

# **Broadview Westchester Joint Water Agency, Illinois**

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED APRIL 30, 2018

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# BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

## **Annual Financial Report**

For the Year Ended April 30, 2018

### **Administrative Offices**

2222 South 10<sup>th</sup> Avenue  
Broadview, Illinois 60155

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**Broadview Westchester Joint Water Agency, Illinois  
Annual Financial Report  
For the Year Ended April 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

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# Selden Fox

Accounting for your future

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
Broadview Westchester Joint Water Agency  
Broadview, Illinois

We have audited the accompanying financial statements of the **Broadview Westchester Joint Water Agency, Illinois** (Agency), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 audit. We conducted our audit 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 entity'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 entity'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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Broadview Westchester Joint Water Agency, Illinois, as of April 30, 2018, and the respective changes in financial position - budget and actual, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management discussion and analysis (MD&A-1 through MD&A-4), the multiyear schedule of changes in net pension liability and related ratios (page 23-24) and the multiyear schedule of contributions (page 25) 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 an opinion on the financial statements that collectively comprise the Broadview Westchester Joint Water Agency, Illinois', basic financial statements. The schedule of operating expenses – budget and actual (budgetary basis) and the Long-Term Debt Requirements – IEPA Loan of 2010 (hereinafter referred to as “supplementary information”) are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Selden Fox, Ltd.*

December 31, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**BROADVIEW WESTCHESTER JOINT WATER AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018**

The Broadview Westchester Joint Water Agency (the Agency) Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Agency's financial activity, (3) identify changes in the Agency's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual issues and concerns.

Since the Management's Discussion and Analysis (MD&A) is also designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Agency's financial statements.

#### FINANCIAL HIGHLIGHTS

- The Agency's net position increased by \$718,251 in 2018, which created an ending net position of \$7,904,230.
- The operating revenues were \$163,747 over budget. Total operating expenses were \$240,038 under budget.
- As of April 30, 2018, the Agency maintained \$5,244,854 in cash and investments.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The basic financial statements are comprised of three components:

- Entity-wide financial statements
- Fund financial statements
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

##### *Entity-Wide Financial Statements*

The entity-wide financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the Agency's assets and liabilities with the difference between the two reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency is unique to many governments since it is an entity with only one fund, proprietary in nature.

See independent auditor's report.

### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary and other information concerning the Agency's progress in funding its obligation to provide pension benefits to its employees.

### FINANCIAL ANALYSIS OF THE AGENCY

Table 1 – Condensed Statement of Net Position

	<u>2018</u>	<u>2017</u>
Capital assets, net of depreciation	\$ 5,852,514	\$ 5,916,454
Current and other assets	6,548,598	5,858,266
Deferred outflows	10,577	21,120
	<u>12,411,689</u>	<u>11,795,840</u>
Total assets and deferred outflows		
Other liabilities	1,225,861	1,150,882
Noncurrent liabilities	3,254,079	3,453,777
Deferred inflows	27,519	5,202
	<u>4,507,459</u>	<u>4,609,861</u>
Total liabilities and deferred inflows		
Net investment in capital assets	2,425,377	2,320,164
Unrestricted net position	5,478,853	4,865,815
	<u>7,904,230</u>	<u>7,185,979</u>
Total net position		

See independent auditor's report.

Table 2 – Condensed Statement of Changes in Net Position

	2018		2017	
Operations:				
Sale of water	<b><u>\$ 6,449,643</u></b>	<b>100%</b>	<b><u>\$ 5,826,199</u></b>	100%
Total operating revenues	<b>6,449,643</b>	<b>100%</b>	5,826,199	100%
Operating expenses:				
Source of water	<b>5,149,821</b>	<b>88%</b>	4,759,607	85%
Repairs and maintenance	<b>71,039</b>	<b>1%</b>	142,479	3%
Administration	<b>505,360</b>	<b>9%</b>	528,859	10%
Depreciation	<b><u>140,760</u></b>	<b>2%</b>	<u>137,624</u>	2%
Total operating expenses	<b>5,866,977</b>	<b>100%</b>	5,568,569	100%
Non-operating revenues (expenses):				
Interest income	<b>42,171</b>		23,846	
Other income	<b>174,255</b>		162,138	
Interest expense	<b><u>(80,841)</u></b>		<u>(85,134)</u>	
Increase in net position	<b><u>\$ 718,251</u></b>		<u>\$ 358,480</u>	

Revenues for the Agency are a function of the rate that is charged to each of the member communities and the hospital campus we serve. In the current year, the Agency experienced a 10.7% increase in the water revenue over last year. The increase in revenues was created by the District pumping more water in the current year than in the prior year for all participants in the District.

The total operating expenses for the Agency increased by \$298,408 from 2017. This is a 5.4% increase from the prior year. The increase in operating was due to an increase in the purchase of water volume to go along with a rate increase from the City of Chicago. The Agency saw a decline in administrative costs due to the controlling salaries and overtime cost throughout the fiscal year.

#### Budgetary Highlights

The excess in the operating revenues was due to an increase in water pumpage accompanied with the rate from the City of Chicago being increased also.

During the current year, the Agency had excess budget in the areas of Repairs and Maintenance and Professional Fees. The Agency did not need repairs and maintenance on the water mains as they anticipated. Engineering fees were not needed as much as the Agency anticipated also.

See independent auditor's report.

## Capital Assets

By the end of 2018, the Agency had invested \$5.9 million in a broad range of capital assets, including water system (mains, valves, radio-read meter, etc.); multiple reservoirs; transportation equipment; field supplies and equipment; office furniture, fixtures, office/computer hardware and software and building infrastructure and mechanicals. Detail of Capital Assets can be found in Note III.C..

The total depreciation expense for the year was \$140,760.

## Long-term Debt

The Agency is utilizing long-term debt to finance the construction of the 10<sup>th</sup> Avenue Station. As of April 30, 2018, the Agency had \$3,427,137 of Illinois Environmental Protection Agency Loans outstanding. Detail of long-term debt can be found Note III.D.

## Factors Bearing on the Agency's Future

The Agency faces the same problems that similar municipal entities face. High fixed costs and aging infrastructure burden resources and dominate short- and long-term financial planning. The Agency has a 60-year old transmission main that could incur unexpected expenses. The Board began evaluating their options to help create redundancies within their system to minimize risks of failures within the system. The process is expected to be an extended process with several joint governmental agreements being entered into. This will help ease the stress on the Agency.

As with any government entity which operates an enterprise activity, the Agency must continually monitor its billing rates to gain assurances that the rates charged are sufficient to cover operating costs. The Agency is in the final year of a four-year increase in water rates from the City of Chicago. The City of Chicago has identified the need for additional increases in the water rates over the next four years. The exact increase has not yet been reported to the Agency. Those increases, along with future debt service requirements, will play a significant role in the evaluation of the water rates charged to customers over future years.

The Agency is creating an intergovernmental agreement to create a secondary water line from the City of Chicago. With our line aging, it is becoming important for the Agency to investigate this option.

## CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be forwarded to the Broadview Westchester Joint Water Agency, 2222 S. 10<sup>th</sup> Avenue, Broadview, Illinois 60155.

See independent auditor's report.



## **BASIC FINANCIAL STATEMENTS**

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**Broadview Westchester Joint Water Agency, Illinois**  
**Statement of Net Position**  
**April 30, 2018**

<b>Assets</b>		
Current assets:		
Cash and investments	\$	5,244,854
Receivables - members		744,376
Receivables - customers		518,720
Receivables - other		9,832
Prepays		22,463
<b>Total current assets</b>		<b>6,540,245</b>
Capital assets:		
Nondepreciable capital assets		606,392
Depreciable capital assets		8,615,999
Less accumulated depreciation		(3,369,877)
<b>Total capital assets</b>		<b>5,852,514</b>
Other asset - net pension asset		8,353
<b>Total assets</b>		<b>12,401,112</b>
<b>Deferred Outflows of Resources</b>		
Pension-related (See Note IV.B.)		10,577
<b>Total assets and deferred outflows of resources</b>		<b>12,411,689</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable		991,620
Accrued payroll		4,670
Compensated absences payable		36,850
Accrued interest		19,663
IEPA loan payable, current portion		173,058
<b>Total current liabilities</b>		<b>1,225,861</b>
Noncurrent liabilities - IEPA loan payable, noncurrent portion		3,254,079
<b>Total liabilities</b>		<b>4,479,940</b>
<b>Deferred Inflows of Resources</b>		
Pension-related (See Note IV.B.)		27,519
<b>Total liabilities and deferred inflows of resources</b>		<b>4,507,459</b>
<b>Net Position</b>		
Net position:		
Net investment in capital assets		2,425,377
Unrestricted		5,478,853
<b>Total net position</b>		<b>\$ 7,904,230</b>

See accompanying notes.

**Broadview Westchester Joint Water Agency, Illinois**  
**Statement of Revenues, Expenses and Changes in**  
**Fund Net Position - Budget and Actual**  
**For the Year Ended April 30, 2018**

	Original Budget	Final Budget	Actual
Operating revenues - water sales	\$ 6,285,896	\$ 6,285,896	\$ 6,449,643
Expenses:			
Salaries and benefits	324,555	324,555	299,882
Operations	5,782,460	5,782,460	5,426,335
Depreciation	-	-	140,760
<b>Total operating expenses</b>	<b>6,107,015</b>	<b>6,107,015</b>	<b>5,866,977</b>
<b>Operating income</b>	<b>178,881</b>	<b>178,881</b>	<b>582,666</b>
Nonoperating revenue (expense):			
Transmission replacement fees	141,296	141,296	152,308
Interest income	20,000	20,000	42,171
Other income	37,210	37,210	21,947
Principal retirement	(173,058)	(173,058)	-
Interest expense	(79,942)	(79,942)	(80,841)
<b>Total nonoperating revenue (expense)</b>	<b>(54,494)</b>	<b>(54,494)</b>	<b>135,585</b>
<b>Changes in net position</b>	<b>\$ 124,387</b>	<b>\$ 124,387</b>	<b>718,251</b>
Net position, beginning of the year			7,185,979
Net position, end of the year			<b>\$ 7,904,230</b>

See accompanying notes.

**Broadview Westchester Joint Water Agency, Illinois**  
**Statement of Cash Flows**  
**For the Year Ended April 30, 2018**

Cash flows from operating activities:	
Received from customers and users	\$ 6,395,545
Other income	174,255
Payment to employees	(293,783)
Payment to suppliers	<u>(5,361,536)</u>
<b>Net cash flows from operating activities</b>	<b><u>914,481</u></b>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(76,819)
Principal paid on IEPA loan	(169,153)
Interest and fiscal charges paid	<u>(81,572)</u>
<b>Net cash flows from capital and related financing activities</b>	<b><u>(327,544)</u></b>
Cash flows from investing activities - interest income	<u>42,171</u>
<b>Net change in cash</b>	<b>629,108</b>
Cash, beginning of the year	<u>4,615,746</u>
Cash, end of the year	<b><u>\$ 5,244,854</u></b>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 582,666
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	140,760
Other income	174,255
Changes in:	
Receivables	(54,098)
Prepaid expenses	1,227
Accounts payable	63,572
Accrued payroll	392
Compensated absences payable	7,840
Pension-related deferred outflows	10,543
Pension-related deferred outflows	22,317
Net pension liability	<u>(34,993)</u>
	<b><u>\$ 914,481</u></b>

See accompanying notes.

## **Broadview Westchester Joint Water Agency, Illinois Notes to the Financial Statements**

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### **I. Summary of Significant Accounting Policies**

#### **A. General**

The Broadview Westchester Joint Water Agency, Illinois (Agency), was organized on March 1, 2006. The Agency assumed all contracts, debts, liabilities, obligations and assets of the Westchester-Broadview Joint Water Commission (established November 27, 1927) under the authority of the Intergovernmental Cooperation Act, Municipal Joint Water Agency (5 ILCS 220-3.1). The charter members of the Agency are the Villages of Broadview and Westchester. The purposes and objectives of the Agency are:

1. To provide water to member municipalities and other customers.
2. To plan, construct, acquire, develop, operate, maintain or contract for facilities in receiving and transmitting water from Lake Michigan for the principal use and mutual benefits of the municipalities and their water users.
3. To provide adequate supplies of such water on an economical and efficient basis for the municipalities.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies established in GAAP and used by the Agency are described below.

#### **B. The Reporting Entity**

The Agency is an intergovernmental agency created under the Illinois Intergovernmental Act and is governed by a Board of Directors, which consists of one elected official from each member municipality.

As required by GAAP, these financial statements present the Agency and its component units, entities for which the Agency is considered to be financially accountable. There are no component units of the Agency, and the Agency should not be included as a component unit of any of its members.

#### **C. Basis of Presentation**

In the statement of net position, the Agency's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets/deferred outflows as well as long-term/deferred inflows obligations.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**I. Summary of Significant Accounting Policies**

**C. Basis of Presentation (cont'd)**

The Agency uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid fiscal management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Agency utilizes a single proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

**D. Measurement Focus and Basis of Accounting**

**Measurement Focus**

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

The Agency’s basic financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Agency are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**I. Summary of Significant Accounting Policies (cont'd)**

**E. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position or Equity**

**1. Cash, Cash Equivalents and Investments**

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less.

Investments that meet the criteria contained in GASB Statement No. 79, *Certain Investment Pools and Pool Participants* are reported at amortized cost. The criteria contained in GASB Statement No. 79 address (1) how the pool interacts with participants, (2) requirements for portfolio maturity, quality, diversification and liquidity, and (3) calculation and requirements of a shadow price.

Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, including the certificates of deposit, are reported at estimated fair value from multiple sources. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an 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. Prepaids**

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaids.

**3. Capital Assets**

Under the terms of the intergovernmental agreement for the establishment of the Agency dated March 1, 2006, the members conveyed all portions of the waterworks system (excluding land) to the Agency. Value of assets conveyed was determined based on an independent appraisal.

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. For movable property, the Agency's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life that is greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:



**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**I. Summary of Significant Accounting Policies (cont'd)**

**E. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position or Equity (cont'd)**

**3. Capital Assets (cont'd)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	50 years
Buildings	20 - 50 years
Machinery and equipment	5 - 15 years
Land improvements	20 years

**4. Compensated Absences**

The liability for compensated absences consists of unpaid, accumulated vacation balances for Agency employees who have completed one year of employment. The liability has been calculated based on the employee's current salary.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**5. Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

**6. Net Position**

Net position is displayed in three components as follows:

**Net Investment in Capital Assets** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Agency's policy to use restricted resources first, then unrestricted resources when they are needed. The Agency does not have any restricted net position at April 30, 2018.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**I. Summary of Significant Accounting Policies (cont'd)**

**E. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position or Equity (cont'd)**

**6. Net Position (cont'd)**

**Unrestricted** – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**7. Use of Estimates**

The preparation of financial statements 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.

**8. Water Supply Contract**

The Agency has a water supply contract with the City of Chicago (the “City”) to purchase Lake Michigan water from the City for resale to members and customers located within the corporate limits of the Agency. Quantities purchased are limited by a state allocation plan (State Opinion and Order Number LMO 99-3, as amended from time to time). The rates charged by the City are determined by City ordinance (currently \$2.50 per 1,000 gallons). The Agency sets its own rates for sale of the water to its members and customers. The Agency is responsible for the maintenance of the water system.

**9. Significant Customers**

The Agency recognized water sales revenue from the following members and significant customers during the fiscal year ended April 30, 2018:

<u>Member/Significant Customer</u>	<u>Revenues</u>	<u>Percentage</u>
Village of Westchester	\$ 2,397,936	37.18%
Village of Broadview	2,185,627	33.89%
Loyola Hospital	900,917	13.97%
U.S. Veterans Administration	922,510	14.30%
Madden Zone Center	42,653	0.66%

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**II. Stewardship, Compliance and Accountability**

Budgets are adopted on a basis consistent with the modified accrual basis of accounting in that depreciation expense is not budgeted, and principal payments on long term debt are budgeted as an expense. The Agency shall operate within a balanced budget in each fiscal year. Not later than forty-five (45) days before the end of each fiscal year, the Finance Director must submit to the Board the proposed balanced budget for the next fiscal year. "Balanced budget" means, with respect to a fiscal year, a budget in each case approved by the Board in which (i) the amount of projected revenues and the amount of projected expenses are equal, and (ii) any prior year encumbrance is reflected in such budget as an expense which is offset by a corresponding prior year fund balance relating to such expense included in such budget.

**III. Detailed Notes for All Activities and Fund Types**

**A. Deposits and Investments**

**Permitted Deposits and Investments** – Statutes authorize the Agency to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds and Illinois Metropolitan Investment Fund investment pools.

Illinois Funds is an investment pool management by the Illinois Public Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company.

Both the Agency's investment in the Illinois Funds and Illinois Metropolitan Investment Convenience Fund meets the criteria contained in GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**III. Detailed Notes for All Activities and Fund Types (cont'd)**

**A. Deposits and Investments (cont'd)**

**Interest Rate Risk** – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency invests 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 Agency 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 Agency are, in order of priority, legality, safety of principal, liquidity, and rate of return. The Agency’s investment in the Illinois Funds has an average maturity of less than one year and the Agency’s investment in IMET has an average maturity of one to five years.

**Credit Risk** – Generally, credit risk is the risk that an issuer of a debt-type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The Agency limits its exposure to credit risk by primarily investing in fully insured certificates of deposit and external investment pools. The Agency’s investments in the Illinois Funds is rated AAAM by Standard & Poor’s and the Agency’s investment in the Illinois Metropolitan Investment Fund is not rated and the 1-3 Year Fund is rated Aaa by Moody’s. The Agency’s investment in certificates of deposit are not rated.

**Custodial Credit Risk** – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. The Agency does not have a formal investment policy regarding custodial credit risk for deposits. At year end, the entire bank balance was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency does not have a formal investment policy regarding custodial credit risk for investments. At April 30, 2018, the Agency’s investment in the Illinois Funds and IMET funds are not subject to custodial credit risk.

**Concentration of Credit Risk** – This is the risk of loss attributed to the magnitude of the Agency’s investment in a single issuer. The Agency has a high percentage of its investments invested in one type of investment. At April 30, 2018, the Agency has over 5% of cash and investments invested in Illinois Funds.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

**III. Detailed Notes for All Activities and Fund Types (cont'd)**

**A. Deposits and Investments (cont'd)**

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

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 973,262	\$ -	\$ 973,262	\$ -	\$ -

The Village had the following recurring fair value measurements at April 30, 2018:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 973,262	\$ -	\$ 973,262	\$ -

**B. Accounts Receivable**

At April 30, 2018, the Agency has the following amounts receivable from member agencies:

Member	Amount
Village of Broadview	\$ 475,121
Village of Westchester	269,255
	<u>\$ 744,376</u>

At April 30, 2018, the Agency has the following amounts receivable from customers:

Member	Amount
U.S. Veterans Administration	\$ 380,821
Loyola Hospital	130,408
Madden Zone Center	7,491
	<u>\$ 518,720</u>

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

**III. Detailed Notes for All Activities and Fund Types (cont'd)**

**C. Capital Assets**

Capital asset activity for the year ended April 30, 2018, was as follows:

	<u>Balance May 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30</u>
Capital assets not being depreciated:				
Land	\$ 588,155	\$ -	\$ -	\$ 588,155
Construction in progress	<u>18,237</u>	<u>-</u>	<u>-</u>	<u>18,237</u>
	<u>606,392</u>	<u>-</u>	<u>-</u>	<u>606,392</u>
Capital assets being depreciated:				
Infrastructure	3,396,531	76,819	-	3,473,350
Buildings	4,978,968	-	-	4,978,968
Machinery and equipment	129,573	-	-	129,573
Land improvements	<u>34,108</u>	<u>-</u>	<u>-</u>	<u>34,108</u>
	<u>8,539,180</u>	<u>76,819</u>	<u>-</u>	<u>8,615,999</u>
Less accumulated depreciation for:				
Infrastructure	2,543,659	31,233	-	2,574,892
Buildings	596,157	101,754	-	697,911
Machinery and equipment	67,817	6,427	-	74,244
Land improvements	<u>21,485</u>	<u>1,345</u>	<u>-</u>	<u>22,830</u>
	<u>3,229,118</u>	<u>140,759</u>	<u>-</u>	<u>3,369,877</u>
<b>Total capital assets being depreciated, net</b>	<u>5,310,062</u>	<u>(63,940)</u>	<u>-</u>	<u>5,246,122</u>
Governmental activities capital assets, net	<u>\$ 5,916,454</u>	<u>\$ (63,940)</u>	<u>\$ -</u>	<u>\$ 5,852,514</u>

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

**III. Detailed Notes for All Activities and Fund Types (cont'd)**

**D. Noncurrent Liabilities**

A summary of changes in long-term debt follows:

	Balance, May 1, 2017	Additions	Deletions	Balance, April 30, 2018
Loan payable	\$ 3,596,290	\$ -	\$ 169,153	\$ 3,427,137
Net pension liability (asset)	26,640	-	34,993	<b>(8,353)</b>
	<u>\$ 3,622,930</u>	<u>\$ -</u>	<u>\$ 204,146</u>	<u>\$ 3,418,784</u>

The Agency has entered into loan agreements with the Illinois Environmental Protection Agency (IEPA) to provide low-interest financing for capital improvements. IEPA loans currently outstanding are due in semi-annual installments of \$125,361 including interest at 2.50% through August 6, 2035. Future principal and interest payments under the loan agreement are as follows:

Fiscal Year End	Principal	Interest	Totals
2019	\$ 173,058	\$ 77,665	\$ 250,723
2020	177,052	73,671	250,723
2021	181,139	69,584	250,723
2022	185,320	65,403	250,723
2023	189,597	61,126	250,723
2024 – 2028	1,015,684	237,931	1,253,615
2029 – 2033	1,138,441	115,174	1,253,615
2034 - 2035	366,846	8,442	375,288
	<u>\$ 3,427,137</u>	<u>\$ 708,996</u>	<u>\$ 4,136,133</u>

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**IV. Other Information**

**A. Risk Management**

The Agency 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 the Agency's employees. These risks are covered by commercial insurance. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for last three years.

**B. Employee Retirement Plan**

**General Information About the Pension Plan**

**Plan Description** – The Agency's defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides pensions for all full-time employees. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The types of benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

At December 31, 2017, the IMRF Plan membership consisted of:

Retirees and beneficiaries	2
Inactive, non-retired members	1
Active members	<u>3</u>
<b>Total</b>	<u><u>6</u></u>



**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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IV. **Other Information** (cont'd)

B. **Employee Retirement Plan** (cont'd)

**General Information About the Pension Plan** (cont'd)

**Benefits Provided** – IMRF provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011, who retire at or after age 60 with 8 years of service, or at or after age 55 with 35 or more years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter. Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, or at or after age 62 with 35 or more years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$112,408 and \$113,645 at January 1, 2017 and 2018, respectively. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

**Contributions** – Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Agency is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar years 2018 and 2017, was 7.75 and 8.04 percent, respectively. The Agency's contribution to the plan totaled \$15,394 in the fiscal year ended April 30, 2018, which was equal to its annual required contribution.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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IV. **Other Information** (cont'd)

B. **Employee Retirement Plan** (cont'd)

**Net Pension Liability**

The Agency's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Valuation and Assumptions** – The actuarial assumptions used in the December 31, 2017, valuation were based on an actuarial experience study for the period January 1, 2014 – December 31, 2016, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed 26-year basis.

**Mortality Rates** – For non-disabled lives, 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 projection experience. For disabled retirees, an IMRF specific mortality table was used with fully generational 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 was applied for 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.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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IV. **Other Information** (cont'd)

B. **Employee Retirement Plan** (cont'd)

**Net Pension Liability** (cont'd)

**Long-term Expected Rate of Return** – The long-term expected rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio, using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	37%	6.85%
International equities	18%	6.75%
Fixed income	27%	3.00%
Real estate	7%	5.75%
Alternatives:	7%	
Private equity		7.35%
Hedge funds		5.05%
Commodities		2.65%
Cash equivalents	1%	2.25%

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows, done for the next 100 years, used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Agency's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan'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 (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

IV. **Other Information** (cont'd)

B. **Employee Retirement Plan** (cont'd)

**Changes in Net Pension Liability**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Balances 12/31/16	\$ 295,878	\$ 269,238	\$ 26,640
Changes for the year:			
Service cost	19,821	-	19,821
Interest	22,650	-	22,650
Differences between expected and actual experience	2,656	-	2,656
Changes in assumptions	(10,460)	-	(10,460)
Contributions – employer	-	16,437	(16,437)
Contributions - employee	-	9,200	(9,200)
Net investment income	-	47,724	(47,724)
Benefit payments, including refunds of employee contributions	(7,566)	(7,566)	-
Other changes	-	(3,701)	3,701
Balances 12/31/17	<u>\$ 322,979</u>	<u>\$ 331,332</u>	<u>\$ (8,353)</u>

**Discount Rate Sensitivity** – The following presents the net pension liability of the Agency, calculated using the discount rate of 7.50%, as well as what the Agency's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net pension (asset) liability	<u>\$ 42,545</u>	<u>\$ (8,353)</u>	<u>\$ (49,445)</u>

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

**IV. Other Information (cont'd)**

**B. Employee Retirement Plan (cont'd)**

**Changes in Net Pension Liability (cont'd)**

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IMRF financial report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended April 30, 2018, the Agency recognized pension expense of \$13,261 in the government-wide financial statements. At April 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 6,026	\$ 4,201	\$ 1,825
Assumption changes	-	8,849	(8,849)
Net difference between projected and actual earnings on pension plan investments	-	14,469	(14,469)
Sub-total	6,026	27,519	(21,493)
Contributions made subsequent to the measurement date	4,551	-	4,551
Total	\$ 17,702	\$ 27,519	\$ (16,942)

**Broadview Westchester Joint Water Agency, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**IV. Other Information (cont'd)**

**B. Employee Retirement Plan (cont'd)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ (2,979)
2020	(2,978)
2021	(5,980)
2022	(7,565)
2023	(1,399)
Thereafter	<u>(592)</u>
Total	<u>\$ (21,493)</u>

**C. Other Post-Employment Benefits**

The Agency has evaluated its potential other post-employment benefits liability. The Agency provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Agency are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Agency's health insurance plan. There has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. Additionally, the Agency had no former employees for which the Agency was providing any explicit subsidy and no current employees with agreements for future explicit subsidies upon retirements. Therefore, the Agency has not recorded any post-employment benefit liability as of April 30, 2018.

**REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION**

**Broadview Westchester Joint Water Agency, Illinois  
Illinois Municipal Retirement Fund  
Required Supplementary Information -  
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Calendar Years\***

	<u>2017</u>	<u>2016</u>
<b>Total pension liability:</b>		
Service cost	\$ 19,821	\$ 19,733
Interest on the total pension liability	22,650	20,645
Benefit changes	-	-
Difference between expected and actual changes	2,656	(6,203)
Assumption changes	(10,460)	-
Benefit payments and refunds	(7,566)	(7,384)
<b>Net change in total pension liability</b>	<b>27,101</b>	<b>26,791</b>
<b>Total pension liability - beginning</b>	<b>295,878</b>	<b>269,087</b>
<b>Total pension liability - ending</b>	<b>\$ 322,979</b>	<b>\$ 295,878</b>
<b>Plan fiduciary net position:</b>		
Employer contributions	\$ 16,437	\$ 16,440
Employee contributions	9,200	8,903
Pension plan net investment income	47,724	16,446
Benefit payments and refunds	(7,566)	(7,384)
Other	(3,701)	(1,006)
<b>Net change in plan fiduciary net position</b>	<b>62,094</b>	<b>33,399</b>
<b>Plan fiduciary net position - beginning</b>	<b>269,238</b>	<b>235,839</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 331,332</b>	<b>\$ 269,238</b>
<b>Net pension liability</b>	<b>\$ (8,353)</b>	<b>\$ 26,640</b>
Plan fiduciary net position as a percentage of total pension liability	<u>102.59%</u>	<u>91.00%</u>
Covered valuation payroll	<u>\$ 204,442</u>	<u>\$ 197,836</u>
Net pension liability as a percentage of covered valuation payroll	<u>-4.09%</u>	<u>13.47%</u>

\* The Agency adopted GASB 68 in the fiscal year ended April 30, 2015, and will build a ten-year history prospectively.

See independent auditor's report.



<u>2015</u>	
\$	22,091
	17,729
	-
	7,520
	-
	<u>(7,195)</u>
	40,145
	<u>228,942</u>
\$	<u>269,087</u>
\$	46,302
	8,982
	1,092
	(7,195)
	<u>(7,603)</u>
	41,578
	<u>194,261</u>
\$	<u>235,839</u>
\$	<u>33,248</u>
	<u>87.64%</u>
\$	<u>199,608</u>
	<u>16.66%</u>

**Broadview Westchester Joint Water Agency, Illinois  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information -  
 Multiyear Schedule of Contributions - Last 10 Fiscal Years\*  
 April 30, 2018**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
<b>2018</b>	<b>\$ 15,394</b>	<b>\$ 15,394</b>	<b>\$ -</b>	<b>\$ 193,589</b>	<b>7.95 %</b>
2017	16,474	16,474	-	200,499	8.22
2016	21,039	21,039	-	199,608	10.54

Notes to Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Wage Growth	3.50%
Inflation	2.75%
Salary Increases	3.75% to 14.50% Including Inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2102). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

\* The Agency adopted GASB 68 in the fiscal year ended April 30, 2015, and will build a ten-year history prospectively.

See independent auditor's report.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**Broadview Westchester Joint Water Agency, Illinois**  
**Schedule of Operating Expenses - Budget and Actual**  
**For the Year Ended April 30, 2018**

	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Salaries and benefits:				
Salaries	\$ 215,980	\$ 215,980	\$ 201,822	\$ 14,158
Employee benefits:				
FICA	16,250	16,250	15,599	651
Unemployment taxes	1,500	1,500	1,132	368
IMRF	20,000	20,000	13,261	6,739
Health/life insurance	70,825	70,825	68,068	2,757
<b>Total salaries and benefits</b>	<b>324,555</b>	<b>324,555</b>	<b>299,882</b>	<b>24,673</b>
Operations:				
Water purchases	4,886,885	4,886,885	5,149,821	(262,936)
Utilities:				
Electric	65,000	65,000	67,806	(2,806)
Cell phone	4,500	4,500	4,357	143
Telephone	7,200	7,200	6,370	830
Heating - 10th Avenue	4,500	4,500	3,740	760
Heating - Cuyler Avenue	1,200	1,200	966	234
<b>Total utilities</b>	<b>82,400</b>	<b>82,400</b>	<b>83,239</b>	<b>(839)</b>
Professional fees:				
Legal fees	40,000	40,000	31,843	8,157
Accounting fees	17,500	17,500	15,900	1,600
Auditing fees	13,000	13,000	9,400	3,600
Engineering fees	60,000	60,000	9,733	50,267
<b>Total professional fees</b>	<b>130,500</b>	<b>130,500</b>	<b>66,876</b>	<b>63,624</b>
Repairs and maintenance:				
Vehicles repairs/replacement	4,000	4,500	2,539	1,961
Laboratory test fees	1,200	1,200	492	708
Chlorine	4,500	4,500	2,471	2,029
Cleaning and paint supplies	1,000	1,000	959	41
Equipment repairs/replacement	44,000	44,000	11,064	32,936
Small tools and spare parts	500	500	381	119

(cont'd)

**Broadview Westchester Joint Water Agency, Illinois**  
**Schedule of Operating Expenses - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2018**

	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Operations (cont'd):				
Repairs and maintenance (cont'd):				
Building repair and maintenance	\$ 6,500	\$ 6,500	\$ 7,244	\$ (744)
Landscaping fees	3,500	3,500	2,627	873
Pump station repairs/replacement	25,000	25,000	-	25,000
Water main repairs	50,000	50,000	-	50,000
Transmission valve service and repair	450,000	450,000	41,997	408,003
Cross connect repairs	5,000	5,000	-	5,000
Calibration and testing	5,500	5,500	1,265	4,235
Meter repair/replacement	20,000	20,000	-	20,000
<b>Total repairs and maintenance</b>	<b>620,700</b>	<b>621,200</b>	<b>71,039</b>	<b>550,161</b>
Other:				
Internet/website	4,000	4,000	4,853	(853)
Office supplies	2,500	2,500	2,724	(224)
Payroll expense	500	500	95	405
Subscriptions/publications	2,700	2,700	1,710	990
Uniform expense	1,500	1,500	654	846
Recording secretary	3,300	3,300	3,300	-
Bank service charges	1,000	1,000	724	276
Regular meeting expense	1,300	1,300	190	1,110
Postage and delivery	275	275	98	177
Dues	400	400	216	184
General liability insurance	31,000	31,000	29,480	1,520
Workers' comp insurance	10,000	10,000	8,568	1,432
Educational training	2,000	2,000	1,918	82
Miscellaneous	1,500	1,000	830	170
<b>Total other</b>	<b>61,975</b>	<b>61,475</b>	<b>55,360</b>	<b>6,115</b>
<b>Total operations</b>	<b>5,782,460</b>	<b>5,782,460</b>	<b>5,426,335</b>	<b>356,125</b>
Depreciation	-	-	140,760	(140,760)
<b>Total operating expenses</b>	<b>\$ 6,107,015</b>	<b>\$ 6,107,015</b>	<b>\$ 5,866,977</b>	<b>\$ 240,038</b>

See independent auditor's report.

**Broadview Westchester Joint Water Agency, Illinois**  
**Long-Term Debt Requirements - IEPA Loan of 2010**  
**April 30, 2018**

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Date of Issue	June 10, 2010
Date of Maturity	August 6, 2034
Authorized Issue	\$ 4,003,169
Interest Rate	2.50%
Interest Dates	August 6 and February 6
Principal Maturity Date	August 6 and February 6
Payable At	Illinois Environmental Protection Agency

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total
2019	\$ 173,058	\$ 77,665	\$ 250,723
2020	177,052	73,671	250,723
2021	181,139	69,584	250,723
2022	185,320	65,403	250,723
2023	189,597	61,126	250,723
2024	193,974	56,749	250,723
2025	198,450	52,273	250,723
2026	203,031	47,692	250,723
2027	207,717	43,006	250,723
2028	212,512	38,211	250,723
2029	217,417	33,306	250,723
2030	222,435	28,288	250,723
2031	227,570	23,153	250,723
2032	232,822	17,901	250,723
2033	238,197	12,526	250,723
2034	243,694	7,029	250,723
2035	123,152	1,413	124,565
	\$ 3,427,137	\$ 708,996	\$ 4,136,133

See independent auditor's report.