

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, MARCH 16, 2017
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:50 P.M.

Committee members in attendance: P. Suess, J. Pruyn, D. Russo, and J. Zay

Committee members absent: R. Gans

Non-Committee members in attendance: None

Also in attendance: Treasurer W. Fates, J. Spatz, and J. Rodriguez

Minutes

Chairman Zay moved to approve the Minutes of the Regular Committee Meeting of February 16, 2017 of the Finance Committee. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Fates reported that he had reviewed and approved the journal entries and bank reconciliations for the month of February 2017.

Discussion of Tentative Draft Fiscal Year 2017-2018 Budget

General Manager Spatz stated that he had not received any additional questions from the Commissioners since reviewing the Tentative Draft Budget at the Committee of the Whole meeting the previous month.

He added that the Commission did receive an official letter from the City of Chicago with their water rate increase of 1.83%, or about \$0.07.

Discussion of the Tentative Fiscal Year 2017-2018 Combined Annual Budget Appropriation Ordinance

General Manager Spatz handed out the Appropriation Ordinance to the Committee Members and noted that the notice for the appropriation ordinance was posted in The Daily Herald, The Chicago Tribune, and on the Commission's website. He described how the same percentages used last year in determining the Appropriation Budget compared to the Management Budget were used this year. He added that next month the Charter Customer Hearing regarding the Management Budget Ordinance would be held followed by the Public Hearing regarding the Appropriation Ordinance. He added that an appropriation

needs to be completed within the first quarter, having both hearings simultaneously gives the Commission the ability to adjust the budget before it is approved.

Treasurer's Report – February 2017

Treasurer Fates reviewed the written summary of the February Treasurer's Report. Cash and Investments totaled \$158.9M. He detailed the various account activities in the Commission's cash and investments over the past ten months.

Market yield on the portfolio was at 1.18 basis points, a slight increase from the prior month. The portfolio was showing unrealized losses of \$680,500 compared to unrealized gains at the prior year end of approximately \$537,500.

Treasurer Fates reviewed the \$22.6M increase year-to-date on the Statement of Cash Flows. He added that this increase is due to the receipt of slightly over \$13M in deferred revenue related to the Village of Bartlett's cost recovery charges, it was offset by a \$13M cash outflow related to the loan to the Village of Bartlett to help finance the cost recovery charges. He stated that all targeted reserve levels were met or exceeded targets.

After some discussion regarding the reserve targets, Chairman Suess asked General Manager Spatz to review the reserve policy and recommend any changes at the April meeting.

Financial Statements – February 2017

General Manager Spatz noted that for the first ten months of the fiscal year, revenues exceeded expenses by approximately \$19.1M. Seasonally budgeted revenues exceeded expenditures by \$13.2M, primarily due to higher than anticipated water sales, sales tax collections and timing of expenditures.

Water sales increased versus seasonal budgeted amounts by 2.5%. Water purchases increased 1.5% versus seasonal budgeted amounts.

It was noted that February actual water sales were the lowest in 15 years.

General Manager Spatz stated that cash and investment balances at the end of February exceeded liabilities or targets by \$72M.

It was noted that cash balances were up compared to prior year by approximately \$29M. Receivables were slightly higher due to timing of the collection. He also noted that one account was expected to exceed the management budget in March 2017. Account 60-661103, Operations & Maintenance for the Lexington Pumping Station, will likely go over budget for the year due to higher labor costs and maintenance. The Commission pays half of these costs and reviews associated invoices.

Accounts Payable

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

February 8, 2017 to March 7, 2017	\$7,106,116.68
<u>Revised Estimated</u>	<u>\$1,046,125.00</u>
Total	\$8,152,241.68

Other

General Manager Spatz stated that the Commission modified the current electrical supply agreement to reduce capacity charges. With these reduced charges over the last few month, the Commission will save about 6%.

Adjournment

Chairman Suess moved to adjourn the meeting at 6:10 P.M. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.