



# DuPage Water Commission

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

## AGENDA FINANCE COMMITTEE

THURSDAY, AUGUST 18, 2016  
5:45 P.M.

600 EAST BUTTERFIELD ROAD  
ELMHURST, IL 60126

## COMMITTEE MEMBERS

P. Suess, Chair

R. Gans

J. Pruyn

D. Russo

J. Zay

- I. Roll Call
- II. Approval of Minutes for Regular Committee Meeting of June 16, 2016 Finance Committee of the DuPage Water Commission
- III. Approval of Reconciliations
- IV. Treasurer's Report – June and July 2016
- V. Financial Statements – June and July 2016
- VI. 2016 Annual Audit Report
- VII. Accounts Payable
- VIII. Other
- IX. Adjournment

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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 16, 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, (arrived at 5:48 P.M.), and J. Zay

Committee members absent: D. Russo

Non-Committee members in attendance: None

Also in attendance: J. Spatz and T. McGhee

**Minutes**

Commissioner Gans moved to approve the Minutes of the Regular Committee Meeting of April 21, 2016 of the Finance Committee. Seconded by Chairman Zay 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 April and May 2016.

**Request for Board Action**

General Manager Spatz recommended moving \$10 Million from the General Account to the Operation Reserve account which would give the Commission approximately 200 days of operating funds. This move would better position the Commission if it chooses to reestablish its bond rating with the rating agencies in the future and it would allow the Commission to receive a better interest rate on its investments by increasing the duration of its investments. Commissioner Pruyn asked if staff planned on amending the investment policy to reflect the increased balance. General Manager Spatz responded that it would be a future option; he also stated that staff would not be going to the rating agencies until sometime next year after GASB 68 has rolled out completely.

Commissioner Pruyn made a motion to recommend the authorization of the transfer of funds from the General Account to the Operating Reserve Account in the amount of (\$10 Million dollars). Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried

### **Treasurer's Report – April - May 2016**

Chairman Suess recommended that the Committee focus on the May report and accept the April report as presented. Treasurer Fates gave a brief summary of the April close stating the Cash and Investments were \$136 Million. He stated the Commission's cash and investments increased by \$36 Million over the past year.

Market yield on the portfolio was at 1.02%, a slight increase over the year.

Treasurer Fates reviewed the written summary of the May Treasurer's Report. Cash and Investments were \$140 Million. He described by account the Commission's cash and investments increase of \$4 Million from the prior month he also stated that all investments are in compliance with the investment policy.

Market yield on the portfolio remained flat at 1.02%. The portfolio was showing unrealized gains of \$335,000 compared to unrealized gains at the prior year end of approximately \$537,000.

Treasurer Fates detailed the \$4.5 Million increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

He concluded noting that the Commission paid the last of the outstanding debt at the end of the fiscal year.

Commissioner Gans made a motion to accept the Treasurers reports as presented. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried

### **Financial Statements – April and May 2016**

General Manager Spatz provided the Committee with a summary of the April and May Financial Statements.

General Manager Spatz noted that for the prior fiscal year, revenues exceeded expenses by approximately \$45 Million, water sales were essentially equal to what was budgeted and water purchases, which were approximately 1.0% below budgeted expectations for the fiscal year.

Sales Tax collections were approximately 2.4% higher than last year which was about \$888,000 over the prior year.

General Manager Spatz stated that all balances and activity within the cash and investment accounts were equal to or exceeded their targets.

General Manager Spatz stated that GASB 68 Pension adjustments were approximately as follows: 1) Net pension liability \$459,000; 2) Deferred cash outflows \$1,221,000; 3) Pension expense \$276,000; and 4) Prior period adjustment \$535,000.

General Manager Spatz stated that to be in fully funded under GASB 68 as of December 31, 2015, the Commission would have to make a payment of approximately \$200,000 prior to December 31, 2016.

General Manager Spatz noted that for the first month of this fiscal year, revenues exceeded expenses by approximately \$3.5 Million, water sales were approximately 2.2% higher than what was budgeted and water purchases, which were approximately 2.6% higher than budgeted seasonal expectations year-to-date.

Sales Tax collections were approximately 8.9% higher or about \$224,000 over May of the prior year.

General Manager Spatz stated that all balances and activity within the cash and investment accounts were equal to or exceeded their targets. Cash and investment balances at the end of May exceeded liabilities/targets by \$51 Million.

General Manager Spatz stated noted that cash balances were up compared to prior year by approximately \$38 Million. Receivables were lower due to the timing of collections. He also noted that Schaumburg revenue has exceeded the management budget due to increased pumpage caused by extended construction along the Tollway. Overtime was slightly higher due to an emergency repair on a 16" main feeding the City of Wood Dale.

### **Audit Update**

General Manager Spatz stated that Sikich has completed their field work and are reviewing the financial statements and footnotes and we will be receiving a draft of their report shortly.

### **Accounts Payable**

General Manager Spatz presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

April 13, 2016 to May 10, 2016	\$7,874,148.42
<u>Estimated</u>	<u>\$760,375.00</u>
Total	\$8,634,523.42

May 11, 2016 to June 6, 2016	\$9,565,628.62
<u>Estimated</u>	<u>\$1,449,725.00</u>
Total	\$11,015,353.62

**Other**

Commissioner Pruyn asked if the Commission was experiencing any changes in the current year's water sales compared to the prior year's budget. General Manger Spatz informed him that we were track according to the forecasted budget, but it still early in the year to identify any real trends.

**Adjournment**

Commissioner Gans moved to adjourn the meeting at 6:11 P.M. Seconded by Chairman Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.



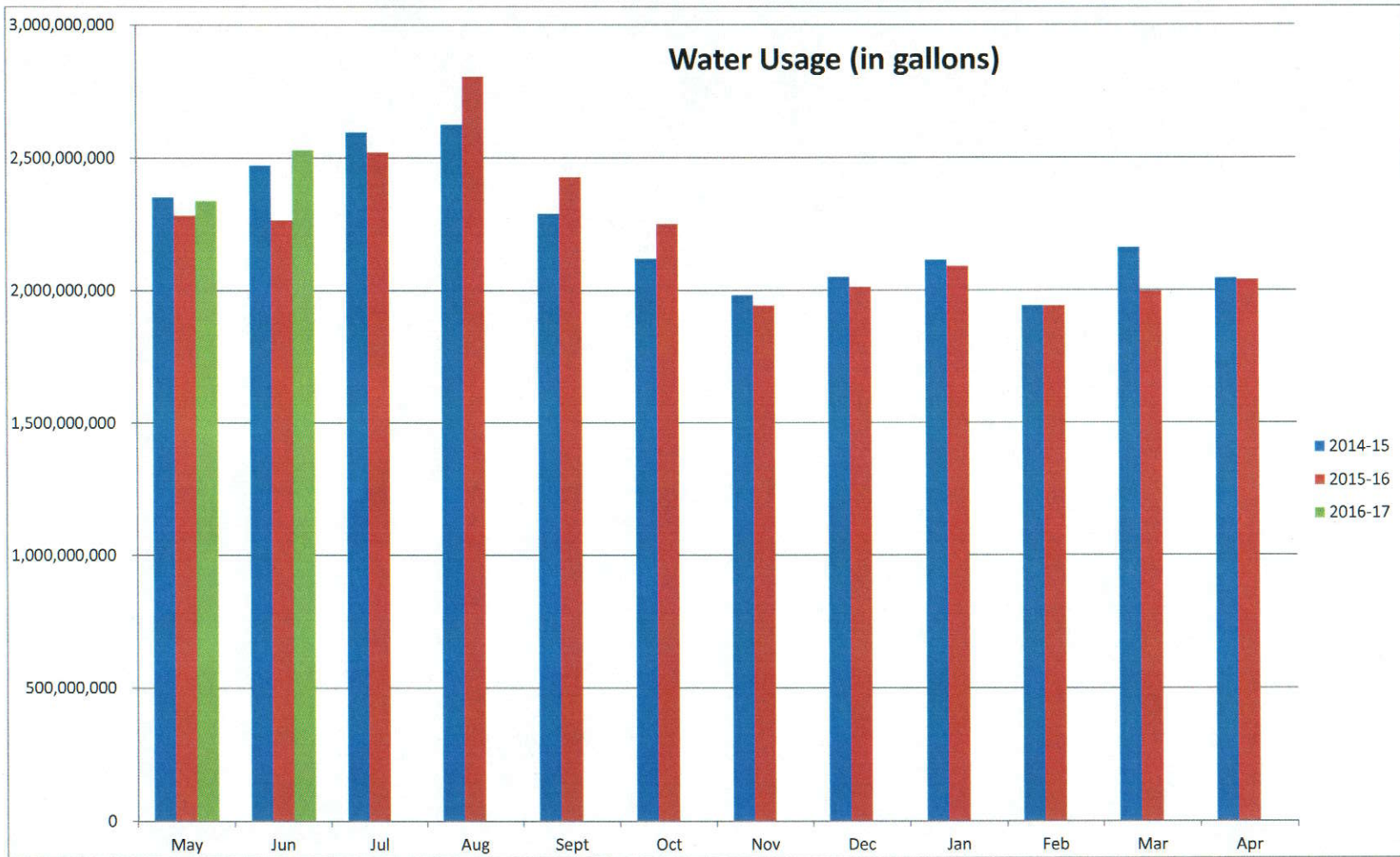
# DuPage Water Commission

## MEMORANDUM

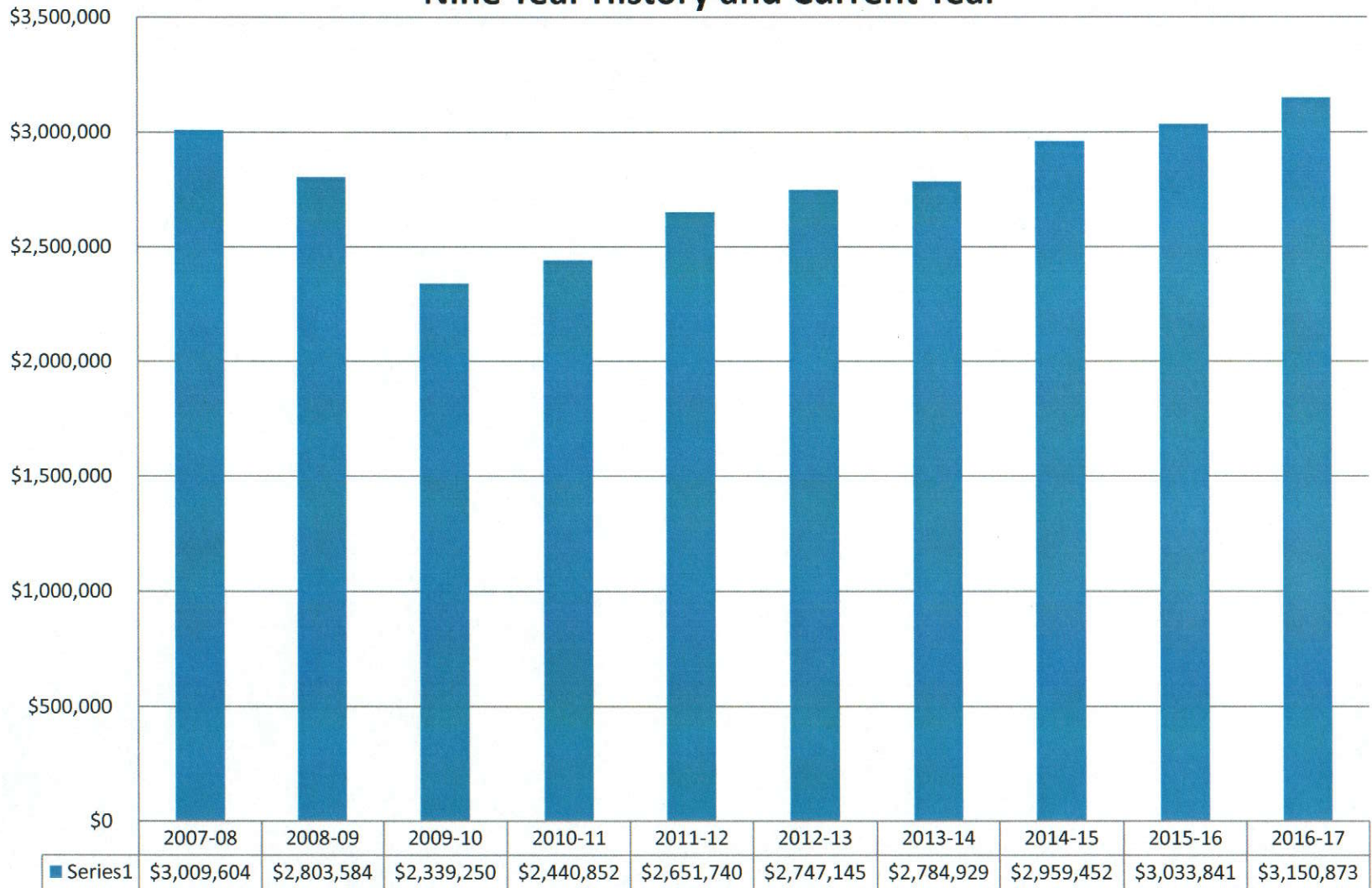
TO: John Spatz, General Manager  
FROM: Cheryl Peterson, Financial Administrator *CAP*  
DATE: July 12, 2016  
SUBJECT: Financial Report – June 30, 2016

- Water sales to Commission customers for June 2016 were 257.6 million gallons (11.7%) above June 2015, and increased by 186.1 million gallons compared to May 2016. Year-to-date water sales were up by 310.4 million gallons or 7.0% compared to the prior fiscal year.
- Water sales to Commission customers for June were 47.0 million gallons (2.0%) higher than the budgeted anticipated/forecasted sales for the month. Year-to-date water sales were 94.8 million gallons (2.1%) above the budgeted anticipated/forecasted sales.
- June sales tax collections (March) were \$3.2 million which is 3.9% or approximately \$117,000 more than the same period last fiscal year. Cumulatively, sales tax collections are approximately \$341,000 (6.2%) more than prior year. Adjusted for seasonality, sales tax collections were about \$374,000 over budgeted collections through June 2016.
- For the month of June, water billings to customers for O&M costs were \$11.8 million and water purchases from the City of Chicago was \$9.6 million. Water billing receivables at June month end (\$15.1 million) increased compared to the prior month (\$12.6 million) primarily due to higher water sales and timing of collections.
- The Commission is two months or 17% into the fiscal year. As of June 30, 2016, \$29.0 million of the \$133.9 million revenue budget has been realized. Therefore, 22% of the revenue budget has been accounted for year to date. For the same period, \$21.5 million of the \$120.8 million expenditure budget has been realized, and this accounts for 18% of the expenditure budget.
- Adjusted for seasonality based on a monthly trend, year to date revenues are 104% percent of the current budget and expenses are 99% of the current budget.
- The Operating Reserve, Capital Reserve and Long Term Water Capital Accounts had reached or exceeded their respective 2016/2017 fiscal year end minimum targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$24.2 million, \$15.0 million and \$2.1 million, respectively.

cc: Chairman and Commissioners

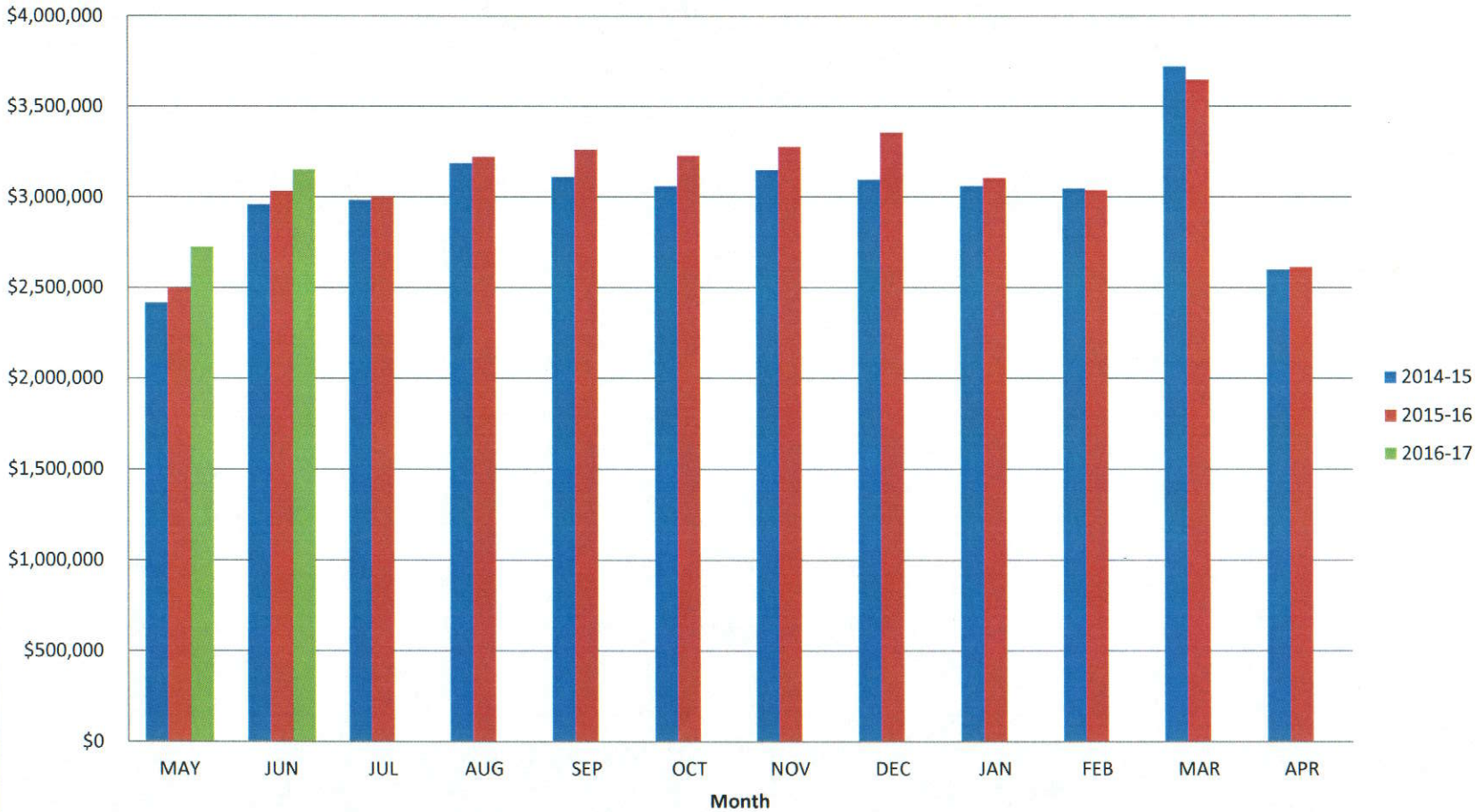


### DuPage Water Commission - Sales Tax Collections - Month of June - Nine Year History and Current Year





### Three Year Sales Tax Analysis



DuPage Water Commission

Summary of Specific Account Target and Summary of Net Assets

June 30, 2016

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	\$ 24,234,302.10	\$ 10,938,903.98		Positive Net Assets
General Account	\$ 15,005,990.06	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 2,133,236.38	\$ 130,883.61		Positive Net Assets
Operating Reserve	\$ 61,707,837.45		\$ 39,602,480.00	Target Met
Capital Reserve	\$ 29,654,020.31		\$ 29,361,790.00	Target Met
L-T Water Capital Reserve	\$ 10,184,107.02		\$ 9,925,000.00	Target Met
	\$ 142,919,493.32	\$ 11,069,787.59	\$ 78,889,270.00	\$ 52,960,435.73

Total Net Assets - All Commission Accounts

Unrestricted	\$ 154,011,088.46
Invested in Capital Assets, net	\$ 347,587,215.65
Total	<u>\$ 501,598,304.11</u>

(1) Includes Interest Receivable



	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
<b>Fund: 01 - WATER FUND</b>			
<b>Assets</b>			
<b>Level1: 10 - CURRENT ASSETS</b>			
110 - CASH	9,276,696.91	3,830,059.44	5,446,637.47
120 - INVESTMENTS	133,377,994.25	102,790,096.07	30,587,898.18
131 - WATER SALES	15,076,116.40	13,015,453.63	2,060,662.77
132 - INTEREST RECEIVABLE	264,802.16	182,145.46	82,656.70
133 - SALES TAX RECEIVABLE	8,295,000.00	8,295,000.00	0.00
134 - OTHER RECEIVABLE	537,500.32	215,019.18	322,481.14
135 - WATER QUALITY LOAN - CURRENT	49,043.74	49,043.73	0.01
150 - INVENTORY	174,768.00	150,968.00	23,800.00
155 - PREPAIDS	292,626.22	260,037.54	32,588.68
<b>Total Level1 10 - CURRENT ASSETS:</b>	<b>167,344,548.00</b>	<b>128,787,823.05</b>	<b>38,556,724.95</b>
<b>Level1: 17 - NONCURRENT ASSETS</b>			
170 - FIXED ASSETS	505,065,235.99	500,584,736.75	4,480,499.24
175 - LESS: ACCUMULATED DEPRECIATION	-159,596,761.65	-151,461,087.16	-8,135,674.49
180 - CONSTRUCTION IN PROGRESS	2,120,369.81	1,305,574.89	814,794.92
190 - LONG-TERM ASSETS	1,663,233.61	490,437.35	1,172,796.26
<b>Total Level1 17 - NONCURRENT ASSETS:</b>	<b>349,252,077.76</b>	<b>350,919,661.83</b>	<b>-1,667,584.07</b>
<b>Total Assets:</b>	<b>516,596,625.76</b>	<b>479,707,484.88</b>	<b>36,889,140.88</b>
<b>Liability</b>			
<b>Level1: 21 - CURRENT LIABILITIES</b>			
210 - ACCOUNTS PAYABLE	9,992,692.31	8,982,220.36	-1,010,471.95
211 - OTHER CURRENT LIABILITIES	565,261.34	1,411,461.30	846,199.96
220 - ACCOUNTS PAYBLE CAPITAL	1,628.50	7,806.40	6,177.90
225 - ACCRUED PAYROLL LIABILITIES	171,858.72	127,659.20	-44,199.52
226 - ACCRUED VACATION	209,091.61	216,960.60	7,868.99
234 - BONDS PAYABLE	0.00	8,982,500.00	8,982,500.00
244 - ACCRUED INTEREST	0.00	8,069.33	8,069.33
250 - CONTRACT RETENTION	112,084.56	6,922.16	-105,162.40
251 - CUSTOMER DEPOSITS	18,799.05	64,190.85	45,391.80
270 - DEFERRED REVENUE	3,401,482.56	3,096,143.64	-305,338.92
<b>Total Level1 21 - CURRENT LIABILITIES:</b>	<b>14,472,898.65</b>	<b>22,903,933.84</b>	<b>8,431,035.19</b>
<b>Level1: 25 - NONCURRENT LIABILITIES</b>			
282 - CAPITAL LEASE PAYABLE	0.00	3,239.90	3,239.90
283 - REVENUE BONDS	0.00	898,300.00	898,300.00
284 - UNAMORTIZED PREMIUM	0.00	-448,384.12	-448,384.12
297 - POST EMPLOYMENT BENEFITS LIABILITIES	525,423.00	54,264.00	-471,159.00
<b>Total Level1 25 - NONCURRENT LIABILITIES:</b>	<b>525,423.00</b>	<b>507,419.78</b>	<b>-18,003.22</b>
<b>Total Liability:</b>	<b>14,998,321.65</b>	<b>23,411,353.62</b>	<b>8,413,031.97</b>
<b>Equity</b>			
<b>Level1: 30 - EQUITY</b>			
300 - EQUITY	494,119,673.04	449,334,103.32	44,785,569.72
<b>Total Level1 30 - EQUITY:</b>	<b>494,119,673.04</b>	<b>449,334,103.32</b>	<b>44,785,569.72</b>
<b>Total Beginning Equity:</b>	<b>494,119,673.04</b>	<b>449,334,103.32</b>	<b>44,785,569.72</b>

Board Balance Sheet

As Of 06/30/2016

	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Total Revenue	28,960,474.28	27,252,459.23	1,708,015.05
Total Expense	21,481,843.21	20,290,431.29	-1,191,411.92
<b>Revenues Over/(Under) Expenses</b>	<b>7,478,631.07</b>	<b>6,962,027.94</b>	<b>516,603.13</b>
<b>Total Equity and Current Surplus (Deficit):</b>	<b>501,598,304.11</b>	<b>456,296,131.26</b>	<b>45,302,172.85</b>
<b>Total Liabilities, Equity and Current Surplus (Deficit):</b>	<b>516,596,625.76</b>	<b>479,707,484.88</b>	<b>36,889,140.88</b>



# Monthly & YTD Budget Report

		June 2016-2017 Budget	June 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
<b>01 - WATER FUND</b>								
Revenue								
<b>510 - WATER SERVICE</b>								
								% of Year Completed: 17%
01-511100	O&M PAYMENTS- GOVERNMENTAL	(11,278,059.67)	(11,514,633.60)	(21,493,265.55)	(21,951,604.80)	102 %	(118,094,865.75)	19 %
01-511200	O&M PAYMENTS- PRIVATE	(277,329.33)	(266,208.00)	(528,522.91)	(525,398.40)	99 %	(2,903,972.11)	18 %
01-513100	SUBSEQUENT CUSTOMER - GO	(28,709.75)	(28,679.75)	(57,419.50)	(57,359.50)	100 %	(344,517.00)	17 %
01-513200	SUBSEQUENT CUSTOMER - PRIVAT	(54,427.66)	(54,427.62)	(108,855.32)	(108,855.24)	100 %	(653,132.00)	17 %
01-514100	EMERGENCY WATER SERVICE- GOV	(1,657.50)	0.00	(3,315.00)	(191,318.40)	5,771 %	(19,890.00)	962 %
510 - WATER SERVICE Totals:		(11,640,183.91)	(11,863,948.97)	(22,191,378.28)	(22,834,536.34)	103 %	(122,016,376.86)	19 %
<b>520 - TAXES</b>								
								% of Year Completed: 17%
01-530010	SALES TAXES - WATER REVENUE	(3,000,000.00)	(3,150,872.52)	(5,500,000.00)	(5,874,129.43)	107 %	(9,200,000.00)	64 %
01-530030	WATER FUND - GENERAL	0.00	0.00	0.00	0.00	0 %	(2,300,000.00)	0 %
520 - TAXES Totals:		(3,000,000.00)	(3,150,872.52)	(5,500,000.00)	(5,874,129.43)	107 %	(11,500,000.00)	51 %
<b>540 - OTHER INCOME</b>								
								% of Year Completed: 17%
01-581000	INVESTMENT INCOME	(35,000.00)	(127,912.10)	(70,000.00)	(251,808.51)	360 %	(420,000.00)	60 %
540 - OTHER INCOME Totals:		(35,000.00)	(127,912.10)	(70,000.00)	(251,808.51)	360 %	(420,000.00)	60 %
<b>Revenue Totals:</b>		<b>(14,675,183.91)</b>	<b>(15,142,733.59)</b>	<b>(27,761,378.28)</b>	<b>(28,960,474.28)</b>	<b>104 %</b>	<b>(133,936,376.86)</b>	<b>22 %</b>

Expense	June 2016-2017 Budget	June 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used	
% of Year Completed: 17%								
<b>610 - PERSONNEL SERVICES</b>								
01-60-611100	ADMIN SALARIES	94,773.12	91,048.04	208,511.48	201,546.09	97 %	1,298,262.04	16 %
01-60-611200	OPERATIONS SALARIES	119,022.62	118,509.98	247,419.02	243,807.33	99 %	1,559,817.00	16 %
01-60-611300	SUMMER INTERNS	9,000.00	5,200.30	13,500.00	6,628.30	49 %	27,000.00	25 %
01-60-611600	ADMIN OVERTIME	616.67	275.91	1,233.30	275.91	22 %	7,400.00	4 %
01-60-611700	OPERATIONS OVERTIME	10,669.14	16,491.15	22,924.62	33,262.50	145 %	140,383.53	24 %
01-60-612100	PENSION	27,548.50	26,027.49	55,297.00	53,719.38	97 %	330,582.02	16 %
01-60-612200	MEDICAL/LIFE BENEFITS	44,759.04	42,302.01	89,518.08	80,041.22	89 %	721,920.00	11 %
01-60-612300	FEDERAL PAYROLL TAXES	19,334.49	16,782.85	38,668.98	34,907.34	90 %	232,013.99	15 %
01-60-612800	STATE UNEMPLOYMENT	1,148.33	24.73	2,296.66	31.27	1 %	13,780.00	0 %
01-60-613100	TRAVEL	900.00	700.00	1,800.00	1,158.99	64 %	10,800.00	11 %
01-60-613200	TRAINING	3,291.66	104.00	6,583.32	104.00	2 %	39,500.00	0 %
01-60-613301	CONFERENCES	2,454.16	165.50	4,908.32	3,246.50	66 %	29,450.00	11 %
01-60-619100	OTHER PERSONNEL COSTS	2,191.66	82.55	4,383.32	82.55	2 %	26,300.00	0 %
<b>610 - PERSONNEL SERVICES Totals:</b>		<b>335,709.39</b>	<b>317,714.51</b>	<b>697,044.10</b>	<b>658,811.38</b>	<b>95 %</b>	<b>4,437,208.58</b>	<b>15 %</b>
% of Year Completed: 17%								
<b>620 - CONTRACT SERVICES</b>								
01-60-621000	WATER CONSERVATION PROGRAM	1,666.66	0.00	3,333.32	0.00	0 %	20,000.00	0 %
01-60-623300	TRUST SERVICES & BANK CHARGE	7,000.00	7,177.25	14,000.00	14,485.97	103 %	84,000.00	17 %
01-60-625100	LEGAL SERVICES- GENERAL	7,500.00	2,680.00	15,000.00	3,660.00	24 %	90,000.00	4 %
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	3,125.00	0.00	6,250.00	0.00	0 %	37,500.00	0 %
01-60-626000	AUDIT SERVICES	23,000.00	14,700.00	28,000.00	21,100.00	75 %	32,000.00	66 %
01-60-628000	CONSULTING SERVICES	18,166.66	5,610.00	36,333.32	7,110.00	20 %	218,000.00	3 %
01-60-629000	CONTRACTUAL SERVICES	30,350.00	25,189.41	60,700.00	50,608.69	83 %	364,200.08	14 %
<b>620 - CONTRACT SERVICES Totals:</b>		<b>94,974.99</b>	<b>55,356.66</b>	<b>171,949.94</b>	<b>96,964.66</b>	<b>56 %</b>	<b>895,700.08</b>	<b>11 %</b>
% of Year Completed: 17%								
<b>640 - INSURANCE</b>								
01-60-641100	GENERAL LIABILITY INSURANCE	4,291.66	3,719.00	8,583.32	7,438.00	87 %	51,500.00	14 %
01-60-641200	PUBLIC OFFICIAL LIABILITY	1,858.33	1,588.17	3,716.66	3,176.34	85 %	22,300.00	14 %
01-60-641500	WORKER'S COMPENSATION	8,750.00	7,485.00	17,500.00	14,970.00	86 %	105,000.00	14 %
01-60-641600	EXCESS LIABILITY COVERAGE	2,916.67	2,551.42	5,833.30	5,102.84	87 %	35,000.00	15 %
01-60-642100	PROPERTY INSURANCE	31,750.00	27,940.30	63,500.00	55,880.60	88 %	381,000.00	15 %
01-60-642200	AUTOMOBILE INSURANCE	1,250.00	862.83	2,500.00	1,725.66	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 %
<b>640 - INSURANCE Totals:</b>		<b>54,983.32</b>	<b>44,146.72</b>	<b>109,966.60</b>	<b>88,293.44</b>	<b>80 %</b>	<b>659,800.00</b>	<b>13 %</b>

		June 2016-2017 Budget	June 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
<b>650 - OPERATIONAL SUPPORT SRVS</b>								
								% 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	144.00	5,500.00	1,730.60	31 %	33,000.00	5 %
01-60-651401	TELEPHONE	2,245.00	1,821.28	4,490.00	3,664.32	82 %	26,940.00	14 %
01-60-651402	CELL PHONE & CORR. TELEMETRY	2,400.00	1,363.53	4,800.00	2,726.78	57 %	28,800.00	9 %
01-60-651403	RADIOS	0.00	0.00	0.00	0.00	0 %	9,360.00	0 %
01-60-651404	REPAIRS & EQUIPMENT	308.33	119.25	616.66	119.25	19 %	3,700.00	3 %
01-60-652100	OFFICE SUPPLIES	2,484.16	1,263.57	4,968.32	2,119.15	43 %	29,810.00	7 %
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	129.90	1,100.00	165.14	15 %	6,600.00	3 %
01-60-654000	PROFESSIONAL DUES	1,881.66	330.00	3,763.32	330.00	9 %	22,580.00	1 %
01-60-655000	REPAIRS & MAINT- OFFICE EQUI	935.00	679.71	1,870.00	870.80	47 %	11,220.00	8 %
01-60-656000	REPAIRS & MAINT- BLDGS & GRN	19,000.00	18,844.51	38,000.00	35,013.44	92 %	228,000.00	15 %
01-60-658000	COMPUTER SOFTWARE	1,108.33	0.00	2,216.66	0.00	0 %	13,300.00	0 %
01-60-659000	COMPUTER/SOFTWARE MAINTENA	8,087.08	81.60	16,174.16	2,619.60	16 %	97,045.00	3 %
01-60-659100	OTHER ADMINISTRATIVE EXPENSE	1,158.33	(28.61)	2,316.66	3.64	0 %	13,900.00	0 %
<b>650 - OPERATIONAL SUPPORT SRVS Totals:</b>		<b>53,370.05</b>	<b>24,748.74</b>	<b>106,740.14</b>	<b>49,362.72</b>	<b>46 %</b>	<b>649,801.00</b>	<b>8 %</b>
<b>660 - WATER OPERATION</b>								
								% of Year Completed: 17%
01-60-661101	WATER BILLING	9,616,018.03	9,646,547.76	18,325,814.46	18,564,209.88	101 %	100,691,288.32	18 %
01-60-661102	ELECTRICITY	124,150.00	74,264.79	236,600.00	164,264.79	69 %	1,300,000.00	13 %
01-60-661103	OPERATIONS & MAINTENANCE	38,000.00	49,620.47	76,000.00	75,869.94	100 %	456,000.00	17 %
01-60-661201	PUMP STATION	181,450.00	136,632.35	345,800.00	286,632.35	83 %	1,900,000.00	15 %
01-60-661202	METER STATION, ROV, TANK SITE	12,250.00	6,435.26	24,500.00	15,863.60	65 %	147,000.00	11 %
01-60-661300	WATER CHEMICALS	2,225.00	1,725.07	4,450.00	1,725.07	39 %	26,700.00	6 %
01-60-661400	WATER TESTING	2,062.50	309.89	4,125.00	806.56	20 %	24,750.00	3 %
01-60-662100	PUMPING SERVICES	15,650.00	1,864.64	31,300.00	3,097.64	10 %	187,800.00	2 %
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	3,491.66	3,791.20	6,983.32	5,842.35	84 %	41,900.00	14 %
01-60-662500	EQUIPMENT RENTAL	975.00	0.00	1,950.00	0.00	0 %	11,700.00	0 %
01-60-662600	UNIFORMS	2,083.33	662.45	4,166.66	2,393.99	57 %	25,000.00	10 %
01-60-662700	SAFETY	5,849.58	2,292.45	11,699.16	2,916.28	25 %	70,195.00	4 %
01-60-663100	PIPELINE REPAIRS	31,250.00	42,303.30	62,500.00	42,303.30	68 %	375,000.00	11 %
01-60-663200	COR TESTING & MITIGATION	625.00	0.00	1,250.00	951.39	76 %	7,500.00	13 %
01-60-663300	REMOTE FACILITIES MAINTENANCE	9,875.00	7,432.29	19,750.00	7,880.14	40 %	118,500.00	7 %
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	4,937.50	3,081.60	9,875.00	3,081.60	31 %	59,250.00	5 %
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	4,004.35	6,583.30	6,121.64	93 %	39,500.00	15 %

		June 2016-2017 Budget	June 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
01-60-664200	FUEL- VEHICLES	3,100.00	3,157.48	6,200.00	3,157.48	51 %	37,200.00	8 %
01-60-664300	LICENSES- VEHICLES	179.16	0.00	358.32	0.00	0 %	2,150.00	0 %
660 - WATER OPERATION Totals:		10,077,167.59	9,984,125.35	19,204,413.54	19,187,118.00	100 %	105,638,683.32	18 %

**670 - BOND INTEREST**

% of Year Completed: 17%

01-60-672200	BOND INTEREST- REV BONDS	0.00	0.00	41,800.00	0.00	0 %	41,800.00	0 %
01-60-672400	INTEREST EXPENSE	25.00	12.91	50.00	30.08	60 %	100.00	30 %
670 - BOND INTEREST Totals:		25.00	12.91	41,850.00	30.08	0 %	41,900.00	0 %

**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	1,686.05	4,000.00	1,686.05	42 %	24,000.00	7 %
01-60-685200	OFFICE FURNITURE & EQUIPMT	0.00	0.00	39,000.00	0.00	0 %	39,000.00	0 %
01-60-685800	CAPITALIZED EQUIP	0.00	0.00	(39,000.00)	0.00	0 %	(39,000.00)	0 %
01-60-686000	VEHICLES	0.00	0.00	30,500.00	0.00	0 %	30,500.00	0 %
01-60-686800	CAPITALIZED VEHICLE PURCHASES	0.00	0.00	(30,500.00)	0.00	0 %	(30,500.00)	0 %
01-60-692000	DEPRECIATION- TRANS MAINS	380,416.67	378,977.25	760,833.30	757,954.52	100 %	4,565,000.00	17 %
01-60-693000	DEPRECIATION- BUILDINGS	219,166.66	218,839.20	438,333.32	437,678.38	100 %	2,630,000.00	17 %
01-60-694000	DEPRECIATION-PUMPING EQUIPME	91,666.66	89,631.48	183,333.32	179,745.26	98 %	1,100,000.00	16 %
01-60-695200	DEPRECIATION- OFFICE FURN &	8,250.00	7,870.72	16,500.00	15,741.46	95 %	99,000.00	16 %
01-60-696000	DEPRECIATION- VEHICLES	5,166.67	2,334.04	10,333.30	5,462.26	53 %	62,000.00	9 %
685 - CAPITAL EQUIP / DEPREC Totals:		706,666.66	699,338.74	1,413,333.24	1,398,267.93	99 %	8,480,000.00	16 %

**710 - CONSTRUCTION IN PROGRESS**

% of Year Completed: 17%



		June 2016-2017 Budget	June 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
01-60-721800	RESERVOIR HATCH REPLACEMENT	0.00	(3,268.00)	0.00	(3,263.50)	0 %	0.00	0 %
01-60-770701	STANDPIPE PAINTING-CONSTR	0.00	551,219.40	3,040,000.00	1,157,776.58	38 %	3,040,000.00	38 %
01-60-770801	STANDPIPE MIXING SYSTEM-CONST	0.00	0.00	30,000.00	0.00	0 %	30,000.00	0 %
01-60-771000	VALVE REHAB & REPLACEMENT	0.00	0.00	125,000.00	20,420.30	16 %	125,000.00	16 %
01-60-771100	METER REPLACEMENT	0.00	0.00	250,000.00	101.60	0 %	250,000.00	0 %
01-60-771200	CONDITION ASSESSMENT	0.00	0.00	800,000.00	4,032.98	1 %	800,000.00	1 %
01-60-771400	HL PUMP VIBRATION MONITORING	0.00	(20.26)	0.00	(20.26)	0 %	0.00	0 %
01-60-771500	PORTABLE GENERATOR EMERG UPC	0.00	0.00	0.00	(63.50)	0 %	0.00	0 %
01-60-771600	WALL & MASONRY REHAB	0.00	0.00	600,000.00	0.00	0 %	600,000.00	0 %
01-60-771700	REPLACEMENT OF SCADA SYSTEM	0.00	0.00	3,000,000.00	0.00	0 %	3,000,000.00	0 %
01-60-771900	HIGHLIFT PUMP REHAB	0.00	0.00	250,000.00	0.00	0 %	250,000.00	0 %
01-60-798000	CAPITALIZED FIXED ASSETS	0.00	(547,931.14)	(8,095,000.00)	(1,178,984.20)	15 %	(8,095,000.00)	15 %
710 - CONSTRUCTION IN PROGRESS Totals:		0.00	0.00	0.00	0.00	0 %	0.00	0 %
<b>Expense Totals:</b>		<b>11,324,184.49</b>	<b>11,128,438.63</b>	<b>21,747,872.54</b>	<b>21,481,843.21</b>	<b>99 %</b>	<b>120,818,542.98</b>	<b>18 %</b>
<b>01 - WATER FUND Totals:</b>		<b>(3,350,999.42)</b>	<b>(4,014,294.96)</b>	<b>(6,013,505.74)</b>	<b>(7,478,631.07)</b>	<b>124 %</b>	<b>(13,117,833.88)</b>	<b>57 %</b>



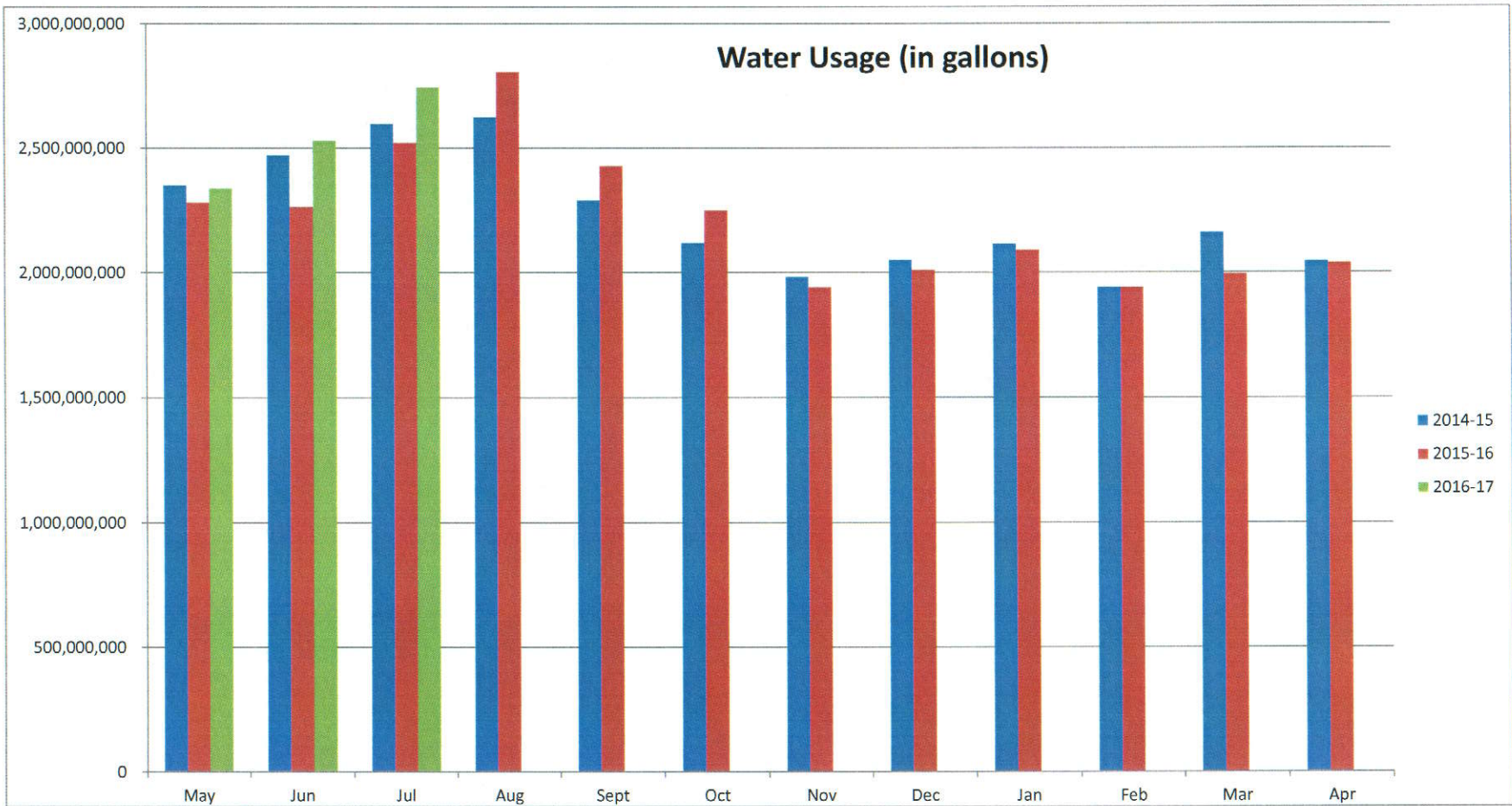
# DuPage Water Commission

## MEMORANDUM

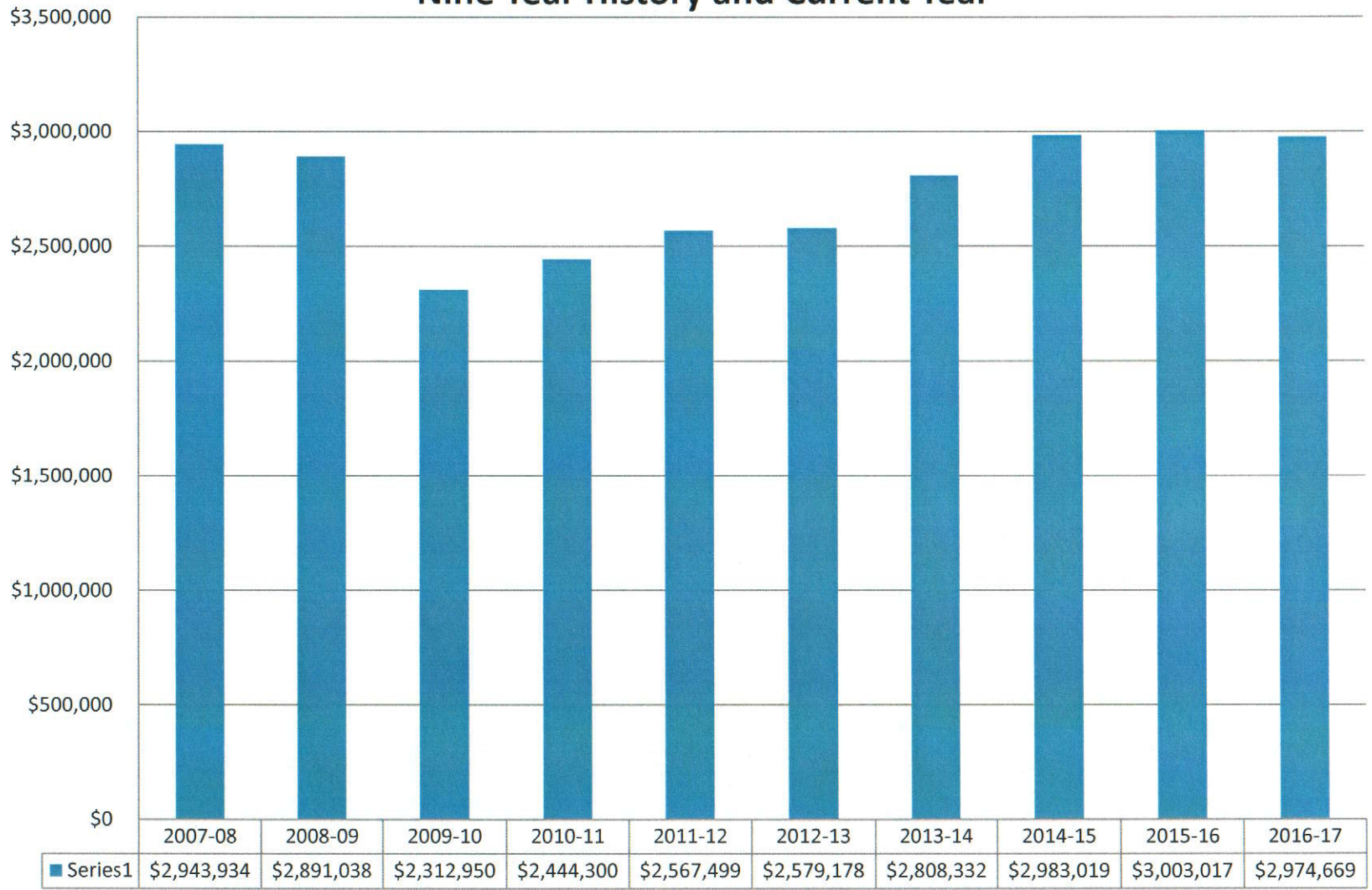
TO: John Spatz, General Manager  
FROM: Cheryl Peterson, Financial Administrator *CP*  
DATE: August 9, 2016  
SUBJECT: Financial Report – July 31, 2016

- Water sales to Commission customers for July 2016 were 193.3 million gallons (7.9%) above July 2015, and increased by 187.2 million gallons compared to June 2016. Year-to-date water sales were up by 503.7 million gallons or 7.3% compared to the prior fiscal year.
- Water sales to Commission customers for July were 55.7 million gallons (2.1%) lower than the budgeted anticipated/forecasted sales for the month. Year-to-date water sales were 39.1 million gallons (0.5%) above the budgeted anticipated/forecasted sales.
- July sales tax collections (April) were \$3.0 million which is 0.9% or approximately \$28,000 less than the same period last fiscal year. Cumulatively, sales tax collections are approximately \$312,000 (3.7%) more than prior year. Adjusted for seasonality, sales tax collections were about \$349,000 over budgeted collections through July 2016.
- For the month of July, water billings to customers for O&M costs were \$12.7 million and water purchases from the City of Chicago was \$10.5 million. Water billing receivables at July month end (\$15.5 million) increased compared to the prior month (\$15.1 million) primarily due to higher water sales.
- The Commission is three months or 25% into the fiscal year. As of July 31, 2016, \$44.9 million of the \$133.9 million revenue budget has been realized. Therefore, 34% of the revenue budget has been accounted for year to date. For the same period, \$33.4 million of the \$120.8 million expenditure budget has been realized, and this accounts for 28% of the expenditure budget.
- Adjusted for seasonality based on a monthly trend, year to date revenues are 102% percent of the current budget and expenses are 97% of the current budget.
- The Operating Reserve, Capital Reserve and Long Term Water Capital Accounts had reached or exceeded their respective 2016/2017 fiscal year end minimum targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$25.6 million, \$14.5 million and \$2.1 million, respectively.

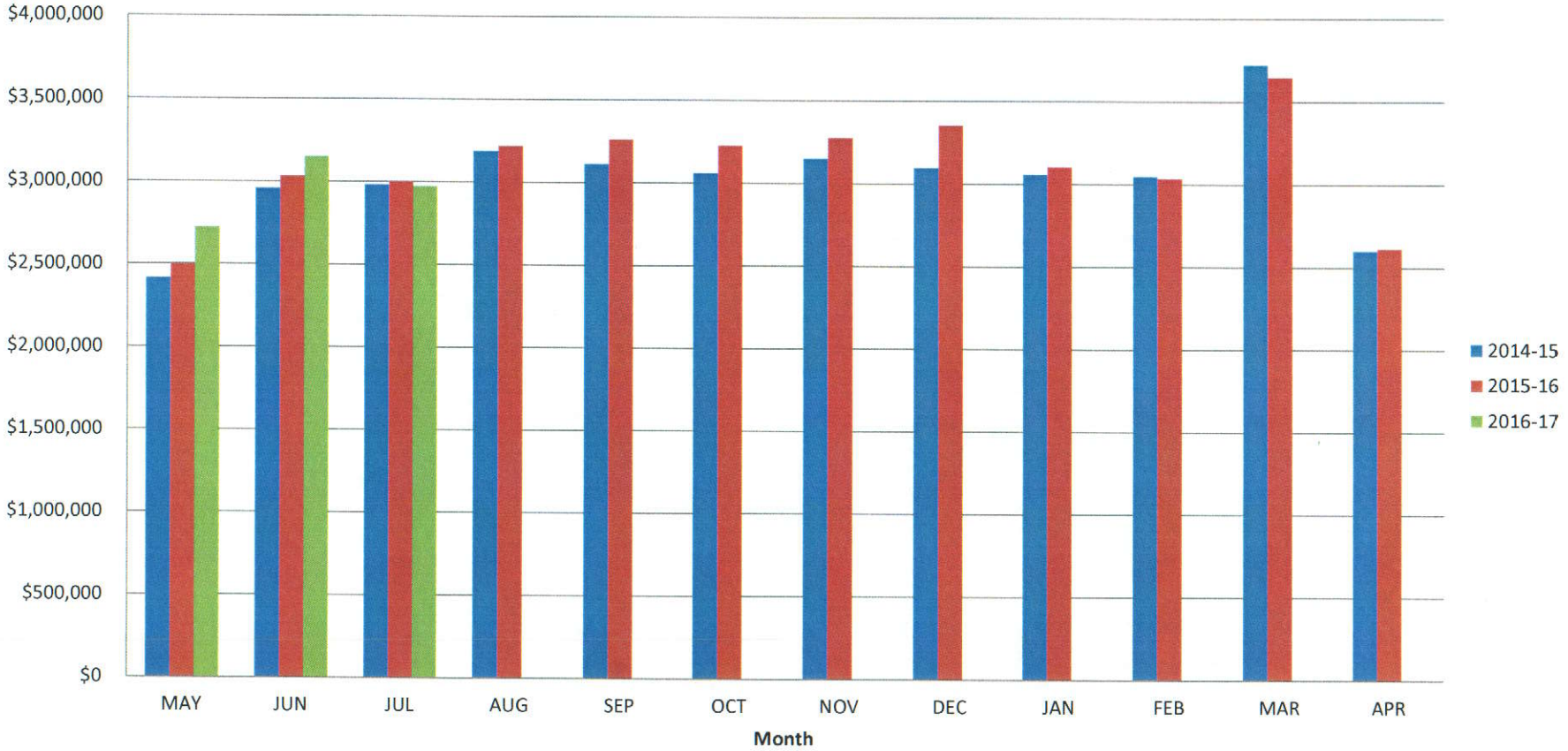
cc: Chairman and Commissioners



### 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, 2016

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	\$ 25,570,407.22	\$ 11,522,438.37		Positive Net Assets
General Account	\$ 14,514,450.77	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 2,133,979.68	\$ 168,999.05		Positive Net Assets
Operating Reserve	\$ 65,310,206.38		\$ 39,602,480.00	Target Met
Capital Reserve	\$ 29,678,189.24		\$ 29,361,790.00	Target Met
L-T Water Capital Reserve	\$ 10,208,000.14		\$ 9,925,000.00	Target Met
	<u>\$ 147,415,233.43</u>	<u>\$ 11,691,437.42</u>	<u>\$ 78,889,270.00</u>	<u>\$ 56,834,526.01</u>

Total Net Assets - All Commission Accounts	
Unrestricted	\$ 158,351,638.52
Invested in Capital Assets, net	<u>\$ 347,287,119.71</u>
Total	<u><u>\$ 505,638,758.23</u></u>

(1) Includes Interest Receivable



	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
<b>Fund: 01 - WATER FUND</b>			
<b>Assets</b>			
<b>Level1: 10 - CURRENT ASSETS</b>			
110 - CASH	10,606,422.57	3,271,254.53	7,335,168.04
120 - INVESTMENTS	136,496,461.77	104,929,318.87	31,567,142.90
131 - WATER SALES	15,547,879.60	14,733,295.22	814,584.38
132 - INTEREST RECEIVABLE	312,349.09	209,958.10	102,390.99
133 - SALES TAX RECEIVABLE	8,295,000.00	8,295,000.00	0.00
134 - OTHER RECEIVABLE	537,500.32	215,019.18	322,481.14
135 - WATER QUALITY LOAN - CURRENT	49,043.74	49,043.73	0.01
150 - INVENTORY	174,768.00	150,968.00	23,800.00
155 - PREPAIDS	251,136.83	223,764.68	27,372.15
<b>Total Level1 10 - CURRENT ASSETS:</b>	<b>172,270,561.92</b>	<b>132,077,622.31</b>	<b>40,192,939.61</b>
<b>Level1: 17 - NONCURRENT ASSETS</b>			
170 - FIXED ASSETS	505,065,235.99	500,584,736.75	4,480,499.24
175 - LESS: ACCUMULATED DEPRECIATION	-160,294,414.36	-152,128,946.49	-8,165,467.87
180 - CONSTRUCTION IN PROGRESS	2,517,114.47	2,720,593.92	-203,479.45
190 - LONG-TERM ASSETS	1,663,233.61	490,437.35	1,172,796.26
<b>Total Level1 17 - NONCURRENT ASSETS:</b>	<b>348,951,169.71</b>	<b>351,666,821.53</b>	<b>-2,715,651.82</b>
<b>Total Assets:</b>	<b>521,221,731.63</b>	<b>483,744,443.84</b>	<b>37,477,287.79</b>
<b>Liability</b>			
<b>Level1: 21 - CURRENT LIABILITIES</b>			
210 - ACCOUNTS PAYABLE	10,790,405.61	10,216,094.93	-574,310.68
211 - OTHER CURRENT LIABILITIES	470,819.27	1,132,677.37	661,858.10
220 - ACCOUNTS PAYBLE CAPITAL	816.39	7,044.19	6,227.80
225 - ACCRUED PAYROLL LIABILITIES	66,573.51	62,831.64	-3,741.87
226 - ACCRUED VACATION	194,639.98	202,312.46	7,672.48
234 - BONDS PAYABLE	0.00	8,084,250.00	8,084,250.00
244 - ACCRUED INTEREST	0.00	7,335.76	7,335.76
250 - CONTRACT RETENTION	150,200.00	73,222.16	-76,977.84
251 - CUSTOMER DEPOSITS	18,799.05	64,190.85	45,391.80
270 - DEFERRED REVENUE	3,365,296.59	3,066,934.74	-298,361.85
<b>Total Level1 21 - CURRENT LIABILITIES:</b>	<b>15,057,550.40</b>	<b>22,916,894.10</b>	<b>7,859,343.70</b>
<b>Level1: 25 - NONCURRENT LIABILITIES</b>			
282 - CAPITAL LEASE PAYABLE	0.00	3,239.90	3,239.90
283 - REVENUE BONDS	0.00	898,300.00	898,300.00
284 - UNAMORTIZED PREMIUM	0.00	-407,621.94	-407,621.94
297 - POST EMPLOYMENT BENEFITS LIABILITIES	525,423.00	54,264.00	-471,159.00
<b>Total Level1 25 - NONCURRENT LIABILITIES:</b>	<b>525,423.00</b>	<b>548,181.96</b>	<b>22,758.96</b>
<b>Total Liability:</b>	<b>15,582,973.40</b>	<b>23,465,076.06</b>	<b>7,882,102.66</b>
<b>Equity</b>			
<b>Level1: 30 - EQUITY</b>			
300 - EQUITY	494,119,673.04	449,334,103.32	44,785,569.72
<b>Total Level1 30 - EQUITY:</b>	<b>494,119,673.04</b>	<b>449,334,103.32</b>	<b>44,785,569.72</b>
<b>Total Beginning Equity:</b>	<b>494,119,673.04</b>	<b>449,334,103.32</b>	<b>44,785,569.72</b>

Board Balance Sheet

As Of 07/31/2016

	Current Year Balance	Prior Year Balance	Variance Favorable / (Unfavorable)
Total Revenue	44,870,708.90	42,294,926.62	2,575,782.28
Total Expense	33,351,623.71	31,349,662.16	-2,001,961.55
Revenues Over/(Under) Expenses	<u>11,519,085.19</u>	<u>10,945,264.46</u>	<u>573,820.73</u>
Total Equity and Current Surplus (Deficit):	505,638,758.23	460,279,367.78	45,359,390.45
Total Liabilities, Equity and Current Surplus (Deficit):	<u>521,221,731.63</u>	<u>483,744,443.84</u>	<u>37,477,287.79</u>





# Monthly & YTD Budget Report

		July 2016-2017 Budget	July 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
<b>01 - WATER FUND</b>								
Revenue								
<b>510 - WATER SERVICE</b>								
								% of Year Completed: 25%
01-511100	O&M PAYMENTS- GOVERNMENTAL	(12,636,150.63)	(12,399,772.80)	(34,129,416.18)	(34,351,377.60)	101 %	(118,094,865.75)	29 %
01-511200	O&M PAYMENTS- PRIVATE	(310,725.01)	(279,672.00)	(839,247.92)	(805,070.40)	96 %	(2,903,972.11)	28 %
01-513100	SUBSEQUENT CUSTOMER - GO	(28,709.75)	(28,679.75)	(86,129.25)	(86,039.25)	100 %	(344,517.00)	25 %
01-513200	SUBSEQUENT CUSTOMER - PRIVAT	(54,427.66)	(54,427.62)	(163,282.98)	(163,282.86)	100 %	(653,132.00)	25 %
01-514100	EMERGENCY WATER SERVICE- GOV	(1,657.50)	0.00	(4,972.50)	(191,318.40)	3,848 %	(19,890.00)	962 %
510 - WATER SERVICE Totals:		(13,031,670.55)	(12,762,552.17)	(35,223,048.83)	(35,597,088.51)	101 %	(122,016,376.86)	29 %
<b>520 - TAXES</b>								
								% of Year Completed: 25%
01-530010	SALES TAXES - WATER REVENUE	(3,000,000.00)	(2,974,668.70)	(8,500,000.00)	(8,848,798.13)	104 %	(9,200,000.00)	96 %
01-530030	WATER FUND - GENERAL	0.00	0.00	0.00	0.00	0 %	(2,300,000.00)	0 %
520 - TAXES Totals:		(3,000,000.00)	(2,974,668.70)	(8,500,000.00)	(8,848,798.13)	104 %	(11,500,000.00)	77 %
<b>540 - OTHER INCOME</b>								
								% of Year Completed: 25%
01-581000	INVESTMENT INCOME	(35,000.00)	(173,013.75)	(105,000.00)	(424,822.26)	405 %	(420,000.00)	101 %
540 - OTHER INCOME Totals:		(35,000.00)	(173,013.75)	(105,000.00)	(424,822.26)	405 %	(420,000.00)	101 %
<b>Revenue Totals:</b>		<b>(16,066,670.55)</b>	<b>(15,910,234.62)</b>	<b>(43,828,048.83)</b>	<b>(44,870,708.90)</b>	<b>102 %</b>	<b>(133,936,376.86)</b>	<b>34 %</b>

		July 2016-2017 Budget	July 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
<b>Expense</b>								
<b>610 - PERSONNEL SERVICES</b>								
								% of Year Completed: 25%
01-60-611100	ADMIN SALARIES	111,650.53	92,714.08	320,162.01	294,260.17	92 %	1,298,262.04	23 %
01-60-611200	OPERATIONS SALARIES	128,992.57	109,355.30	376,411.59	353,162.63	94 %	1,559,817.00	23 %
01-60-611300	SUMMER INTERNS	9,000.00	4,923.20	22,500.00	11,551.50	51 %	27,000.00	43 %
01-60-611600	ADMIN OVERTIME	616.67	(78.83)	1,849.97	197.08	11 %	7,400.00	3 %
01-60-611700	OPERATIONS OVERTIME	13,111.82	13,796.85	36,036.44	47,059.35	131 %	140,383.53	34 %
01-60-612100	PENSION	27,548.50	24,596.42	82,845.50	78,315.80	95 %	330,582.02	24 %
01-60-612200	MEDICAL/LIFE BENEFITS	44,759.04	43,856.97	134,277.12	123,898.19	92 %	721,920.00	17 %
01-60-612300	FEDERAL PAYROLL TAXES	19,334.49	15,755.95	58,003.47	50,663.29	87 %	232,013.99	22 %
01-60-612800	STATE UNEMPLOYMENT	1,148.33	25.25	3,444.99	56.52	2 %	13,780.00	0 %
01-60-613100	TRAVEL	900.00	575.00	2,700.00	1,733.99	64 %	10,800.00	16 %
01-60-613200	TRAINING	3,291.66	0.00	9,874.98	104.00	1 %	39,500.00	0 %
01-60-613301	CONFERENCES	2,454.16	23.00	7,362.48	3,269.50	44 %	29,450.00	11 %
01-60-619100	OTHER PERSONNEL COSTS	2,191.66	273.00	6,574.98	355.55	5 %	26,300.00	1 %
<b>610 - PERSONNEL SERVICES Totals:</b>		<b>364,999.43</b>	<b>305,816.19</b>	<b>1,062,043.53</b>	<b>964,627.57</b>	<b>91 %</b>	<b>4,437,208.58</b>	<b>22 %</b>
<b>620 - CONTRACT SERVICES</b>								
								% of Year Completed: 25%
01-60-621000	WATER CONSERVATION PROGRAM	1,666.66	3,993.60	4,999.98	3,993.60	80 %	20,000.00	20 %
01-60-623300	TRUST SERVICES & BANK CHARGE	7,000.00	7,285.37	21,000.00	21,771.34	104 %	84,000.00	26 %
01-60-625100	LEGAL SERVICES- GENERAL	7,500.00	0.00	22,500.00	3,660.00	16 %	90,000.00	4 %
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	3,125.00	4,597.20	9,375.00	4,597.20	49 %	37,500.00	12 %
01-60-626000	AUDIT SERVICES	3,000.00	5,000.00	31,000.00	26,100.00	84 %	32,000.00	82 %
01-60-628000	CONSULTING SERVICES	18,166.66	1,718.75	54,499.98	8,828.75	16 %	218,000.00	4 %
01-60-629000	CONTRACTUAL SERVICES	30,350.00	8,803.35	91,050.00	59,412.04	65 %	364,200.08	16 %
<b>620 - CONTRACT SERVICES Totals:</b>		<b>74,974.99</b>	<b>31,398.27</b>	<b>246,924.93</b>	<b>128,362.93</b>	<b>52 %</b>	<b>895,700.08</b>	<b>14 %</b>
<b>640 - INSURANCE</b>								
								% of Year Completed: 25%
01-60-641100	GENERAL LIABILITY INSURANCE	4,291.66	3,719.00	12,874.98	11,157.00	87 %	51,500.00	22 %
01-60-641200	PUBLIC OFFICIAL LIABILITY	1,858.33	1,588.17	5,574.99	4,764.51	85 %	22,300.00	21 %
01-60-641500	WORKER'S COMPENSATION	8,750.00	7,485.00	26,250.00	22,455.00	86 %	105,000.00	21 %
01-60-641600	EXCESS LIABILITY COVERAGE	2,916.67	2,551.42	8,749.97	7,654.26	87 %	35,000.00	22 %
01-60-642100	PROPERTY INSURANCE	31,750.00	27,940.30	95,250.00	83,820.90	88 %	381,000.00	22 %
01-60-642200	AUTOMOBILE INSURANCE	1,250.00	862.83	3,750.00	2,588.49	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 %
<b>640 - INSURANCE Totals:</b>		<b>54,983.32</b>	<b>44,146.72</b>	<b>164,949.92</b>	<b>132,440.16</b>	<b>80 %</b>	<b>659,800.00</b>	<b>20 %</b>

		July 2016-2017 Budget	July 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
<b>650 - OPERATIONAL SUPPORT SRVS</b>								
								% 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	140.73	8,250.00	1,871.33	23 %	33,000.00	6 %
01-60-651401	TELEPHONE	2,245.00	2,289.78	6,735.00	5,954.10	88 %	26,940.00	22 %
01-60-651402	CELL PHONE & CORR. TELEMETRY	2,400.00	1,421.15	7,200.00	4,147.93	58 %	28,800.00	14 %
01-60-651403	RADIOS	0.00	0.00	0.00	0.00	0 %	9,360.00	0 %
01-60-651404	REPAIRS & EQUIPMENT	308.33	171.00	924.99	290.25	31 %	3,700.00	8 %
01-60-652100	OFFICE SUPPLIES	2,484.16	255.16	7,452.48	2,374.31	32 %	29,810.00	8 %
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	139.31	1,650.00	304.45	18 %	6,600.00	5 %
01-60-654000	PROFESSIONAL DUES	1,881.66	0.00	5,644.98	330.00	6 %	22,580.00	1 %
01-60-655000	REPAIRS & MAINT- OFFICE EQUI	935.00	231.93	2,805.00	1,102.73	39 %	11,220.00	10 %
01-60-656000	REPAIRS & MAINT- BLDGS & GRN	19,000.00	8,509.67	57,000.00	43,523.11	76 %	228,000.00	19 %
01-60-658000	COMPUTER SOFTWARE	1,108.33	(555.61)	3,324.99	(555.61)	-17 %	13,300.00	-4 %
01-60-659000	COMPUTER/SOFTWARE MAINTENA	8,087.08	6,831.89	24,261.24	9,451.49	39 %	97,045.00	10 %
01-60-659100	OTHER ADMINISTRATIVE EXPENSE	1,158.33	0.00	3,474.99	3.64	0 %	13,900.00	0 %
<b>650 - OPERATIONAL SUPPORT SRVS Totals:</b>		<b>53,370.05</b>	<b>19,435.01</b>	<b>160,110.19</b>	<b>68,797.73</b>	<b>43 %</b>	<b>649,801.00</b>	<b>11 %</b>
<b>660 - WATER OPERATION</b>								
								% of Year Completed: 25%
01-60-661101	WATER BILLING	10,773,967.85	10,465,471.04	29,099,782.31	29,029,680.92	100 %	100,691,288.32	29 %
01-60-661102	ELECTRICITY	139,100.00	76,989.09	375,700.00	241,253.88	64 %	1,300,000.00	19 %
01-60-661103	OPERATIONS & MAINTENANCE	38,000.00	28,519.30	114,000.00	104,389.24	92 %	456,000.00	23 %
01-60-661201	PUMP STATION	203,300.00	151,847.73	549,100.00	438,480.08	80 %	1,900,000.00	23 %
01-60-661202	METER STATION, ROV, TANK SITE	12,250.00	6,297.80	36,750.00	22,161.40	60 %	147,000.00	15 %
01-60-661300	WATER CHEMICALS	2,225.00	1,618.83	6,675.00	3,343.90	50 %	26,700.00	13 %
01-60-661400	WATER TESTING	2,062.50	889.33	6,187.50	1,695.89	27 %	24,750.00	7 %
01-60-662100	PUMPING SERVICES	15,650.00	0.00	46,950.00	3,097.64	7 %	187,800.00	2 %
01-60-662300	METER TESTING & REPAIRS	1,508.33	0.00	4,524.99	0.00	0 %	18,100.00	0 %
01-60-662400	SCADA / INSTRUMENTATION	3,491.66	0.00	10,474.98	5,842.35	56 %	41,900.00	14 %
01-60-662500	EQUIPMENT RENTAL	975.00	0.00	2,925.00	0.00	0 %	11,700.00	0 %
01-60-662600	UNIFORMS	2,083.33	420.74	6,249.99	2,814.73	45 %	25,000.00	11 %
01-60-662700	SAFETY	5,849.58	2,618.24	17,548.74	5,534.52	32 %	70,195.00	8 %
01-60-663100	PIPELINE REPAIRS	31,250.00	0.00	93,750.00	42,303.30	45 %	375,000.00	11 %
01-60-663200	COR TESTING & MITIGATION	625.00	0.00	1,875.00	951.39	51 %	7,500.00	13 %
01-60-663300	REMOTE FACILITIES MAINTENANCE	9,875.00	10,912.49	29,625.00	18,792.63	63 %	118,500.00	16 %
01-60-663400	PLAN REVIEW- PIPELINE CONFLI	1,700.00	16,983.95	20,000.00	16,983.95	85 %	80,000.00	21 %
01-60-663700	PIPELINE SUPPLIES	4,937.50	6,836.54	14,812.50	9,918.14	67 %	59,250.00	17 %
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	1,917.89	9,874.97	8,039.53	81 %	39,500.00	20 %

Monthly & YTD Budget Report

For Fiscal: 2016-2017 Period Ending: 7/31/2016

		July 2016-2017 Budget	July 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
01-60-664200	FUEL- VEHICLES	3,100.00	0.00	9,300.00	3,157.48	34 %	37,200.00	8 %
01-60-664300	LICENSES- VEHICLES	179.16	0.00	537.48	0.00	0 %	2,150.00	0 %
660 - WATER OPERATION Totals:		11,257,017.41	10,771,322.97	30,461,430.95	29,958,440.97	98 %	105,638,683.32	28 %

670 - BOND INTEREST

% of Year Completed: 25%

01-60-672200	BOND INTEREST- REV BONDS	0.00	0.00	41,800.00	0.00	0 %	41,800.00	0 %
01-60-672400	INTEREST EXPENSE	20.00	8.63	70.00	38.71	55 %	100.00	39 %
670 - BOND INTEREST Totals:		20.00	8.63	41,870.00	38.71	0 %	41,900.00	0 %

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	1,686.05	28 %	24,000.00	7 %
01-60-685200	OFFICE FURNITURE & EQUIPMT	0.00	0.00	39,000.00	0.00	0 %	39,000.00	0 %
01-60-685800	CAPITALIZED EQUIP	0.00	0.00	(39,000.00)	0.00	0 %	(39,000.00)	0 %
01-60-686000	VEHICLES	0.00	0.00	30,500.00	0.00	0 %	30,500.00	0 %
01-60-686800	CAPITALIZED VEHICLE PURCHASES	0.00	0.00	(30,500.00)	0.00	0 %	(30,500.00)	0 %
01-60-692000	DEPRECIATION- TRANS MAINS	380,416.67	378,977.27	1,141,249.97	1,136,931.79	100 %	4,565,000.00	25 %
01-60-693000	DEPRECIATION- BUILDINGS	219,166.66	218,839.20	657,499.98	656,517.58	100 %	2,630,000.00	25 %
01-60-694000	DEPRECIATION-PUMPING EQUIPME	91,666.66	89,631.48	274,999.98	269,376.74	98 %	1,100,000.00	24 %
01-60-695200	DEPRECIATION- OFFICE FURN &	8,250.00	7,870.74	24,750.00	23,612.20	95 %	99,000.00	24 %
01-60-696000	DEPRECIATION- VEHICLES	5,166.67	2,334.02	15,499.97	7,796.28	50 %	62,000.00	13 %
685 - CAPITAL EQUIP / DEPREC Totals:		706,666.66	697,652.71	2,119,999.90	2,095,920.64	99 %	8,480,000.00	25 %

710 - CONSTRUCTION IN PROGRESS

% of Year Completed: 25%

		July 2016-2017 Budget	July 2016-2017 Activity	2016-2017 Seasonal YTD Bud	2016-2017 YTD Activity	Seasonal Percent Used	2016-2017 Total Budget	Total Percent Used
01-60-721800	RESERVOIR HATCH REPLACEMENT	0.00	0.00	0.00	(3,263.50)	0 %	0.00	0 %
01-60-770701	STANDPIPE PAINTING-CONSTR	0.00	392,698.92	3,040,000.00	1,550,475.50	51 %	3,040,000.00	51 %
01-60-770801	STANDPIPE MIXING SYSTEM-CONST	0.00	0.00	30,000.00	0.00	0 %	30,000.00	0 %
01-60-771000	VALVE REHAB & REPLACEMENT	0.00	0.00	125,000.00	20,420.30	16 %	125,000.00	16 %
01-60-771100	METER REPLACEMENT	0.00	0.00	250,000.00	101.60	0 %	250,000.00	0 %
01-60-771200	CONDITION ASSESSMENT	0.00	3,769.74	800,000.00	7,802.72	1 %	800,000.00	1 %
01-60-771400	HL PUMP VIBRATION MONITORING	0.00	0.00	0.00	(20.26)	0 %	0.00	0 %
01-60-771500	PORTABLE GENERATOR EMERG UPC	0.00	0.00	0.00	(63.50)	0 %	0.00	0 %
01-60-771600	WALL & MASONRY REHAB	0.00	276.00	600,000.00	276.00	0 %	600,000.00	0 %
01-60-771700	REPLACEMENT OF SCADA SYSTEM	0.00	0.00	3,000,000.00	0.00	0 %	3,000,000.00	0 %
01-60-771900	HIGHLIFT PUMP REHAB	0.00	0.00	250,000.00	0.00	0 %	250,000.00	0 %
01-60-798000	CAPITALIZED FIXED ASSETS	0.00	(396,744.66)	(8,095,000.00)	(1,575,728.86)	19 %	(8,095,000.00)	19 %
710 - CONSTRUCTION IN PROGRESS Totals:		0.00	0.00	0.00	0.00	0 %	0.00	0 %
<b>Expense Totals:</b>		<b>12,513,319.35</b>	<b>11,869,780.50</b>	<b>34,261,191.89</b>	<b>33,351,623.71</b>	<b>97 %</b>	<b>120,818,542.98</b>	<b>28 %</b>
<b>01 - WATER FUND Totals:</b>		<b>(3,553,351.20)</b>	<b>(4,040,454.12)</b>	<b>(9,566,856.94)</b>	<b>(11,519,085.19)</b>	<b>120 %</b>	<b>(13,117,833.88)</b>	<b>88 %</b>

# DuPage Water Commission



## Annual Financial Report

For the Fiscal Years Ended  
April 30, 2016 and 2015

“We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before these statements are submitted as final.”

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Years Ended  
April 30, 2016 and 2015

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	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Principal Officials .....	i
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1-3
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS</b>	
Management’s Discussion and Analysis .....	MD&A 1-8
Basic Financial Statements	
Statements of Net Position.....	4-5
Statements of Revenues, Expenses, and Changes in Net Position .....	6
Statements of Cash Flows.....	7-8
Notes to Financial Statements.....	9-32
Required Supplementary Information	
Illinois Municipal Retirement Fund	
Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios .....	33
Schedule of Employer Contributions.....	34
Other Postemployment Benefit Plan	
Schedule of Funding Progress .....	35
Schedule of Employer Contributions.....	36
<b>SUPPLEMENTAL DATA</b>	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual.....	37
<b>STATISTICAL SECTION</b>	
Sales Tax Revenues .....	38
State Water Allocations .....	39
Water Revenues and Usage .....	40



## **INTRODUCTORY SECTION**

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**PRINCIPAL OFFICIALS**

**April 30, 2016**

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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, 2016 and 2015, 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 an opinion 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.

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the DuPage Water Commission, as of April 30, 2016 and 2015, 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.

## Change in Accounting Principle

As discussed in Note 14, the Commission adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

## 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  
July 13, 2016

**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<sup>th</sup> of 2016, 2015, and 2014.

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, 2016 and 2015.

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**

### **Fiscal Year 2016**

In fiscal year 2016, net position increased by \$44.8 million to \$494.1 million. Revenues of \$164.9 million were approximately 6.5% higher in fiscal year 2016 compared to the prior year. Expenses increased by approximately 7.6% to \$119.6 million compared to \$111.2 million in fiscal 2015. The Commission's revenues were above budgeted expectations primarily due to higher than anticipated sales tax collections and investment income. Water sales were basically equal to budgeted amounts. Total operating expenditures continued to be below budgeted amounts due to slightly lower than anticipated water purchases, additional energy cost savings, and sustained cost savings throughout the Commission. As of April 30, 2016, net investment in capital assets was \$347.8 million.



## **Fiscal Year 2015**

**Preliminary and Tentative  
For Discussion Purposes Only**

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.

## **FINANCIAL ANALYSIS**

**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, 2016, 2015 and 2014. Net capital assets represent the total of assets capitalized less accumulated depreciation.

### **Fiscal Year 2016**

Net capital assets decreased by \$3.4 million in fiscal year 2016 due to depreciation expense of \$8.1 million offset by investment in construction, equipment, and vehicles of \$4.7 million.

Net investment in capital assets increased \$8.0 million from the prior year. This is due to the \$11.4 million decrease in debt used to finance capital assets offset by the \$3.4 million decrease in capital assets mentioned above. In the fiscal year 2016, principal debt repayments related to capital assets of \$11.9 million were partially offset by net amortization of premium and loss on refunding costs of \$0.5 million.

### **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.

**COMPARATIVE SUMMARY OF NET POSITION**  
**April 30,**

**Preliminary and Tentative  
For Discussion Purposes Only**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Assets and Deferred Outflows of Resources</b>			
Current:			
Cash and cash equivalents	\$ 29,820,942	\$ 19,428,913	\$ 18,825,424
Investments	107,006,719	80,361,000	51,074,297
Receivables	20,470,151	21,110,216	20,196,694
Other assets	580,304	545,631	514,364
Non-current:			
Long term loan receivable	441,393	490,437	539,481
Land and construction in process	12,670,288	12,464,421	12,051,670
Capital assets, net of depreciation	335,136,154	338,730,466	346,364,860
Total assets	506,125,951	473,131,084	449,566,790
Deferred outflows of resources:			
Pension items	1,221,840	-	-
Unamortized loss on refunding	-	529,908	1,019,055
Total deferred outflows of resources	1,221,840	529,908	1,019,055
Total assets and deferred outflow of resources	507,347,791	473,660,992	450,585,845
<b>Liabilities and Deferred Inflows of Resources</b>			
Current:			
Payables and accrued liabilities	9,206,800	9,077,001	8,183,231
Customer deposits	18,799	64,191	65,091
Bonds payable	-	11,056,250	14,094,250
Accrued interest	-	9,763	21,273
Capital lease payable	3,240	9,318	8,746
Unearned revenue	434,232	350,507	350,507
Non-current:			
Unearned revenue	3,039,623	2,804,054	3,154,561
Net pension liability	459,305	-	-
Other liabilities	66,118	54,264	52,362
Notes payable	-	-	7,000,000
Capital lease payable	-	3,240	12,559
Bonds payable	-	898,300	11,954,550
Total liabilities	13,228,117	24,326,888	44,897,130
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	13,228,117	24,326,888	44,897,130
Net Position			
Net investment in capital assets	347,803,202	339,757,687	326,365,480
Unrestricted	146,316,472	109,576,417	79,323,235
<b>NET POSITION</b>	<b>\$ 494,119,674</b>	<b>\$ 449,334,104</b>	<b>\$ 405,688,715</b>

**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<sup>th</sup> of 2016, 2015 and 2014. The most significant source of revenues for the Commission continues to be from water sales.

### **Fiscal Year 2016**

In fiscal year 2016, water sales declined slightly to 25.81 billion gallons compared to 25.96 billion gallons in the prior fiscal year. The charter customer operations and maintenance average water rate increased from \$4.19 per thousand gallons to \$4.85 per thousand gallons for fiscal year 2016. Higher average water rates were the reason the Commission's water revenue increased by \$9.4 million or 8.0% compared to the prior year.

In January 2015, the operations and maintenance rate increased to \$4.68 per thousand gallons and the fixed cost equivalent was \$0.27 per thousand gallons for a total of \$4.95 per thousand gallons. On May 1, 2015, the total charter customer's water rate decreased from \$4.95 per thousand gallons to \$4.85 per thousand gallons, with operations and maintenance rate being \$4.85 per thousand gallons and the fixed cost equivalent reduced to \$0.00 per thousand gallons.

The Commission's sales tax revenues increased by \$0.5 million or 1.3%. Sales tax funds of \$11.1 million were used to reduce the customers' fixed cost payments for fiscal year 2016 by 100%. This was the first year the customer's fixed costs payments were reduced to zero since the Commission started using sales tax to reduce fixed costs in fiscal year 1998.

Investment income increased \$0.5 million in part from the prior year due to higher unrealized gains in market values in the fiscal year. In addition, the Commission's yield on investments improved slightly and investment balances increased during the fiscal year. In fiscal year 2016, the Commission met or exceeded all the targeted minimum balances for its reserve funds.

The highest expense in the Commission's operations remains water distribution costs. The City of Chicago increasing their water rate charged to their customers in January 2015 was the main driver of water distribution costs increasing by \$8.1 million (8.3%) in fiscal year 2016. Water purchases from the City of Chicago were down 0.6% compared to prior year purchases.

### **Fiscal Year 2015**

Water sales for fiscal year 2015 were 25.96 billion gallons versus 27.84 billion gallons for fiscal year 2014. 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 fiscal year 2015 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 fiscal year 2014 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.

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For Discussion Purposes Only

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.

**COMPARATIVE SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the Fiscal Years Ending April 30,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>			
Operating:			
Water sales - all categories	\$ 126,209,059	\$ 116,795,994	\$ 106,009,331
Other	44,654	71,314	55,933
Nonoperating:			
Sales tax	37,284,925	36,791,962	34,945,975
Investment income	1,399,369	863,779	123,042
<b>Total Revenue</b>	164,938,007	154,523,049	141,134,281
<b>EXPENSES</b>			
Operating:			
Water supply costs	105,243,073	97,146,590	90,772,120
Depreciation	8,094,468	8,009,501	7,952,088
Personal services	4,170,996	3,832,775	3,721,139
Other	1,521,340	1,530,383	1,497,303
Nonoperating:			
Interest and other charges	586,997	697,636	997,221
(Gain) Loss on disposal of capital assets	-	(5,475)	89
<b>Total Expense</b>	119,616,874	111,211,410	104,939,960
Net income (loss) before contributions	45,321,133	43,311,639	36,194,321
Contributions	-	333,750	31,860
<b>Change in net position</b>	45,321,133	43,645,389	36,226,181
Net position, May 1	449,334,104	405,688,715	369,462,534
Change in accounting principle	(535,563)	-	-
<b>Net position, May 1, restated</b>	448,798,541	-	-
<b>Net position, April 30</b>	<u>\$ 494,119,674</u>	<u>\$ 449,334,104</u>	<u>\$ 405,688,715</u>

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Preliminary and Tentative  
For Discussion Purposes Only

**Capital Assets.** The Commission's capital assets before depreciation totaled \$506.0 million in fiscal year 2016.

### COMPARATIVE SUMMARY OF CHANGES IN NET CAPITAL ASSETS

For Fiscal Years Ending April 30,

	2016	2015	2014
Land and permanent easements	\$ 11,728,902	\$ 11,728,902	\$ 11,728,902
Construction in progress	941,386	735,519	322,768
Water mains	267,862,429	272,410,156	276,957,883
Buildings and other structures	53,786,996	55,439,851	57,650,587
Pumping equipment	13,138,711	10,509,775	11,258,702
Office furniture and equipment	264,906	276,920	352,406
Vehicles and other equipment	83,112	93,764	145,282
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 347,806,442</b>	<b>\$ 351,194,887</b>	<b>\$ 358,416,530</b>

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 2013 Revenue Bonds in April 2016. With the payment made in April 2016, the Commission no longer had any revenue bonds or certificates of debt outstanding. The Commission made no other material changes in structure or changed any ordinances in fiscal year 2016.

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.

#### **Fiscal Year 2016**

The required revenue bond principal and interest payments were made monthly and on time during fiscal year 2016. As of April 30, 2016, there was no remaining revenue bond principal outstanding due to the acceleration of the final payment originally due in May 2016 being paid in April 2016.

The principal value remaining on the capital lease for office equipment is set to expire in September 2016 was approximately \$3,240. 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 2016.

#### **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 for office equipment is set to expire in September 2016 was \$12,558.

Preliminary and Tentative  
For Discussion Purposes Only

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

	2016	2015	2014
Certificates of debt	\$ -	\$ -	\$ 7,000,000
Water revenue bonds	-	11,954,550	26,048,800
Capital lease	3,240	12,558	21,305
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 3,240</b>	<b>\$ 11,967,108</b>	<b>\$ 33,070,105</b>

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

**INVESTMENT PORTFOLIO**

**Fiscal Year 2016**

The Commission’s investment portfolio totaled \$130.6 million. At the end of the fiscal year, the overall portfolio was earning approximately 1.02%. 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, 2016: United States treasury obligations (34%), United States agency investments (28%), money market funds (13%), commercial paper (9%), certificates of deposits (6%), municipal bonds (5%), and asset/mortgage backed securities (5%).

**Fiscal Year 2015**

The Commission’s investment portfolio totaled \$94.9 million. At the end of the 2015 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, 2015: 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%).

**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 was unknown. However, the Commission committed to providing 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, 2016 only \$0.5 million remained outstanding from the customers.

Preliminary and Tentative  
For Discussion Purposes Only

### **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](mailto:admin@dpwc.org).

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

STATEMENTS OF NET POSITION

April 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 29,820,942	\$ 19,428,913
Investments	107,006,719	80,361,000
Receivables		
Water sales	11,868,466	12,627,354
Accrued interest	306,685	187,862
Sales tax	8,295,000	8,295,000
Long-term loans receivable, current portion	49,044	49,044
Inventory	174,768	158,129
Prepaid expenses and deposits	356,492	338,458
	<b>157,878,116</b>	<b>121,445,760</b>
<b>NONCURRENT ASSETS</b>		
Long-term loans receivable	441,393	490,437
	<b>441,393</b>	<b>490,437</b>
Capital assets		
Not being depreciated	12,670,288	12,464,421
Being depreciated	493,336,334	488,855,835
Less accumulated depreciation	(158,200,180)	(150,125,369)
	<b>347,806,442</b>	<b>351,194,887</b>
Net capital assets	347,806,442	351,194,887
	<b>347,806,442</b>	<b>351,194,887</b>
Total noncurrent assets	348,247,835	351,685,324
	<b>348,247,835</b>	<b>351,685,324</b>
Total assets	506,125,951	473,131,084
	<b>506,125,951</b>	<b>473,131,084</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension items	1,221,840	-
Unamortized loss on refunding	-	529,908
	<b>1,221,840</b>	<b>529,908</b>
Total deferred outflows of resources	1,221,840	529,908
	<b>1,221,840</b>	<b>529,908</b>
Total assets and deferred outflows of resources	507,347,791	473,660,992
	<b>507,347,791</b>	<b>473,660,992</b>

(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, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>CURRENT LIABILITIES</b>		
Unearned revenue	\$ 434,232	\$ 350,507
Contract retentions	-	5,958
Customer deposits	18,799	64,191
Accounts payable	8,188,920	8,089,037
Accrued liabilities	791,297	753,050
Compensated absences	226,583	228,956
Capital lease payable	3,240	9,318
Revenue refunding bonds payable	-	11,056,250
Accrued interest payable	-	9,763
	<b>9,663,071</b>	<b>20,567,030</b>
<b>LONG-TERM LIABILITIES</b>		
Unearned revenue	3,039,623	2,804,054
Net pension liability	459,305	-
Other postemployment benefits obligation	66,118	54,264
Capital lease payable	-	3,240
Revenue refunding bonds payable, net	-	898,300
	<b>3,565,046</b>	<b>3,759,858</b>
Total long-term liabilities	<b>3,565,046</b>	<b>3,759,858</b>
Total liabilities	<b>13,228,117</b>	<b>24,326,888</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
None	-	-
Total deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	<b>13,228,117</b>	<b>24,326,888</b>
<b>NET POSITION</b>		
Net investment in capital assets	347,803,202	339,757,687
Unrestricted	146,316,472	109,576,417
<b>TOTAL NET POSITION</b>	<b>\$ 494,119,674</b>	<b>\$ 449,334,104</b>

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, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Water sales		
Operations and maintenance costs	\$ 124,688,829	\$ 108,327,436
Fixed costs	-	7,143,137
Customer differential	1,520,230	1,325,421
Other income	44,654	71,314
	126,253,713	116,867,308
<b>OPERATING EXPENSES</b>		
Water supply costs	105,243,073	97,146,590
Personal services	4,170,996	3,832,775
Insurance	543,443	544,245
Professional and contractual services	534,311	554,877
Administrative costs	443,586	431,261
	110,935,409	102,509,748
OPERATING INCOME BEFORE DEPRECIATION	15,318,304	14,357,560
Depreciation	8,094,468	8,009,501
OPERATING INCOME	7,223,836	6,348,059
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Sales tax	37,284,925	36,791,962
Investment income	1,399,369	863,779
Interest and other charges	(586,997)	(697,636)
Gain (loss) on disposal of capital assets	-	5,475
	38,097,297	36,963,580
NET INCOME BEFORE CONTRIBUTIONS	45,321,133	43,311,639
Contributions	-	333,750
CHANGE IN NET POSITION	45,321,133	43,645,389
NET POSITION, MAY 1	449,334,104	405,688,715
Change in accounting principle	(535,563)	-
NET POSITION, MAY 1, RESTATED	448,798,541	405,688,715
<b>NET POSITION, APRIL 30</b>	<b>\$ 494,119,674</b>	<b>\$ 449,334,104</b>

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, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 127,241,850	\$ 115,938,223
Cash payments to suppliers	(109,331,532)	(98,851,798)
Cash payments to employees	(2,789,038)	(2,744,501)
Other cash receipts	44,654	71,314
	15,165,934	14,413,238
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from sales taxes	37,284,925	36,396,962
Cash received from water quality loans	49,044	49,044
	37,333,969	36,446,006
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on revenue bonds	(66,322)	(192,024)
Interest paid on notes payable	-	(26,860)
Interest paid on capital lease payable	(530)	(1,115)
Principal paid on revenue refunding bonds	(11,954,550)	(14,094,250)
Principal paid on notes payable	-	(7,000,000)
Principal paid on capital lease payable	(9,318)	(8,747)
Construction and purchases of capital assets	(4,711,981)	(448,633)
	(16,742,701)	(21,771,629)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	958,065	587,558
Proceeds from sale of investments	85,342,808	60,171,277
Purchase of investments	(111,666,046)	(89,242,961)
	(25,365,173)	(28,484,126)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,392,029	603,489
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	19,428,913	18,825,424
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 29,820,942	\$ 19,428,913

(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, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 7,223,836	\$ 6,348,059
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	8,094,468	8,009,501
Changes in assets and liabilities		
Decrease (increase) in water sales receivable	758,888	(506,364)
Decrease (increase) in inventory	(16,639)	8,951
Decrease (increase) in prepaid expenses and deposits	(18,034)	8,826
Increase (decrease) in unearned revenue	319,294	(350,507)
Increase in accounts payable	99,883	761,268
Increase in accrued liabilities and compensated absences	35,874	132,502
Increase in other postemployment benefits obligation	11,854	1,902
Decrease in net pension asset/liability	(76,258)	-
Decrease in deferred pension items	(1,221,840)	-
Decrease in customer deposits	(45,392)	(900)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 15,165,934</b>	<b>\$ 14,413,238</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions	\$ -	\$ 333,750
<b>NONCASH INVESTING ACTIVITIES</b>		
Unrealized gain (loss) on investments	\$ 537,500	\$ 215,019

See accompanying notes to financial statements.

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2016 and 2015

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**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.

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**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, 2016 and 2015. 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 United States 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 United States Government obligations; (f) the Illinois Funds Investment Pool of the State of Illinois; (g) state and local obligations rated A-/A3; 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, 2016 and 2015.

b. Investments

The following table presents the investments and maturities of the Commission's debt securities as of April 30, 2016 and 2015:

Investment Type	2016				
	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 44,738,881	\$ 3,940,025	\$ 38,201,550	\$ 2,597,306	\$ -
U.S. agency	36,477,011	2,195,559	34,071,858	209,594	-
Commercial paper	12,081,573	12,081,573	-	-	-
Municipal bond	7,145,591	1,727,466	5,418,125	-	-
Asset backed/mortgage backed securities	6,563,663	-	4,311,686	22,975	2,229,002
<b>TOTAL</b>	<b>\$ 107,006,719</b>	<b>\$ 19,944,623</b>	<b>\$ 82,003,219</b>	<b>\$ 2,829,875</b>	<b>\$ 2,229,002</b>

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	-
<b>TOTAL</b>	<b>\$ 80,361,000</b>	<b>\$ 3,205,419</b>	<b>\$ 75,084,914</b>	<b>\$ 2,070,667</b>	<b>\$ -</b>

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Investments (Continued)

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 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 270 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. For U.S. Government Agency Mortgage Backed Securities (MBS), the five year maturity limit will be the weighted average life (WAL) calculation, rather than final 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 and obligations classified as supranational securities, which are 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, 2016 and 2015, loans totaling \$490,437 and \$539,481 were due from the customers, respectively.

Payments due from Charter Customers are as follows:

Fiscal Year Ending April 30,	2016	
	Principal	Interest
2017	\$ 49,044	\$ 9,809
2018	49,044	8,828
2019	49,044	7,847
2020	49,044	6,866
2021	49,044	5,885
2022-2026	245,217	14,713
<b>TOTAL</b>	<b>\$ 490,437</b>	<b>\$ 53,948</b>

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
<b>TOTAL</b>	<b>\$ 539,481</b>	<b>\$ 64,738</b>

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

Preliminary and Tentative  
For Discussion Purposes Only

**4. CAPITAL ASSETS**

Capital asset activity for years ended April 30, 2016 and 2015 is as follows:

	2016			Balances April 30
	Balances May 1	Additions	Retirements	
Capital assets not being depreciated				
Land and permanent easements	\$ 11,728,902	\$ -	\$ -	\$ 11,728,902
Construction in progress	735,519	4,642,847	4,436,980	941,386
Total capital assets not being depreciated	12,464,421	4,642,847	4,436,980	12,670,288
Capital assets being depreciated				
Water mains	364,135,069	-	-	364,135,069
Buildings and other structures	102,870,270	944,098	-	103,814,368
Pumping equipment	16,614,240	3,445,145	-	20,059,385
Office furniture and equipment	4,606,220	71,501	19,657	4,658,064
Vehicles and other equipment	630,036	39,412	-	669,448
Total capital assets being depreciated	488,855,835	4,500,156	19,657	493,336,334
Less accumulated depreciation				
Water mains	91,724,913	4,547,727	-	96,272,640
Buildings and other structures	47,430,419	2,596,953	-	50,027,372
Pumping equipment	6,104,465	816,209	-	6,920,674
Office furniture and equipment	4,329,300	83,515	19,657	4,393,158
Vehicles and other equipment	536,272	50,064	-	586,336
Total accumulated depreciation	150,125,369	8,094,468	19,657	158,200,180
Total capital assets being depreciated, net	338,730,466	(3,594,312)	-	335,136,154
CAPITAL ASSETS, NET	\$ 351,194,887	\$ 1,048,535	\$ 4,436,980	\$ 347,806,442

**4. CAPITAL ASSETS (Continued)**

	2015			Balances April 30
	Balances May 1	Additions	Retirements	
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
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
<b>CAPITAL ASSETS, NET</b>	<b>\$ 358,416,530</b>	<b>\$ (7,179,386)</b>	<b>\$ 42,257</b>	<b>\$ 351,194,887</b>

**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 2016 and 2015, the Commission purchased 26.6 and 26.7 billion gallons of water, respectively from the City, which equaled 72.9% and 74.0%, 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. Changes in Long-Term Obligations

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

	2016				
	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
Other postemployment benefits obligation	\$ 54,264	\$ 11,854	\$ -	\$ 66,118	\$ -
Capital lease	12,558	-	9,318	3,240	3,240
Revenue refunding bonds	11,954,550	-	11,954,550	-	-
<b>TOTAL</b>	<b>\$ 12,021,372</b>	<b>\$ 11,854</b>	<b>\$ 11,963,868</b>	<b>\$ 69,358</b>	<b>\$ 3,240</b>
	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
<b>TOTAL</b>	<b>\$ 33,122,467</b>	<b>\$ 1,902</b>	<b>\$ 21,102,997</b>	<b>\$ 12,021,372</b>	<b>\$ 11,065,568</b>

**7. LONG-TERM DEBT (Continued)**

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).

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.

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. However in April 2016, the final payment was accelerated and the Series 2013 bonds were redeemed and paid in full. 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, 2016 and 2015, \$0 and \$11,954,550, 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 revenues generated from the Commission's operations are pledged to retire these bonds.

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.



**7. LONG-TERM DEBT (Continued)**

d. Revenue Bond Ordinance (Continued)

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.

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.

**7. LONG-TERM DEBT (Continued)**

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 year in total are as follows:

<u>Fiscal Year</u> <u>Ending April 30</u>	<u>Principal</u>
2017	\$ 3,283
Total Minimum Future Lease Payments	3,283
Less Interest	<u>43</u>
PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	<u>\$ 3,240</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 2016 and 2015, approximately 5.2 and 5.1 billion gallons, or 20.07% and 19.68%, 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 supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

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**10. DEFINED BENEFIT PENSION PLAN**

Illinois Municipal Retirement Fund

*Plan Administration*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required. Benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>32</u>
 TOTAL	 <u><u>45</u></u>

*Benefits Provided*

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.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Contributions*

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 2015 was 10.72%. 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.

*Actuarial Assumptions*

The Commission’s net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability (Asset)*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2015	\$ 12,894,406	\$ 12,257,295	\$ 637,111
Changes for the period			
Service cost	289,658	-	289,658
Interest	963,114	-	963,114
Difference between expected and actual experience	146,673	-	146,673
Changes in assumptions		-	
Employer contributions	-	1,594,623	(1,594,623)
Employee contributions	-	122,417	(122,417)
Net investment income	-	64,591	(64,591)
Benefit payments and refunds	(395,421)	(395,421)	-
Administrative expense	-		
Other (net transfer)	-	(204,380)	204,380
Net changes	1,004,024	1,181,830	(177,806)
BALANCES AT DECEMBER 31, 2015	\$ 13,898,430	\$ 13,439,125	\$ 459,305

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the Commission recognized pension expense of \$570,591. At April 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 128,846	\$ -
Changes in assumption	-	-
Commission contributions subsequent to the measurement date	375,712	-
Net difference between projected and actual earnings on pension plan investments	717,282	-
<b>TOTAL</b>	<b>\$ 1,221,840</b>	<b>\$ -</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Period Ending</u> <u>April 30,</u>	
2017	\$ 572,860
2018	197,148
2019	197,148
2020	197,146
2021	17,827
Thereafter	39,711
<b>TOTAL</b>	<b>\$ 1,221,840</b>

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.5% as well as what the Commission’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$ 2,499,321	\$ 459,305	\$ (1,210,078)

**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.

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.



**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

c. Membership

At April 30, 2016, the most recent actuarial valuation, membership consisted of:

Retirees and dependents	2
Active fully eligible to retire	7
Active not yet fully eligible to retire	<u>24</u>
 TOTAL	 <u>33</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 2016, 2015 and 2014 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	77.01%	54,264
April 30, 2016	24,397	51.41%	66,118

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

The net OPEB obligation as of April 30, 2016 and 2015 was calculated as follows:

	2016	2015
Annual required contribution	\$ 24,036	\$ 7,755
Interest on net OPEB obligation	2,171	2,094
Adjustment to annual required contribution	(1,809)	(1,577)
Annual OPEB cost	24,398	8,272
Contributions made	12,543	6,370
Increase in net OPEB obligation	11,854	1,902
Net OPEB obligation, beginning of year	54,264	52,362
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b>\$ 66,118</b>	<b>\$ 54,264</b>

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 256,153
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	256,153
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,604,921
UAAL as a percentage of covered payroll	9.8%

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, 2016 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.0% and an initial healthcare cost trend rate of 7.8% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 3.0% inflation assumption and 4.0% 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, 2016 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.

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**14. CHANGE IN ACCOUNTING PRINCIPLE**

The Commission recorded the following change in accounting principle during the year ended April 30, 2016:

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
To record the IMRF net pension liability	\$ (637,111)
To record the IMRF deferred outflows	<u>101,548</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (535,563)</u>

With the implementation of GASB Statement No. 68, the Commission is required to retroactively record the net pension liability and deferred outflows of resources. The data of the April 30, 2015 fiscal year end was not restated as the required information was not available.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

	<b>December 31, 2015</b>
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 289,658
Interest	963,114
Changes of benefit terms	-
Differences between expected and actual experience	146,673
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(395,421)
Net change in total pension liability	1,004,024
Total pension liability - beginning	12,894,406
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 13,898,430</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 1,594,623
Contributions - member	122,417
Net investment income	64,591
Benefit payments, including refunds of member contributions	(395,421)
Administrative expense	(204,380)
Net change in plan fiduciary net position	1,181,830
Plan fiduciary net position - beginning	12,257,295
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 13,439,125</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 459,305</b>
Plan fiduciary net position as a percentage of the total pension liability	96.7%
Covered-employee payroll	\$ 2,720,369
Employer's net pension liability as a percentage of covered-employee payroll	16.9%

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

(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, 2016

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	<u>December 31, 2015</u>
Actuarially determined contribution	\$ 291,624
Contributions in relation to the actuarially determined contribution	<u>1,594,623</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ (1,302,999)</u></u>
Covered-employee payroll	\$ 2,720,369
Contributions as a percentage of covered-employee payroll	58.6%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 29 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

(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, 2016

<b>Actuarial Valuation Date April 30</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2011	*	*	*	*	*	*
2012	*	*	*	*	*	*
2013	\$ -	\$ 86,237	0.00%	\$ 86,237	\$ 2,643,508	3.3%
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*
2016	-	256,153	0.00%	256,153	2,604,921	9.8%

\*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.

The following assumption changes were made during the April 30, 2016 valuation: The implicit liability factor was changed from 40% to 80% of the premium.

(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, 2016

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<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
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%
2016	12,543	24,036	52.18%

The following assumption changes were made during the April 30, 2016 valuation: The implicit liability factor was changed from 40% to 80% of the premium.

(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 Year Ended April 30, 2016  
(with comparative actual for the year ended April 30, 2015)

	2016		Variance	2015
	Budget	Actual		Actual
<b>OPERATING REVENUES</b>				
Water sales				
Operations and maintenance costs	\$ 124,754,329	\$ 124,688,829	\$ (65,500)	\$ 108,327,436
Fixed costs	-	-	-	7,143,137
Customer differential	923,287	1,520,230	596,943	1,325,421
Other income	-	44,654	44,654	71,314
Total operating revenues	<u>125,677,616</u>	<u>126,253,713</u>	<u>576,097</u>	<u>116,867,308</u>
<b>OPERATING EXPENSES</b>				
Water supply costs	107,892,207	105,243,073	(2,649,134)	97,146,590
Personal services	4,301,486	4,170,996	(130,490)	3,832,775
Insurance	659,800	543,443	(116,357)	544,245
Professional and contractual services	918,600	534,311	(384,289)	554,877
Administrative costs	671,441	443,586	(227,855)	431,261
Total operating expenses	<u>114,443,534</u>	<u>110,935,409</u>	<u>(3,508,125)</u>	<u>102,509,748</u>
OPERATING INCOME BEFORE DEPRECIATION	11,234,082	15,318,304	4,084,222	14,357,560
Depreciation	8,236,000	8,094,468	(141,532)	8,009,501
OPERATING INCOME (LOSS)	<u>2,998,082</u>	<u>7,223,836</u>	<u>(4,225,754)</u>	<u>6,348,059</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Sales tax	34,742,000	37,284,925	2,542,925	36,791,962
Investment income	357,500	1,399,369	1,041,869	863,779
Interest and other charges	(581,000)	(586,997)	(5,997)	(697,636)
Loss on disposal of capital assets	-	-	-	5,475
Total non-operating revenues (expenses)	<u>34,518,500</u>	<u>38,097,297</u>	<u>3,578,797</u>	<u>36,963,580</u>
NET INCOME BEFORE CONTRIBUTIONS	37,516,582	45,321,133	7,804,551	43,311,639
Contributions	-	-	-	333,750
CHANGE IN NET POSITION	<u>\$ 37,516,582</u>	<u>45,321,133</u>	<u>\$ 7,804,551</u>	<u>43,645,389</u>
NET POSITION, MAY 1		449,334,104		405,688,715
Change in accounting principle		(535,563)		-
NET POSITION, MAY 1, RESTATED		<u>448,798,541</u>		<u>405,688,715</u>
NET POSITION, APRIL 30		<u>\$ 494,119,674</u>		<u>\$ 449,334,104</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

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<b><u>Year Ended</u></b>	<b><u>Sales Tax Revenues</u></b>
2016	\$ 37,284,925
2015	36,791,962
2014	34,945,975
2013	33,098,620
2012	31,878,312

**DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

STATE WATER ALLOCATIONS

	(Millions Gallons Per Day) <sup>(1)</sup>		
	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 millions gallons per day	<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**

Preliminary and Tentative  
For Discussion Purposes Only

**WATER REVENUES AND USAGE**

For the Years Ended April 30

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<b>Year Ended</b>	<b>Water Sales (1)</b>	<b>Gallons Sold (in 000's)</b>
2016	\$ 124,688,829	25,811,051
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

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