

**Minutes of a Meeting
of the**

FINANCE COMMITTEE

DuPage Water Commission
600 E. Butterfield Road, Elmhurst, Illinois

August 15, 2024

Chairman Suess called the meeting to order at 5:48 P.M.

Committee members in attendance: P. Suess, J. Pruyn, K. Romano, and J. Zay

Committee members absent: D. Russo

Also in attendance: B. Fates, P. May, C. Peterson, and J. Savio of Sikich

Treasurer Fates noted that he had reviewed and approved the reconciliations of June and July of 2024.

Commissioner Pruyn moved to approve the Minutes of the June 20, 2024, Finance Committee Meeting of the DuPage Water Commission. Motion seconded by Commissioner Romano and unanimously approved by a Voice Vote.

Jim Savio of Sikich presented an overview of the audit results and the process to the Committee. The opinion from Sikich is unmodified. Mr. Savio discussed certain items of interest noting no differences with the reports. Mr. Savio then noted that the Commission had no audit adjustments, no material weaknesses, and no significant deficiencies. A discussion about the testing procedures and capital assets was had.

Chairman Suess began a discussion on the current Reserve Policy. Financial Administrator Peterson reviewed the policy changes being presented to the current policy, which includes the deletion of Rebate language from old bond ordinances and revising the Operating Reserve target from 180 days to 120 days. A discussion ensued regarding average reserve practices within the industry. The Committee directed staff to present the revisions to the Reserve Policy based upon discussions as a resolution at the next meeting.

Chairman Suess asked that the financial discussions focus on the July activity. Treasurer Fates reviewed his written summary of the July Treasurer's Report. Cash and Investments totaled \$148.2M, a decrease of \$2.8M from the previous month. He detailed the various accounting activities in the Commission's cash and investments over the current month. Market yield on the portfolio was at 3.63%, up from the prior month market yield of 3.55%. The portfolio showed unrealized losses of \$2.1M compared to unrealized losses at the prior year end of approximately \$5.3M. Treasurer Fates reviewed the \$89.3M decrease year-to-date on the Statement of Cash Flows, primarily related to the purchase of land for \$80.4 million in May 2024. He stated that the Operating and Capital Reserves have not met targeted reserve levels due to the purchase of an asset.

Financial Administrator Peterson discussed the results for the month ended July 31, 2024. Revenues exceeded expenses by approximately \$851,000, primarily due to higher than budgeted water sales and timing of expenditures. Water sales exceeded budgeted amounts by 3.3% for the month, but still up 2.3% year-to-date. Financial Administrator Peterson stated that total cash and investment balances at the end of July did not exceed total liabilities and targets due to the purchase of an asset and the related expenditure.

It was noted that cash balances were down compared to the prior year by approximately \$78M, due to the purchase of the Green Acres property. Financial Administrator Peterson then reviewed the accounts payable and estimates list.

General Manager May gave an update on Waterlink contractual obligations and alternative water source activities.

Chairman Zay and General Manager May left the meeting at 6:18 P.M.

Chairman Suess began a discussion regarding current banking relationships. The Committee decided to review the investment process in a structured manner in more detail over the next few months.

With no other items coming before the Committee, Commissioner Romano moved to adjourn the meeting at 6:30 P.M. Seconded by Commissioner Pruyne and unanimously approved by a Voice Vote.