

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, AUGUST 18, 2016
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:54 P.M.

Committee members in attendance: P. Suess (arrived at 6:00 P.M.), R. Gans, J. Pruyn (arrived at 6:02 P.M.), D. Russo, and J. Zay

Committee members absent: None

Non-Committee members in attendance: None

Also in attendance: J. Spatz, C. Peterson and J. Savio from Sikich LLP

Minutes

Commissioner Russo moved to approve the Minutes of the Regular Committee Meeting of June 16, 2016 of the Finance Committee. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Fates stated that he had reviewed and approved the journal entries and bank reconciliations for the months of June and July 2016.

All voted aye. Motion carried.

Treasurer's Report – June and July 2016

Treasurer Fates reviewed the written summary of the June Treasurer's Report. Cash and Investments were \$142.7 Million. He described by account the Commission's cash and investments increase of \$1.9 Million from the prior month he also stated that all investments are in compliance with the investment policy.

Market yield on the portfolio increased to 1.06%. The portfolio was showing unrealized gains of \$1.0 Million compared to unrealized gains at the prior year end of approximately \$537,000.

Treasurer Fates detailed the \$6.4 Million increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Treasurer Fates reviewed the written summary of the July Treasurer's Report. Cash and Investments were \$147.1 Million. He described by account the Commission's cash and

investments increase of \$4.4 Million from the prior month he also stated that all investments are in compliance with the investment policy.

The market yield on the portfolio declined by 0.02% to 1.04% in the current month. The portfolio was showing unrealized gains of \$840,000 compared to unrealized gains at the prior year end of approximately \$537,000.

Treasurer Fates detailed the \$10.8 Million increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Chairman Zay made a motion to accept the Treasurers reports as presented. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

General Manager Spatz left the meeting at 6:00 P.M.

Financial Statements – June and July 2016

Chairman Suess recommended that the Committee focus on the July financials and accept the June financials as presented.

Financial Administrator Peterson noted that for the prior fiscal year, revenues exceeded expenses by approximately \$11.5 Million. The results were primarily due to water sales slightly higher than budgeted and timing of expenditures.

Sales Tax collections were below prior year revenue amounts by approximately 0.9% in July. Cumulatively Sales Tax collections as of July 31, 2016, were approximately \$312,000 over the prior year.

Financial Administrator Peterson stated that cash and investment balances at the end of July exceeded liabilities or targets by \$57 Million.

It was noted that cash balances were up compared to prior year by approximately \$39 Million. Receivables were higher due to increased water sales.

2016 Annual Audit Report

Jim Savio of Sikich presented an overview of the audit results and the process to the Committee. The opinion from Sikich is unmodified. Mr. Savio's detailed the changes to the statements and footnotes due to the adoption of GASB 68 and 71 which were both related to accounting for pension activity.

Commissioner Pruyn asked about the actuarial information received and whether it was received from IMRF. Mr. Savio replied that IMRF used Gabriel Roeder and Smith & Co. as the actuaries and discussed how the detailed information from that report was being used within the audited statements. Commissioner Russo asked about the discount rate and whether that number may be adjusted in the near or long-term. A discussion was

then had regarding IMRF's returns on investments over the past ten years and diversification of investments. Chairman Suess felt the key takeaway was that the Commission was nearly fully funded and Chairman Zay noted that the size of the Commission's pension also worked in its favor.

Mr. Savio then noted that the Commission had no audit adjustments, no material weaknesses, and no significant deficiencies.

Commissioner Russo moved to recommend to the Board to accept the draft audit report for the fiscal year ending April 30, 2016. Seconded by Commissioner Pruyne and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Chairman Zay left the meeting at 6:16 P.M.

Accounts Payable

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

June 7, 2016 to July 12, 2016	\$9,769,999.73
<u>Estimated</u>	<u>\$1,309,475.00</u>
Total	\$11,079,474.73
July 13, 2016 to August 9, 2016	\$10,531,329.16
<u>Estimated</u>	<u>\$752,525.00</u>
Total	\$11,283,854.16

Other

None.

Adjournment

Commissioner Gans moved to adjourn the meeting at 6:24 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.