DuPage Water Commission

Annual Financial Report

For the Fiscal Years Ended
April 30, 2020 and 2019

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended
April 30, 2020 and 2019

Prepared by Finance Department

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ELMHURST, ILLINOIS
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INTRODUCTORY SECTION

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2020

General Manager	Mr. John F. Spatz, Jr.
Financial Administrator	Ms. Cheryl Peterson

Commission administrative offices are located at:

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FINANCIAL SECTION

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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, 2020 and 2019, 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, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Commission adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended April 30, 2019. This statement established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 14 to the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplemental data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sikich LLP

Naperville, Illinois
August 19, 2020

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, 2020, 2019, and 2018.

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, 2020 and 2019.

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 2020, net position increased by $29.2 million to approximately $546.8 million. Revenues of $128.7 million were approximately 1.2% higher in fiscal year 2020 compared to the prior year. Expenses decreased by approximately 0.6% to $123.6 million compared to $124.4 million in fiscal 2019. The Commission's revenues were slightly higher due to higher customer differential with the addition of the Village of Bartlett offset by lower water sales. Water sales were 1.3% below budgeted amounts. Total operating expenditures were lower than budgeted amounts due to decreased water purchases. As of April 30, 2020, net investment in capital assets was $339.3 million.

The Commission’s net position rose by approximately $7.7 million in fiscal year 2019. Revenues and contributions were $132.4 million in fiscal 2019 compared to expenses totaling $124.4 million. The Commission’s revenues benefitted from greater than budgeted water sales and higher than projected investment income. Expenditures were higher than budgeted primarily due to increased water purchases and insurance costs. As of April 30, 2019, net investment in capital assets was $331.6 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, 2020, 2019 and 2018. Net capital assets represent the total of assets capitalized less accumulated depreciation.

Fiscal Year 2020

Net capital assets increased by $7.7 million in fiscal year 2020 due to investment in construction, vehicles and equipment of $1.8 million and $15.0 million of contributed assets related to the addition of the Village of Bartlett as a customer, offset by depreciation expense of $9.1 million.

Net investment in capital assets increased $7.7 million from the fiscal year 2019. This is due to the $7.7 million increase in capital assets mentioned above. The Commission repaid all of its loans at the end of fiscal year 2016.

Fiscal Year 2019

Net capital assets decreased by $6.6 million in fiscal year 2019 due to depreciation expense of $8.9 million offset by investment in new construction and equipment of $2.3 million.

Net investment in capital assets also declined by $6.6 million from fiscal year 2018. This is due to the $6.6 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,

	2020	2019	2018
Assets and Deferred Outflows of Resources			
Current:			
Cash and cash equivalents	$ 52,449,520	$ 40,401,390	$ 38,719,761
Investments	135,451,985	130,360,819	133,065,661
Receivables	10,648,153	11,508,111	11,464,108
Other assets	1,835,817	1,786,333	593,228
Non-current:			
Long term loan receivable	26,816,871	26,616,416	12,899,997
Net pension asset	1,206,081	-	2,072,202
Land and construction in process	14,394,897	13,406,199	13,804,937
Capital assets, net of depreciation	324,946,989	318,241,464	324,484,065
Total assets	567,750,313	542,320,732	537,093,959
Deferred outflows of resources:			
Pension items	1,094,666	1,826,370	752,735
Other postemployment benefits items	-	6,899	-
Total deferred outflows of resources	1,094,666	1,833,269	752,735
Total assets and deferred outflow of resources	568,844,979	544,154,001	537,846,694
Liabilities			
Current:			
Payables and accrued liabilities	9,608,478	11,117,161	11,776,250
Customer deposits	33,005	850,855	113,058
Unearned revenue	2,711,420	3,386,429	780,302
Non-current:			
Unearned revenue	8,134,330	10,009,815	13,396,244
Net pension liability	-	257,790	-
Other liabilities	506,403	471,215	91,032
Total liabilities	20,993,636	26,093,265	26,156,886
Deferred inflows of resources:			
Pension items	1,096,814	459,905	1,739,228
Total liabilities and deferred inflows of resources	22,090,450	26,553,170	27,896,114
Net Position			
Net investment in capital assets	339,341,886	331,647,663	338,289,002
Unrestricted	207,412,643	185,953,168	171,661,578
NET POSITION	$ 546,754,529	$ 517,600,831	$ 509,950,580

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, 2020, 2019 and 2018. The most significant source of revenues for the Commission continues to be from water sales.

Fiscal Year 2020

In fiscal year 2020, water sales decreased to 25.35 billion gallons compared to 25.53 billion gallons in the prior fiscal year. The charter customer operations and maintenance water rate increased from $4.94 per thousand gallons in fiscal year 2019 to $4.97 per thousand gallons for fiscal year 2020. Water revenue increased by $1.6 million (1.3%) in fiscal year 2020 because of higher customer differential payments related to cost recovery charges due to the addition of the Village of Bartlett as a customer and an increase in water rates, which were partially offset by lower water sales . The Village of Bartlett was added as a major new customer beginning in May 2019.

On May 1, 2019, the total charter customer's water rate increased 0.6% to $4.97 per thousand gallons, with operations and maintenance rate being $4.97 per thousand gallons and the fixed cost equivalent remained at $0.00 per thousand gallons.

Investment income increased $3.9 million from the prior year due to approximately $4.2 million of higher unrealized gains in market values in the fiscal year and increased investment balances. The unrealized gains were partially offset by the reductions in the Commission's yield on investments. In fiscal year 2020, 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 2019 by approximately 0.8%. Water purchases were down 1.3% compared to prior year purchases. The decline in purchases was the main driver of water distribution costs decreasing by $0.7 million (0.7%) in fiscal year 2020.

Fiscal Year 2019

Water sales for fiscal year 2019 were 25.53 billion gallons versus 26.53 billion gallons in fiscal year 2018. The charter customer operations and maintenance average water rate increased from an average of $4.88 per thousand gallons to an average of $4.94 per thousand gallons for fiscal year 2019 due to a rate increase of $0.06 in May 2018. Water revenue decreased in fiscal year 2019 by $3.3 million or 2.6% because of the lower water sales, which were partially offset by an increase in water rates of 1.2%.

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 increased by nearly $5.4 million in fiscal year 2019 in part due to over $2.4 million of lower unrealized losses related to market values versus fiscal year 2018. In addition, the Commission's investments experienced improved investment yield rates. 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 decreased $1.8 million mainly due to a 3.6% decline in water purchases in fiscal 2019.

COMPARATIVE SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years Ending April 30,

	2020	2019	2018
REVENUES			
Operating:			
Water sales - all categories	$ 128,630,475	$ 126,997,747	$ 130,310,821
Other	26,435	156,949	35,631
Nonoperating:			
Sales tax	14,515	112,907	361,789
Investment income	9,099,161	5,150,182	(209,089)
Total Revenue	137,770,586	132,417,785	130,499,152
EXPENSES			
Operating:			
Water supply costs	107,974,982	108,701,554	110,529,039
Depreciation	9,072,827	8,887,520	8,750,994
Personal services	4,728,741	4,452,893	4,106,649
Other	1,820,067	2,342,104	1,660,202
Nonoperating:			
(Gain) Loss on disposal of capital assets	(1,567)	(3,836)	-
Total Expense	123,595,050	124,380,235	125,046,884
Net Income Before Contributions	14,175,536	8,037,550	5,452,268
Contributions	14,978,162	-	-
Change in net position	29,153,698	8,037,550	5,452,268
Net position, May 1	517,600,831	509,950,580	504,498,312
Change in accounting principle	-	(387,299)	-
Net position, May 1, restated	517,600,831	509,563,281	504,498,312
Net position, April 30	$ 546,754,529	$ 517,600,831	$ 509,950,580

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Commission's capital assets before depreciation totaled $532.1 million in fiscal year 2020.

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

	2020	2019	2018
Land and permanent easements	$ 11,728,902	$ 11,728,902	$ 11,728,902
Construction in progress	2,665,995	1,677,297	2,076,035
Water mains	266,056,452	256,782,444	259,455,565
Buildings and other structures	45,743,915	47,147,053	49,307,597
Pumping equipment	12,612,524	13,915,206	15,413,730
Office furniture and equipment	358,078	188,292	196,351
Vehicles and other equipment	176,020	208,469	110,822
TOTAL CAPITAL ASSETS, NET	$339,341,886	$331,647,663	$338,289,002

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. The Commission made no other material changes in structure or changed any ordinances in fiscal year 2016.

Fiscal Year 2020
The Commission entered into no new debt certificates or issued new revenue bonds in fiscal year 2020. No additional capital lease obligations were entered into during fiscal year 2020.

Fiscal Year 2019
The Commission entered into no new debt certificates or issued new revenue bonds in fiscal year 2019. No additional capital lease obligations were entered into during fiscal year 2019.

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

INVESTMENT PORTFOLIO

Fiscal Year 2020
The Commission's investment portfolio totaled $161.3 million. At the end of the fiscal year, the overall portfolio was earning approximately 1.80%. 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, 2020: United States treasury obligations (37%), asset/mortgage backed securities (23%), United States agency investments (17%), and money market funds (16%), and municipal bonds (7%).

Fiscal Year 2019

The Commission's investment portfolio totaled $153.0 million. At the end of the fiscal year, the portfolio was earning 2.17%. 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, 2019: United States treasury obligations (45%), United States agency investments (19%), asset/mortgage backed securities (15%), money market funds (14%), municipal bonds (4%), commercial paper (2%), and certificates of deposits (1%).

OTHER FINANCIAL INFORMATION

The Commission joined with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. As a wholesale distributor of Lake Michigan water, the Commission is not able to directly address this issue. However, the Commission agreed to make long-term, low-interest loans available to customer municipalities, retailers of Lake Michigan water, to extend their systems to serve county areas having water quality issues. The full extent of this contamination 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, 2020 only $0.3 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. The loan will be repaid over 360 monthly payments (30 years) at an interest rate of 0.00% beginning the month after the Village begins receiving water from the Commission. As of April 30, 2020, the loan balance outstanding of $12,596,278 is shown net of imputed interest at a rate of 2.23% of $3,326,528 for a total net balance of $9,269,750. 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 began to be charged as withdrawals from the loan were needed. Interest was capitalized on a monthly basis until the Village began making payments on this loan. The Commission's highest monthly average yield in fiscal year 2018-2019 was 2.17% and in 2019-2020 was 2.18%.

Loan payments began in June 2019. As of April 30, 2020, and 2019, loans totaling $18,238,449 and $18,086,210, respectively, were due from the customer. This loan is reported as long-term loans receivable on the statement of net position.

SUBSEQUENT EVENTS

Looking to the 2021 fiscal year, the Commission is not experiencing dynamic conditions that will affect its financial performance compared to budget and to the prior fiscal year due to the current Novel Coronavirus pandemic. The Commission is a critical business providing an essential service to its customers. Therefore, it continued its 24/7 operations during the economic and social lockdown mandated by the State of Illinois. While the long term effects are unknown, the current state of the pandemic has not interrupted the Commission's operations, sales, or collections, nor is it anticipated to do so in the near term.

The Commission expects to maintain its normal salary and benefits expenses to help its employees weather these difficult economic conditions. The Commission has sufficient cash reserves on hand, if necessary, to buffer against short-term financial distress.

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 peterson@dpwc.org**.**

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF NET POSITION

April 30, 2020 and 2019

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 52,449,520	$ 40,401,390
Investments	135,451,985	130,360,819
Receivables		
Water sales	10,648,153	10,977,114
Accrued interest	431,946	530,997
Long-term loans receivable, current portion	985,590	1,307,763
Inventory	177,768	177,768
Prepaid expenses and deposits	240,513	300,802
Total current assets	200,385,475	184,056,653
NONCURRENT ASSETS		
Net pension asset	1,206,081	-
Long-term loans receivable	26,816,871	26,616,416
Capital assets		
Not being depreciated	14,394,897	13,406,199
Being depreciated	517,732,513	502,385,808
Less accumulated depreciation	(192,785,524)	(184,144,344)
Net capital assets	339,341,886	331,647,663
Total noncurrent assets	367,364,838	358,264,079
Total assets	567,750,313	542,320,732
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	1,094,666	1,826,370
Other postemployment benefits items	-	6,899
Total deferred outflows of resources	1,094,666	1,833,269
Total assets and deferred outflows of resources	568,844,979	544,154,001

(This statement is continued on the following page.)

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF NET POSITION (Continued)

April 30, 2020 and 2019

		2020		2019
CURRENT LIABILITIES				
Unearned revenue	$	2,711,420	$	3,386,429
Contract retentions		33,005		850,855
Accounts payable		8,103,302		8,280,777
Accrued liabilities		1,143,923		2,510,991
Total other postemployment benefits liability		32,074		20,300
Compensated absences		329,179		305,093
Total current liabilities		12,352,903		15,354,445
LONG-TERM LIABILITIES				
Unearned revenue		8,134,330		10,009,815
Net pension liability		-		257,790
Total other postemployment benefits liability		506,403		471,215
Total long-term liabilities		8,640,733		10,738,820
Total liabilities		20,993,636		26,093,265
DEFERRED INFLOWS OF RESOURCES				
Pension items		1,096,814		459,905
Total liabilities and deferred inflows of resources		22,090,450		26,553,170
NET POSITION				
Net investment in capital assets		339,341,886		331,647,663
Unrestricted		207,412,643		185,953,168
TOTAL NET POSITION	$	546,754,529	$	517,600,831

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, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Water sales		
Operations and maintenance costs	$ 125,989,793	$ 126,131,182
Customer differential	2,640,682	866,565
Other income	26,435	156,949
Total operating revenues	128,656,910	127,154,696
OPERATING EXPENSES		
Water supply costs	107,974,982	108,701,554
Personal services	4,728,741	4,452,893
Insurance	507,055	1,146,563
Professional and contractual services	772,757	698,281
Administrative costs	540,255	497,260
Total operating expenses	114,523,790	115,496,551
OPERATING INCOME BEFORE DEPRECIATION	14,133,120	11,658,145
Depreciation	9,072,827	8,887,520
OPERATING INCOME	5,060,293	2,770,625
NON-OPERATING REVENUES (EXPENSES)		
Sales tax	14,515	112,907
Investment income	9,099,161	5,150,182
Gain (loss) on disposal of capital assets	1,567	3,836
Total non-operating revenues (expenses)	9,115,243	5,266,925
NET INCOME BEFORE CONTRIBUTIONS	14,175,536	8,037,550
Contributions	14,978,162	-
CHANGE IN NET POSITION	29,153,698	8,037,550
NET POSITION, MAY 1	517,600,831	509,950,580
Change in accounting principle	-	(387,299)
NET POSITION, MAY 1, RESTATED	517,600,831	509,563,281
NET POSITION, APRIL 30	$ 546,754,529	$ 517,600,831

See accompanying notes to financial statements.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF CASH FLOWS

For the Years Ended April 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 126,408,942	$ 126,244,249
Cash payments to suppliers	(112,472,613)	(112,905,880)
Cash payments to employees	(3,552,742)	(3,221,127)
Other cash receipts	26,435	138,149
Net cash from operating activities	10,410,022	10,255,391
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from sales taxes	14,515	112,907
Cash received from water quality loans	49,044	49,044
Cash received from cost recovery loan	434,354	-
Cash received (paid) from connection facilities loan	404,728	(14,828,752)
Net cash from noncapital financing activities	902,641	(14,666,801)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction and purchases of capital assets	(2,605,168)	(1,485,749)
Net cash from capital and related financing activities	(2,605,168)	(1,485,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,840,670	2,452,204
Proceeds from sale of investments	(92,518,439)	68,248,697
Purchase of investments	92,018,404	(63,122,113)
Net cash from investing activities	3,340,635	7,578,788
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,048,130	1,681,629
CASH AND CASH EQUIVALENTS, MAY 1	40,401,390	38,719,761
CASH AND CASH EQUIVALENTS, APRIL 30	$ 52,449,520	$ 40,401,390

(This statement is continued on the following page.)

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended April 30, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 5,060,293	$ 2,770,625
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	9,072,827	8,887,520
Changes in assets and liabilities		
Decrease in water sales receivable	328,961	26,803
Increase in prepaid expenses and deposits	60,289	65,614
(Decrease) in unearned revenue	(2,550,494)	(780,302)
(Decrease) increase in accounts payable	(177,475)	(475,271)
(Decrease) increase in accrued liabilities and compensated absences	(1,342,982)	(204,118)
Increase in other postemployment benefits obligation	46,962	13,184
Decrease (increase) in net pension asset/liability	(1,463,871)	2,329,992
Decrease (increase) in deferred pension items	1,368,613	(2,352,958)
Increase in deferred post employment benefits items	6,899	(6,899)
Decrease in customer deposits	-	(18,799)
NET CASH FROM OPERATING ACTIVITIES	$ 10,410,022	$ 10,255,391
NONCASH INVESTING ACTIVITIES		
Contributions	$ 14,978,162	$ -
Construction and purchase of capital assets included in contract retentions	816,280	(760,432)
Unrealized gain (loss) on investments	4,591,131	2,421,742

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 deferred outflows or resources and all liabilities and deferred inflows of resources 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 is necessary as of April 30, 2020 and 2019. 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.

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 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. Losses on refundings are presented as deferred outflows of resources. 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.

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; 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, 2020 and 2019.

b. Investments

The following table presents the investments and maturities of the Commission’s debt securities as of April 30, 2020 and 2019:

	2020				
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	$ 59,960,240	$ 1,883,739	$ 54,540,233	$ 3,536,268	$ -
U.S. agency	28,005,788	2,544,143	24,431,423	1,030,222	-
Municipal bond	11,392,060	1,029,194	10,362,866	-	-
Asset backed/mortgage backed securities	36,093,897	146,263	14,543,609	11,998,266	9,405,789
TOTAL	$ 135,451,985	$ 5,603,339	$ 103,878,131	$ 16,564,756	$ 9,405,759

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

	2019				
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	$ 69,132,451	$ 796,410	$ 64,746,602	$ 3,589,439	$ -
U.S. agency	29,597,910	8,684,236	19,988,817	924,857	-
Commercial paper	3,475,511	3,475,511	-	-	-
Municipal bond	5,606,869	3,713,909	1,892,960	-	-
Asset backed/mortgage backed securities	22,548,078	936,860	8,096,985	8,217,742	5,296,491
TOTAL	$ 130,360,819	$ 17,606,926	$ 94,725,364	$ 12,732,038	$ 5,296,491

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, 2020 and 2019. 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, 2020, the money market fund and The Illinois Funds are AAA rated. The municipal bonds are rated A to AAA or are not rated. The 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, 2020 and 2019. 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, 2020 and 2019, loans totaling $294,262 and $343,306, 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	2020	
Ending April 30	Principal	Interest
2021	$ 49,044	$ 5,885
2022	49,044	4,904
2023	49,044	3,924
2024	49,044	2,943
2025	49,044	1,962
2026	49,042	980
TOTAL	$ 294,262	$ 20,598

3. CHARTER CUSTOMER LOANS RECEIVABLE (Continued)

Fiscal Year Ending April 30,	2019 Principal	2019 Interest
2020	$ 49,044	$ 6,866
2021	49,044	5,885
2022	49,044	4,904
2023	49,044	3,924
2024	49,044	2,943
2025-2026	98,086	2,942
TOTAL	$ 343,306	$ 27,464

4. CAPITAL ASSETS

Capital asset activity for years ended April 30, 2020 and 2019 is as follows:

	2020			
	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	1,677,297	1,764,396	775,698	2,665,995
Total capital assets not being depreciated	13,406,199	1,764,396	775,698	14,394,897
Capital assets being depreciated				
Water mains	366,724,883	13,950,505	-	380,675,388
Buildings and other structures	105,135,412	1,328,048	-	106,463,460
Pumping equipment	24,913,313	246,546	-	25,159,859
Office furniture and equipment	4,802,275	243,469	335,490	4,710,254
Vehicles and other equipment	809,925	9,784	96,157	723,552
Total capital assets being depreciated	502,385,808	15,778,352	431,647	517,732,513
Less accumulated depreciation				
Water mains	109,942,439	4,676,497	-	114,618,936
Buildings and other structures	57,988,359	2,731,186	-	60,719,545
Pumping equipment	10,998,107	1,549,228	-	12,547,335
Office furniture and equipment	4,613,983	73,683	335,490	4,352,176
Vehicles and other equipment	601,456	42,233	96,157	547,532
Total accumulated depreciation	184,144,344	9,072,827	431,647	192,785,524
Total capital assets being depreciated, net	318,241,464	6,705,525	-	324,946,989
CAPITAL ASSETS, NET	$ 331,647,663	$ 8,469,921	$ 775,698	$ 339,341,886

4. CAPITAL ASSETS (Continued)

	2019			
	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	2,076,035	2,091,555	2,490,293	1,677,297
Total capital assets not being depreciated	13,804,937	2,091,555	2,490,293	13,406,199
Capital assets being depreciated				
Water mains	364,825,818	1,899,065	-	366,724,883
Buildings and other structures	104,631,019	504,393	-	105,135,412
Pumping equipment	24,867,821	45,492	-	24,913,313
Office furniture and equipment	4,749,987	68,343	16,055	4,802,275
Vehicles and other equipment	702,330	127,626	20,031	809,925
Total capital assets being depreciated	499,776,975	2,644,919	36,086	502,385,808
Less accumulated depreciation				
Water mains	105,370,253	4,572,186	-	109,942,439
Buildings and other structures	55,323,422	2,664,937	-	57,988,359
Pumping equipment	9,454,091	1,544,016	-	10,998,107
Office furniture and equipment	4,553,636	76,402	16,055	4,613,983
Vehicles and other equipment	591,508	29,979	20,031	601,456
Total accumulated depreciation	175,292,910	8,887,520	36,086	184,144,344
Total capital assets being depreciated, net	324,484,065	(6,242,601)	-	318,241,464
CAPITAL ASSETS, NET	$ 338,289,002	$ (4,151,046)	$ 2,490,293	$ 331,647,663

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 2020 and 2019, the Commission purchased 26.1 and 26.4 billion gallons of water, respectively, from the City, which equaled 67.30% and 69.70%, 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; and 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:

	2020				
	Balances May 1, Restated	Increases	Retirements	Balances, April 30	Due Within One Year
Total other postemployment benefits liability	$ 491,515	$ 46,962	$ -	$ 538,477	$ 32,074
Net pension liability	257,790	-	257,790	-	-
TOTAL	$ 749,305	$ 46,962	$ 257,790	$ 538,477	$ 32,074

	2019				
	Balances May 1	Increases	Retirements	Balances April 30	Due Within One Year
Total other postemployment benefits liability	$ 478,331	$ 13,184	$ -	$ 491,515	$ 20,300
Net pension liability	-	257,790	-	257,790	-
TOTAL	$ 478,331	$ 270,974	$ -	$ 749,305	$ 20,300

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 2020 and 2019, approximately 4.9 and 5.3 billion gallons, or 19.32% and 20.57%, respectively, of water sales revenue in the Water Fund were realized from the City of Naperville, the Commission's largest customer.

10. DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

Plan Description

The Commission's defined benefit pension plan for regular employees provides retirement and disability benefits, 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, 2019, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	9
Active employees	34
TOTAL	54

At December 31, 2018, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	9
Active employees	32
TOTAL	50

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 2019 and 2018 was 3.60% and 7.31%, 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, 2019 and 2018 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, 2019
Actuarial cost method	Aggregate Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Interest rate	7.25%
Asset valuation method	Fair value

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

December 31, 2019 actuarial valuation date 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 adjustments 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, 2018
Actuarial cost method	Aggregate Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Asset valuation method	Fair value

December 31, 2018 actuarial valuation date 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.

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, 2019 and 2018 was 7.25% for both years. 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, 2019	$ 16,946,821	$ 16,689,031	$ 257,790
Changes for the period			
Service cost	314,473	-	314,473
Interest	1,213,922	-	1,213,922
Difference between expected and actual experience	547,708	-	547,708
Changes in assumptions	-	-	-
Employer contributions	-	124,844	(124,844)
Employee contributions	-	156,055	(156,055)
Net investment income	-	3,041,874	(3,041,874)
Benefit payments and refunds	(720,609)	(720,609)	-
Administrative expense	-	-	-
Other (net transfer)	-	217,201	(217,201)
Net changes	1,355,494	2,819,365	(1,463,871)
BALANCES AT DECEMBER 31, 2019	$ 18,302,315	$ 19,508,396	$ (1,206,081)

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 (Asset)
BALANCES AT JANUARY 1, 2018	$ 15,445,150	$ 17,517,352	$ (2,072,202)
Changes for the period			
Service cost	285,560	-	285,560
Interest	1,151,046	-	1,151,046
Difference between expected and actual experience	57,707	-	57,707
Changes in assumptions	488,650	-	488,650
Employer contributions	-	218,737	(218,737)
Employee contributions	-	134,654	(134,654)
Net investment income	-	(898,566)	898,566
Benefit payments and refunds	(481,292)	(481,292)	-
Administrative expense	-	-	-
Other (net transfer)	-	198,146	(198,146)
Net changes	1,501,671	(828,321)	2,329,992
BALANCES AT DECEMBER 31, 2018	$ 16,946,821	$ 16,689,031	$ 257,790

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, 2020, the Commission recognized pension expense of $58,237. At April 30, 2020, 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	$ 679,534	$ 73,176
Changes in assumption	353,424	301,874
Commission contributions subsequent to the measurement date	61,708	-
Net difference between projected and actual earnings on pension plan investments	-	721,764
TOTAL	$ 1,094,666	$ 1,096,814

$61,708 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, 2021. Other amounts reported as deferred outflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending December 31,	
2020	$ (17,781)
2021	(97,945)
2022	200,674
2023	(256,098)
2024	128,931
Thereafter	40,071
TOTAL	$ (2,148)

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, 2019, the Commission recognized pension expense of $164,450. At April 30, 2019, 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	$ 274,737	$ 89,732
Changes in assumption	421,037	370,173
Commission contributions subsequent to the measurement date	38,215	-
Net difference between projected and actual earnings on pension plan investments	1,092,381	-
TOTAL	$ 1,826,370	$ 459,905

$38,215 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, 2020.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate at December 31, 2019. The table below presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 1,154,966	$ (1,206,081)	$ (3,155,437)

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, 2018. The table below presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 2,464,766	$ 257,790	$ (1,569,141)

11. OTHER POSTEMPLOYMENT BENEFITS

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a separate report.

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 the Commission's retirement plan. The retirees pay 100% of 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)

a. Membership

At April 30, 2018 (the most recent actuarial valuation) membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	34
TOTAL	34
Participating employers	1

b. Total OPEB Liability

The Commission's total OPEB liability of \$538,477 was measured as of April 30, 2020 and was determined by an actuarial valuation as of May 1, 2018.

The Commission's total OPEB liability of \$491,515 was measured as of April 30, 2019 and was determined by an actuarial valuation as of May 1, 2018.

c. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, as determined by an actuarial valuation as of May 1, 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to April 30, 2020, including updating the discount rate at April 30, 2020, as noted below.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Salary increases	2.50%
Discount rate	2.56%
Healthcare cost trend rates	7.20% to 5.00% Initial and Ultimate

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Actuarial Assumptions and Other Inputs (Continued)

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of May 1, 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to April 30, 2019, including updating the discount rate at April 30, 2019, as noted below.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Salary increases	2.50%
Discount rate	3.79%
Healthcare cost trend rates	7.20% to 5.00% Initial and Ultimate

The discount rate used to measure the total OPEB liability at April 30, 2020 was based on the index rate for the Bond Buyer 20-Bond G.O. Index as of April 30, 2020.

The discount rate used to measure the total OPEB liability at April 30, 2019 was based on the index rate for the Bond Buyer 20-Bond G.O. Index as of April 25, 2019.

At April 30, 2020 and 2019, IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spousal Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

At April 30, 2020 and 2019, the percent of active employees assumed to continue the participation from the active medical plan into the retiree medical plan upon retirement has been increased to 30% based on the current census information.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT MAY 1, 2019	$ 491,515
Changes for the period	
Service cost	7,930
Interest	18,017
Difference between expected and actual experience	-
Changes in assumptions	53,089
Benefit payments	(32,074)
Net changes	46,962
BALANCES AT APRIL 30, 2020	$ 538,477

There were changes in assumptions related to the discount rate in 2020.

	Total OPEB Liability
BALANCES AT MAY 1, 2018	$ 478,331
Changes for the period	
Service cost	7,487
Interest	18,587
Difference between expected and actual experience	-
Changes in assumptions	7,374
Benefit payments	(20,264)
Net changes	13,184
BALANCES AT APRIL 30, 2019	$ 491,515

There were changes in assumptions related to the discount rate in 2019.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Rate Sensitivity

For the year ended April 30, 2020, the following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Commission's calculated using the discount rate of 2.56% as well as what the Commissions total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.56%) or 1 percentage point higher (3.56%) than the current rate:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB liability	$ 589,964	$ 538,477	$ 494,417

The table below presents the total OPEB liability of the Commission calculated using the healthcare rate of varies as well as what the Commission's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (Varies)	Current Healthcare Rate (Varies)	1% Increase (Varies)
Total OPEB liability	$ 480,113	$ 538,477	$ 606,720

For the year ended April 30, 2019, the following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Commission's calculated using the discount rate of 3.79% as well as what the Commissions total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB liability	$ 536,544	$ 491,515	$ 452,876

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Commission calculated using the healthcare rate of varies as well as what the Commission's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (Varies)	Current Healthcare Rate (Varies)	1% Increase (Varies)
Total OPEB liability	$ 444,092	$ 491,515	$ 546,547

f. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the Commission recognized OPEB expense of $53,861. At April 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
TOTAL	$ -	$ -

For the year ended April 30, 2019, the Commission recognized OPEB expense of $6,285. At April 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	6,899	-
TOTAL	$ 6,899	$ -

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.

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 0.00% beginning the month after the Village begins receiving water from the Commission. As of April 30, 2020, the loan balance outstanding of $12,596,278 is shown net of imputed interest at a rate of 2.23% of $3,326,528 for a total net balance of $9,269,750. This loan is reported as long-term loans receivable on the statement of net position.

Fiscal Year	2020	
Ending April 30,	Principal	Interest
2021	$ 229,980	$ 204,374
2022	235,161	199,193
2023	240,459	193,895
2024	245,877	188,478
2025	251,416	182,938
Thereafter	8,066,857	2,357,650
TOTAL	$ 9,269,750	$ 3,326,528

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

As of April 30, 2019, the loan total of $13,030,632 is shown net of imputed interest at a rate of 2.23% of $3,535,969 for a total net balance of $9,494,663. This loan is reported as long-term loans receivable on the statement of net position.

Fiscal Year Ending April 30,	2019 Principal	2019 Interest
2020	$ 224,913	$ 209,441
2021	229,980	204,374
2022	235,161	199,193
2023	240,459	193,895
2024	245,877	188,478
Thereafter	8,318,273	2,540,588
TOTAL	$ 9,494,663	$ 3,535,969

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 was capped at $21,000,000. The Commission drew 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 began to be charged as withdrawals from the loan were needed. Interest was capitalized on a monthly basis until the Village began making payments on this loan. The Commission’s highest monthly average yield in fiscal year 2018-2019 was 2.17% and in 2019-2020 was 2.18%.

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

Loan payments began in June 2019. As of April 30, 2020, and 2019, loans totaling $18,238,449 and $18,086,210, respectively, were due from the customer. This loan is reported as long-term loans receivable on the statement of net position.

Fiscal Year Ending April 30,	2020 Principal	2020 Interest
2021	$ 706,566	$ 569,744
2022	729,366	546,944
2023	752,900	523,409
2024	777,195	499,115
2025	802,273	474,037
Thereafter	14,470,149	3,498,981
TOTAL	$ 18,238,449	$ 6,112,230

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.

14. CHANGE IN ACCOUNTING PRINCIPLE

The Commission recorded the following change in accounting principle during the year ended April 30, 2019:

	Increase (Decrease)
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
To record the total OPEB liability and write off the net other postemployment benefits obligation	$ (387,299)
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	$ (387,299)

For the fiscal year ended April 30, 2019, the Commission implemented GASB Statement No. 75. With the implementation, the Commission is required to retroactively record the total postemployment benefit liability and write-off the net OPEB obligation.

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 Five Fiscal Years

MEASUREMENT DATE DECEMEBER 31,	2019	2018**	2017*	2016	2015
TOTAL PENSION LIABILITY					
Service cost	$ 314,473	$ 285,560	$ 315,765	$ 305,807	$ 289,658
Interest	1,213,922	1,151,046	1,126,142	1,038,857	963,114
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	547,708	57,707	(122,844)	238,543	146,673
Changes of assumptions	-	488,650	(506,771)	-	-
Benefit payments, including refunds of member contributions	(720,609)	(481,292)	(448,960)	(399,819)	(395,421)
Net change in total pension liability	1,355,494	1,501,671	363,332	1,183,388	1,004,024
Total pension liability - beginning	16,946,821	15,445,150	15,081,818	13,898,430	12,894,406
TOTAL PENSION LIABILITY - ENDING	$ 18,302,315	$ 16,946,821	$ 15,445,150	$ 15,081,818	$ 13,898,430
PLAN FIDUCIARY NET POSITION					
Contributions - employer	$ 124,844	$ 218,737	$ 289,995	$ 889,218	$ 1,594,623
Contributions - member	156,055	134,654	129,996	131,239	122,417
Net investment income	3,041,874	(898,566)	2,616,212	940,747	64,591
Benefit payments, including refunds of member contributions	(720,609)	(481,292)	(448,960)	(399,819)	(395,421)
Other/administrative expense	217,201	198,146	(118,803)	48,402	(204,380)
Net change in plan fiduciary net position	2,819,365	(828,321)	2,468,440	1,609,787	1,181,830
Plan fiduciary net position - beginning	16,689,031	17,517,352	15,048,912	13,439,125	12,257,295
PLAN FIDUCIARY NET POSITION - ENDING	$ 19,508,396	$ 16,689,031	$ 17,517,352	$ 15,048,912	$ 13,439,125
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ (1,206,081)	$ 257,790	$ (2,072,202)	$ 32,906	$ 459,305
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.59%	98.48%	113.42%	99.78%	96.70%
Covered payroll	$ 3,467,895	$ 2,992,300	$ 2,888,810	$ 2,916,407	$ 2,720,369
Employer's net pension liability (asset) as a percentage of covered payroll	(34.78%)	8.62%	(71.73%)	1.13%	16.88%

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

**The discount rate assumption was changed from 7.50% to 7.25% in 2018.

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 Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	**2020**	**2019**	**2018**	**2017**	**2016**
Actuarially determined contribution	$ 148,337	$ 190,696	$ 285,631	$ 282,313	$ 294,359
Contributions in relation to the actuarially determined contribution	148,337	190,696	285,631	282,313	294,359
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,523,195	$ 3,173,065	$ 2,936,315	$ 2,864,078	$ 2,747,867
Contributions as a percentage of covered payroll	4.21%	6.01%	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.

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 24 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 3.35% to 14.25% 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 available.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019
TOTAL OPEB LIABILITY		
Service cost	$ 7,930	$ 7,487
Interest	18,017	18,587
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	53,089	7,374
Benefit payments, including refunds of member contributions	(32,074)	(20,264)
Net change in total OPEB liability	46,962	13,184
Total OPEB liability - beginning	491,515	478,331
TOTAL OPEB LIABILITY - ENDING	$ 538,477	$ 491,515
Covered payroll	$ 3,542,592	$ 3,173,065
Employer's total OPEB liability as a percentage of covered payroll	15.20%	15.49%

There were changes in assumptions related to the discount rate in 2019 and 2020.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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.

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, 2020
(with comparative actual for the year ended April 30, 2019)

	2020			2019
	Budget	**Actual**	**Variance**	**Actual**
OPERATING REVENUES				
Water sales				
Operations and maintenance costs	$ 127,639,540	$ 125,989,793	$ (1,649,747)	$ 126,131,182
Customer differential	2,931,715	2,640,682	(291,033)	866,565
Other income	-	26,435	26,435	156,949
Total operating revenues	130,571,255	128,656,910	(1,914,345)	127,154,696
OPERATING EXPENSES				
Water supply costs	110,999,099	107,974,982	(3,024,117)	108,701,554
Personal services	5,469,847	4,728,741	(741,106)	4,452,893
Insurance	669,300	507,055	(162,245)	1,146,563
Professional and contractual services	1,189,720	772,757	(416,963)	698,281
Administrative costs	742,296	540,255	(202,041)	497,260
Total operating expenses	119,070,262	114,523,790	(4,546,472)	115,496,551
OPERATING INCOME BEFORE DEPRECIATION	11,500,993	14,133,120	2,632,127	11,658,145
Depreciation	9,884,000	9,072,827	(811,173)	8,887,520
OPERATING INCOME (LOSS)	1,616,993	5,060,293	3,443,300	2,770,625
NON-OPERATING REVENUES (EXPENSES)				
Sales tax	-	14,515	14,515	112,907
Investment income	990,000	9,099,161	8,109,161	5,150,182
Gain (loss) on disposal of capital assets	-	1,567	1,567	3,836
Total non-operating revenues (expenses)	990,000	9,115,243	8,125,243	5,266,925
NET INCOME BEFORE CONTRIBUTIONS	2,606,993	14,175,536	11,568,543	8,037,550
Contributions	-	14,978,162	14,978,162	-
CHANGE IN NET POSITION	$ 2,606,993	29,153,698	$ 26,546,705	8,037,550
NET POSITION, MAY 1		517,600,831		509,950,580
Change in accounting principle		-		(387,299)
NET POSITION, MAY 1, RESTATED		517,600,831		509,563,281
NET POSITION, APRIL 30		$ 546,754,529		$ 517,600,831

(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
2020	$ 14,515
2019	112,907
2018	361,789
2017	4,251,754
2016	37,284,925

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.

DUPAGE WATER COMMISSION
ELMHURST, ILLINOIS

STATE WATER ALLOCATIONS

April 30, 2020

	(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)
2020	$ 125,989,793	25,351,777
2019	126,131,182	25,533,704
2018	129,421,733	26,526,474
2017	124,194,634	25,914,123
2016	124,688,829	25,811,051

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