

**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.