BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED APRIL 30, 2011

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Table of Contents

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
27W457 WARRENVILLE ROAD • WARRENVILLE, ILLINOIS 60555-3902
PHONE (630) 393-1483 / FAX (630) 393-2516

INDEPENDENT AUDITORS' REPORT

September 12, 2011

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

We have audited the accompanying basic financial statements of the Broadview Westchester Joint Water Agency, Illinois as of and for the year ended April 30, 2011, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Broadview Westchester Joint Water Agency, Illinois' management. Our responsibility is to express opinions 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Broadview Westchester Joint Water Agency, Illinois as of April 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The other required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The financial information listed as supplemental schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Broadview Westchester Joint Water Agency, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT DISCUSSION AND ANALYSIS

BROADVIEW WESTCHESTER JOINT WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

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 assets increased by $458,109 in 2011. In 2010, the net increase was $218,957. The total increase for the two years was $677,066 to create ending net assets of 4,427,133.
- The operating revenues were $122,819 over budget, while expenses were $368,607 under budget.
- As of April 30, 2011, the Agency maintained $1,462,534 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 assets presents information on all of the Agency's assets and liabilities with the difference between the two reported as net assets. Over time, increases in net assets 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.

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 Assets

	2011	2010
Capital Assets, net of depreciation	$2,389,322	$2,328,667
Current and other assets	2,239,593	1,844,092
Total Assets	4,628,918	4,172,759
Other liabilities	$201,782	$203,735
Total Liabilities	201,782	203,735
Invested in Capital Assets	$2,389,322	$2,328,667
Unrestricted Net Assets	2,037,811	1,640,357
Total Net Assets	4,427,133	3,969,024

Table 2 – Condensed Statement of Changes in Net Assets

	2011		2010	
Operations				
Sale of Water	$3,693,327	100%	$3,428,098	100%
Total Operating Revenues	3,693,327	100%	3,428,098	100%
Operating Expenses				
Source of Water	$2,648,295	81%	$2,460,912	76%
Repairs and maintenance	60,238	1%	130,425	4%
Administration	468,711	14%	550,080	17%
Depreciation	77,077	2%	88,515	3%
Total Operating Expenses	3,254,321	100%	3,229,932	100%
Non-operating Income				
Interest Income	7,719		20,791	
Other Income	11,384		-	
Increase/(Decrease) in Net Assets	$458,109		$218,957	

In the current year, revenues increased by 7.7 percent. This increase was due primarily to an increase in water rates of approximately 15% with a reduction in water purchased by the users of the system. Non operating revenues continue to decline due to recessionary situations.

The total expenses for the Agency increased by $24,389 over 2010. This increase was due to the increase in the water rates from the City of Chicago and a corresponding decrease in the administrative costs of the Agency.

Budgetary Highlights

There were no amendments to the 2011 budget. For the current year, revenue received was below budget by $122,819. This shortfall was due to a decrease in water sales for the year. The Agency spent $368,607 less than was budgeted for operating expenses. The Agency had projected to incur long-term debt for the building of the new water facility. The debt had not been issued and therefore we do not have the $375,000 in debt service payment. Without this, the Agency was over budget by $6,393. This was due to an increase in salaries and benefits and water costs and an under spending as it relates to improvements on the system.

Capital Assets

By the end of 2011, the Agency had invested $2.4 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 3.

In the current year, the Agency worked on improvements to the system and work on engineering for their 10th Avenue Project. To total depreciation expense for the year was $77,077.

Long-Term Debt

The Agency does not have long-term debt as of the issuance of this report.

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. As with any municipal 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 all costs of the Agency.

The Agency has taken proactive measures to improve its financial and operational performance. The Agency has identified the following factors which may impact its future performance:

- The deteriorating pump station at 10th Avenue requires replacement. The Agency has obtained architectural drawings for the new pump station to be built on the same property.
- The Agency has received preliminary approval by the IEPA for funding of the building of the 10th Avenue Station and the generator upgrade to the Cuyler Station.
- Continued upgrades are being made to both the 10th Avenue Station and the Cuyler Station to provide the maximum efficiency in providing service to the customers.

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. 10th Avenue, Broadview, Illinois 60155.

BASIC FINANCIAL STATEMENTS

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Statement of Net Assets
April 30, 2011

ASSETS

Current Assets	
Cash and Investments	$ 1,462,534
Receivable - Members	616,307
Receivable - Customers	140,938
Prepaids	19,814
Total Current Assets	2,239,593
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	945,074
Depreciable Capital Assets	4,478,115
Less Accumulated Depreciation	(3,033,867)
Total Noncurrent Assets	2,389,322
Total Assets	4,628,915

LIABILITIES

Current Liabilities	
Accrued Payroll	6,576
Accounts Payable	195,206
Total Current Liabilities	201,782

NET ASSETS

Net Assets	
Invested in Capital Assets	2,389,322
Unrestricted	2,037,811
Total Net Assets	4,427,133

The notes to the financial statements are an integral part of this statement.

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
Operating Revenues			
Water Sales	$ 3,816,146	3,816,146	3,693,327
Total Operating Revenues	3,816,146	3,816,146	3,693,327
Expenses			
Operations	3,622,928	3,622,928	3,177,244
Depreciation	-	-	77,077
Total Operating Expenses	3,622,928	3,622,928	3,254,321
Operating Income	193,218	193,218	439,006
Nonoperating Revenues			
Interest Income	5,800	5,800	7,719
IEPA Grants	800,000	800,000	-
Other Income	4,500,000	4,500,000	11,384
	5,305,800	5,305,800	19,103
Change in Net Assets	5,499,018	5,499,018	458,109
Net Assets			
Beginning			3,969,024
Ending			4,427,133

The notes to the financial statements are an integral part of this statement.

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Statement of Cash Flows
Year Ended April 30, 2011

Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 3,462,835
Payment to Employees	(233,778)
Payment to Suppliers	(2,945,419)
	283,638
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(137,732)
Cash Flows from Investing Activities	
Interest Received	7,719
Cash Flows from Nonoperating Activities	
Other Income	11,384
Net Change in Cash and Cash Equivalents	165,009
Cash and Cash Equivalents	
Beginning	1,297,525
Ending	1,462,534
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	439,006
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	77,077
(Increase) Decrease in Current Assets	(230,492)
Increase (Decrease) in Current Liabilities	(1,953)
Net Cash Provided by Operating Activities	283,638

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Broadview Westchester Joint Water Agency, Illinois (the "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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. The more significant of the Agency's accounting policies established in GAAP and used by the Agency are described below.

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.

BASIS OF PRESENTATION

In the Statement of Net Assets, the Agency's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term obligations.

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 financial 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

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.

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 assets, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are reported at fair value, which is based on quoted market prices for the same or similar investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Prepaids

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

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 market value at the date of donation. Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:

Infrastructure	50 Years
Buildings	20 – 50 Years
Machinery and Equipment	5 – 15 Years
Land Improvements	20 Years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Net Assets

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

> Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Unrestricted net assets – All other net assets that do not meet the definition of "invested in capital assets, net of related debt."

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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.

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS

DUE FROM MEMBERS

At April 30, 2011, the Agency has the following amounts receivable from member agencies:

Member	Amount
Village of Broadview	$ 210,445
Village of Westchester	405,862
Total	616,307

ACCOUNTS RECEIVABLE

At April 30, 2011, the Agency had the following amounts receivable from customers:

Member	Amount
U.S. Veterans Administration	$ 60,300
Loyola Hospital	76,632
Madden Mental Health Center	5,499
Less Allowances	(1,493)
Total	140,938

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.

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

DEPOSITS AND INVESTMENTS – Continued

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. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Agency's deposits totaled $364,274 and the bank balances totaled $369,560. The Agency also has $65 invested in the Illinois Funds and $1,098,195 in IMET at year end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency invests its funds in an 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. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency limits its exposure to credit risk by primarily investing U.S. Treasury obligations and external investment pools. The Agency's investments in the Illinois Funds and IMET are rated AAA by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a formal investment policy regarding custodial credit risk for deposits. At year end, $119,560 of the bank balance of deposits was not 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.

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

The Agency does not have a formal investment policy regarding custodial credit risk for investments. At April 30, 2011, 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, 2011, the Agency has over 75% of net plan assets invested in IMET.

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Additions	Deletions	Ending Balances
Nondepreciable Capital Assets				
Land	$ 588,155	-	-	588,155
Construction in Progress	300,931	67,890	11,902	356,919
	889,086	67,890	11,902	945,074
Depreciable Capital Assets				
Infrastructure	3,396,531	-	-	3,396,531
Buildings	476,000	-	-	476,000
Machinerty and Equipment	398,032	81,744	-	479,776
Land Improvements	125,808	-	-	125,808
	4,396,371	81,744	-	4,478,115
Less Accumulated Depreciation				
Infrastructure	2,261,625	44,701	-	2,306,326
Buildings	331,041	7,854	-	338,895
Machinerty and Equipment	304,471	18,592	-	323,063
Land Improvements	59,653	5,930	-	65,583
	2,956,790	77,077	-	3,033,867
Depreciable Capital Asses, Net	1,439,581	4,667	-	1,444,248
Capital Assest, Net	2,328,667	72,557	11,902	2,389,322

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

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 $15.00 per 1,000 cubic feet). 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.

SIGNIFICANT CUSTOMERS

The Agency recognized revenue from the following members and significant customers during the fiscal year ended April 30, 2011.

Member/Significant Customer	Revenues	Percentage
Village of Westchester	$ 1,618,303	44%
Village of Broadview	1,081,681	30%
Loyola Hospital	575,041	16%
U.S. Veterans Administrations	389,031	11%

NOTE 4 – OTHER INFORMATION

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 no exceeded insurance coverage for the current or prior year (from inception).

CONTINGENT LIABILITIES

Litigation

The Agency is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Agency's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency.

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Plan Descriptions, Provisions and Funding Policies

The Agency contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit 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 Illinois Pension Code establishes the benefit provisions of the plan; those provisions can only be amended by the Illinois General Assembly. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

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 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 for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 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 $106,800 at January 1, 2011. 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. These benefit provisions and all other requirements are established by state statute. 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 rate for calendar year 2010 used by the employer was 11.38 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 8.52 percent.

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funding Policy and Annual Pension Cost

For December 31, 2010, the Agency's actual contributions for pension cost were $17,027. The Agency's required contribution was $12,748. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year, depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. IMRF's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

Fiscal Year		Annual Pension Cost	Percentage of APC Contributed		Net Pension Obligation
2011	$	12,748	100.00	%	None
2010		15,527	100.00		None
2009		-	100.00		None

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funded Status and Funding Progress

The Agency's funded status for the current year and related information for the plan is as follows:

	Illinois Municipal Retirement
Actuarial Valuation Date	12/31/10
Percent Funded	39.06%
Actuarial Accrued Liability for Benefits	$111,267
Actuarial Value of Assets	$43,458
Over (Under) Funded Actuarial Accrued Liability (UAAL)	($67,809)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	$149,622
Ratio of UAAL to Covered Payroll	45.32%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Agency has evaluated its potential other postemployment 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. Therefore, 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 Postemployment Benefits Other Than Pensions.* Additionally, the Agency had no former employees for which the Agency was providing and explicit subsidy and no current employees with agreements for future explicit subsidies upon retirements. Therefore, the Agency has not recorded any postemployment benefit liability as of April 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2011

Funding Progress

Actuarial Valuation Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009*	$ 20,752	$ 84,872	24.45%	$ 64,120	$ 136,442	46.99%
2010	43,458	111,267	39.06%	67,809	149,622	45.32%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009*	$ 5,272	$ 5,272	100.00%
2010	16,911	16,911	100.00%
2011	12,748	12,748	100.00%

*The Agency began participating in IMRF beginning February 2009.

SUPPLEMENTAL SCHEDULES

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Schedule of Operating Expenses
Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
Salaries and Benefits			
Salaries	$ 150,000	150,000	163,115
Employee Benefits			
FICA	11,475	11,475	11,363
Unemployment Taxes	2,129	2,129	1,357
IMRF	15,591	15,591	18,300
Health/Life Insurance	43,812	43,812	39,643
Total Salaries and Benefits	223,007	223,007	233,778
Operations			
Water Purchases	2,609,381	2,609,381	2,648,295
Utilities			
Electric	420	420	73,623
Meter - Garfield	300	300	-
Cell Phone	1,260	1,260	2,158
Telephone - 343-5599	1,020	1,020	1,346
Telephone - 848-9706	540	540	315
Telephone - Z53-0066	1,134	1,134	1,091
Telephone - Z53-1129	2,268	2,268	2,283
Telephone - Z53-0353	1,134	1,134	1,966
Telephone - Z53-0177	1,134	1,134	1,633
Telephone - R06-3117	1,676	1,676	1,669
Heating - 10th Ave	1,300	1,300	1,987
Heating - Cuyler Ave	1,000	1,000	2,171
Total Utilities	13,186	13,186	90,242
Professional Fees			
Bond Consultants	65,000	65,000	525
Legal Fees	30,000	30,000	28,331
Accounting Fees	15,600	15,600	17,069
Auditing Fees	7,000	7,000	10,325
Engineering Services	35,000	35,000	42,048
Total Professional Fees	152,600	152,600	98,298
Repairs and Maintenance			
Vehicle	861	861	1,568
Laboratory Test Fees	790	790	544
Chlorine	4,700	4,700	3,375
Cleaning and Paint Supplies	200	200	731

BROADVIEW WESTCHESTER JOINT WATER AGENCY, ILLINOIS

Schedule of Operating Expenses - Continued
Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
Operations - Continued			
Repairs and Maintenance - Continued			
Equipment Repairs/Replacement	$ 135,500	135,500	10,612
Small Tools and Spare Parts	100	100	291
Building Repair and Maintenance	10,000	10,000	11,806
Pump Station Repairs/Replacement	8,000	8,000	3,497
Water Main Repairs	30,000	30,000	16,450
Transmission Valve Service and Repair	5,000	5,000	2,400
Cross Connect Repairs	1,000	1,000	7,714
Calibration and Testing	1,000	1,000	1,250
Meter Replace/Replacement	5,000	5,000	-
Total Repairs and Maintenance	202,151	202,151	60,238
Other			
Internet/Website	1,052	1,052	2,042
Office Supplies	2,500	2,500	1,521
Payroll Expense	100	100	440
Subscriptions/Publications	6,150	6,150	3,194
Recording Secretary	3,600	3,600	2,125
Bank Service Charges	50	50	244
Regular Meeting Expense	600	600	277
Postage & Delivery	270	270	148
Dues	300	300	182
General Liability Insurance	21,483	21,483	21,400
Workers Comp Insurance	9,998	9,998	9,446
Miscellaneous	1,500	1,500	5,374
Bond Payments	375,000	375,000	-
Capital Outlay	5,300,000	5,300,000	137,732
Total Other	5,722,603	5,722,603	184,125
Less: Capital Assets Capitalized	(5,300,000)	(5,300,000)	(137,732)
Total Other	422,603	422,603	46,393
Total Operations	3,622,928	3,622,928	3,177,244
Depreciation	-	-	77,077
Total Operating Expenses	3,622,928	3,622,928	3,254,321