

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, APRIL 21, 2016
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:47 P.M.

Committee members in attendance: P. Suess, R. Gans, J. Pruyn, D. Russo (arrived at 5:58 P.M.), and J. Zay

Committee members absent: None

Non-Committee members in attendance: R. Furstenau

Also in attendance: J. Spatz and C. Peterson

Minutes

Chairman Zay moved to approve the Minutes of the Regular Committee Meeting of March 17, 2016 of the Finance Committee. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Financial Administrator Peterson read from the Treasurer's Report that Treasurer Fates had reviewed and approved the journal entries and bank reconciliations for the month of March 2016.

O-1-16

General Manager Spatz noted there were no changes made to the budget since the draft budget was presented to the Board in February and he has responded to all questions.

Chairman Zay moved to recommend to the Board an Ordinance Approving and Adopting an Annual Management Budget for the Fiscal Year Commencing May 1, 2016 and Ending April 30, 2017. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

O-2-16

General Manager Spatz discussed that this ordinance is required by the Commission's charter customer agreement even though the amount is zero in the current year. He

stated that all Revenue Bonds outstanding have been paid, but in the future this could increase to cover other bonds or permitted expenditures.

Commissioner Gans then asked about how the Commission would handle the costs of bringing in new customers. General Manager Spatz then explained there is a customer buy in cost and how in general how it is calculated based on expected water usage and assets.

Chairman Zay moved to recommend to the Board an Ordinance Establishing Fixed Costs to be Payable by Each Contract Customer for the Fiscal Year Commencing May 1, 2016 and Ending April 30, 2017. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

O-3-16

General Manager Spatz described how the same percentages used the last few years in determining the Appropriation Budget compared to the Management Budget. He reiterated that Commission staff is bound by the Management Budget and the Appropriation Budget gives the Board and Commission the legal authority to spend all the money. General Manager Spatz and Chairman Zay reviewed how this process allows the Board and Commission to be able to react quicker should an emergency occur.

Chairman Suess commented on the fact that the Commission has not had to use this contingency in any material way. General Manager Spatz noted that during his tenure so far, the Commission has not gone over the total management budget. However, various accounts have gone over the management budgeted numbers, but the Committee has been made aware of those specific instances when they occurred. Such as account 60-661202, Meter Station/ROV/Tank Site Electric, which may go over the management budgeted amount by a few thousand in April. Commissioner Pruyn asked for verification that the accounts did not exceed the appropriated amounts in the recent past and General Manager Spatz confirmed.

Commissioner Pruyn moved to recommend to the Board an Ordinance Approving and Adopting an Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2016 and Ending April 30, 2017. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Request for Board Action

General Manager Spatz explained that although the Commission contributed an additional \$1.3M recently it was based upon numbers from 2014. The Commission just received 2015 year-end numbers and due to a low return on investments by IMRF, the Commission still had an unfunded pension liability. He noted that the amount requested

would again bring us to 100% funded based upon the most recent figures from IMRF. General Spatz also noted that preliminary employer rates from IMRF for 2017 showed the expected decline due to fully funding the pension liability.

Commissioner Pruyn made a motion to recommend the authorization of the payment of the market value of the unfunded actuarial accrued liability balance as of December 31, 2015 per IMRF for the Commission. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried

General Manager Spatz and Commissioner Furstenau left the meeting at 5:57 P.M.

Treasurer's Report – March 2016

Financial Administrator Peterson reviewed the written summary of the March Treasurer's Report. Cash and Investments were \$134.5M. She highlighted some account activity in the Commission's cash and investments increase of \$35.0M over the past eleven months.

Market yield on the portfolio was at 1.02 basis points, a slight increase from the prior month. The portfolio was showing unrealized gains of \$628,318 compared to unrealized gains at the prior year end of approximately \$215,000.

Financial Administrator Peterson reviewed the \$35.0M increase year-to-date on the Statement of Cash Flows. She stated that all targeted reserve levels were met or exceeded targets. She concluded noting that there was \$1.8M of debt outstanding at March 31, 2016.

Financial Statements – March 2016

Financial Administrator Peterson provided the Committee with a summary of the March Financial Statements. She noted that through the first eleven months of the fiscal year, revenues exceeded expenses ahead of budgeted seasonal expectations. Although water sales were just slightly below budget by 0.3% through March, an offset was water purchases, which were approximately 1.6% below budgeted seasonal expectations year-to-date.

Sales Tax collections were below prior year revenue amounts by approximately 2.0% in March. Cumulatively Sales Tax collections as of March 31, 2016, were approximately \$874,000 over the prior year.

Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities. The interest and principal balances had enough funds to cover the final Revenue Bond payments made in April 2016.

Financial Administrator Peterson noted that cash balances were up compared to prior year by approximately \$37M. Receivables were lower compared to prior year due to lower water sales. Debt has declined by nearly \$11M compared to prior year balances at March 31, 2016. She also noted that one account was expected to exceed the management budget in April. Account 60-661202, Meter Station/ROV/Tank Site Electric, will likely go slightly over budget for the year in April.

Accounts Payable

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

March 9, 2016 to April 12, 2016	\$7,761,217.18
<u>Estimated</u>	<u>\$828,220.00</u>
Total	\$8,589,437.18

Other

None

Adjournment

Commissioner Gans moved to adjourn the meeting at 6:04 P.M. Seconded by Chairman Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.