SERVICES	18,483.33	0.00	36,966.66	1,978.00	5 %	221,800.00	1 %
01-60-662300	METER TESTING & REPAIRS	1,508.33	0.00	3,016.66	0.00	0 %	18,100.00	0 %
01-60-662400	SCADA / INSTRUMENTATION	3,366.66	4,907.37	6,733.32	7,949.53	118 %	40,400.00	20 %
01-60-662500	EQUIPMENT RENTAL	975.00	0.00	1,950.00	0.00	0 %	11,700.00	0 %
01-60-662600	UNIFORMS	2,500.00	309.48	5,000.00	1,185.08	24 %	30,000.00	4 %
01-60-662700	SAFETY	5,682.91	1,512.35	11,365.82	4,328.15	38 %	68,195.00	6 %
01-60-663100	PIPELINE REPAIRS	37,500.00	0.00	75,000.00	153,151.00	204 %	450,000.00	34 %
01-60-663200	COR TESTING & MITIGATION	1,458.33	0.00	2,916.66	0.00	0 %	17,500.00	0 %
01-60-663300	REMOTE FACILITIES MAINTENANCE	16,541.66	765.50	33,083.32	2,422.66	7 %	198,500.00	1 %
01-60-663400	PLAN REVIEW- PIPELINE CONFLI	16,600.00	0.00	18,300.00	0.00	0 %	80,000.00	0 %
01-60-663700	PIPELINE SUPPLIES	6,945.83	790.50	13,891.66	1,577.09	11 %	83,350.00	2 %
01-60-664000	MACHINERY & EQUIP- NON CAP	1,595.83	0.00	3,191.66	0.00	0 %	19,150.00	0 %
01-60-664100	REPAIRS & MAINT- VEHICLES	3,291.67	1,268.66	6,583.30	1,893.92	29 %	39,500.00	5 %

		June 2015-2016 Budget	June 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01-60-664200	FUEL- VEHICLES	3,100.00	0.00	6,200.00	1,871.73	30 %	37,200.00	5 %
01-60-664300	LICENSES- VEHICLES	179.16	0.00	358.32	0.00	0 %	2,150.00	0 %
660 - WATER OPERATION Totals:		10,329,273.79	8,890,265.94	19,644,803.91	18,035,473.37	92 %	107,892,206.48	17 %

670 - BOND INTEREST

% of Year Completed: 17%

01-60-672200	BOND INTEREST- REV BONDS	48,333.33	48,831.50	98,666.66	98,396.57	100 %	580,000.00	17 %
01-60-672400	INTEREST EXPENSE	83.33	62.55	166.66	129.10	77 %	1,000.00	13 %
670 - BOND INTEREST Totals:		48,416.66	48,894.05	98,833.32	98,525.67	100 %	581,000.00	17 %

680 - LAND & LAND RIGHTS

% of Year Completed: 17%

01-60-681000	LEASES	83.33	0.00	166.66	0.00	0 %	1,000.00	0 %
01-60-682000	PERMITS & FEES	1,204.16	2,995.00	2,408.32	2,995.00	124 %	14,450.00	21 %
680 - LAND & LAND RIGHTS Totals:		1,287.49	2,995.00	2,574.98	2,995.00	116 %	15,450.00	19 %

685 - CAPITAL EQUIP / DEPREC

% of Year Completed: 17%

01-60-685100	COMPUTERS	2,000.00	198.47	4,000.00	3,559.88	89 %	24,000.00	15 %
01-60-685200	OFFICE FURNITURE & EQUIPMT	1,416.66	0.00	2,833.32	0.00	0 %	17,000.00	0 %
01-60-685600	MACHINERY & EQUIPMENT	7,083.33	0.00	14,166.66	0.00	0 %	85,000.00	0 %
01-60-685800	CAPITALIZED EQUIP	(8,500.00)	0.00	(17,000.00)	0.00	0 %	(102,000.00)	0 %
01-60-692000	DEPRECIATION- TRANS MAINS	380,416.67	378,977.25	760,833.30	757,954.51	100 %	4,565,000.00	17 %
01-60-693000	DEPRECIATION- BUILDINGS	216,666.67	215,203.31	433,333.30	430,406.62	99 %	2,600,000.00	17 %
01-60-694000	DEPRECIATION-PUMPING EQUIPME	75,833.33	62,410.55	151,666.70	124,821.12	82 %	910,000.00	14 %
01-60-695200	DEPRECIATION- OFFICE FURN &	8,250.00	6,975.03	16,500.00	13,950.07	85 %	99,000.00	14 %
01-60-696000	DEPRECIATION- VEHICLES	5,166.67	4,293.17	10,333.30	8,586.33	83 %	62,000.00	14 %
685 - CAPITAL EQUIP / DEPREC Totals:		688,333.33	668,057.78	1,376,666.58	1,339,278.53	97 %	8,260,000.00	16 %

710 - CONSTRUCTION IN PROGRESS

% of Year Completed: 17%

		June 2015-2016 Budget	June 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01-60-721600	ROOF REPLACEMENT	58,333.33	130,000.00	116,666.66	130,000.00	111 %	700,000.00	19 %
01-60-721800	RESERVOIR HATCH REPLACEMENT	10,416.66	6,204.27	20,833.32	6,204.27	30 %	125,000.00	5 %
01-60-721900	EFFLUENT VAULT STAIRS REPLACEM	10,833.33	5,903.47	21,666.66	5,903.47	27 %	130,000.00	5 %
01-60-770701	STANDPIPE PAINTING-CONSTR	186,000.00	421,590.05	372,000.00	421,590.05	113 %	2,232,000.00	19 %
01-60-770801	STANDPIPE MIXING SYSTEM-CONST	66,666.67	0.00	133,333.30	0.00	0 %	800,000.00	0 %
01-60-771000	VALVE REHAB & REPLACEMENT	25,000.00	0.00	50,000.00	0.00	0 %	300,000.00	0 %
01-60-771100	METER REPLACEMENT	8,333.33	3,232.91	16,666.66	3,232.91	19 %	100,000.00	3 %
01-60-771200	CONDITION ASSESSMENT	68,750.00	0.00	137,500.00	3,125.57	2 %	825,000.00	0 %
01-60-771400	HL PUMP VIBRATION MONITORING	20,825.00	0.00	41,650.00	0.00	0 %	250,000.00	0 %
01-60-771500	PORTABLE GENERATOR EMERG UP	4,581.50	0.00	9,163.00	0.00	0 %	55,000.00	0 %
01-60-771600	GEN BLDG-WALL & MASONRY REHA	66,383.43	0.00	132,766.86	0.00	0 %	796,920.00	0 %
01-60-771700	REPLACEMENT OF SCADA SYSTEM	41,650.00	0.00	83,300.00	0.00	0 %	500,000.00	0 %
01-60-771800	REPLACEMENT OF TELEPHONE SYS	4,998.00	0.00	9,996.00	0.00	0 %	60,000.00	0 %
01-60-771900	HIGHLIFT PUMP REHAB	20,825.00	0.00	41,650.00	0.00	0 %	250,000.00	0 %
01-60-798000	CAPITALIZED FIXED ASSETS	(593,660.00)	(566,930.70)	(1,187,320.00)	(570,056.27)	48 %	(7,123,920.00)	8 %
710 - CONSTRUCTION IN PROGRESS Totals:		(63.75)	0.00	(127.54)	0.00	0 %	0.00	0 %
Expense Totals:		11,598,871.38	10,020,448.17	22,192,638.57	20,290,431.29	91 %	123,260,533.30	16 %
01 - WATER FUND Totals:		(3,360,525.41)	(3,817,524.41)	(6,125,486.62)	(6,962,027.94)	114 %	(37,516,582.40)	19 %



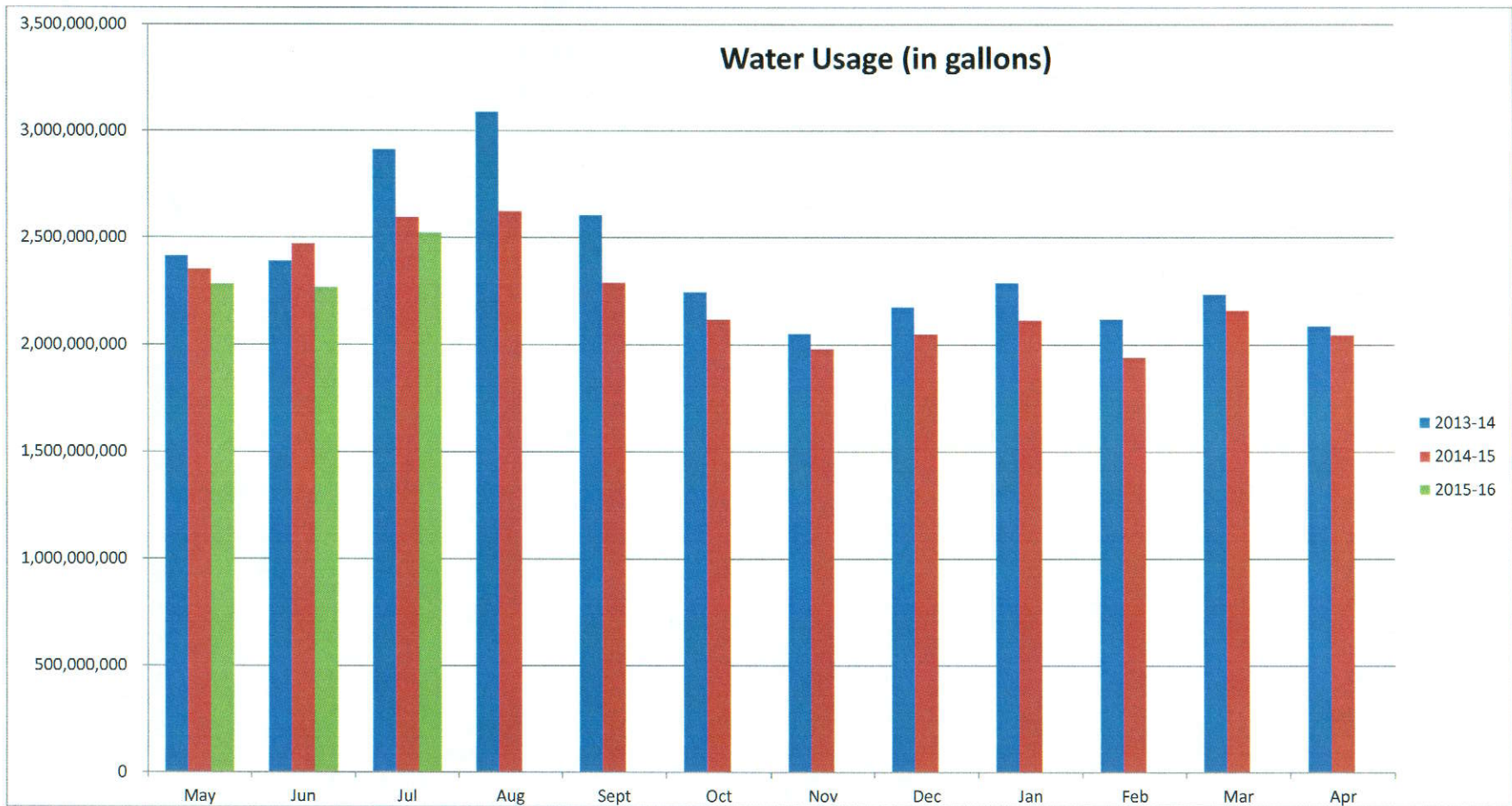
DuPage Water Commission

MEMORANDUM

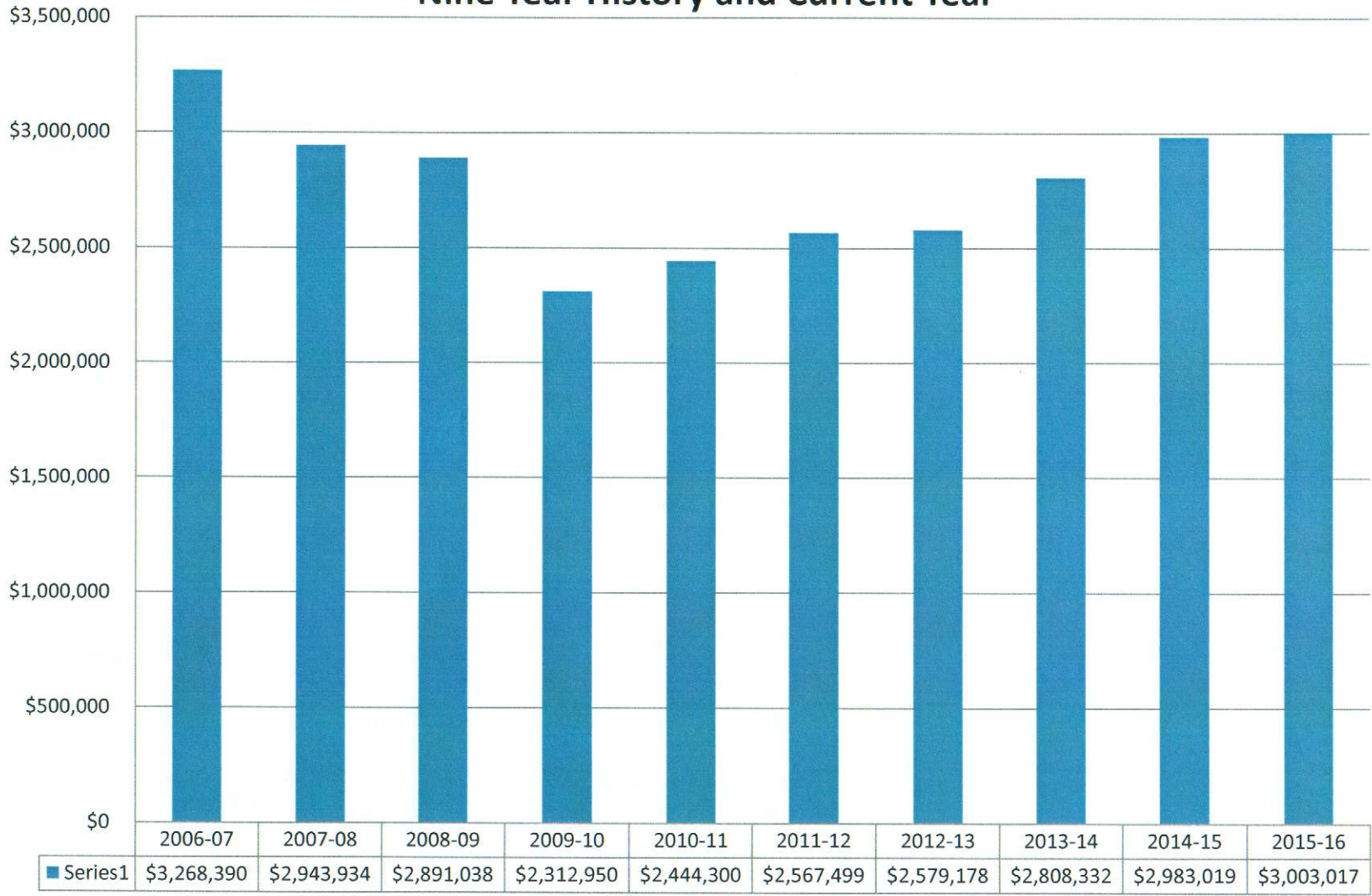
TO: John Spatz, General Manager
FROM: Cheryl Peterson, Financial Administrator *CSF*
DATE: August 11, 2015
SUBJECT: Financial Report – July 31, 2015

- Water sales to Commission customers for July 2015 were 69.6 million gallons (2.8%) less than July 2014, but increased by 251.5 million gallons compared to June 2015. Year-to-date water sales were down by 325.6 million gallons or 4.5% compared to the prior fiscal year.
- Water sales to Commission customers for July were 327.2 million gallons (11.8%) lower than the budgeted anticipated/forecasted sales for the month. Year-to-date water sales were 612.6 million gallons (8.2%) below the budgeted anticipated/forecasted sales.
- July sales tax collections (April) were \$3.0 million which is 0.7% more than the same period last fiscal year. Cumulatively, sales tax collections are approximately \$177,000 (2.1%) more than prior year. Adjusted for seasonality, sales tax collections were nearly \$378,000 over budgeted collections through July 2015.
- For the month of July, water billings to customers for O&M costs were \$11.9 million and water purchases from the City of Chicago was \$9.6 million. Water billing receivables at July month end (\$14.7 million) increased compared to the prior month (\$13.0 million) primarily due to higher water sales in the current month.
- The Commission is three months or 25% into the fiscal year. As of July 31, 2015, \$42.3 million of the \$160.8 million revenue budget has been realized. Therefore, 26% of the revenue budget has been accounted for year to date. For the same period, \$31.3 million of the \$123.3 million expenditure budget has been realized, and this accounts for 25% of the expenditure budget.
- Adjusted for seasonality based on a monthly trend, year to date revenues are 95% percent of the current budget and expenses are 89% of the current budget.
- The Operating Reserve, Capital Reserve and Long Term Water Capital Accounts had reached their respective 2015/2016 fiscal year end targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$17.8 million, \$9.0 million and \$2.1 million, respectively.
- Debt Balances declined by approximately \$0.9 million to \$9.0 million outstanding in the current month.

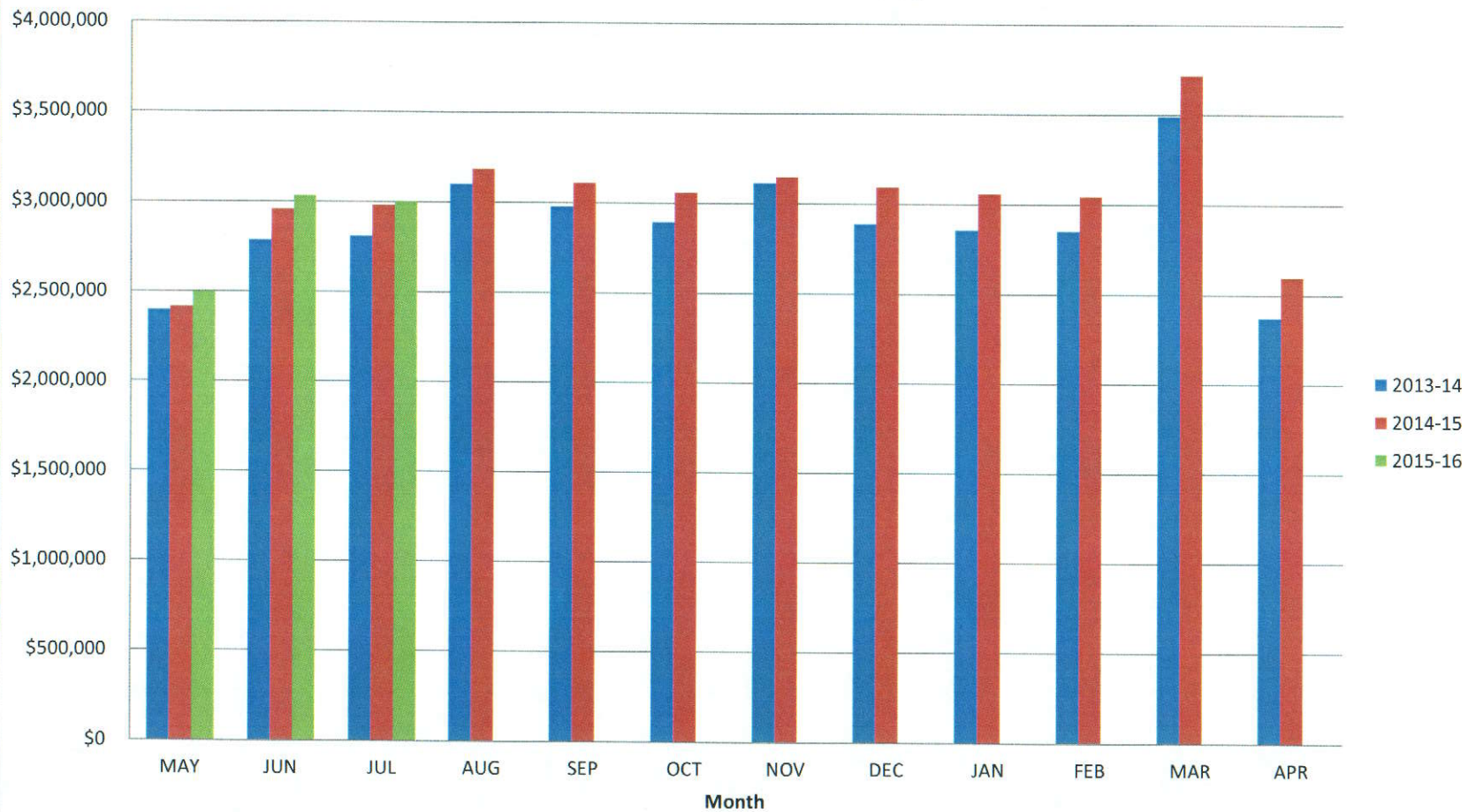
cc: Chairman and Commissioners



DuPage Water Commission - Sales Tax Collections - Month of July - Nine Year History and Current Year



Three Year Sales Tax Analysis



DuPage Water Commission

Summary of Specific Account Target and Summary of Net Assets

July 31, 2015

Revenue Bond Ordinance Accounts and Commission Policy Reserves	Account / Reserve Assets Balance (1)	Offsetting Liabilities	Year-End Specific Account Target	Status
Operations and Maintenance Account	\$ 17,805,504.72	\$ 11,613,916.40		Positive Net Assets
Revenue Bond Interest Account	\$ 9,785.20	\$ 7,335.76		Positive Net Assets
Revenue Bond Principal Account	\$ 906,000.00	\$ 898,250.00		Positive Net Assets
General Account	\$ 9,041,335.50	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 2,125,706.02	\$ 137,413.01		Positive Net Assets
Operating Reserve	\$ 41,140,797.02		\$ 40,158,396.00	Target Met
Capital Reserve	\$ 29,412,692.12		\$ 29,180,884.00	Target Met
L-T Water Capital Reserve	\$ 7,968,710.92		\$ 7,825,000.00	Target Met
	\$ 108,410,531.50	\$ 12,656,915.17	\$ 77,164,280.00	\$ 18,589,336.33

Total Net Assets - All Commission Accounts

Unrestricted	\$ 116,789,945.75
Principal & Interest Accounts	\$ 905,585.76
Invested in Capital Assets, net	\$ 342,583,836.27
Total	\$ 460,279,367.78

(1) Includes Interest Receivable



	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Fund: 01 - WATER FUND			
Assets			
Level1: 10 - CURRENT ASSETS			
110 - CASH	3,271,254.53	2,416,135.53	855,119.00
120 - INVESTMENTS	104,929,318.87	75,951,935.92	28,977,382.95
131 - WATER SALES	14,733,295.22	13,841,687.59	891,607.63
132 - INTEREST RECEIVABLE	209,958.10	127,161.48	82,796.62
133 - SALES TAX RECEIVABLE	8,295,000.00	7,900,000.00	395,000.00
134 - OTHER RECEIVABLE	215,019.18	-46,615.39	261,634.57
135 - WATER QUALITY LOAN - CURRENT	49,043.73	49,043.73	0.00
150 - INVENTORY	150,968.00	167,080.00	-16,112.00
155 - PREPAIDS	223,764.68	223,698.15	66.53
Total Level1 10 - CURRENT ASSETS:	132,077,622.31	100,630,127.01	31,447,495.30
Level1: 17 - NONCURRENT ASSETS			
170 - FIXED ASSETS	500,584,736.75	500,227,930.75	356,806.00
175 - LESS: ACCUMULATED DEPRECIATION	-152,128,946.49	-144,136,201.51	-7,992,744.98
180 - CONSTRUCTION IN PROGRESS	2,720,593.92	376,291.40	2,344,302.52
190 - LONG-TERM RECEIVABLES	490,437.35	539,481.08	-49,043.73
Total Level1 17 - NONCURRENT ASSETS:	351,666,821.53	357,007,501.72	-5,340,680.19
Total Assets:	483,744,443.84	457,637,628.73	26,106,815.11
Liability			
Level1: 21 - CURRENT LIABILITIES			
210 - ACCOUNTS PAYABLE	10,216,094.93	9,146,658.79	-1,069,436.14
211 - OTHER CURRENT LIABILITIES	1,132,677.37	363,515.82	-769,161.55
220 - ACCOUNTS PAYABLE CAPITAL	7,044.19	6,611.32	-432.87
225 - ACCRUED PAYROLL LIABILITIES	62,831.64	49,808.27	-13,023.37
226 - ACCRUED VACATION	202,312.46	189,884.30	-12,428.16
232 - NOTES PAYABLE	0.00	7,000,000.00	7,000,000.00
234 - BONDS PAYABLE	8,084,250.00	10,579,500.00	2,495,250.00
244 - ACCRUED INTEREST	7,335.76	35,744.44	28,408.68
250 - CONTRACT RETENTION	73,222.16	5,957.96	-67,264.20
251 - CUSTOMER DEPOSITS	64,190.85	64,190.85	0.00
270 - DEFERRED REVENUE	3,066,934.74	3,417,441.54	350,506.80
Total Level1 21 - CURRENT LIABILITIES:	22,916,894.10	30,859,313.29	7,942,419.19
Level1: 25 - NONCURRENT LIABILITIES			
282 - CAPITAL LEASE PAYABLE	3,239.90	12,558.68	9,318.78
283 - REVENUE BONDS	898,300.00	11,954,550.00	11,056,250.00
284 - UNAMORTIZED PREMIUM	-407,621.94	-896,768.10	-489,146.16
297 - OTHER POST EMPLOYMENT BENEFITS LIABILITY	54,264.00	52,362.00	-1,902.00
Total Level1 25 - NONCURRENT LIABILITIES:	548,181.96	11,122,702.58	10,574,520.62
Total Liability:	23,465,076.06	41,982,015.87	18,516,939.81
Equity			
Level1: 30 - EQUITY			
300 - EQUITY	449,334,103.32	405,688,713.88	43,645,389.44
Total Level1 30 - EQUITY:	449,334,103.32	405,688,713.88	43,645,389.44
Total Beginning Equity:	449,334,103.32	405,688,713.88	43,645,389.44

Board Balance Sheet

As Of 07/31/2015

	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Total Revenue	42,294,926.62	39,018,549.48	3,276,377.14
Total Expense	31,349,662.16	29,051,650.50	-2,298,011.66
Revenues Over/(Under) Expenses	<u>10,945,264.46</u>	<u>9,966,898.98</u>	<u>978,365.48</u>
Total Equity and Current Surplus (Deficit):	460,279,367.78	415,655,612.86	44,623,754.92
Total Liabilities, Equity and Current Surplus (Deficit):	<u>483,744,443.84</u>	<u>457,637,628.73</u>	<u>26,106,815.11</u>



		July 2015-2016 Budget	July 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01 - WATER FUND								
Revenue								
510 - WATER SERVICE								
								% of Year Completed: 25%
01-511100	O&M PAYMENTS- GOVERNMENTAL	(13,129,851.41)	(11,603,363.10)	(35,349,599.96)	(32,499,403.80)	92 %	(121,685,369.95)	27 %
01-511200	O&M PAYMENTS- PRIVATE	(331,140.64)	(270,678.50)	(891,532.50)	(770,538.90)	86 %	(3,068,958.75)	25 %
01-513100	SUBSEQUENT CUSTOMER - GO	(27,091.67)	(32,008.69)	(81,274.97)	(96,026.07)	118 %	(325,100.00)	30 %
01-513200	SUBSEQUENT CUSTOMER - PRIVAT	(48,191.67)	(54,427.62)	(144,574.97)	(163,282.86)	113 %	(578,300.00)	28 %
01-514100	EMERGENCY WATER SERVICE- GOV	(1,657.25)	0.00	(4,971.75)	(3,142.80)	63 %	(19,887.00)	16 %
510 - WATER SERVICE Totals:		(13,537,932.64)	(11,960,477.91)	(36,471,954.15)	(33,532,394.43)	92 %	(125,677,615.70)	27 %
520 - TAXES								
								% of Year Completed: 25%
01-530010	SALES TAXES - WATER REVENUE	(2,833,950.16)	(3,003,016.85)	(8,158,470.52)	(8,536,353.18)	105 %	(27,793,600.00)	31 %
01-530030	WATER FUND - GENERAL	0.00	0.00	0.00	0.00	0 %	(6,948,400.00)	0 %
520 - TAXES Totals:		(2,833,950.16)	(3,003,016.85)	(8,158,470.52)	(8,536,353.18)	105 %	(34,742,000.00)	25 %
540 - OTHER INCOME								
								% of Year Completed: 25%
01-581000	INVESTMENT INCOME	(29,791.66)	(78,972.63)	(89,374.98)	(212,259.01)	237 %	(357,500.00)	59 %
01-590000	OTHER INCOME	0.00	0.00	0.00	(13,920.00)	0 %	0.00	0 %
540 - OTHER INCOME Totals:		(29,791.66)	(78,972.63)	(89,374.98)	(226,179.01)	253 %	(357,500.00)	63 %
Revenue Totals:		(16,401,674.46)	(15,042,467.39)	(44,719,799.65)	(42,294,926.62)	95 %	(160,777,115.70)	26 %

Expense		July 2015-2016 Budget	July 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
		% of Year Completed: 25%						
610 - PERSONNEL SERVICES								
01-60-611100	ADMIN SALARIES	122,981.68	102,127.14	329,739.04	288,005.10	87 %	1,277,068.39	23 %
01-60-611200	OPERATIONS SALARIES	142,608.83	127,145.34	391,945.26	338,721.91	86 %	1,526,861.20	22 %
01-60-611300	SUMMER INTERNS	8,000.00	8,776.25	16,000.00	21,385.50	134 %	24,000.00	89 %
01-60-611600	ADMIN OVERTIME	616.67	0.00	1,849.97	257.04	14 %	7,400.00	3 %
01-60-611700	OPERATIONS OVERTIME	12,834.79	14,122.95	35,275.06	38,505.67	109 %	137,417.51	28 %
01-60-612100	PENSION	26,556.54	26,627.58	79,669.62	73,040.76	92 %	318,678.49	23 %
01-60-612200	MEDICAL/LIFE BENEFITS	40,980.14	28,256.37	122,940.42	97,048.50	79 %	660,970.00	15 %
01-60-612300	FEDERAL PAYROLL TAXES	18,951.26	18,353.35	56,853.78	49,956.02	88 %	227,415.15	22 %
01-60-612800	STATE UNEMPLOYMENT	406.25	122.93	1,218.75	216.66	18 %	4,875.00	4 %
01-60-613100	TRAVEL	900.00	412.03	2,700.00	2,340.38	87 %	10,800.00	22 %
01-60-613200	TRAINING	3,920.83	(310.00)	11,762.49	2,342.89	20 %	47,050.00	5 %
01-60-613301	CONFERENCES	8,000.00	1,784.05	13,441.66	6,605.33	49 %	32,650.00	20 %
01-60-619100	OTHER PERSONNEL COSTS	2,191.66	640.11	6,574.98	1,111.66	17 %	26,300.00	4 %
610 - PERSONNEL SERVICES Totals:		388,948.65	328,058.10	1,069,971.03	919,537.42	86 %	4,301,485.74	21 %
620 - CONTRACT SERVICES								
		% of Year Completed: 25%						
01-60-621000	WATER CONSERVATION PROGRAM	2,083.33	4,914.85	6,249.99	4,914.85	79 %	25,000.00	20 %
01-60-623300	TRUST SERVICES & BANK CHARGE	5,666.66	5,617.87	16,999.98	16,331.89	96 %	68,000.00	24 %
01-60-625100	LEGAL SERVICES- GENERAL	7,500.00	1,950.33	22,500.00	6,790.33	30 %	90,000.00	8 %
01-60-625300	LEGAL SERVICES- SPECIAL	4,166.67	0.00	12,499.97	0.00	0 %	50,000.00	0 %
01-60-625800	LEGAL NOTICES	2,458.33	0.00	7,374.99	13,279.00	180 %	29,500.00	45 %
01-60-626000	AUDIT SERVICES	3,000.00	4,390.00	31,000.00	29,890.00	96 %	32,000.00	93 %
01-60-628000	CONSULTING SERVICES	20,875.00	6,000.00	62,625.00	20,600.00	33 %	250,500.00	8 %
01-60-629000	CONTRACTUAL SERVICES	31,133.34	14,858.48	93,400.02	42,934.52	46 %	373,600.08	11 %
620 - CONTRACT SERVICES Totals:		76,883.33	37,731.53	252,649.95	134,740.59	53 %	918,600.08	15 %
640 - INSURANCE								
		% of Year Completed: 25%						
01-60-641100	GENERAL LIABILITY INSURANCE	4,291.66	3,606.70	12,874.98	10,820.10	84 %	51,500.00	21 %
01-60-641200	PUBLIC OFFICIAL LIABILITY	1,858.33	1,588.17	5,574.99	4,764.47	85 %	22,300.00	21 %
01-60-641500	WORKER'S COMPENSATION	8,750.00	7,284.00	26,250.00	24,051.00	92 %	105,000.00	23 %
01-60-641600	EXCESS LIABILITY COVERAGE	2,916.67	2,585.08	8,749.97	7,755.24	89 %	35,000.00	22 %
01-60-642100	PROPERTY INSURANCE	31,750.00	29,477.16	95,250.00	88,431.48	93 %	381,000.00	23 %
01-60-642200	AUTOMOBILE INSURANCE	1,250.00	867.75	3,750.00	2,603.25	69 %	15,000.00	17 %
01-60-649100	SELF INSURANCE PROPERTY	4,166.66	0.00	12,499.98	0.00	0 %	50,000.00	0 %
640 - INSURANCE Totals:		54,983.32	45,408.86	164,949.92	138,425.54	84 %	659,800.00	21 %

		July 2015-2016 Budget	July 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
650 - OPERATIONAL SUPPORT SRVS								
% of Year Completed: 25%								
01-60-651200	GENERATOR DIESEL FUEL	9,375.00	0.00	28,125.00	0.00	0 %	112,500.00	0 %
01-60-651300	NATURAL GAS	2,750.00	244.42	8,250.00	1,631.68	20 %	33,000.00	5 %
01-60-651401	TELEPHONE	2,178.33	2,386.47	6,534.99	7,448.39	114 %	26,140.00	28 %
01-60-651402	CELL PHONE & CORR. TELEMTRY	2,508.33	1,023.51	7,524.99	2,642.12	35 %	30,100.00	9 %
01-60-651403	RADIOS	780.00	0.00	2,340.00	0.00	0 %	9,360.00	0 %
01-60-651404	REPAIRS & EQUIPMENT	391.67	0.00	1,174.97	0.00	0 %	4,700.00	0 %
01-60-652100	OFFICE SUPPLIES	2,531.66	148.19	7,594.98	1,984.50	26 %	30,380.00	7 %
01-60-652200	BOOKS & PUBLICATIONS	366.33	0.00	1,098.99	0.00	0 %	4,396.00	0 %
01-60-653100	PRINTING- GENERAL	720.83	0.00	2,162.53	0.00	0 %	8,650.00	0 %
01-60-653200	POSTAGE & DELIVERY	550.00	264.88	1,650.00	4,177.94	253 %	6,600.00	63 %
01-60-654000	PROFESSIONAL DUES	4,808.33	0.00	6,224.99	325.00	5 %	21,700.00	1 %
01-60-655000	REPAIRS & MAINT- OFFICE EQUI	693.33	260.57	2,079.99	980.76	47 %	8,320.00	12 %
01-60-656000	REPAIRS & MAINT- BLDGS & GRN	17,803.33	14,713.90	53,409.99	31,953.95	60 %	213,640.00	15 %
01-60-658000	COMPUTER SOFTWARE	1,016.66	0.00	3,049.98	355.08	12 %	12,200.00	3 %
01-60-659000	COMPUTER/SOFTWARE MAINTENA	7,950.41	5,390.26	23,851.23	5,390.26	23 %	95,405.00	6 %
01-60-659100	OTHER ADMINISTRATIVE EXPENSE	1,241.67	33.84	3,724.97	230.02	6 %	14,900.00	2 %
650 - OPERATIONAL SUPPORT SRVS Totals:		55,665.88	24,466.04	158,797.60	57,119.70	36 %	631,991.00	9 %
660 - WATER OPERATION								
% of Year Completed: 25%								
01-60-661101	WATER BILLING	11,086,316.21	9,616,487.68	29,847,774.42	26,963,749.16	90 %	102,746,211.48	26 %
01-60-661102	ELECTRICITY	140,270.00	89,916.23	377,650.00	230,334.07	61 %	1,300,000.00	18 %
01-60-661103	OPERATIONS & MAINTENANCE	38,000.00	31,098.38	114,000.00	87,329.86	77 %	456,000.00	19 %
01-60-661201	PUMP STATION	158,333.33	121,857.50	474,999.99	415,433.98	87 %	1,900,000.00	22 %
01-60-661202	METER STATION, ROV, TANK SITE	10,083.33	7,102.20	30,249.99	21,732.10	72 %	121,000.00	18 %
01-60-661300	WATER CHEMICALS	2,225.00	0.00	6,675.00	2,051.08	31 %	26,700.00	8 %
01-60-661400	WATER TESTING	2,062.50	299.89	6,187.50	5,247.84	85 %	24,750.00	21 %
01-60-662100	PUMPING SERVICES	18,483.33	0.00	55,449.99	1,978.00	4 %	221,800.00	1 %
01-60-662300	METER TESTING & REPAIRS	1,508.33	1,512.16	4,524.99	1,512.16	33 %	18,100.00	8 %
01-60-662400	SCADA / INSTRUMENTATION	3,366.66	6,106.20	10,099.98	14,055.73	139 %	40,400.00	35 %
01-60-662500	EQUIPMENT RENTAL	975.00	0.00	2,925.00	0.00	0 %	11,700.00	0 %
01-60-662600	UNIFORMS	2,500.00	1,048.05	7,500.00	2,233.13	30 %	30,000.00	7 %
01-60-662700	SAFETY	5,682.91	1,205.60	17,048.73	5,533.75	32 %	68,195.00	8 %
01-60-663100	PIPELINE REPAIRS	37,500.00	(10,552.91)	112,500.00	142,598.09	127 %	450,000.00	32 %
01-60-663200	COR TESTING & MITIGATION	1,458.33	0.00	4,374.99	0.00	0 %	17,500.00	0 %
01-60-663300	REMOTE FACILITIES MAINTENANCE	16,541.66	17,663.42	49,624.98	20,086.08	40 %	198,500.00	10 %
01-60-663400	PLAN REVIEW- PIPELINE CONFLI	1,700.00	17,489.50	20,000.00	17,489.50	87 %	80,000.00	22 %
01-60-663700	PIPELINE SUPPLIES	37,507.50	1,591.97	51,399.16	3,169.06	6 %	83,350.00	4 %
01-60-664000	MACHINERY & EQUIP- NON CAP	1,595.83	0.00	4,787.49	0.00	0 %	19,150.00	0 %
01-60-664100	REPAIRS & MAINT- VEHICLES	3,291.67	1,450.37	9,874.97	3,344.29	34 %	39,500.00	8 %

Monthly & YTD Budget Report

For Fiscal: 2015-2016 Period Ending: 7/31/2015

		July 2015-2016 Budget	July 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01-60-664200	FUEL- VEHICLES	3,100.00	3,274.31	9,300.00	5,146.04	55 %	37,200.00	14 %
01-60-664300	LICENSES- VEHICLES	179.16	0.00	537.48	0.00	0 %	2,150.00	0 %
660 - WATER OPERATION Totals:		11,572,680.75	9,907,550.55	31,217,484.66	27,943,023.92	90 %	107,892,206.48	26 %

670 - BOND INTEREST

% of Year Completed: 25%

01-60-672200	BOND INTEREST- REV BONDS	48,333.33	48,097.93	146,999.99	146,494.50	100 %	580,000.00	25 %
01-60-672400	INTEREST EXPENSE	83.33	58.53	249.99	187.63	75 %	1,000.00	19 %
670 - BOND INTEREST Totals:		48,416.66	48,156.46	147,249.98	146,682.13	100 %	581,000.00	25 %

680 - LAND & LAND RIGHTS

% of Year Completed: 25%

01-60-681000	LEASES	83.33	0.00	249.99	0.00	0 %	1,000.00	0 %
01-60-682000	PERMITS & FEES	1,204.16	0.00	3,612.48	2,995.00	83 %	14,450.00	21 %
680 - LAND & LAND RIGHTS Totals:		1,287.49	0.00	3,862.47	2,995.00	78 %	15,450.00	19 %

685 - CAPITAL EQUIP / DEPREC

% of Year Completed: 25%

01-60-685100	COMPUTERS	2,000.00	0.00	6,000.00	3,559.88	59 %	24,000.00	15 %
01-60-685200	OFFICE FURNITURE & EQUIPMT	1,416.66	0.00	4,249.98	0.00	0 %	17,000.00	0 %
01-60-685600	MACHINERY & EQUIPMENT	7,083.33	0.00	21,249.99	0.00	0 %	85,000.00	0 %
01-60-685800	CAPITALIZED EQUIP	(8,500.00)	0.00	(25,500.00)	0.00	0 %	(102,000.00)	0 %
01-60-692000	DEPRECIATION- TRANS MAINS	380,416.67	378,977.26	1,141,249.97	1,136,931.77	100 %	4,565,000.00	25 %
01-60-693000	DEPRECIATION- BUILDINGS	216,666.67	215,203.31	649,999.97	645,609.93	99 %	2,600,000.00	25 %
01-60-694000	DEPRECIATION-PUMPING EQUIPME	75,833.33	62,410.56	227,500.03	187,231.68	82 %	910,000.00	21 %
01-60-695200	DEPRECIATION- OFFICE FURN &	8,250.00	6,975.05	24,750.00	20,925.12	85 %	99,000.00	21 %
01-60-696000	DEPRECIATION- VEHICLES	5,166.67	4,293.15	15,499.97	12,879.48	83 %	62,000.00	21 %
685 - CAPITAL EQUIP / DEPREC Totals:		688,333.33	667,859.33	2,064,999.91	2,007,137.86	97 %	8,260,000.00	24 %

710 - CONSTRUCTION IN PROGRESS

% of Year Completed: 25%

		July 2015-2016 Budget	July 2015-2016 Activity	2015-2016 Seasonal YTD Bud	2015-2016 YTD Activity	Seasonal Percent Used	2015-2016 Total Budget	Total Percent Used
01-60-721600	ROOF REPLACEMENT	58,333.33	285,000.00	174,999.99	415,000.00	237 %	700,000.00	59 %
01-60-721800	RESERVOIR HATCH REPLACEMENT	10,416.66	0.00	31,249.98	6,204.27	20 %	125,000.00	5 %
01-60-721900	EFFLUENT VAULT STAIRS REPLACEN	10,833.33	0.00	32,499.99	5,903.47	18 %	130,000.00	5 %
01-60-770701	STANDPIPE PAINTING-CONSTR	186,000.00	1,129,801.45	558,000.00	1,551,391.50	278 %	2,232,000.00	70 %
01-60-770801	STANDPIPE MIXING SYSTEM-CONST	66,666.67	0.00	199,999.97	0.00	0 %	800,000.00	0 %
01-60-771000	VALVE REHAB & REPLACEMENT	25,000.00	0.00	75,000.00	0.00	0 %	300,000.00	0 %
01-60-771100	METER REPLACEMENT	8,333.33	217.58	24,999.99	3,450.49	14 %	100,000.00	3 %
01-60-771200	CONDITION ASSESSMENT	68,750.00	0.00	206,250.00	3,125.57	2 %	825,000.00	0 %
01-60-771400	HL PUMP VIBRATION MONITORING	20,825.00	0.00	62,475.00	0.00	0 %	250,000.00	0 %
01-60-771500	PORTABLE GENERATOR EMERG UPC	4,581.50	0.00	13,744.50	0.00	0 %	55,000.00	0 %
01-60-771600	GEN BLDG-WALL & MASONRY REHA	66,383.43	0.00	199,150.29	0.00	0 %	796,920.00	0 %
01-60-771700	REPLACEMENT OF SCADA SYSTEM	41,650.00	0.00	124,950.00	0.00	0 %	500,000.00	0 %
01-60-771800	REPLACEMENT OF TELEPHONE SYS	4,998.00	0.00	14,994.00	0.00	0 %	60,000.00	0 %
01-60-771900	HIGHLIFT PUMP REHAB	20,825.00	0.00	62,475.00	0.00	0 %	250,000.00	0 %
01-60-798000	CAPITALIZED FIXED ASSETS	(593,660.00)	(1,415,019.03)	(1,780,980.00)	(1,985,075.30)	111 %	(7,123,920.00)	28 %
710 - CONSTRUCTION IN PROGRESS Totals:		(63.75)	0.00	(191.29)	0.00	0 %	0.00	0 %
Expense Totals:		12,887,135.66	11,059,230.87	35,079,774.23	31,349,662.16	89 %	123,260,533.30	25 %
01 - WATER FUND Totals:		(3,514,538.80)	(3,983,236.52)	(9,640,025.42)	(10,945,264.46)	114 %	(37,516,582.40)	29 %

DuPage Water Commission



Annual Financial Report

For the Fiscal Years Ended
April 30, 2015 and 2014

Preliminary and Tentative
For Discussion Purposes Only

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Years Ended
April 30, 2015 and 2014

Prepared by Finance Department

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INTRODUCTORY SECTION

**DU PAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

PRINCIPAL OFFICIALS

April 30, 2015

General Manager

Mr. John F. Spatz, Jr.

Financial Administrator

Ms. Cheryl Peterson

Manager of Operations

Mr. Terrance McGhee

Commission administrative offices are located at:

600 East Butterfield Road
Elmhurst, IL 60126

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
DuPage Water Commission
Elmhurst, Illinois

We have audited the accompanying financial statements of the DuPage Water Commission (the Commission) as of and for the years ended April 30, 2015 and 2014, and the related notes to financial statements, which collectively comprise the Commission'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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Commission'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 Commission'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 opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of April 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof 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 other required supplementary information 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 Commission's basic financial statements. The introductory section, supplemental data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data is 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 supplemental data is 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.

Naperville, Illinois
June 5, 2015

Preliminary and Tentative
For Discussion Purposes Only

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the DuPage Water Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal years ending April 30, 2015, 2014, and 2013.

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of the following components: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position presents information on all the Commission's assets, deferred outflows, liabilities and deferred inflows, with the difference between the four 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 Commission is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents the information necessary to show how the Commission's net position changed during the fiscal years ending April 30, 2015 and 2014.

Both statements are presented using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies.

The Statement of Cash Flows provides information on the Commission's gross sources and uses of cash during the fiscal year.

The Notes to the Financial Statements generally provide more detailed information about the Commission's assets, deferred outflows, liabilities, deferred inflows, net position and operations, as well as summarize the Commission's significant accounting policies.

FINANCIAL OPERATIONS SUMMARY

The Commission's net position rose by approximately \$43.6 million in fiscal year 2015. Revenues and contributions were \$154.8 million in fiscal 2015 compared to expenses totaling \$111.2 million. The Commission's revenues were higher than expected due to increased sales tax collections, greater than projected emergency water sales and higher than budgeted investment income. Expenditures were lower than budgeted primarily due to lower than expected water purchases, increased energy cost savings, and continued cost savings through improved efficiencies throughout the Commission.

In fiscal year 2014, net position increased by \$36.2 million to \$405.7 million. Revenues of \$141.2 million were approximately 11% higher in fiscal year 2014 compared to the prior year. Expenses increased by approximately 6% to \$104.9 million compared to \$99.1 million in fiscal 2013. The Commission's revenues were above budgeted expectations due to increased water sales and higher than anticipated sales tax collections. Higher costs related to increased water purchases were more than offset by continued reductions to interest costs due to accelerated debt repayment and refinancing activities, as well as other cost saving initiatives. As of April 30, 2014, net investment in capital assets was \$326.4 million.

FINANCIAL ANALYSIS

Preliminary and Tentative
For Discussion Purposes Only

Changes in Net Position. The table on page MD&A 3 presents information on the Commission's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the four reported as net position at April 30, 2015, 2014 and 2013. Net capital assets represent the total of assets capitalized less accumulated depreciation.

Fiscal Year 2015

Net capital assets decreased by \$7.2 million in fiscal year 2015 due to depreciation expense of \$8.0 million offset by investment in new construction and equipment of \$0.8 million.

Significant debt repayments, partially offset by a net decrease in capital assets, contributed to an increase of \$13.4 million in net investment in capital assets from the prior year. Debt used to finance capital assets decreased by \$20.6 million, of which \$21.1 million was from principal debt repayments related to capital assets, partially offset by net amortization of premium and loss on refunding costs of \$0.5 million.

Fiscal Year 2014

Net capital assets decreased by \$7.3 million in fiscal year 2014 due to depreciation expense of \$7.9 million offset by investment in new construction, vehicles and equipment of \$0.6 million.

Net investment in capital assets increased \$11.6 million from the prior year. This is due to the \$18.9 million decrease in debt used to finance capital assets offset by the \$7.3 million decrease in capital assets mentioned above. In the fiscal year 2014, principal debt repayments related to capital assets of \$19.4 million were partially offset by net amortization of premium and loss on refunding costs of \$0.5 million.

Preliminary and Tentative
For Discussion Purposes Only

COMPARATIVE SUMMARY OF NET POSITION
April 30,

	2015	2014	2013
Assets and Deferred Outflows of Resources			
Current:			
Cash and cash equivalents	\$ 19,428,913	\$ 18,825,424	\$ 20,351,459
Investments	80,361,000	51,074,297	44,817,141
Receivables	21,110,216	20,196,694	17,909,383
Other assets	545,631	514,364	474,028
Non-current:			
Long term loan receivable	490,437	539,481	588,526
Land and construction in process	12,464,421	12,051,670	13,250,482
Capital assets, net of depreciation	338,730,466	346,364,860	352,489,595
Total assets	473,131,084	449,566,790	449,880,614
Deferred outflows of resources:			
Unamortized loss on refunding	529,908	1,019,055	1,508,201
Total deferred outflows of resources	529,908	1,019,055	1,508,201
Total assets and deferred outflow of resources	473,660,992	450,585,845	451,388,815
Liabilities			
Current:			
Payables and accrued liabilities	9,077,001	8,183,231	7,204,558
Customer deposits	64,191	65,091	219,589
Bonds payable	11,056,250	14,094,250	16,381,250
Accrued interest	9,763	21,273	136,357
Capital lease payable	9,318	8,746	8,208
Unearned revenue	350,507	350,507	350,507
Non-current:			
Unearned revenue	2,804,054	3,154,561	3,505,068
Other liabilities	54,264	52,362	50,639
Notes payable	-	7,000,000	28,000,000
Capital lease payable	3,240	12,559	21,305
Bonds payable	898,300	11,954,550	26,048,800
Total liabilities	24,326,888	44,897,130	81,926,281
Net Position			
Net investment in capital assets	339,757,687	326,365,480	314,760,847
Unrestricted	109,576,417	79,323,235	54,701,687
NET POSITION	\$ 449,334,104	\$ 405,688,715	\$ 369,462,534

Revenues and Expenses. The table which follows presents a comparative summary of revenues, expenses and changes in net position for the years ended April 30, 2015, 2014 and 2013. The most significant source of revenues for the Commission continues to be from water sales.

Fiscal Year 2015

Water sales for fiscal year 2015 were 25.96 billion gallons versus 27.84 billion gallons last fiscal year. The charter customer operations and maintenance average water rate increased from an average of \$3.52 per thousand gallons to an average of \$4.19 per thousand gallons for fiscal year 2015 due to a rate increase of 17% in January 2015. Water revenue increased in the current fiscal year by \$10.8 million or 11.0% as a result of the higher rates, which were partially offset by a decline in water sales of 6.8%. There were no major new customers.

The Commission's sales tax revenues increased by \$1.8 million or 5.3%, similar to the growth rate in fiscal 2014. Sales tax revenues continued to show stable growth. Sales tax funds of \$7.1 million were used to reduce the customers' fixed cost payments for fiscal year 2015 by 50%. This practice started in fiscal year 1998 and has continued through fiscal year 2015.

Investment income increased by nearly \$0.7 million from the prior year due to improved investment yield rates, unrealized gains related to market values and higher investment balances. The Commission added and was able to fully fund a Capital Reserve fund in fiscal 2015. In addition to meeting the Capital Reserve target, the Commission met all the targeted balances for its other reserve funds as well. However, the growth rate on the yield on investments is still being restricted by the low interest rate environment.

Water distribution costs remain the highest expense in the Commission's operations. Water distribution costs increased \$6.4 million mainly due to the City of Chicago increasing their water rate charged to their customers partially offset by a decline of approximately 6.5% in water purchases in fiscal 2015.

Fiscal Year 2014

In fiscal year 2014, water sales declined to 27.84 billion gallons compared to 29.23 billion gallons in the prior fiscal year. The charter customer operations and maintenance average water rate increased from \$2.89 per thousand gallons to \$3.52 per thousand gallons for fiscal year 2014. Higher water rates were the reason the Commission's water revenue increased by \$13.4 million or 14.5% compared to the prior year. An 18% rate increase was implemented on January 1st in the fiscal year.

The Commission's sales tax revenues increased by \$1.8 million or 5.6% as the local economy continued to improve. Sales tax collections in the fiscal were similar to amounts received in fiscal year 2008. In addition, \$7.1 million of sales tax funds were used to reduce the customers' fixed cost payments for fiscal year 2014 by 50%. This practice started in fiscal year 1998 and has continued through fiscal year 2014.

Investment income decreased \$0.4 million in part from the prior year due to unrealized losses in market values in the fiscal year versus unrealized gains in the prior year. The Commission also did not receive additional funds from escrow activity related to debt refinancing as in the prior year. In addition, the low interest rate environment continued to limit the growth rate on the yield on investments.

The highest expense in the Commission's operations remains water distribution costs. The City of Chicago increasing their water rate charged to their customers was the main driver of water distribution costs increasing by \$8.6 million (10.4%) in fiscal year 2014.

COMPARATIVE SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years Ending April 30,

	2015	2014	2013
REVENUES			
Operating:			
Water sales - all categories	\$ 116,795,994	\$ 106,009,331	\$ 92,600,883
Other	71,314	55,933	164,774
Nonoperating:			
Sales tax	36,791,962	34,945,975	33,098,620
Investment income	863,779	123,042	508,005
Total Revenue	154,523,049	141,134,281	126,372,282
EXPENSES			
Operating:			
Water supply costs	97,146,590	90,772,120	82,207,354
Depreciation	8,009,501	7,952,088	7,889,770
Personal services	3,832,775	3,721,139	3,682,195
Other	1,530,383	1,497,303	1,726,419
Nonoperating:			
Interest and other charges	697,636	997,221	3,563,014
(Gain) Loss on disposal of capital assets	(5,475)	89	-
Total Expense	111,211,410	104,939,960	99,068,752
Net income (loss) before contributions	43,311,639	36,194,321	27,303,530
Contributions	333,750	31,860	348,967
Change in net position	43,645,389	36,226,181	27,652,497
Net position, May 1	405,688,715	369,462,534	341,810,037
Net position, April 30	\$ 449,334,104	\$ 405,688,715	\$ 369,462,534

CAPITAL ASSETS AND DEBT ADMINISTRATION

Preliminary and Tentative
For Discussion Purposes Only

Capital Assets. The Commission's capital assets before depreciation totaled \$501.3 million in fiscal year 2015.

COMPARATIVE SUMMARY OF CHANGES IN NET CAPITAL ASSETS

For Fiscal Years Ending April 30,

	2015	2014	2013
Land and permanent easements	\$ 11,728,902	\$ 11,728,902	\$ 11,728,902
Construction in progress	735,519	322,768	1,521,580
Water mains	272,410,156	276,957,883	281,505,610
Buildings and other structures	55,439,851	57,650,587	60,215,251
Pumping equipment	10,509,775	11,258,702	10,532,375
Office furniture and equipment	276,920	352,406	93,147
Vehicles and other equipment	93,764	145,282	143,212
TOTAL CAPITAL ASSETS, NET	\$351,194,887	\$358,416,530	\$365,740,077

Detailed information about the Commission's capital assets is presented in the Notes to the Financial Statements.

Debt Administration. The Commission completed repayment of the \$40 million certificate of debt in October 2014. The Commission completed repayment of the \$30 million certificate of debt in June 2013. For the remaining debt outstanding, the Commission made no material changes in structure or changed any ordinances in fiscal year 2015.

In fiscal year 2013, the Commission implemented a new bond ordinance upon defeasance of the 2003 Revenue Bonds and issuance of the 2013 Revenue Bonds. The current bond ordinance does not include requirements for certain balances to be maintained in specific accounts. Account requirements under the 1987 revenue bond ordinance in relation to the 2003 Revenue Bonds were met each month the debt was outstanding in fiscal year 2013.

Fiscal Year 2015

On April 30, 2015, the 2013 Revenue Bond principal outstanding was \$12.0 million. All required revenue bond principal and interest payments were made monthly and on time during fiscal year 2015.

There were no Certificates of debt outstanding as of April 30, 2015, the remaining balance of \$7.0 million was paid on October 1, 2014, The Commission issued a \$30 million certificate of debt on December 2009, and a \$40 million certificate of debt was issued in May, 2010. Both were used to fund ongoing construction projects and purchase water from the City of Chicago.

No additional capital lease obligations were entered into in fiscal 2015. The principal value remaining on the capital lease set to expire in September 2016 was \$12,558.

Fiscal Year 2014

The required revenue bond principal and interest payments were made monthly and on time during fiscal year 2014. On April 30, 2014, remaining revenue bond principal outstanding was \$26.0 million.

As of April 30, 2014, the Commission had \$7.0 million in certificates of debt outstanding compared to \$28.0 million in certificates of debt at the end of the prior fiscal year. The remaining balance outstanding is part of the \$40 million certificate of debt issued in May, 2010. The remaining balance outstanding from April 30, 2013 on the \$30 million certificate of debt issued to the Commission in December 2009 was paid in June 2013. Both were used to fund ongoing construction projects and purchase water from the City of Chicago. No principal payments are required in fiscal 2015.

The principal value remaining on the capital lease set to expire in September 2016 was approximately \$21,300. In September 2011, the Commission entered into a capital lease obligation for office equipment which expires in five years. The value of the lease was approximately \$42,100. No additional capital lease obligations were entered into in fiscal 2014.

COMPARATIVE SUMMARY OF CHANGES IN OUTSTANDING DEBT
For Fiscal Years Ending April 30,

	2015	2014	2013
Certificates of debt	\$ -	\$7,000,000	\$28,000,000
Water revenue bonds	11,954,550	26,048,800	42,430,050
Capital lease	12,558	21,305	29,513
TOTAL OUTSTANDING DEBT	\$11,967,108	\$33,070,105	\$70,459,563

Detailed information about the Commission’s debt is presented in the Notes to the Financial Statements.

INVESTMENT PORTFOLIO

Fiscal Year 2015

The Commission’s investment portfolio totaled \$94.9 million. At the end of the fiscal year, the portfolio was earning 0.81%. The benchmarks adopted by the Commission are based on the nature of the accounts and expected duration of the investments. The indices range from the 3 month U.S. Treasury Bill index to the 1-10 year U.S. Treasury Bill index.

Commission funds were invested as follows at April 30, 2014: United States treasury obligations (50%), United States agency investments (26%), money market funds (15%), municipal bonds (7%), commercial paper (1%) and asset/mortgage backed securities (1%).

Fiscal Year 2014

The Commission’s investment portfolio totaled \$66.5 million. At the end of the fiscal year, the overall portfolio was earning approximately 0.53%. The benchmarks adopted by the Commission are based on the nature of the accounts and expected duration of the investments. The indices range from the 3 month U.S. Treasury Bill index to the 1-5 year U.S. Treasury Bill index.

Commission funds were invested as follows at April 30, 2014: United States treasury obligations (34%), United States agency investments (26%), money market funds (23%), commercial paper (10%), and municipal bonds (7%).

OTHER FINANCIAL INFORMATION

The Commission joined with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. As a wholesale distributor of Lake Michigan water, the Commission is not able to directly address this issue. However, the Commission agreed to make long-term, low-interest loans available to customer municipalities, retailers of Lake Michigan water, to extend their systems to serve county areas having water quality issues. The full extent of this contamination is unknown at this time. However, the Commission has committed to provide loans totaling not more than \$10 million toward mitigating the problem.

In total the Commission issued three loans for approximately \$5.6 million to charter customers during 2003-2007. Two of the loans were to be repaid in 13 installments, commencing in 2011 and continuing through 2023. Both of these loans have been paid in full. The third loan is to be repaid in 13 installments, commencing in 2014 and continuing through 2026. As of April 30, 2015 only \$0.5 million remained outstanding from the customers.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the DuPage Water Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Financial Administrator, DuPage Water Commission, 600 E. Butterfield Road, Elmhurst, IL 60126-4642, (630) 834-0100. E-mail requests should be sent to admin@dpwc.org.

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

STATEMENTS OF NET POSITION

April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,428,913	\$ 18,825,424
Investments	80,361,000	51,074,297
Receivables		
Water sales	12,627,354	12,120,990
Accrued interest	187,862	126,660
Sales tax	8,295,000	7,900,000
Long-term loans receivable, current portion	49,044	49,044
Inventory	158,129	167,080
Prepaid expenses and deposits	338,458	347,284
Total current assets	<u>121,445,760</u>	<u>90,610,779</u>
NONCURRENT ASSETS		
Long-term loans receivable	<u>490,437</u>	<u>539,481</u>
Capital assets		
Not being depreciated	12,464,421	12,051,670
Being depreciated	488,855,835	488,518,909
Less accumulated depreciation	<u>(150,125,369)</u>	<u>(142,154,049)</u>
Net capital assets	<u>351,194,887</u>	<u>358,416,530</u>
Total noncurrent assets	<u>351,685,324</u>	<u>358,956,011</u>
Total assets	<u>473,131,084</u>	<u>449,566,790</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunding	<u>529,908</u>	<u>1,019,055</u>
Total deferred outflows of resources	<u>529,908</u>	<u>1,019,055</u>
Total assets and deferred outflows of resources	<u>473,660,992</u>	<u>450,585,845</u>

(This statement is continued on the following page.)

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

STATEMENTS OF NET POSITION (Continued)

April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Unearned revenue	\$ 350,507	\$ 350,507
Contract retentions	5,958	5,958
Customer deposits	64,191	65,091
Accounts payable	8,089,037	7,327,769
Accrued liabilities	753,050	629,305
Compensated absences	228,956	220,199
Capital lease payable	9,318	8,746
Revenue refunding bonds payable	11,056,250	14,094,250
Accrued interest payable	9,763	21,273
	<hr/>	<hr/>
Total current liabilities	20,567,030	22,723,098
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Other postemployment benefits obligation	54,264	52,362
Unearned revenue	2,804,054	3,154,561
Capital lease payable	3,240	12,559
Revenue refunding bonds payable, net	898,300	11,954,550
Notes payable	-	7,000,000
	<hr/>	<hr/>
Total long-term liabilities	3,759,858	22,174,032
	<hr/>	<hr/>
Total liabilities	24,326,888	44,897,130
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets	339,757,687	326,365,480
Unrestricted	109,576,417	79,323,235
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 449,334,104</u>	<u>\$ 405,688,715</u>

See accompanying notes to financial statements.

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Years Ended April 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Water sales		
Operations and maintenance costs	\$ 108,327,436	\$ 97,794,815
Fixed costs	7,143,137	7,144,872
Customer differential	1,325,421	1,069,644
Other income	71,314	55,933
	116,867,308	106,065,264
OPERATING EXPENSES		
Water supply costs	97,146,590	90,772,120
Personal services	3,832,775	3,721,139
Insurance	544,245	521,903
Professional and contractual services	554,877	506,567
Administrative costs	431,261	468,833
	102,509,748	95,990,562
OPERATING INCOME BEFORE DEPRECIATION	14,357,560	10,074,702
DEPRECIATION	8,009,501	7,952,088
OPERATING INCOME	6,348,059	2,122,614
NON-OPERATING REVENUES (EXPENSES)		
Sales tax	36,791,962	34,945,975
Investment income	863,779	123,042
Interest and other charges	(697,636)	(997,221)
Gain (Loss) on disposal of capital assets	5,475	(89)
	36,963,580	34,071,707
NET INCOME BEFORE CONTRIBUTIONS	43,311,639	36,194,321
Contributions	333,750	31,860
CHANGE IN NET POSITION	43,645,389	36,226,181
NET POSITION, MAY 1	405,688,715	369,462,534
NET POSITION, APRIL 30	\$ 449,334,104	\$ 405,688,715

See accompanying notes to financial statements.

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

STATEMENTS OF CASH FLOWS

For the Years Ended April 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 115,938,223	\$ 103,398,491
Cash payments to suppliers	(98,851,798)	(92,203,195)
Cash payments to employees	(2,744,501)	(2,672,180)
Other cash receipts	71,314	55,933
Net cash from operating activities	<u>14,413,238</u>	<u>8,579,049</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from sales taxes	36,396,962	34,545,975
Cash received from water quality loans	49,044	49,045
Net cash from noncapital financing activities	<u>36,446,006</u>	<u>34,595,020</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on revenue bonds	(192,024)	(416,856)
Interest paid on notes payable	(26,860)	(204,651)
Interest paid on capital lease payable	(1,115)	(1,652)
Principal paid on revenue refunding bonds	(14,094,250)	(16,381,250)
Principal paid on notes payable	(7,000,000)	(21,000,000)
Principal paid on capital lease payable	(8,747)	(8,208)
Construction and purchases of capital assets	(448,633)	(707,217)
Net cash from capital and related financing activities	<u>(21,771,629)</u>	<u>(38,719,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	587,558	324,614
Proceeds from sale of investments	60,171,277	46,536,091
Purchase of investments	(89,242,961)	(52,840,975)
Net cash from investing activities	<u>(28,484,126)</u>	<u>(5,980,270)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	603,489	(1,526,035)
CASH AND CASH EQUIVALENTS, MAY 1	<u>18,825,424</u>	<u>20,351,459</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 19,428,913</u></u>	<u><u>\$ 18,825,424</u></u>

(This statement is continued on the following page.)

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 6,348,059	\$ 2,122,614
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	8,009,501	7,952,088
Changes in assets and liabilities		
Increase in water sales receivable	(506,364)	(2,105,835)
Decrease in inventory	8,951	-
Decrease (Increase) in prepaid expenses and deposits	8,826	(40,336)
Decrease in due from other governments	-	64,680
Decrease in unearned revenue	(350,507)	(350,507)
Increase in accounts payable	761,268	844,183
Increase in accrued liabilities and compensated absences	132,502	244,937
Increase in other postemployment benefits obligation	1,902	1,723
Decrease in customer deposits	(900)	(154,498)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 14,413,238</u>	<u>\$ 8,579,049</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions	<u>\$ 333,750</u>	<u>\$ 31,860</u>
NONCASH INVESTING ACTIVITIES		
Unrealized gain/(loss) on investments	<u>\$ 215,019</u>	<u>\$ (47,728)</u>

See accompanying notes to financial statements.

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DuPage Water Commission (the Commission) is a county water commission, body politic and corporate, political subdivision and unit of local government, in DuPage County, Illinois, existing and operating under the Water Commission Act of 1985 (70 ILCS 3720), effective July 30, 1985, as amended (the 1985 Commission Act). The Commission declared the official start of operations on May 1, 1992.

The Board of Commissioners consists of 13 members. Seven of the Board members are appointed by the DuPage County Board Chairman with the advice and consent of the County Board. One of these appointees is designated as Chairman of the Commission and must be approved by the Board of Commissioners. The other six Board members are appointed by vote of the mayors of municipalities within the DuPage County districts.

The purpose and objectives of the Commission are:

- a. To provide water to municipalities and other customers within DuPage County.
- b. To plan, construct, acquire, develop, operate, maintain, and/or contract for facilities for receiving, storing, and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and other customers.
- c. To provide adequate supplies of such water on an economical and efficient basis for the municipalities and other customers.
- d. To provide a forum for discussion, study development, and implementation of recommendations of mutual interest regarding water distribution and supply facilities within DuPage County.

The primary authority to designate management, influence operations, formulate budgets, and set water rates rests with the Board of Commissioners. Significant matters that require Board action include setting water rates, borrowing funds, amending the Chicago Water Supply Contract or Commission by-laws, and employing the general manager, treasurer, financial administrator, and professional contractors. These significant matters must carry a majority vote of all commissioners, which majority must contain at least one-third of the DuPage County appointed Board members and 40% of the municipality appointed Board members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

a. Reporting Entity

The Commission is considered to be a primary government pursuant to GASB Statement No. 14 since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Commissioners.

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Non-operating revenues/expenses are incidental to the operation of the fund.

c. Fund Accounting

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the Commission is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Commission has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Commission's proprietary funds consider all certificates of deposit and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Investments and negotiable certificates of deposits with a maturity date greater than one year from the date of purchase are recorded at fair value.

f. Accounts Receivable

Customer receivables are recorded as receivables and revenues at their original invoice amount. Management has determined no allowance for uncollectible accounts necessary as of April 30, 2015 and 2014. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 40 days.

g. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid expenses.

h. Inventory

Inventories are accounted for at cost, using the first-in/first-out (FIFO) method.

i. Capital Assets - Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated capital assets are valued at their estimated fair market value on the date donated. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation of property, plant, and equipment has been provided for over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

	<u>Years</u>
Water mains	80
Buildings and other structures	40
Pumping equipment	30
Office furniture and equipment	3-10
Vehicles and other equipment	5-25

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets - Property, Plant, and Equipment (Continued)

Maintenance and repairs are charged to expense in the year incurred. Expenses that extend the useful life or increase productivity of property, plant, and equipment are capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

j. Bond Discounts, Bond Premiums, and Losses on Refundings

Bond discounts, bond premiums, and losses on refundings are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts and losses on refundings are presented as a reduction of the face amount of bonds payable; bond premiums are presented as an addition to the face amount of bonds payable. Bond issuance costs are expensed in the period incurred.

k. Compensated Absences

Employees earn vacation based on their anniversary date with the Commission. Earned vacation may be accumulated and is payable to the employee upon termination of employment and, therefore, is accrued through April 30. Accumulated sick leave is not reimbursable upon termination of employment and, therefore, is not accrued.

l. Unearned Revenue

Payments from member communities due in subsequent years and received in the current year are reported as unearned revenue.

m. Net Position

Restricted net position represent amounts required to be segregated by bond ordinance provisions. None of the net position is restricted as a result of enabling legislation adopted by the Commission. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Net investment in capital assets represents the net book value of capital assets less long-term debt principal outstanding issued to construct or acquire capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any deferred inflows of resources that meet this criteria.

o. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

The Commission's investment policy limits investments of the Commission's funds to the following: (a) direct or fully guaranteed obligations of the U.S. Government; (b) fully guaranteed obligations of certain U.S. federally chartered agencies; (c) interest-bearing demand or time deposits in banks and savings and loan associations; (d) short-term obligations of U.S. corporations with assets exceeding \$500,000,000 and with a rating of A1/P1; (e) money market mutual funds whose portfolio consists solely of U.S. Government obligations; (f) the Illinois Funds Investment Pool of the State of Illinois; (g) state and local obligations rated A- to A3 or better; and (h) repurchase agreements.

It is the policy of the Commission to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Commission and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety, liquidity, and rate of return.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Commission's deposits may not be returned to it. The Commission's investment policy allows for the pledging of collateral for all bank balances in excess of federal depository insurance, with collateral held by a third party under a trust agreement or safekeeping agreement. The bank balance of cash and certificates of deposit was fully insured or collateralized at April 30, 2015 and 2014.

b. Investments

The following table presents the investments and maturities of the Commission's debt securities as of April 30, 2015 and 2014:

Investment Type	2015				
	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 47,723,168	\$ 207,738	\$ 45,520,653	\$ 1,994,777	\$ -
U.S. agency	24,328,605	615,643	23,712,962	-	-
Municipal bond	6,349,125	1,182,457	5,116,005	50,663	-
Commercial paper	1,199,581	1,199,581	-	-	-
Asset backed/mortgage backed securities	760,521	-	735,294	25,227	-
TOTAL	\$ 80,361,000	\$ 3,205,419	\$ 75,084,914	\$ 2,070,667	\$ -

Investment Type	2014				
	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 22,893,238	\$ 1,289,851	\$ 21,603,387	\$ -	\$ -
U.S. agency	17,115,855	1,679,710	15,436,145	-	-
Commercial paper	6,597,829	6,597,829	-	-	-
Municipal bond	4,467,375	650,292	3,817,083	-	-
TOTAL	\$ 51,074,297	\$ 10,217,682	\$ 40,856,615	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Commission limits its exposure to interest rate risk by structuring the portfolio to provide liquidity

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. Investments cannot have a maturity greater than five years except commercial paper which is limited to 210 days and investments within the Long-Term Water Capital Reserve, which may have a maximum maturity of 10 years provided that such investments have a maximum five-year weighted average maturity.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Commission limits its exposure to credit risk by primarily investing in U.S. Government obligations and external investment pools. The money market fund and Illinois Funds are AAA rated. The commercial paper is rated A1 and the municipal bonds are rated A to AAA or are not rated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Commission will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Commission's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third-party custodian in the Commission's name and evidenced by safekeeping receipts. Money market funds are not subject to custodial credit risk.

Concentration of credit risk is the risk of loss due to a high percentage of the Commission's investments being invested with any one issuer. The Commission's investment policy places no limit on the amount the Commission may invest in any one issuer, except for commercial paper which is limited to 5% of the total portfolio.

3. LOANS RECEIVABLE

On April 25, 2002, the Commission approved a motion for a proposed agreement to make long-term, low-interest loans available to Charter Customer municipalities for the purpose of providing financing under certain circumstances to future customers who presently live in areas of DuPage County not presently served by the Commission. Three intergovernmental agreements with Charter Customers were made during 2003-2007. Two of the loans were to be repaid in 13 installments, commencing in 2011 and continuing through 2023. Both of these loans have been paid in full. The third loan is to be repaid in 13 installments, commencing in 2014 and continuing through 2026. Interest at a rate of 2% per annum shall be paid annually until the principal balance of the loan has been paid in full. As of April 30, 2015 and 2014, loans totaling \$539,481 and \$588,525 were due from the customers, respectively.

3. LOANS RECEIVABLE (Continued)

Payments due from Charter Customers are as follows:

Fiscal Year Ending April 30	2015	
	Principal	Interest
2016	\$ 49,044	\$ 10,790
2017	49,044	9,809
2018	49,044	8,828
2019	49,044	7,847
2020	49,044	6,866
2021-2025	245,217	19,617
2026	49,044	981
TOTAL	\$ 539,481	\$ 64,738

Fiscal Year Ending April 30	2014	
	Principal	Interest
2015	\$ 49,044	\$ 11,771
2016	49,044	10,790
2017	49,044	9,809
2018	49,044	8,828
2019	49,044	7,847
2020-2024	245,218	24,521
2025-2026	98,087	2,942
TOTAL	\$ 588,525	\$ 76,508

4. CAPITAL ASSETS

Capital asset activity for years ended April 30, 2015 and 2014 is as follows:

	2015			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land and permanent easements	\$ 11,728,902	\$ -	\$ -	\$ 11,728,902
Construction in progress	322,768	455,008	42,257	735,519
Total capital assets not being depreciated	12,051,670	455,008	42,257	12,464,421

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

4. CAPITAL ASSETS (Continued)

	2015			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets being depreciated				
Water mains	\$ 364,135,069	\$ -	\$ -	\$ 364,135,069
Buildings and other structures	102,504,660	365,610	-	102,870,270
Pumping equipment	16,614,240	-	-	16,614,240
Office furniture and equipment	4,596,723	9,497	-	4,606,220
Vehicles and other equipment	668,217	-	38,181	630,036
Total capital assets being depreciated	488,518,909	375,107	38,181	488,855,835
Less accumulated depreciation				
Water mains	87,177,186	4,547,727	-	91,724,913
Buildings and other structures	44,854,073	2,576,346	-	47,430,419
Pumping equipment	5,355,538	748,927	-	6,104,465
Office furniture and equipment	4,244,317	84,983	-	4,329,300
Vehicles and other equipment	522,935	51,518	38,181	536,272
Total accumulated depreciation	142,154,049	8,009,501	38,181	150,125,369
Total capital assets being depreciated, net	346,364,860	(7,634,394)	-	338,730,466
CAPITAL ASSETS, NET	\$ 358,416,530	\$ (7,179,386)	\$ 42,257	\$ 351,194,887

	2014			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land and permanent easements	\$ 11,728,902	\$ -	\$ -	\$ 11,728,902
Construction in progress	1,521,580	595,982	1,794,794	322,768
Total capital assets not being depreciated	13,250,482	595,982	1,794,794	12,051,670
Capital assets being depreciated				
Water mains	364,135,069	-	-	364,135,069
Buildings and other structures	102,495,971	8,689	-	102,504,660
Pumping equipment	15,177,305	1,436,935	-	16,614,240
Office furniture and equipment	4,665,865	329,687	398,829	4,596,723
Vehicles and other equipment	616,086	52,131	-	668,217
Total capital assets being depreciated	487,090,296	1,827,442	398,829	488,518,909

4. CAPITAL ASSETS (Continued)

	2014			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets being depreciated				
Water mains	\$ 82,629,459	\$ 4,547,727	\$ -	\$ 87,177,186
Buildings and other structures	42,280,720	2,573,353	-	44,854,073
Pumping equipment	4,644,930	710,608	-	5,355,538
Office furniture and equipment	4,572,718	70,339	398,740	4,244,317
Vehicles and other equipment	472,874	50,061	-	522,935
Total accumulated depreciation	134,600,701	7,952,088	398,740	142,154,049
Total capital assets being depreciated, net	352,489,595	(6,124,646)	89	346,364,860
CAPITAL ASSETS, NET	\$ 365,740,077	\$ (5,528,664)	\$ 1,794,883	\$ 358,416,530

5. WATER CONTRACT WITH THE CITY OF CHICAGO

The Commission has entered into a 40-year contract (from March 19, 1984) with the City of Chicago, Illinois (the Chicago Contract), under which the City of Chicago (the City) has agreed to supply all of the Commission's water requirements, up to 1.7 times the year's annual average day amount, with water of such quality as will meet or exceed applicable standards of the state and federal governments. The Chicago Contract provides that the cost of water to the Commission is furnished by the City through meters.

The Commission is obligated to purchase a minimum amount of water; such minimum is 50% of the aggregate Illinois Department of Natural Resources allocations. In fiscal 2015 and 2014, the Commission purchased 26.7 and 28.6 billion gallons of water, respectively from the City, which equaled 80.0% and 84.3%, respectively of the aggregate Illinois Department of Natural Resources allocations.

6. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to and illnesses of the Commission's employees. These risks, along with medical claims for employees and retirees, are provided for through insurance purchased from private insurance companies.

There have been no reductions in the Commission's insurance coverage for any of its programs since the prior fiscal year. Settlements have not exceeded insurance coverage during the current year or prior three fiscal years.

7. LONG-TERM DEBT

a. A schedule of changes in long-term obligations payable is as follows:

	2015				
	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
Other postemployment benefits obligation	\$ 52,362	\$ 1,902	\$ -	\$ 54,264	\$ -
Notes payable	7,000,000	-	7,000,000	-	-
Capital Lease	21,305	-	8,747	12,558	9,318
Revenue refunding bonds	26,048,800	-	14,094,250	11,954,550	11,056,250
TOTAL	\$ 33,122,467	\$ 1,902	\$ 21,102,997	\$ 12,021,372	\$ 11,065,568

	2014				
	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
Other postemployment benefits obligation	\$ 50,639	\$ 1,723	\$ -	\$ 52,362	\$ -
Notes payable	28,000,000	-	21,000,000	7,000,000	-
Capital Lease	29,513	-	8,208	21,305	8,746
Revenue refunding bonds	42,430,050	-	16,381,250	26,048,800	14,094,250
TOTAL	\$ 70,510,202	\$ 1,723	\$ 37,389,458	\$ 33,122,467	\$ 14,102,996

b. Notes Payable

On December 21, 2009, the Commission issued \$30,000,000 Debt Certificates, Series 2009 to provide for the acquisition of water and for improvements and extensions to the existing facilities of the Commission. On June 21, 2013 the 2009 Debt Certificates were redeemed and prepaid in full. Principal was due in one installment on December 21, 2015; with a variable rate of interest that is determined and reset annually (1.5% as of April 30, 2013). The 2009 Debt Certificates also allowed optional redemption and prepayments, in whole and in part, on any semiannual interest payment date.

7. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

On May 17, 2010, the Commission issued \$40,000,000 Debt Certificates, Series 2010 to provide for the acquisition of water and for improvements and extensions to the existing facilities of the Commission. On October 1, 2014 the 2010 Debt Certificates were redeemed and prepaid in full. The remaining principal was due in one installment on May 1, 2016. Interest was due on May 1 and November 1, 2014 with a variable rate of interest that is determined periodically (0.9% as of April 30, 2014). As of April 30, 2014, \$7,000,000 of principal was outstanding.

c. Revenue Bonds

In February 2013, the Commission issued \$42,430,050 Revenue Refunding Bonds Series 2013. Principal is due in monthly installments of \$898,250 to \$3,580,000, interest at 0.98% through maturity at May 15, 2016. The Series 2013 revenue bonds were issued to refund \$50,375,000 of outstanding Revenue Bond, Series 2003 (call date May 1, 2013) with an average interest rate of 3.98%. As such, the Series 2003 were retired and the liability for the debt has been removed from the Commission's books. As a result of the refunding, the Commission achieved cash flow savings of \$3,181,221 and an economic gain of \$3,181,241.

As of April 30, 2015 and 2014, \$11,954,550 and \$26,048,800, respectively, of principal remained outstanding on the Series 2013 bonds. In addition, the bonds are subject to certain terms and conditions contained in the Master Revenue Bond Ordinance (the Ordinance), which was approved in December 2012 by the Board and adopted when the Commission refinanced the Revenue Bonds, Series 2003, and issued the Revenue Bonds, Series 2013, in February 2013. Substantially all revenue generated from the Commission's operations are pledged to retire these bonds.

Payments due on the revenue bonds through maturity are as follows:

Fiscal Year Ending April 30,	<u>SERIES 2013 BONDS</u>	
	2015	
	Principal	Interest
2016	\$ 11,056,250	\$ 66,248
2017	898,300	734
TOTAL	\$ 11,954,550	\$ 66,982

7. LONG-TERM DEBT (Continued)

c. Revenue Bonds (Continued)

Fiscal Year Ending April 30,	<u>SERIES 2013 BONDS</u>	
	2014	
	Principal	Interest
2015	\$ 14,094,250	\$ 192,025
2016	11,056,250	66,248
2017	898,300	734
TOTAL	\$ 26,048,800	\$ 259,007

d. Revenue Bond Ordinance

On December 18, 2012, the Commission adopted the Ordinance authorizing the issuance of Water Revenue Bonds, Series 2013, for the purpose of replacing the 1987 Ordinance and refunding the Water Revenue Bonds, Series 2003.

The Ordinance required the establishment various accounts within the Water Fund designated as Operation and Maintenance Account, Interest Account, Principal Account, Bank Obligation Account, and General Account.

Revenues held or collected from owners and operation of the system are deposited in the Water Fund. Monies deposited in the Water Fund are required to be transferred to the extent available within the following accounts of the Water Fund in the indicated order:

Operation and Maintenance Account - There shall be credited to the Operation and Maintenance Account an amount sufficient to pay operation and maintenance costs which shall not cause the balance in such account at any time to be greater than the operation and maintenance maximum amount.

Interest Account - There shall next be credited to the Interest Account and paid immediately to the Purchaser the then current interest due on the Bonds plus, at the Commission's option, the interest due for the next following month. All moneys to the credit of said Account shall be used solely to pay interest on Outstanding Bonds.

7. LONG-TERM DEBT (Continued)

d. Revenue Bond Ordinance (Continued)

Principal Account - There shall next be credited to the Principal Account at the Commission's option, all or a portion of the principal due for the next following Fiscal Year. All moneys to the credit of the Principal Account shall be used solely to pay principal on Outstanding Bonds.

Bank Obligations Account - There shall next be credited to the Bank Obligations Account and paid immediately to the Purchaser any amounts due on Bank Obligations. All moneys to the credit of said Account shall be used solely to pay amounts due on Bank Obligations.

General Account - All moneys remaining in the Water Fund after crediting the required amounts to the respective Accounts hereinabove provided for and after making up any deficiency in any of said Accounts, including for past due amounts that remain unpaid, shall be credited to the General Account.

All the accounts are held by the Commission.

e. Capital Lease

In September 2011, the Commission entered into a capital lease obligation for office equipment which expires in five years. Future minimum lease payments under capital leases for the next five years in total are as follows:

Fiscal Year Ending April 30	Principal
2016	\$ 9,849
2017	3,283
Total Minimum Future Lease Payments	<u>13,132</u>
Less Interest	<u>574</u>
Present Value of Minimum Future Lease Payments	<u>\$ 12,558</u>

8. CONTINGENCIES

Contingent Liabilities

The Commission has certain other contingent liabilities resulting from litigation, claims, and commitments incident to the ordinary course of business. It is expected that final resolution of such contingencies will not materially affect the financial position or changes in financial position of the Commission.

9. MAJOR CUSTOMER

During fiscal year 2015 and 2014, approximately 5.1 and 5.6 billion gallons, or 19.68% and 20.05%, respectively of water sales revenue in the Water Fund were realized from the City of Naperville, the Commission's largest customer.

10. DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

Plan Description. The Commission's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Commission's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Funding Policy. As set by statute, the Commission’s regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the Commission to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Commission’s annual required contribution rate for calendar year 2014 was 11.52%. The Commission also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For April 30, 2015 and 2014, the Commission’s annual pension cost of \$306,020 and \$311,561, respectively was equal to the Commission’s required and actual contributions. The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of the Commission’s plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Commission regular plan’s unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level of percentage of projected payroll on an open 29 year basis.

Employer annual pension costs (APC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	Illinois Municipal Retirement
Annual pension cost (APC)	2013	\$ 304,608
	2014	311,561
	2015	306,020
Actual contributions	2013	\$ 304,608
	2014	311,561
	2015	306,020

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

	Fiscal Year	Illinois Municipal Retirement
Percentage of APC contributed	2013	100.00%
	2014	100.00%
	2015	100.00%
NPO	2013	\$ -
	2014	-
	2015	-

Funded Status and Funding Progress. The funded status and funding progress of the plan as of December 31, 2014 and 2013 was as follows:

	2014	2013
Actuarial accrued liability (AAL)	\$ 7,987,331	\$ 7,684,981
Actuarial value of plan assets	6,684,330	6,582,996
Unfunded actuarial accrued liability (UAAL)	1,303,001	1,101,985
Funded ratio (actuarial value of plan assets/AAL)	83.69%	85.66%
Covered payroll (active plan members)	\$ 2,696,649	\$ 2,563,971
UAAL as a percentage of covered payroll	48.32%	42.98%

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Commission provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions, and employer contributions are governed by the Commission and can be amended by the Commission. Certain benefits are controlled by state laws and can only be changed by the Illinois Legislature. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Commission provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Commission's retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Commission's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2013, the most recent actuarial valuation, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	23
Active nonvested plan members	<u>11</u>
TOTAL	<u>36</u>
Participating employers	<u>1</u>

d. Funding Policy

The Commission is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015, 2014 and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2013	\$ 8,133	78.30%	\$ 50,639
April 30, 2014	8,093	78.71%	52,362
April 30, 2015	8,272	77.00%	54,264

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of April 30, 2015 and 2014 was calculated as follows:

	2015	2014
Annual required contribution	\$ 7,755	\$ 7,755
Interest on net OPEB obligation	2,094	2,026
Adjustment to annual required contribution	(1,577)	(1,688)
Annual OPEB cost	8,272	8,093
Contributions made	6,370	6,370
Increase in net OPEB obligation	1,902	1,723
Net OPEB obligation, beginning of year	52,362	50,639
NET OPEB OBLIGATION, END OF YEAR	\$ 54,264	\$ 52,362

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2013, the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 86,237
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	86,237
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,643,508
UAAL as a percentage of covered payroll	3.26%

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 with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year 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.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial methods and assumptions - 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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2013 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4% and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 6%. Both rates include a 3% inflation assumption and 4% wage inflation assumption. The actuarial value of assets was not determined as the Commission has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013 was 30 years.

12. CUSTOMER PREPAYMENTS

Payments from non-Charter Customers for customer differential revenues are reported as unearned revenues. These unearned revenues will be amortized on a straight-line basis through April 30, 2024. Customer differentials represent payments for connecting to the Commission's system as well as fixed costs charged to subsequent customers to cover costs which would have been paid by subsequent customers if they had been Charter Customers.

13. SALES TAX

Beginning June 1, 2016, the sales tax imposed may no longer be imposed or collected, unless a continuation of the tax is approved by the voters at a referendum.

REQUIRED SUPPLEMENTARY INFORMATION

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2015

Actuarial Valuation December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ 5,026,706	\$ 6,359,912	79.04%	\$ 1,333,206	\$ 2,760,942	48.29%
2010	4,142,473	5,795,662	71.48%	1,653,189	2,537,383	65.15%
2011	4,783,201	6,361,630	75.19%	1,578,429	2,484,345	63.54%
2012	5,501,960	6,949,144	79.17%	1,447,184	2,514,715	57.55%
2013	6,582,996	7,684,981	85.66%	1,101,985	2,563,971	42.98%
2014	6,684,330	7,987,331	83.69%	1,303,001	2,696,649	48.32%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$7,798,666. On a market basis, the funded ratio would be 97.64%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the DuPage Water Commission. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

(See independent auditor's report.)

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2015

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 265,581	\$ 265,581	100.00%
2011	271,059	271,059	100.00%
2012	282,693	282,693	100.00%
2013	304,608	304,608	100.00%
2014	311,561	311,561	100.00%
2015	306,020	306,020	100.00%

(See independent auditor's report.)

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2015

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	\$ 78,076	0.00%	\$ 78,076	\$ 2,820,206	2.77%
2011	*	*	*	*	*	*
2012	*	*	*	*	*	*
2013	-	86,237	0.00%	86,237	2,643,508	3.26%
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*

*The requirements under GASB Statement No. 45 require an actuarial valuation every three years. Therefore, no actuarial valuation was done as of April 30, 2011, 2012, 2014 and 2015.

(See independent auditor's report.)

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2015

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 6,370	\$ 8,760	72.72%
2011	6,370	7,755	82.14%
2012	6,370	7,755	82.14%
2013	6,370	7,755	82.14%
2014	6,370	7,755	82.14%
2015	6,370	7,755	82.14%

(See independent auditor's report.)

SUPPLEMENTAL DATA

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Years Ended April 30, 2015 and 2014

	<u>Budget</u>	<u>2015 Actual</u>	<u>Variance</u>	<u>2014 Actual</u>
OPERATING REVENUES				
Water sales				
Operations and maintenance costs	\$ 109,793,259	\$ 108,327,436	\$ (1,465,823)	\$ 97,794,815
Fixed costs	7,143,137	7,143,137	-	7,144,872
Customer differential	921,086	1,325,421	404,335	1,069,644
Other income	-	71,314	71,314	55,933
	<u>117,857,482</u>	<u>116,867,308</u>	<u>(990,174)</u>	<u>106,065,264</u>
OPERATING EXPENSES				
Water supply costs	100,961,724	97,146,590	(3,815,134)	90,772,120
Personal services	4,096,998	3,832,775	(264,223)	3,721,139
Insurance	633,200	544,245	(88,955)	521,903
Professional and contractual services	879,760	554,877	(324,883)	506,567
Administrative costs	653,465	431,261	(222,204)	468,833
	<u>107,225,147</u>	<u>102,509,748</u>	<u>(4,715,399)</u>	<u>95,990,562</u>
OPERATING INCOME BEFORE DEPRECIATION	10,632,335	14,357,560	3,725,225	10,074,702
DEPRECIATION	8,236,000	8,009,501	(226,499)	7,952,088
OPERATING INCOME	<u>2,396,335</u>	<u>6,348,059</u>	<u>3,951,724</u>	<u>2,122,614</u>
NON-OPERATING REVENUES (EXPENSES)				
Sales tax	33,000,000	36,791,962	3,791,962	34,945,975
Investment income	336,000	863,779	527,779	123,042
Interest and other charges	(901,500)	(697,636)	203,864	(997,221)
Loss on disposal of capital assets	-	5,475	5,475	(89)
	<u>32,434,500</u>	<u>36,963,580</u>	<u>4,529,080</u>	<u>34,071,707</u>
NET INCOME BEFORE CONTRIBUTIONS	34,830,835	43,311,639	8,480,804	36,194,321
Contributions	298,391	333,750	35,359	31,860
CHANGE IN NET POSITION	<u>\$ 35,129,226</u>	<u>43,645,389</u>	<u>\$ 8,516,163</u>	<u>36,226,181</u>
NET POSITION, MAY 1		<u>405,688,715</u>		<u>369,462,534</u>
NET POSITION, APRIL 30		<u>\$ 449,334,104</u>		<u>\$ 405,688,715</u>

(See independent auditor's report.)

STATISTICAL SECTION

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

SALES TAX REVENUES

FOR THE YEARS ENDED APRIL 30

Year Ended	Sales Tax Revenues
2015	\$ 36,791,962
2014	34,945,975
2013	33,098,620
2012	31,878,312
2011	30,780,825

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

**Preliminary and Tentative
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STATE WATER ALLOCATIONS

	(Millions Gallons Per Day) ⁽¹⁾		
	2010	2020	2030
Addison	4.230	4.457	4.682
Argonne National Laboratory (2)	0.758	0.758	0.758
Bensenville	2.571	2.616	2.660
Bloomington	2.767	3.048	3.327
Carol Stream	4.213	4.600	4.926
Clarendon Hills	0.832	0.888	0.942
Darien	2.934	3.254	3.293
Downers Grove	6.589	7.265	7.937
DuPage County			
Glen Ellyn Heights	0.210	0.283	0.395
Steeple Run	0.183	0.189	0.195
S.E.R.W.F.	0.643	0.708	0.782
Hobson Valley	0.051	0.126	0.195
York Township	0.172	0.172	0.172
Elmhurst	4.699	4.749	4.797
Glenn Ellyn	2.985	3.164	3.349
Glendale Heights	2.869	2.977	3.086
Hinsdale	2.762	2.923	3.081
Illinois American			
Arrowhead	0.190	0.190	0.190
Country Club Estates	0.105	0.105	0.105
Dupage/Lisle	0.555	0.585	0.615
Liberty Ridge East	0.042	0.048	0.054
Liberty Ridge West	0.305	0.349	0.400
Lombard Heights	0.065	0.065	0.065
Valley View	0.700	0.700	0.700
Itasca	1.666	1.951	2.143
Lisle	3.024	3.261	3.497
Lombard	4.777	5.177	5.572
Naperville	18.803	21.683	24.560
Oak Brook	4.205	4.508	4.675
Oak Brook Terrace	0.281	0.293	0.293
Roselle	2.206	2.357	2.508
Villa Park	2.146	2.206	2.284
Westmont	2.945	3.069	3.173
Wheaton	5.821	6.008	6.191
Willowbrook	1.267	1.452	1.636
Winfield	1.011	1.188	1.366
Wood Dale	1.613	1.680	1.747
Woodridge	3.876	4.479	4.479
Total average mgd	<u>95.071</u>	<u>103.531</u>	<u>110.830</u>

(1) State Water allocations are expressed in terms of average quantity per day. Actual use in a day may exceed average daily use.

(2) The state has determined that no water allocation permit is required for Argonne National Laboratory to draw water from Lake Michigan. The figures set forth in this table represent the maximum amount of water the Commission is obligated to sell to Argonne National Laboratory.

**DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS**

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WATER REVENUES AND USAGE


FOR THE YEARS ENDED APRIL 30

Year Ended	Water Sales (1)	Gallons Sold (in 000's)
2015	\$ 115,470,573	25,959,645
2014	104,939,687	27,841,047
2013	91,680,699	29,228,914
2012	68,784,739	27,508,123
2011	58,863,923	28,110,957

(1) Amounts include water sales from operation and maintenance costs and fixed costs, excludes customer differential

DATE: August 11, 2015

REQUEST FOR BOARD ACTION

AGENDA SECTION	Finance Committee	ORIGINATING DEPARTMENT	Finance
ITEM	Authorizing the Transfer of Funds from the General Account to the Operating Reserve Account	APPROVAL	
Account Numbers: 01-121700 and 01-121800			
<p>The request is to transfer \$5 million in funds into the Operating Reserve Account from the General Account. The current target being met in the Operating Reserve is the minimum target balance of 120 days of the current fiscal year management budget expense total less depreciation. The transfer would allow the Commission to increase the number of day's coverage to approximately 135 days of operations.</p> <p>The transfer would also allow the Commission to improve the rate of return on the \$5 million because the funds could be invested in longer term maturities, which usually have higher yields, in the Operating Reserve account as compared to the General Account.</p> <p>The Commission is positioning this reserve to be greater than the minimum prior to the end of the collection of sales tax revenues in June 2016. The purpose of the designated Operating Reserve Fund is to cover rate stabilization, emergencies and unscheduled costs relating to the operation of the Commission's water system.</p>			
MOTION: Authorizing the Transfer of Funds from the General Account to the Operating Reserve Account			