

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JULY 18, 2013
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:07.M.

Committee members in attendance: C. Janc, J. Pruyn, D. Russo (arrived at 6:09 P.M.), P. Suess, J. Zay (arrived at 6:09 P.M.)

Committee members absent: none

Also in attendance: Treasurer D. Ellsworth, J. Spatz, C. Peterson, and T. McGhee

Minutes

Commissioner Janc moved to approve the minutes of the Regular Committee Meeting of May 16, 2013 of the Finance Committee. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of June.

Treasurer's Report – June 2013

Treasurer Ellsworth provided the Committee with a summary of the April Treasurer's Report. He noted on page 1 of the report that cash and investments remained relatively unchanged at \$63.9M even with payments of \$4.2M towards debt service in June.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio decreased slightly to 45 basis points. He stated that the fair value of the investments has declined compared to amortized cost by slightly over \$100,000 due to rising interest rate costs. At the prior fiscal year end the fair market value of the investments was over \$200,000 greater than amortized costs.

Treasurer Ellsworth noted that year to date cash and investments has decreased by \$1.1M. Operating activities increased cash flows by approximately \$1.5M due mainly to the timing of receivables collected and higher purchased water rates. Sales tax collections increased cash receipts by \$5.2M. Debt Service and Capital payments year-to-date were just over \$7.9M.

Treasurer Ellsworth stated that all targeted reserve levels were met or exceeded.

Financial Statements – June 2013

Financial Administrator Peterson provided the Committee with a summary of the May Financial Statements. Revenues exceeded expenditures by approximately \$5.2M as of June 30, 2013, which is slightly ahead of budgeted expectations. Water sales for the month were down 32% versus June 2012, and 10% versus the seasonal budgeted amount.

General Manager Spatz noted that if water sales for the year remained at the current level of 5% below budget, the Commission's net change would be a decline of about \$500,000. The net change is minimal due to water purchases being the most significant expense to the Commission. Therefore, if water sales are down, water purchases decline as well. Commissioner Pruyn did note that he had noticed the decline in water sales but that the overall position of the Commission's revenues versus expenses were still trending positively.

Sales Tax collections were approximately 1% higher than June 2012. Cumulatively Sales Tax collections were approximately \$247,000 over the prior year.

Financial Administrator Peterson then reviewed the cash and investment accounts versus offsetting liabilities or targeted amounts.

Financial Administrator Peterson then described the changes in the balance sheet and that the ledger system has been closed for fiscal 2013. Financial Administrator Peterson stated there were no large variations in revenues or expenses at this time. Debt of \$4.2 million was repaid in June 2013.

Chairman Suess asked about employment vacancies at this time. General Spatz replied that the Commission currently has one vacancy and may be hiring back a previous employee that had nearly 20 years of experience prior to leaving the Commission.

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Commissioner Pruyn moved to recommend to the Board an Ordinance for the Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2013 and Ending April 30, 2014. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

General Manager Spatz and T. McGhee left the meeting at 6:20 p.m.

Election of Interest Period under Northern Trust Certificate of Debt

Financial Administrator Peterson stated that the Libor rate for one month is 0.192% similar to last month.

Chairman Suess discussed that Commission staff and the Treasurer will be meeting this month to discuss debt repayment plan options to present to the Finance Committee. Commissioner Pruyn noted that the next required payment on the debt certificates is not until May 2015. Chairman Zay noted that the Commission still needs to remain conservative due to uncertainties.

Commissioner Pruyn moved to recommend the election of a one-month Libor rate period with Northern Trust to the General Board. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Status of 2013 Audit

Financial Administrator Peterson noted that the audit was progressing on schedule and the auditors will be presenting the final draft next month. It was recommended to the Commission staff to send copies to customers electronically first and offer printed copies if requested.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

June 5, 2013 to July 9, 2013	\$ 7,174,391.89
<u>Estimated</u>	<u>\$ 637,400.00</u>
Total	\$ 7,811,791.89

Other

Financial Administrator Peterson noted that Commission staff is continuing to work on closing accounts no longer needed due to the changes made in the banking and investment structure over the past year.

Adjournment

Chairman Zay moved to adjourn the meeting at 6:38P.M. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.