

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, AUGUST 17, 2017
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:52 P.M.

Committee members in attendance: R. Gans, J. Pruyn (arrived at 6:13 P.M.), D. Russo, P. Suess and J. Zay

Committee members absent: None

Non-Committee members in attendance: None

Also in attendance: Treasurer W. Fates, C. Peterson, J. Schroeder and D. Nelson from PFM Asset Management, and J. Savio from Sikich LLP

Investment Review

Jeff Schroeder from PFM gave the Committee a brief overview of the markets current economic conditions and projected interest rate activity. Danny Nelson from PFM then reviewed the activity in the Commission's investments including rate of returns, investment types and durations.

Minutes

Commissioner Gans moved to approve the Minutes of the Regular Committee Meeting of June 15, 2017 of the Finance Committee. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Fates reported that he had reviewed and approved the journal entries and bank reconciliations for the months of June and July 2017.

2017 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 discussed certain items of interest or differences within the reports.

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

Treasurer's Report – June and July 2017

Chairman Suess asked that Committee accept June activity and that Treasurer Fates should focus on July's report. Treasurer Fates reviewed the written summary of the July Treasurer's Report. Cash and Investments totaled \$165.8M. He detailed the various account activities in the Commission's cash and investments over the past three months.

Market yield on the portfolio was at 1.36 basis points, an increase from the prior month. The portfolio was showing unrealized losses of \$453,100 compared to unrealized losses at the prior year end of approximately \$541,000.

Treasurer Fates reviewed the \$3.9M increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Financial Statements – June and July 2017

Chairman Suess asked that Committee accept June activity and that Financial Administrator Peterson should focus on July's report. Financial Administrator Peterson noted that for the three months ended July 31, 2017, revenues exceeded expenses by approximately \$2.9M, primarily due to higher than budgeted water sales, sales tax collections, investment earnings and timing of expenditures.

Water sales were above seasonal budgeted amounts by 1.9%. Water purchases were up 0.7% versus seasonal budgeted amounts.

Financial Administrator Peterson stated that total cash and investment balances at the end of July exceeded total liabilities and targets.

It was noted that cash balances were up compared to prior year by approximately \$19M. Receivables were flat as rate increases were offset by lower water sales compared to the prior year.

Discussion of Audit Services

Financial Administrator Peterson discussed a proposal from Sikich to provide auditing services for fiscal years ending April 30, 2018 and 2019, with an option for the year ending April 30, 2020. The costs quoted were below current prices for all 3 years. The last time the Commission sent out a request for proposal was 3 years ago, in 2014.

Commissioner Russo moved to recommend the Sikich proposal at the next Board meeting. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Discussion on Reserve Policy

This topic was deferred until the next meeting.

Other

Financial Administrator Peterson noted that as discussions have begun to possibly hire 1-2 trainees at the rates specified in the new union contract to fill the open position in the remote facilities division.

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, 2017 to July 11, 2017	\$10,548,633.55
<u>Estimated</u>	<u>\$1,997,185.00</u>
Total	\$12,545,818.55
July 12, 2017 to August 8, 2017	\$10,408,482.13
<u>Estimated</u>	<u>\$1,120,630.00</u>
Total	\$11,529,112.13

Adjournment

Commissioner Russo moved to adjourn the meeting at 6:29 P.M. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.