

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, SEPTEMBER 18, 2014
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:12 P.M.

Committee members in attendance: C. Janc, J. Pruyn, D. Russo and J. Zay (arrived at 6:33 P.M.)

Committee members absent: P. Suess

Non-Committee members in attendance: None

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

Minutes

Commissioner Janc moved to approve the Minutes of the Regular Committee Meeting of August 21, 2014 of the Finance Committee. Seconded by Commissioner Russo 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 August.

Mr. McGhee left the meeting at 6:14 P.M.

Treasurer's Report – August 2014

Treasurer Ellsworth stated that he had provided the Committee with a written summary of the August Treasurer's Report. He noted on page 1 of the report that cash and investments totaled \$81.8M.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio was at 56 basis points, down from the prior month's yield of 58 basis points. Unrealized losses at month end were approximately \$29,000 compared to unrealized losses of \$47,728 at the beginning of the year.

Treasurer Ellsworth noted that on the Statement of Cash Flows that operating activities increased cash flows by \$5.0M, \$11.5M of sales tax revenues were received and debt

payments totaled \$4.8M year to date. He stated that all targeted reserve levels were met or exceeded targets.

Financial Statements – August 2014

Financial Administrator Peterson provided the Committee with a summary of the August Financial Statements. She noted that four months into the current fiscal year, revenues are exceeding expenses slightly ahead of budgeted seasonal expectations, even as water sales are below budget by approximately 5%. An offset is water purchases are approximately 6% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 2.7% in August. Cumulatively Sales Tax collections as of August 31, 2014, were approximately \$456,000 over the prior year.

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 nearly \$17M. Receivables were up slightly versus prior year due to higher water costs and timing of collections, partially offset by lower water sales. Debt has declined by \$27M compared to prior year balances at August 31st.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss in the revenue and expense accounts.

R-24-14

Commissioner Pruyn moved to recommend to the Board to accept Resolution No. R-24-14: A Resolution Authorizing the Redemption of the Northern Trust Third Amended and Extended 2010 Debt Certificate and Authorizing and Directing the Use of General Account Balances for the Payment Thereof. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Discussion regarding the Reserve Fund Policy and Investment Policy

General Manager Spatz began a discussion regarding the suggested revisions to the Reserve Fund Policy and Investment Policy. He noted that sales tax account, which is a subaccount of the General Account, is where the Commission is currently holding cash to cover capital projects. However, with the sales tax ending in 2016 and debt payments down to just the monthly revenue bonds, now would be the opportune time to incorporate a new reserve for funding near-term projected capital spending.

Commissioner Pruyn asked General Manager Spatz how much would the Commission plan on contributing per month to the Capital Reserve. General Manager Spatz then described how the capital reserve would be funded when excess cash is available with

a goal of maintaining a balance that covers between 3-5 years of the Commission's 5 year capital improvement plan. The theory is that the Capital Reserve would be for the projects expected to occur in the next 5 years that were outlined in the Commission's 5 year capital improvement plan, which were previously funded by sales tax revenues. A discussion then began regarding how to determine what would be a proper balance in the reserve accounts based upon changes that are expected to occur in the next few years.

Accounts Payable

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

August 13, 2014 to September 9, 2014	\$8,759,323.07
<u>Estimated</u>	<u>\$7,720,165.00</u>
Total	\$16,479,488.07

Other

None

Adjournment

Commissioner Russo moved to adjourn the meeting at 7:00 P.M. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.