DuPage Water Commission

Annual Financial Report

For the Fiscal Years Ended
April 30, 2018 and 2017

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended
April 30, 2018 and 2017

Prepared by Finance Department

INTRODUCTORY SECTION

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2018

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

1415 West Diehl Road, Suite 400
Naperville, IL 60563
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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, 2018 and 2017, 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 audits. We conducted our audits 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, 2018 and 2017, 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.

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.

Sikich LLP

Naperville, Illinois
June 27, 2018

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, 2018, 2017, and 2016.

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 of resources, liabilities and deferred inflows of resources, 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, 2018 and 2017.

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 of resources, liabilities, deferred inflows of resources, net position and operations, as well as summarize the Commission's significant accounting policies.

FINANCIAL OPERATIONS SUMMARY

In fiscal year 2018, net position increased by $5.5 million to approximately $510.0 million. Revenues of $130.5 million were approximately 0.2% higher in fiscal year 2018 compared to the prior year. Expenses increased by approximately 4.3% to $125.0 million compared to $119.9 million in fiscal 2017. The Commission's revenues were basically flat due to higher water sales and increased rates being offset by lower sales tax collections. Water sales were 7.4% above budgeted amounts. Total operating expenditures were greater than budgeted amounts due to higher than anticipated water purchases. As of April 30, 2018, net investment in capital assets was $338.3 million.

The Commission's net position rose by approximately $10.4 million in fiscal year 2017. Revenues and contributions were $130.3 million in fiscal 2017 compared to expenses totaling $119.9 million in fiscal year 2016. The Commission's revenues benefitted from greater than projected water sales and higher than budgeted investment income. Expenditures were lower than budgeted primarily due to a decrease in energy costs and continued cost savings through improved efficiencies throughout the Commission. As of April 30, 2017, net investment in capital assets was $343.3 million.

FINANCIAL ANALYSIS

Changes in Net Position. The table on page MD&A 3 presents information on the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position at April 30, 2018, 2017 and 2016. Net capital assets represent the total of assets capitalized less accumulated depreciation.

Fiscal Year 2018

Net capital assets decreased by $5.0 million in fiscal year 2018 due to depreciation expense of $8.7 million offset by investment in construction, vehicles and equipment of $3.7 million.

Net investment in capital assets decreased $5.0 million from the prior year. This is due to the $5.0 million decrease in capital assets mentioned above. The Commission repaid all of its loans at the end of fiscal year 2016.

Fiscal Year 2017

Net capital assets decreased by $4.5 million in fiscal year 2017 due to depreciation expense of $8.4 million offset by investment in new construction and equipment of $3.9 million.

Net investment in capital assets also declined by $4.5 million from fiscal year 2016. This is due to the $4.5 million decrease in capital assets mentioned above. The Commission repaid all of its loans at the end of fiscal year 2016.

COMPARATIVE SUMMARY OF NET POSITION
April 30,

	2018	2017	2016
Assets and Deferred Outflows of Resources			
Current:			
Cash and cash equivalents	$ 38,719,761	$ 43,899,609	$ 29,820,942
Investments	133,065,661	117,494,722	107,006,719
Receivables	11,464,108	12,270,285	20,470,151
Other assets	593,228	587,611	580,304
Non-current:			
Long term loan receivable	16,425,966	13,422,982	441,393
Net pension asset	2,072,202	-	-
Land and construction in process	13,804,937	12,542,774	12,670,288
Capital assets, net of depreciation	324,484,065	330,789,440	335,136,154
Total assets	540,629,928	531,007,423	506,125,951
Deferred outflows of resources:			
Pension items	752,735	1,002,332	1,221,840
Total deferred outflows of resources	752,735	1,002,332	1,221,840
Total assets and deferred outflow of resources	541,382,663	532,009,755	507,347,791
Liabilities			
Current:			
Payables and accrued liabilities	11,870,509	8,890,118	9,206,800
Customer deposits	18,799	18,799	18,799
Capital lease payable	-	-	3,240
Unearned revenue	780,302	780,302	434,232
Non-current:			
Unearned revenue	16,932,213	17,712,516	3,039,623
Net pension liability	-	32,906	459,305
Other liabilities	91,032	76,802	66,118
Total liabilities	29,692,855	27,511,443	13,228,117
Deferred inflows of resources:			
Pension items	1,739,228	-	-
Total liabilities and deferred inflows of resources	31,432,083	27,511,443	13,228,117
Net Position			
Net investment in capital assets	338,289,002	343,332,214	347,803,202
Unrestricted	171,661,578	161,166,098	146,316,472
NET POSITION	$ 509,950,580	$ 504,498,312	$ 494,119,674

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, 2018, 2017 and 2016. The most significant source of revenues for the Commission continues to be from water sales.

Fiscal Year 2018

In fiscal year 2018, water sales increased to 26.53 billion gallons compared to 25.91 billion gallons in the prior fiscal year. The charter customer operations and maintenance water rate increased from $4.80 per thousand gallons in fiscal year 2017 to $4.88 per thousand gallons for fiscal year 2018. Higher water rates and water sales were the reasons the Commission's water revenue increased by $5.0 million or 4.0% compared to the prior year. There were no major new customers.

On May 1, 2017, the total charter customer's water rate increased 2% to $4.88 per thousand gallons, with operations and maintenance rate being $4.88 per thousand gallons and the fixed cost equivalent remained at $0.00 per thousand gallons.

As of June 1, 2016, the sales tax imposed was no longer imposed or collected. Sales tax received subsequent to June 1, 2016 is the result of collections efforts by the state and remitted to the Commission.

Investment income decreased $0.9 million from the prior year due to over $2.2 million of higher unrealized losses in market values in the fiscal year. The unrealized losses were partially offset by the improvement of the Commission's yield on investments and increased investment balances. In fiscal year 2018, 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 increased their water rate charged to their customers in June 2017 by approximately 2%. In addition, water purchases were up 2.6% compared to prior year purchases. The combination of higher water rates and purchases were main drivers of water distribution costs increasing by $4.8 million (4.5%) in fiscal year 2018.

Fiscal Year 2017

Water sales for fiscal year 2017 were 25.91 billion gallons versus 25.81 billion gallons in fiscal year 2016. The charter customer operations and maintenance average water rate decreased from an average of $4.85 per thousand gallons to an average of $4.80 per thousand gallons for fiscal year 2017 due to a rate decrease of 1% in May 2016. Water revenue decreased in fiscal year 2017 by $0.9 million or 0.7% because of the lower rates, which were partially offset by an increase in water sales of 0.4%.

The Commission's sales tax revenues decreased by $33.0 million. As of June 1, 2016, the sales tax imposed was no longer imposed or collected.

Investment income decreased by nearly $0.7 million from fiscal year 2016 due to unrealized losses related to market values, partially offset by improved investment yield rates and higher investment balances. The Commission met all the targeted balances for its reserve funds.

Water distribution costs remain the highest expense in the Commission's operations. Water distribution costs increased $0.5 million mainly due to the 0.6% increase in water purchases in fiscal 2017.

COMPARATIVE SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years Ending April 30,

	2018	**2017**	**2016**
REVENUES			
Operating:			
Water sales - all categories	$ 130,310,821	$ 125,321,137	$ 126,209,059
Other	35,631	23,533	44,654
Nonoperating:			
Sales tax	361,789	4,251,754	37,284,925
Investment income	(209,088)	659,821	1,399,369
Total Revenue	130,499,153	130,256,245	164,938,007
EXPENSES			
Operating:			
Water supply costs	110,529,039	105,745,058	105,243,073
Depreciation	8,750,995	8,392,781	8,094,468
Personal services	4,106,649	4,201,056	4,170,996
Other	1,660,202	1,538,668	1,521,340
Nonoperating:			
Interest and other charges	-	44	586,997
Total Expense	125,046,885	119,877,607	119,616,874
Change in net position	5,452,268	10,378,638	45,321,133
Net position, May 1	504,498,312	494,119,674	449,334,104
Change in accounting principle	-	-	(535,563)
Net position, May 1, restated	504,498,312	494,119,674	448,798,541
Net position, April 30	$ 509,950,580	$ 504,498,312	$ 494,119,674

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Commission's capital assets before depreciation totaled $513.6 million in fiscal year 2018.

COMPARATIVE SUMMARY OF CHANGES IN NET CAPITAL ASSETS
For Fiscal Years Ending April 30,

	2018	2017	2016
Land and permanent easements	$ 11,728,902	$ 11,728,902	$ 11,728,902
Construction in progress	2,076,035	813,872	941,386
Water mains	259,455,565	263,314,702	267,862,429
Buildings and other structures	49,307,597	51,795,773	53,786,996
Pumping equipment	15,413,730	15,385,140	13,138,711
Office furniture and equipment	196,351	199,714	264,906
Vehicles and other equipment	110,822	94,111	83,112
TOTAL CAPITAL ASSETS, NET	$338,289,002	$343,332,214	$347,806,442

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.

Fiscal Year 2018
The Commission entered into no new debt certificates or issued new revenue bonds in fiscal year 2018. No additional capital lease obligations were entered into during fiscal year 2018.

Fiscal Year 2017
The Commission entered into no new debt certificates or issued new revenue bonds in fiscal year 2017. No additional capital lease obligations were entered into during fiscal year 2017. The remaining principal value remaining on the capital lease was repaid in September 2016.

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

	2018	2017	2016
Certificates of debt	$ -	$ -	$ -
Water revenue bonds	-	-	-
Capital lease	-	-	3,240
TOTAL OUTSTANDING DEBT	$ -	$ -	$ 3,240

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

INVESTMENT PORTFOLIO

Fiscal Year 2018
The Commission's investment portfolio totaled $150.3 million. At the end of the fiscal year, the overall portfolio was earning approximately 1.58%. 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, 2018: United States treasury obligations (38%), United States agency investments (33%), money market funds (11%), asset/mortgage backed securities (8%), commercial paper (6%), and municipal bonds (4%).

Fiscal Year 2017
The Commission's investment portfolio totaled $143.7 million. At the end of the fiscal year, the portfolio was earning 1.23%. 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, 2017: United States agency investments (39%), United States treasury obligations (23%), money market funds (16%), commercial paper (11%), asset/mortgage backed securities (5%), municipal bonds (4%), and certificates of deposits (2%).

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 is unknown at this time. However, the Commission has committed to provide 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, 2018 only $0.4 million remained outstanding from the customers.

On February 7, 2017, the Commission entered into an Intergovernmental Agreement Concerning Loan for Capital Cost Recovery Charge to the Village of Bartlett and an Intergovernmental Agreement Concerning the Loan for Connection Facilities to Implement Water Service to the Village of Bartlett concurrent to entering into a Water Purchase and Sales Contract with the Village of Bartlett.

Upon becoming a member of the Commission and to comply with the Water Purchase and Sales Contract, the Village of Bartlett must pay its proportional share of costs for all of the property owned by the Commission (the “Capital Cost Recovery Charge”) by February 24, 2024. The Village of Bartlett did not currently have, nor foresee having, the ability to pay for the Capital Cost Recovery Charge by February 24, 2024. Therefore, the Commission, based upon a previously enacted resolution that gave the Commission the ability to finance the Capital Cost Recovery Charge for potential subsequent customers, entered into the Intergovernmental Agreement Concerning Loan for Capital Cost Recovery Charge to the Village of Bartlett.

The Capital Cost Recovery Charge loan was in the amount of $13,030,632 and was immediately returned as full payment of the Capital Cost Recovery Charge per the Water Purchase and Sale Contract between the Commission and the Village of Bartlett. The loan will be repaid over 360 monthly payments (30 years) at an interest rate of 0% beginning the month after the Village of Bartlett begins receiving water from the Commission. As of April 30, 2018 loans totaling $13,030,632 were due from the customer.

The Commission, based upon a previously enacted resolution that gave the Commission the ability to finance the Connection Facilities Cost for potential subsequent customers, entered into the Intergovernmental Agreement Concerning Loan for Connection Facilities to Implement Water Service to the Village. The Connection Facilities loan amount will be capped at $21,000,000. The Commission would draw money from this amount as needed to complete the construction of all charges related to the completion of the connection facilities needed to supply water to the Village.

The loan will be repaid over 240 monthly payments (20 years) at an interest rate of the lower of the highest monthly average yield to maturity interest rate earned by the Commission (total all funds) as reported monthly on the Commission’s Schedule of Investments for the immediately preceding fiscal year (May 1 - April 30) as determined by the Commission plus one percent (1%) or four percent (4%) per annum. Interest will begin to be charged as withdrawals from the loan are needed. Interest will be capitalized on a monthly basis until the Village begins making payments on this loan. The Commission’s highest monthly average yield in fiscal year 2016-2017 was 1.23% and in 2017-2018 was 1.58%.

Loan payments will begin on the earlier of the first month after the Village begins taking water from the Commission or January 10, 2020. As of April 30, 2018 loans totaling $3,052,028 were due from the customer.

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**.**

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF NET POSITION

April 30, 2018 and 2017

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 38,719,761	$ 43,899,609
Investments	133,065,661	117,494,722
Receivables		
Water sales	11,003,917	11,873,586
Accrued interest	460,191	396,699
Long-term loans receivable, current portion	49,044	49,044
Inventory	177,768	177,768
Prepaid expenses and deposits	366,416	360,799
Total current assets	183,842,758	174,252,227
NONCURRENT ASSETS		
Net pension asset	2,072,202	-
Long-term loans receivable	16,425,966	13,422,982
Capital assets		
Not being depreciated	13,804,937	12,542,774
Being depreciated	499,776,975	497,382,401
Less accumulated depreciation	(175,292,910)	(166,592,961)
Net capital assets	338,289,002	343,332,214
Total noncurrent assets	356,787,170	356,755,196
Total assets	540,629,928	531,007,423
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	752,735	1,002,332
Total deferred outflows of resources	752,735	1,002,332
Total assets and deferred outflows of resources	541,382,663	532,009,755

(This statement is continued on the following page.)

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF NET POSITION (Continued)

April 30, 2018 and 2017

	2018	2017
CURRENT LIABILITIES		
Unearned revenue	$ 780,302	$ 780,302
Contract retentions	94,259	-
Customer deposits	18,799	18,799
Accounts payable	8,756,048	7,814,487
Accrued liabilities	2,765,737	853,913
Compensated absences	254,465	221,718
Total current liabilities	12,669,610	9,689,219
LONG-TERM LIABILITIES		
Unearned revenue	16,932,213	17,712,516
Net pension liability	-	32,906
Other postemployment benefits obligation	91,032	76,802
Total long-term liabilities	17,023,245	17,822,224
Total liabilities	29,692,855	27,511,443
DEFERRED INFLOWS OF RESOURCES		
Pension items	1,739,228	-
Total liabilities and deferred inflows of resources	31,432,083	27,511,443
NET POSITION		
Net investment in capital assets	338,289,002	343,332,214
Unrestricted	171,661,578	161,166,098
TOTAL NET POSITION	$ 509,950,580	$ 504,498,312

See accompanying notes to financial statements.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Years Ended April 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Water sales		
Operations and maintenance costs	$ 129,421,733	$ 124,194,634
Customer differential	889,088	1,126,503
Other income	35,631	23,533
Total operating revenues	130,346,452	125,344,670
OPERATING EXPENSES		
Water supply costs	110,529,039	105,745,058
Personal services	4,106,649	4,201,056
Insurance	554,144	540,416
Professional and contractual services	640,709	593,195
Administrative costs	465,349	405,057
Total operating expenses	116,295,890	111,484,782
OPERATING INCOME BEFORE DEPRECIATION	14,050,562	13,859,888
Depreciation	8,750,995	8,392,781
OPERATING INCOME	5,299,567	5,467,107
NON-OPERATING REVENUES (EXPENSES)		
Sales tax	361,789	4,251,754
Investment income	(209,088)	659,821
Interest and other charges	-	(44)
Total non-operating revenues (expenses)	152,701	4,911,531
CHANGE IN NET POSITION	5,452,268	10,378,638
NET POSITION, MAY 1	504,498,312	494,119,674
NET POSITION, APRIL 30	$ 509,950,580	$ 504,498,312

See accompanying notes to financial statements.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF CASH FLOWS

For the Years Ended April 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 130,400,187	$ 140,334,979
Cash payments to suppliers	(110,550,701)	(109,098,607)
Cash payments to employees	(2,966,727)	(2,906,371)
Other cash receipts	35,631	23,534
Net cash from operating activities	16,918,390	28,353,535
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from sales taxes	361,789	12,546,754
Cash received from water quality loans	49,044	49,044
Cash paid for cost recovery loans	-	(13,030,632)
Cash paid for connection facilities loans	(3,052,028)	-
Net cash from noncapital financing activities	(2,641,195)	(434,834)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on capital lease payable	-	(44)
Principal paid on capital lease payable	-	(3,240)
Construction and purchases of capital assets	(3,613,523)	(3,918,553)
Net cash from capital and related financing activities	(3,613,523)	(3,921,837)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,997,669	1,648,545
Proceeds from sale of investments	59,842,712	101,730,031
Purchase of investments	(77,683,901)	(113,296,773)
Net cash from investing activities	(15,843,520)	(9,918,197)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,179,848)	14,078,667
CASH AND CASH EQUIVALENTS, MAY 1	43,899,609	29,820,942
CASH AND CASH EQUIVALENTS, APRIL 30	$ 38,719,761	$ 43,899,609

(This statement is continued on the following page.)

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended April 30, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 5,299,567	$ 5,467,107
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	8,750,995	8,392,781
Changes in assets and liabilities		
(Increase) decrease in water sales receivable	869,669	(5,120)
Increase in inventory	-	(3,000)
Increase in prepaid expenses and deposits	(5,617)	(4,307)
Increase in unearned revenue	(780,303)	15,018,963
(Decrease) increase in accounts payable	941,561	(374,433)
Increase in accrued liabilities and compensated absences	1,944,571	57,751
Increase in other postemployment benefits obligation	14,230	10,684
Decrease in net pension asset/liability	(2,105,108)	(426,399)
Decrease (increase) in deferred pension items	1,988,825	219,508
Decrease in customer deposits	-	-
NET CASH FROM OPERATING ACTIVITIES	$ 16,918,390	$ 28,353,535
NONCASH INVESTING ACTIVITIES		
Unrealized gain (loss) on investments	$ (2,811,489)	$ (541,239)

See accompanying notes to financial statements.

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.

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 their demand deposits 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, 2018 and 2017. 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 acquisition 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets - Property, Plant, and Equipment (Continued)

Estimated useful lives are as follows:

Water mains	80 years
Buildings and other structures	40 years
Pumping equipment	30 years
Office furniture and equipment	3 - 10 years
Vehicles and other equipment	5 - 25 years

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 GAAP 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 categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

2. DEPOSITS AND INVESTMENTS (Continued)

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 U.S. 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.

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, 2018 and 2017.

b. Investments

The following table presents the investments and maturities of the Commission's debt securities as of April 30, 2018 and 2017:

	2018				
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	$ 56,413,122	$ 593,063	$ 52,373,372	$ 3,446,687	$ -
U.S. agency	49,401,423	13,081,346	36,124,399	195,678	-
Commercial paper	9,211,016	9,211,016	-	-	-
Municipal bond	5,510,234	1,106,652	4,403,582	-	-
Asset backed/mortgage backed securities	12,529,866	247,764	2,108,976	7,583,713	2,589,413
TOTAL	$ 133,065,661	$ 24,239,841	$ 95,010,329	$ 11,226,078	$ 2,589,413

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

	2017				
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	$ 32,953,347	$ -	$ 29,703,419	$ 3,249,928	$ -
U.S. agency	55,875,362	2,292,490	53,379,900	202,972	-
Commercial paper	15,745,049	15,745,049	-	-	-
Municipal bond	6,385,077	209,970	6,175,107	-	-
Asset backed/mortgage backed securities	6,535,887	488,725	3,629,707	1,008,407	1,409,048
TOTAL	$ 117,494,722	$ 18,736,234	$ 92,888,133	$ 4,461,307	$ 1,409,048

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 ten 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.

The Commission has the following recurring fair value measurements as of April 30, 2018 and 2017: the U.S. Treasury notes are valued using IDSI Institutional Bond quotes (Level 1 inputs). The U.S. agency obligations are valued using IDSI Institutional Bond quotes (Level 2 inputs). Commercial paper are valued using Matrix pricing (Level 2 inputs). The municipal obligations are valued using Kenny Municipals (Level 2 inputs). The asset backed/mortgage backed securities are valued using IDSI MBS pricing and IDSI CMO pricing (Level 2 inputs).

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, municipal bonds rated at least A- by Standard and Poor’s or A3 by Moody’s at the time of purchase, and external investment pools. At April 30, 2018, 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. The U.S. Treasury notes and asset backed/mortgage backed securities are AA+ rated. The U.S. agency obligations are AAA rated. The municipal obligations are rated AA- through AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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. CHARTER CUSTOMER 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. The Commission had one loan outstanding as of and during the years ending April 30, 2018 and 2017. The 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, 2018 and 2017, loans totaling $392,350 and $441,394, respectively, were due from the customer. These loans are reported as long-term loans receivable on the statement of net position.

Payments due from Charter Customers are as follows:

Fiscal Year Ending April 30	2018 Principal	2018 Interest
2019	$ 49,044	$ 7,847
2020	49,044	6,866
2021	49,044	5,885
2022	49,044	4,904
2023	49,044	3,924
2024-2026	147,130	5,885
TOTAL	$ 392,350	$ 35,311

3. CHARTER CUSTOMER LOANS RECEIVABLE (Continued)

Fiscal Year Ending April 30	2017 Principal	2017 Interest
2018	$ 49,044	$ 8,828
2019	49,044	7,847
2020	49,044	6,866
2021	49,044	5,885
2022	49,044	4,904
2023-2026	196,174	9,809
TOTAL	$ 441,394	$ 44,139

4. CAPITAL ASSETS

Capital asset activity for years ended April 30, 2018 and 2017 is as follows:

	2018			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land and permanent easements	$ 11,728,902	$ -	$ -	$ 11,728,902
Construction in progress	813,872	1,925,410	663,247	2,076,035
Total capital assets not being depreciated	12,542,774	1,925,410	663,247	13,804,937
Capital assets being depreciated				
Water mains	364,135,069	690,749	-	364,825,818
Buildings and other structures	104,453,344	177,675	-	104,631,019
Pumping equipment	23,414,564	1,462,431	9,174	24,867,821
Office furniture and equipment	4,678,127	77,505	5,645	4,749,987
Vehicles and other equipment	701,297	37,260	36,227	702,330
Total capital assets being depreciated	497,382,401	2,445,620	51,046	499,776,975
Less accumulated depreciation				
Water mains	100,820,367	4,549,886	-	105,370,253
Buildings and other structures	52,657,571	2,665,851	-	55,323,422
Pumping equipment	8,029,424	1,433,841	9,174	9,454,091
Office furniture and equipment	4,478,413	80,868	5,645	4,553,636
Vehicles and other equipment	607,186	20,549	36,227	591,508
Total accumulated depreciation	166,592,961	8,750,995	51,046	175,292,910
Total capital assets being depreciated, net	330,789,440	(6,305,375)	-	324,484,065
CAPITAL ASSETS, NET	$ 343,332,214	$ (4,379,965)	$ 663,247	$ 338,289,002

4. CAPITAL ASSETS (Continued)

	2017			
	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land and permanent easements	$ 11,728,902	$ -	$ -	$ 11,728,902
Construction in progress	941,386	3,869,766	3,997,280	813,872
Total capital assets not being depreciated	12,670,288	3,869,766	3,997,280	12,542,774
Capital assets being depreciated				
Water mains	364,135,069	-	-	364,135,069
Buildings and other structures	103,814,368	638,976	-	104,453,344
Pumping equipment	20,059,385	3,355,179	-	23,414,564
Office furniture and equipment	4,658,064	20,063	-	4,678,127
Vehicles and other equipment	669,448	31,849	-	701,297
Total capital assets being depreciated	493,336,334	4,046,067	-	497,382,401
Less accumulated depreciation				
Water mains	96,272,640	4,547,727	-	100,820,367
Buildings and other structures	50,027,372	2,630,199	-	52,657,571
Pumping equipment	6,920,674	1,108,750	-	8,029,424
Office furniture and equipment	4,393,158	85,255	-	4,478,413
Vehicles and other equipment	586,336	20,850	-	607,186
Total accumulated depreciation	158,200,180	8,392,781	-	166,592,961
Total capital assets being depreciated, net	335,136,154	(4,346,714)	-	330,789,440
CAPITAL ASSETS, NET	$ 347,806,442	$ (476,948)	$ 3,997,280	$ 343,332,214

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 2018 and 2017, the Commission purchased 27.4 and 26.8 billion gallons of water, respectively, from the City, which equaled 74.04% and 72.79%, 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. A schedule of changes in long-term obligations payable is as follows:

	2018				
	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
Other postemployment benefits obligation	$ 76,802	$ 14,230	$ -	$ 91,032	$ -
Net pension liability	32,906	-	32,906	-	-
TOTAL	$ 109,708	$ 14,230	$ 32,906	$ 91,032	$ -

	2017				
	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
Other postemployment benefits obligation	$ 66,118	$ 10,684	$ -	$ 76,802	$ -
Net pension liability	459,305	-	426,399	32,906	-
Capital lease	3,240	-	3,240	-	-
TOTAL	$ 528,663	$ 10,684	$ 429,639	$ 109,708	$ -

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 2018 and 2017, approximately 5.5 and 5.3 billion gallons, or 20.82% and 20.37%, 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

<u>Illinois Municipal Retirement Fund</u>

Plan Description

The Commission's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement 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.

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.

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	6
Active employees	33
TOTAL	48

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	6
Active employees	31
TOTAL	45

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 years 2017 and 2016 was 8.03% and 10.90%, respectively. 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, 2017 and 2016 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, 2017
Actuarial cost method	Aggregate Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
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 non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Aggregate 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

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The 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 2012). The 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2017 and 2016 was 7.50%. 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.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Position Liability (Asset)
BALANCES AT JANUARY 1, 2017	$ 15,081,818	$ 15,048,912	$ 32,906
Changes for the period			
Service cost	315,765	-	315,765
Interest	1,126,142	-	1,126,142
Difference between expected and actual experience	(122,844)	-	(122,844)
Changes in assumptions	(506,771)	-	(506,771)
Employer contributions	-	289,995	(289,995)
Employee contributions	-	129,996	(129,996)
Net investment income	-	2,616,212	(2,616,212)
Benefit payments and refunds	(448,960)	(448,960)	-
Administrative expense	-	-	-
Other (net transfer)	-	(118,803)	118,803
Net changes	363,332	2,468,440	(2,105,108)
BALANCES AT DECEMBER 31, 2017	$ 15,445,150	$ 17,517,352	$ (2,072,202)

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates were made since the prior measurement date.

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	$ 13,898,430	$ 13,439,125	$ 459,305
Changes for the period			
Service cost	305,807	-	305,807
Interest	1,038,857	-	1,038,857
Difference between expected and actual experience	238,543	-	238,543
Changes in assumptions	-	-	-
Employer contributions	-	889,218	(889,218)
Employee contributions	-	131,239	(131,239)
Net investment income	-	940,747	(940,747)
Benefit payments and refunds	(399,819)	(399,819)	-
Administrative expense	-	-	-
Other (net transfer)	-	48,402	(48,402)
Net changes	1,183,388	1,609,787	(426,399)
BALANCES AT DECEMBER 31, 2016	$ 15,081,818	$ 15,048,912	$ 32,906

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, 2018, the Commission recognized pension expense of $168,416. At April 30, 2018, 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	$ 272,473	$ 106,288
Changes in assumption	-	438,472
Commission contributions subsequent to the measurement date	66,256	-
Net difference between projected and actual earnings on pension plan investments	414,006	1,194,468
TOTAL	$ 752,735	$ 1,739,228

$66,256 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending April 30, 2019. Other amounts reported as deferred outflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending April 30,	
2019	$ 138,238
2020	138,240
2021	317,558
2022	336,014
2023	37,397
Thereafter	85,302
TOTAL	$ 1,052,749

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the year ended April 30, 2017, the Commission recognized pension expense of $375,422. At April 30, 2017, 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	$ 319,931	$ -
Changes in assumption	-	-
Commission contributions subsequent to the measurement date	70,619	-
Net difference between projected and actual earnings on pension plan investments	611,782	-
TOTAL	$ 1,002,332	$ -

$70,619 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending April 30, 2018.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate at December 31, 2017. The table below presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 24,889	$ (2,072,202)	$ (3,803,350)

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity (Continued)

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate at December 31, 2016. The table below presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 2,225,100	$ 32,906	$ (1,763,492)

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	24
TOTAL	33
Participating employers	1

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 2018, 2017, and 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 8,272	77.00%	$ 54,264
2016	24,397	51.00%	66,118
2017	25,438	58.00%	76,802
2018	26,509	46.00%	91,032

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of April 30, 2018 and 2017 was calculated as follows:

	2018	2017
Annual required contribution	$ 25,997	$ 24,997
Interest on net OPEB obligation	3,072	2,645
Adjustment to annual required contribution	(2,560)	(2,204)
Annual OPEB cost	26,509	25,438
Contributions made	12,279	14,754
Increase in net OPEB obligation	14,230	10,684
Net OPEB obligation, beginning of year	76,802	66,118
NET OPEB OBLIGATION, END OF YEAR	$ 91,032	$ 76,802

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)	0.00%
Covered payroll (active plan members)	$ 2,604,921
UAAL as a percentage of covered payroll	9.80%

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 4.00% and an initial healthcare cost trend rate of 7.80% with an ultimate healthcare inflation rate of 5.00%. Both rates include a 3.00% inflation assumption and 4.00% 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 AND NON-CHARTER CUSTOMERS LOANS RECEIVABLE

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.

On February 7, 2017, the Commission entered into an Intergovernmental Agreement Concerning Loan for Capital Cost Recovery Charge to the Village of Bartlett (the Village) and an Intergovernmental Agreement Concerning the Loan for Connection Facilities to Implement Water Service to the Village concurrent to entering into a Water Purchase and Sales Contract with the Village.

Upon becoming a member of the Commission and to comply with the Water Purchase and Sales Contract, the Village must pay its proportional share of costs for all of the property owned by the Commission (the "Capital Cost Recovery Charge") by February 24, 2024. The Village did not currently have, nor foresee having, the ability to pay for the Capital Cost Recovery Charge by February 24, 2024. Therefore, the Commission, based upon a previously enacted resolution that gave the Commission the ability to finance the Capital Cost Recovery Charge for potential subsequent customers, entered into the Intergovernmental Agreement Concerning Loan for Capital Cost Recovery Charge to the Village.

12. CUSTOMER PREPAYMENTS AND NON-CHARTER CUSTOMERS LOANS RECEIVABLE (Continued)

The Capital Cost Recovery Charge loan was in the amount of $13,030,632 and was immediately returned as full payment of the Capital Cost Recovery Charge per the Water Purchase and Sale Contract between the Commission and the Village. The loan will be repaid over 360 monthly payments (30 years) at an interest rate of 0% beginning the month after the Village begins receiving water from the Commission. As of April 30, 2018 and 2017, loans totaling $13,030,632 were due from the customer. This loan is reported as long-term loans receivable on the statement of net position.

The Commission, based upon a previously enacted resolution that gave the Commission the ability to finance the Connection Facilities Cost for potential subsequent customers, entered into the Intergovernmental Agreement Concerning Loan for Connection Facilities to Implement Water Service to the Village. The Connection Facilities loan amount will be capped at $21,000,000. The Commission would draw money from this amount as needed to complete the construction of all charges related to the completion of the connection facilities needed to supply water to the Village.

The loan will be repaid over 240 monthly payments (20 years) at an interest rate of the lower of the highest monthly average yield to maturity interest rate earned by the Commission (total all funds) as reported monthly on the Commission's Schedule of Investments for the immediately preceding fiscal year (May 1 - April 30) as determined by the Commission plus one percent (1%) or four percent (4%) per annum. Interest will begin to be charged as withdrawals from the loan are needed. Interest will be capitalized on a monthly basis until the Village begins making payments on this loan. The Commission's highest monthly average yield in fiscal year 2016-2017 was 1.23% and in 2017-2018 was 1.58%.

Loan payments will begin on the earlier of the first month after the Village begins taking water from the Commission or January 10, 2020. As of April 30, 2018 and 2017, loans totaling $3,052,028 and $0, respectively, were due from the customer. This loan is reported as long-term loans receivable on the statement of net position.

13. SALES TAX

As of June 1, 2016, the sales tax imposed was no longer imposed or collected. There was no referendum introduced for a continuation of the tax to be approved by the voters. Sales tax received subsequent to June 1, 2016 is the result of collections efforts by the state and remitted to the Commission. This additional sales tax is recorded as revenue in the period received.

REQUIRED SUPPLEMENTARY INFORMATION

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMEBER 31,	2017**	2016*	2015
TOTAL PENSION LIABILITY			
Service cost	$ 315,765	$ 305,807	$ 289,658
Interest	1,126,142	1,038,857	963,114
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(122,844)	238,543	146,673
Changes of assumptions	(506,771)	-	-
Benefit payments, including refunds of member contributions	(448,960)	(399,819)	(395,421)
Net change in total pension liability	363,332	1,183,388	1,004,024
Total pension liability - beginning	15,081,818	13,898,430	12,894,406
TOTAL PENSION LIABILITY - ENDING	$ 15,445,150	$ 15,081,818	$ 13,898,430
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 289,995	$ 889,218	$ 1,594,623
Contributions - member	129,996	131,239	122,417
Net investment income	2,616,212	940,747	64,591
Benefit payments, including refunds of member contributions	(448,960)	(399,819)	(395,421)
Other/administrative expense	(118,803)	48,402	(204,380)
Net change in plan fiduciary net position	2,468,440	1,609,787	1,181,830
Plan fiduciary net position - beginning	15,048,912	13,439,125	12,257,295
PLAN FIDUCIARY NET POSITION - ENDING	$ 17,517,352	$ 15,048,912	$ 13,439,125
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ (2,072,202)	$ 32,906	$ 459,305
Plan fiduciary net position as a percentage of the total pension liability	113.42%	99.78%	96.70%
Covered-employee payroll	$ 2,888,810	$ 2,916,407	$ 2,720,369
Employer's net pension liability as a percentage of covered-employee payroll	(71.73%)	1.13%	16.88%

*No assumption changes were made since the prior measurement date.

**Changes in assumptions related to salary increases, price inflation, mortality tables, and retirement ages.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2018	2017	2016
Actuarially determined contribution	$ 285,631	$ 282,313	$ 294,359
Contributions in relation to the actuarially determined contribution	285,631	282,313	294,359
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 2,936,315	$ 2,864,078	$ 2,747,867
Contributions as a percentage of covered-employee payroll	9.73%	9.86%	10.71%

Notes to Required Supplementary Information

The Commission made additional contributions of $300,000 and $1,574,330 during the fiscal years ending April 30, 2017 and 2016, respectively. Accordingly, these additional contributions are not included in contributions in relation to the actuarially determined contribution above.

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 26 years (ten-year rolling period for nontaxing bodies); the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2018

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4)/(5)
2013	$ -	$ 86,237	0.00%	$ 86,237	$ 2,643,508	3.26%
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*
2016	*	256,153	0.00%	256,153	2,604,921	9.80%
2017	*	*	*	*	*	*
2018	*	*	*	*	*	*

*The requirements under GASB Statement No. 45 require an actuarial valuation every three years. Therefore, no actuarial valuation was done as of April 30, 2014, 2015, 2017, and 2018.

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.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2018

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2017	14,754	24,997	59.02%
2018	12,279	25,997	47.23%

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

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended April 30, 2018
(with comparative actual for the year ended April 30, 2017)

	2018			2017
	Budget	**Actual**	**Variance**	**Actual**
OPERATING REVENUES				
Water sales				
Operations and maintenance costs	$ 120,555,173	$ 129,421,733	$ 8,866,560	$ 124,194,634
Customer differential	873,712	889,088	15,376	1,126,503
Other income	-	35,631	35,631	23,533
Total operating revenues	121,428,885	130,346,452	8,917,567	125,344,670
OPERATING EXPENSES				
Water supply costs	105,636,435	110,529,039	4,892,604	105,745,058
Personal services	4,536,638	4,106,649	(429,989)	4,201,056
Insurance	659,800	554,144	(105,656)	540,416
Professional and contractual services	1,032,600	640,709	(391,891)	593,195
Administrative costs	697,071	465,349	(231,722)	405,057
Total operating expenses	112,562,544	116,295,890	3,733,346	111,484,782
OPERATING INCOME BEFORE DEPRECIATION	8,866,341	14,050,562	5,184,221	13,859,888
Depreciation	9,094,000	8,750,995	(343,005)	8,392,781
OPERATING INCOME (LOSS)	(227,659)	5,299,567	5,527,226	5,467,107
NON-OPERATING REVENUES (EXPENSES)				
Sales tax	-	361,789	361,789	4,251,754
Investment income	560,000	(209,088)	(769,088)	659,821
Interest and other charges	-	-	-	(44)
Total non-operating revenues (expenses)	560,000	152,701	(407,299)	4,911,531
CHANGE IN NET POSITION	$ 332,341	5,452,268	$ 5,119,927	10,378,638
NET POSITION, MAY 1		504,498,312		494,119,674
NET POSITION, APRIL 30		$ 509,950,580		$ 504,498,312

(See independent auditor's report.)

STATISTICAL SECTION

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

SALES TAX REVENUES

For the Years Ended April 30

Year Ended	Sales Tax Revenues
2018	$ 361,789
2017	4,251,754
2016	37,284,925
2015	36,791,962
2014	34,945,975

As of June 1, 2016, the sales tax imposed was no longer imposed or collected. There was no referendum introduced for a continuation of the tax to be approved by the voters. Sales tax received subsequent to June 1, 2016 is the result of collections efforts by the state and remitted to the Commission. This additional sales tax is recorded as revenue in the period received.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATE WATER ALLOCATIONS

April 30, 2018

	(Millions Gallons Per Day) [1]		
	2010	**2020**	**2030**
Addison	4.230	4.457	4.682
Argonne National Laboratory (2)	0.758	0.758	0.758
Bartlett		3.290	3.700
Bensenville	2.571	2.616	2.660
Bloomingdale	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
Glen 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 MGD	95.071	106.821	114.530

(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

WATER REVENUES AND USAGE

For the Years Ended April 30

Year Ended	Water Sales (1)	Gallons Sold (in 000's)
2018	$ 129,421,733	26,526,474
2017	124,194,634	25,914,123
2016	124,688,829	25,811,051
2015	115,470,573	25,959,645
2014	104,939,687	27,841,047

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