



# DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642  
(630) 834-0100 Fax: (630) 834-0120

## AGENDA

**FINANCE COMMITTEE**  
**THURSDAY, NOVEMBER 11, 2004**  
**7:00 P.M.**

**600 EAST BUTTERFIELD ROAD**  
**ELMHURST, IL 60126**

## COMMITTEE MEMBERS

A. Poole, Chair  
T. Feltes  
G. Mathews  
J. Vrdolyak

- I. Roll Call
- II. Approval of Minutes for Committee Meeting of October 14, 2004
- III. Treasurer's Report – October, 2004
- IV. Financial Statements –October, 2004
- V. Cash and Investment Review - May 1 through August 31, 2004
- VI. Resolution No. R-68-04: A Resolution Appointing Authorized Broker/Dealers of Securities
- VII. Accounts Payable

Board\Agendas\FC 2004-11.doc

All visitors must present a valid drivers license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DuPAGE WATER COMMISSION  
HELD ON OCTOBER 14, 2004**

The meeting was called to order at 9:30 A.M. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, Commissioner T. Feltes, Commissioner G. Mathews and Commissioner J. Vrdolyak. Also in attendance: Treasurer R. Thorn, Insurance Broker J. Mochel and Financial Administrator C. Pattelli.

**MINUTES OF MEETING – September 9, 2004**

Motion by Commissioner Feltes, seconded by Commissioner Vrdolyak, to approve the minutes of the September 9, 2004 Finance Committee meeting. This motion carried unanimously.

**MINUTES OF MEETING – October 7, 2004**

Motion by Commissioner Mathews, seconded by Commissioner Feltes, to approve the minutes of the October 7, 2004 Finance Committee meeting. This motion carried unanimously.

**TREASURER'S REPORT – SEPTEMBER, 2004**

Treasurer Thorn presented the September, 2004 Treasurer's Report for Committee review. Motion by Commissioner Feltes to recommend acceptance of the report by the full Commission at its meeting of October 14, 2004. This motion carried unanimously.

**FINANCIAL STATEMENTS - SEPTEMBER, 2004**

The Committee reviewed the September, 2004 financial statements. After a brief discussion, the Committee accepted the financial statements for September, 2004.

**ACCOUNTS PAYABLE**

The Committee reviewed the accounts payable in the amount of \$5,908,929.40. After a brief discussion, the Committee voted to recommend approval of the accounts payable at the October 14, 2004 Commission meeting.

**INSURANCE RENEWAL**

Staff recommended purchasing property and liability insurance coverage in accordance with the October 7, 2004, Insurance Proposal prepared by Arthur J. Gallagher Risk Management Services, Inc., for a total premium of \$700,605. The proposed premium represents an increase in coverage from the prior year and an \$117,901 reduction in cost. The Committee discussed the need to purchase additional Above-Ground Property Excess Flood and Quake insurance and additional Excess Underground Property insurance. Given the increased coverage in the proposed renewal, staff, commissioners and insurance broker J. Mochel felt

these additional coverages were not necessary. The Committee will recommend approval of this action at the October 14, 2004 Commission meeting.

### **FIXED ASSET CONSULTING SERVICES**

Staff recommended to accept the October 6, 2004, Fixed Asset Consulting Services Proposal prepared by Government Fixed Asset Services, Inc., for a cost not-to-exceed \$9,000. The Committee will recommend approval of this action at the October 14, 2004 Commission meeting.

### **RESOLUTION R-55-04: A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF TYLER TECHNOLOGIES, INC.- INCODE DIVISION (INTERACTIVE COMPUTER DESIGNS, INC.) SYSTEM AGREEMENT FOR FINANCIAL APPLICATION SOFTWARE AND ASSOCIATED SERVICES**

After a brief discussion, the Committee reviewed and recommended approval of the above resolution R-55-04 by the full Commission at its October 14, 2004 meeting.

### **FY 2003-2004 AUDIT REPORT**

Financial Administrator Pattelli asked if there were any additional questions related to the FY2003-2004 audit report. There were none.

### **ADJOURNMENT**

With no further business to come before the Committee, the meeting was adjourned at 10:00 A.M.



# DuPage Water Commission

## MEMORANDUM

TO: Robert Martin, General Manager

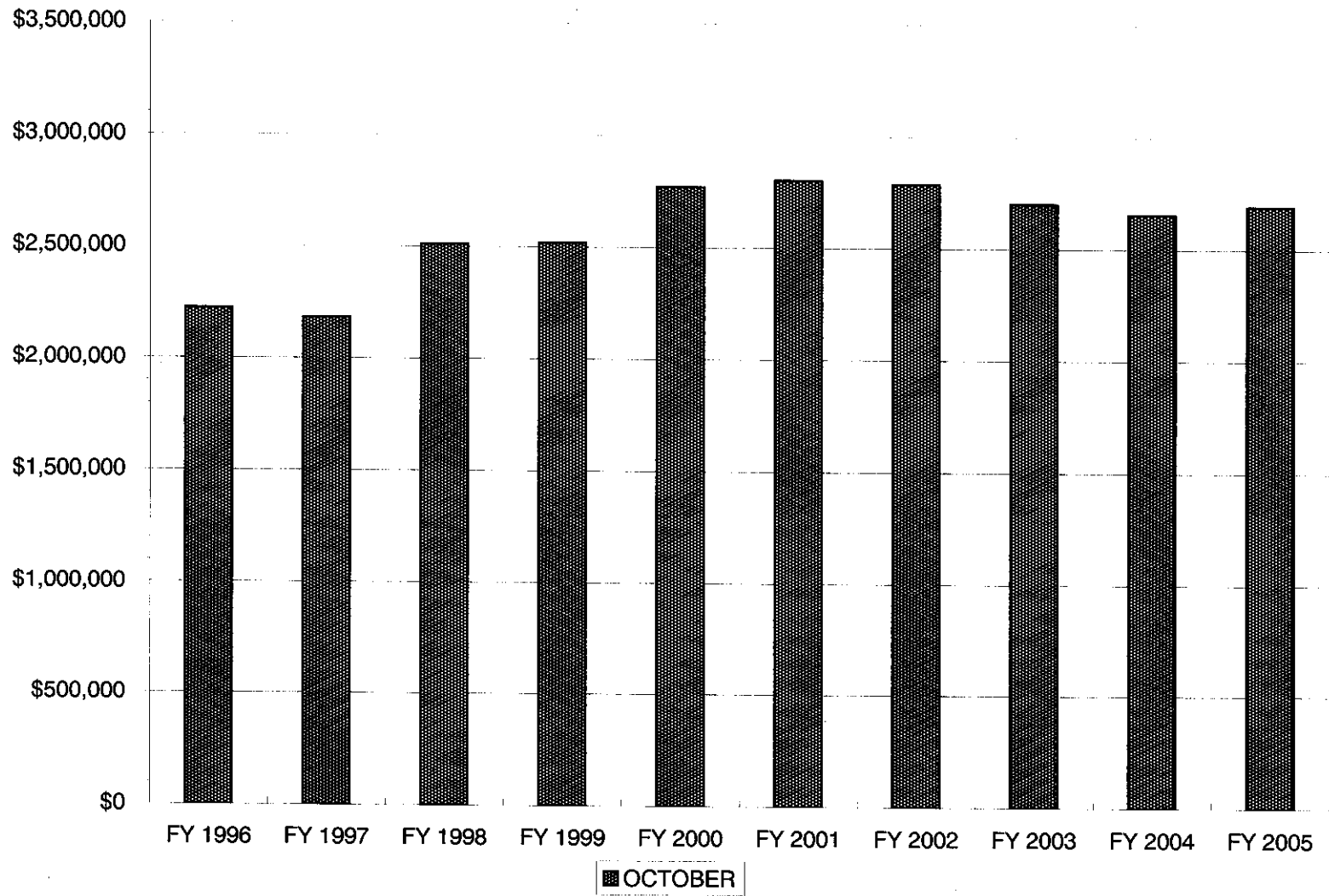
FROM: Cheryl Pattelli, Financial Administrator

DATE: November 4, 2004

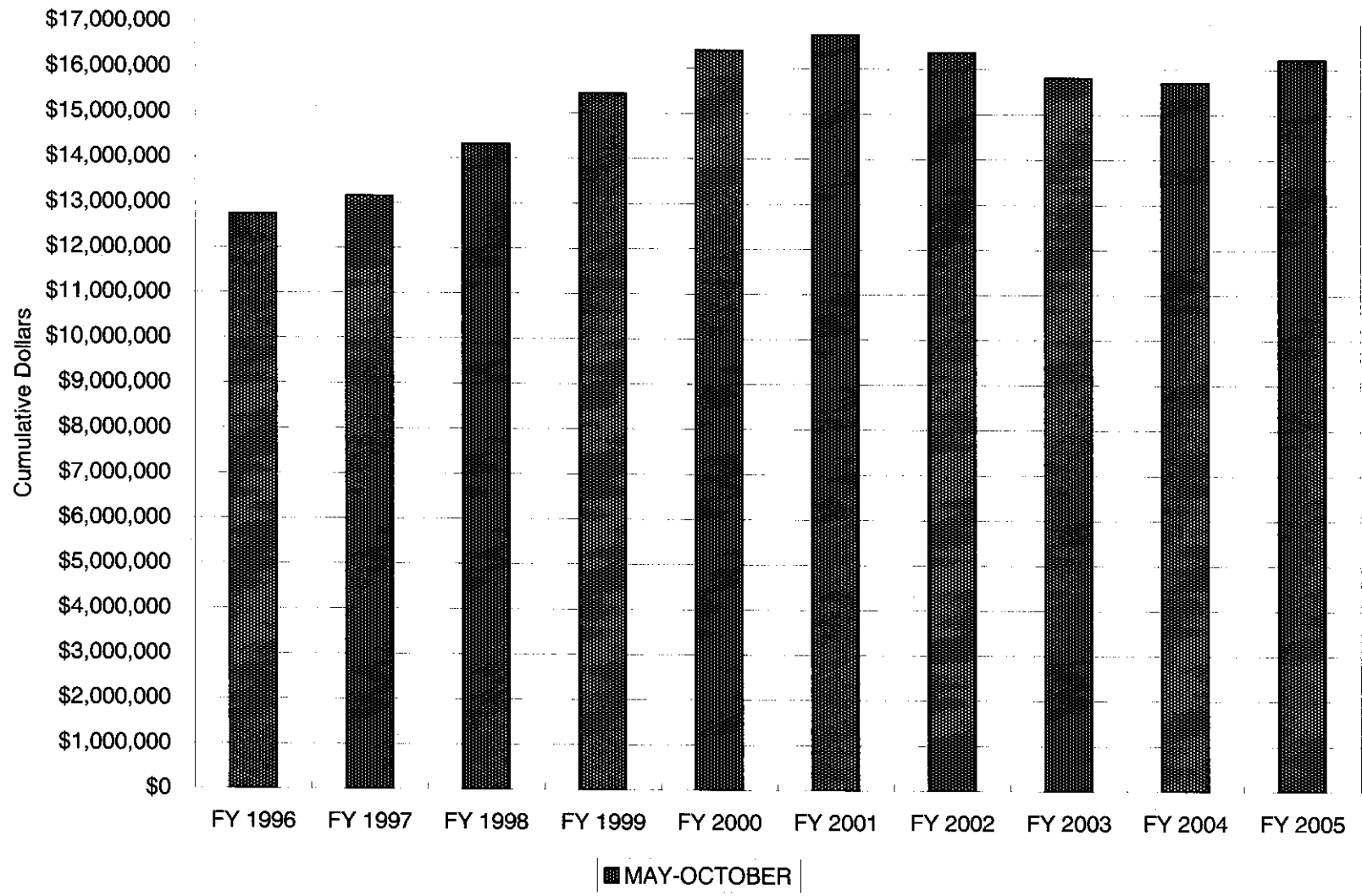
SUBJECT: Financial Report – October, 2004

- Water sales are under budget because of cool, wet weather in the spring and summer. Year-to-date water sales are \$1,895,185 less than budget, or 92.8% of budget. Actual year-to-date water sales are up \$639,536 from last year because of strong sales in September and October 2004. Prior to September, water sales were about equal to last year because cool, wet weather slowed last year's spring and summer sales as well. As a result of slow water sales, overall direct water supply costs are also less than budget this year. Year-to-date water costs are \$2,656,058 less than budget, or 90.3% of budget.
- Water revenue collections in October were less than October 2003 because of the timing of August water bill payments. A few customers paid their September 2004 bill in November this year, rather than October.
- Bond Issue Proceeds, along with Bond Principal & Interest Expenses, are substantially less than last year because of the 2003 refunding of the water revenue bonds.
- October sales tax cash collections (July sales) were \$66,054 (2.5%) more than the same period last fiscal year. Year-to-date sales tax collections are \$547,533 (3.5%) more than last fiscal year.
- Market yields rose 0.18% from last month causing a minor decrease in the market value of investments already held in the Commission's portfolio. There is an inverse relationship between market yields and market values of investments because investors are unwilling to pay as much for an investment that yields greater returns.
- Investment income is below budget because of rising interest rates and lower than budgeted cash and investment balances. The reason recorded investment income can be adversely affected by rising interest rates relates to GASB Statement 31, an accounting pronouncement that requires investments be reported at fair market value. When interest rates rise, the market value of an investment falls. The accounting entry made to report the decline in market value is to decrease both the investment and the investment income. The decrease in investment income is merely an accounting transaction; the Commission still earns the rate stated for that particular investment.
- Personnel costs are below budget (84.7% of budget) due to position vacancies. Actual year-to-date personnel costs are down \$1,522,808 from last year mainly because of the IMRF buyback made in July 2003. The Commission picked up 60% to 100% (\$1.4 million unbudgeted) of the employee required contributions to establish IMRF service to the beginning of employment.
- Professional service expenses are below budget because Greenberg Traurig has not billed the Commission since June. The contract with Greenberg Traurig was terminated at the September Board meeting. In addition, the accounting consulting services are not being utilized at the rate that was anticipated.
- Insurance costs are below budget (50.6% of budget) because no claims have been paid against the budgeted \$1 million property loss deductible.
- Commission's investment portfolio totaled \$168.8 million on October 31<sup>st</sup>, compared to \$166.0 million last month. The increase can be attributed to positive net fund transactions during the month. The portfolio earned approximately 2.18% based on market yield and on original purchase price.

**DuPage Water Commission  
Sales Tax Collected - Current Month**



# **DuPage Water Commission Sales Tax Collections - Year to Date**



ASSETS	TOTAL WATER FUND (ALL ACCOUNTS)	WATER FUND DEPOSITORY ACCOUNTS	OPER & MAINT ACCOUNT	REVENUE BOND		REVENUE BOND		OPER & MAINT RESERVE ACCOUNT	DEPRECIATION ACCOUNT	GENERAL ACCOUNT
				INTEREST ACCOUNT	PRINCIPAL ACCOUNT	DEBT SERVICE RESERVE ACCOUNT				
CASH	1,135,847.32	1,121,951.60	13,895.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INVESTMENTS	168,830,530.75	1,803,900.14	11,922,952.30	3,180,957.08	3,929,030.04	0.00	11,024,906.43	6,269,910.63	130,698,874.13	
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	5,909,526.02	5,909,526.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,201,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,201,000.00
ACCOUNTS RECEIVABLE-OTHER	111,112.73	111,112.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	539,777.95	0.00	0.00	28,539.84	32,175.20	0.00	0.00	0.00	0.00	479,062.91
INVENTORIES & PREPAIDS	237,636.63	237,636.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	426,265,090.44	426,265,090.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	32,789,157.39	32,789,157.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(75,714,963.89)	(75,714,963.89)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	868,166.47	868,166.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	5,221,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,221,700.00
<b>TOTAL ASSETS</b>	<b>573,394,581.81</b>	<b>393,391,577.53</b>	<b>11,936,848.02</b>	<b>3,209,496.92</b>	<b>3,961,205.24</b>	<b>0.00</b>	<b>11,024,906.43</b>	<b>6,269,910.63</b>	<b>143,600,637.04</b>	
<b>LIABILITIES &amp; EQUITY</b>										
ACCOUNTS PAYABLE	4,924,085.23	0.00	4,924,085.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	216,217.29	0.00	216,217.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000,000.00
BONDS PAYABLE CURRENT	17,140,000.00	3,940,000.00	0.00	0.00	3,940,000.00	0.00	0.00	0.00	0.00	9,260,000.00
ACCRUED INTEREST	3,847,660.42	0.00	0.00	3,203,968.75	0.00	0.00	0.00	0.00	0.00	643,691.67
ACCRUED LIABILITIES	482,481.04	0.00	482,481.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	838,099.72	0.00	838,099.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	2,925,851.74	2,925,851.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	181,500,139.65	181,500,139.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRANTS PAYABLE LONG TERM	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000,000.00
<b>TOTAL LIABILITIES</b>	<b>256,874,535.09</b>	<b>188,365,991.39</b>	<b>6,460,883.28</b>	<b>3,203,968.75</b>	<b>3,940,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>54,903,691.67</b>
<b>NET ASSETS</b>										
UNRESTRICTED FUNDS (R-14-04)										
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	11,700,000.00	0.00	(0.01)	0.00	0.00	0.00	72,976.93	1,269,910.63	10,357,112.45	
RESERVED FOR WATER RATE STABILIZATION	46,070,765.18	6,258,275.38	0.00	0.00	0.00	0.00	0.00	0.00	39,812,489.80	
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	21,165,548.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,165,548.03	
<b>TOTAL UNRESTRICTED OPERATING NET ASSETS</b>	<b>78,936,313.21</b>	<b>6,258,275.38</b>	<b>(0.01)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>72,976.93</b>	<b>1,269,910.63</b>	<b>71,335,150.28</b>	
UNRESTRICTED NON-OPERATING NET ASSETS										
WATER QUALITY LOANS RESERVE	9,937,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,937,000.00	
IMRF PRIOR SERVICE PENSION COST RESERVE	2,605,192.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,605,192.00	
<b>TOTAL UNRESTRICTED NON-OPERATING NET ASSETS</b>	<b>12,542,192.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12,542,192.00</b>	
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>91,478,505.21</b>	<b>6,258,275.38</b>	<b>(0.01)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>72,976.93</b>	<b>1,269,910.63</b>	<b>83,877,342.28</b>	
RESTRICTED BY ORDINANCE/RESOLUTION	26,274,230.75	0.00	5,475,964.75	5,528.17	21,205.24	0.00	10,951,929.50	5,000,000.00	4,819,603.09	
INVESTED IN PROPERTY PLANT AND EQUIPMENT	198,767,310.76	198,767,310.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>TOTAL NET ASSETS</b>	<b>316,520,046.72</b>	<b>205,025,586.14</b>	<b>5,475,964.74</b>	<b>5,528.17</b>	<b>21,205.24</b>	<b>0.00</b>	<b>11,024,906.43</b>	<b>6,269,910.63</b>	<b>88,696,945.37</b>	
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>573,394,581.81</b>	<b>393,391,577.53</b>	<b>11,936,848.02</b>	<b>3,209,496.92</b>	<b>3,961,205.24</b>	<b>0.00</b>	<b>11,024,906.43</b>	<b>6,269,910.63</b>	<b>143,600,637.04</b>	

a - ESTABLISHED AT 2% OF ORIGINAL CONSTRUCTION COSTS AS OF JULY 31, 2003; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

ASSETS	TOTAL GENERAL ACCOUNT	WATER FUND SUBACCOUNT	SALES TAXES SUBACCOUNT	GO BOND DEBT SERVICE SUBACCOUNT
CASH	0.00	0.00	0.00	0.00
INVESTMENTS	130,698,874.13	56,132,085.06	63,443,309.48	11,123,479.59
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,201,000.00	0.00	7,201,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	479,062.91	173,437.50	277,794.74	27,830.67
INVENTORIES & PREPAIDS	0.00	0.00	0.00	0.00
FIXED ASSETS	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	5,221,700.00	0.00	5,221,700.00	0.00
<b>TOTAL ASSETS</b>	<b>143,600,637.04</b>	<b>56,305,522.56</b>	<b>76,143,804.22</b>	<b>11,151,310.26</b>
<b>LIABILITIES &amp; EQUITY</b>				
ACCOUNTS PAYABLE	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	0.00	15,000,000.00	0.00
BONDS PAYABLE CURRENT	9,260,000.00	0.00	0.00	9,260,000.00
ACCRUED INTEREST	643,691.67	0.00	0.00	643,691.67
ACCRUED LIABILITIES	0.00	0.00	0.00	0.00
CONTRACT RETENTION	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	0.00	0.00	0.00	0.00
GRANTS PAYABLE LONG TERM	30,000,000.00	0.00	30,000,000.00	0.00
<b>TOTAL LIABILITIES</b>	<b>54,903,691.67</b>	<b>0.00</b>	<b>45,000,000.00</b>	<b>9,903,691.67</b>
<b>NET ASSETS</b>				
UNRESTRICTED FUNDS (R-14-04)				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	10,357,112.45	10,357,112.45	0.00	0.00
RESERVED FOR WATER RATE STABILIZATION	39,812,489.80	39,812,489.80	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	21,165,548.03	3,530,728.31	17,634,819.72	0.00
<b>TOTAL UNRESTRICTED OPERATING NET ASSETS</b>	<b>71,335,150.28</b>	<b>53,700,330.56</b>	<b>17,634,819.72</b>	<b>0.00</b>
UNRESTRICTED NON-OPERATING NET ASSETS				
WATER QUALITY LOANS RESERVE (R-32-02)	9,937,000.00	0.00	9,937,000.00	0.00
IMRF PRIOR SERVICE PENSION COST RESERVE (R-18-04)	2,605,192.00	2,605,192.00	0.00	0.00
<b>TOTAL UNRESTRICTED NON-OPERATING NET ASSETS</b>	<b>12,542,192.00</b>	<b>2,605,192.00</b>	<b>9,937,000.00</b>	<b>0.00</b>
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>83,877,342.28</b>	<b>56,305,522.56</b>	<b>27,571,819.72</b>	<b>0.00</b>
RESTRICTED BY ORDINANCE/RESOLUTION	4,819,603.09	0.00	3,571,984.50	1,247,618.59
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>88,696,945.37</b>	<b>56,305,522.56</b>	<b>31,143,804.22</b>	<b>1,247,618.59</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>143,600,637.04</b>	<b>56,305,522.56</b>	<b>76,143,804.22</b>	<b>11,151,310.26</b>



DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - CURRENT FISCAL YEAR CHANGES- SECOND QUARTER  
October 31, 2004

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	October 31, 2004 TOTAL WATER FUND (ALL ACCOUNTS)	April 30, 2004 TOTAL WATER FUND (ALL ACCOUNTS)	CHANGE FISCAL YEAR INCREASE (DECREASE)
<b>ASSETS</b>			
CASH	1,135,847.32	833,600.65	302,246.67
INVESTMENTS	168,830,530.75	188,206,036.54	(19,375,505.79)
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	5,909,526.02	5,114,717.12	794,808.90
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,201,000.00	7,201,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	111,112.73	253,425.21	(142,312.48)
INTEREST RECEIVABLE	539,777.95	803,821.05	(264,043.10)
INVENTORIES & PREPAIDS	237,636.63	759,502.74	(521,866.11)
FIXED ASSETS	426,265,090.44	426,265,090.44	0.00
CONSTRUCTION IN PROGRESS	32,789,157.39	22,922,642.70	9,866,514.69
LESS: ACCUMULATED DEPRECIATION	(75,714,963.89)	(72,525,199.39)	(3,189,764.50)
DEFERRED WATER SUPPLY CONTRACT COST	868,166.47	4,611,512.44	(3,743,345.97)
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	5,221,700.00	3,971,700.00	1,250,000.00
<b>TOTAL ASSETS</b>	<b>573,394,581.81</b>	<b>588,417,849.50</b>	<b>(15,023,267.69)</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	4,924,085.23	3,638,626.60	1,285,458.63
ACCRUED PAYROLL & TAXES	216,217.29	233,323.99	(17,106.70)
DUE TO OTHER FUNDS	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	15,000,000.00	0.00
BONDS PAYABLE CURRENT	17,140,000.00	19,615,000.00	(2,475,000.00)
ACCRUED INTEREST	3,847,660.42	4,581,570.45	(733,910.03)
ACCRUED LIABILITIES	482,481.04	410,515.01	71,966.03
CONTRACT RETENTION	838,099.72	1,239,995.77	(401,896.05)
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	2,925,851.74	2,996,733.10	(70,881.36)
LONG TERM BONDS PAYABLE	181,500,139.65	189,849,875.75	(8,349,736.10)
GRANTS PAYABLE LONG TERM	30,000,000.00	45,000,000.00	(15,000,000.00)
<b>TOTAL LIABILITIES</b>	<b>256,874,535.09</b>	<b>282,565,640.67</b>	<b>(25,691,105.58)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	11,700,000.00	11,700,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	46,070,765.18	44,223,355.59	1,847,409.59
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	21,165,548.03	14,282,479.98	6,883,068.05
<b>TOTAL UNRESTRICTED OPERATING NET ASSETS</b>	<b>78,936,313.21</b>	<b>70,205,835.57</b>	<b>8,730,477.64</b>
UNRESTRICTED NON-OPERATING NET ASSETS			
WATER QUALITY LOANS RESERVE	9,937,000.00	9,937,000.00	0.00
IMRF PRIOR SERVICE PENSION COST RESERVE	2,605,192.00	2,605,192.00	0.00
<b>TOTAL UNRESTRICTED NON-OPERATING NET ASSETS</b>	<b>12,542,192.00</b>	<b>12,542,192.00</b>	<b>0.00</b>
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>91,478,505.21</b>	<b>82,748,027.57</b>	<b>8,730,477.64</b>
RESTRICTED BY ORDINANCE/RESOLUTION	26,274,230.75	31,680,010.82	(5,405,780.07)
INVESTED IN PROPERTY PLANT AND EQUIPMENT	198,767,310.76	191,424,170.44	7,343,140.32
<b>TOTAL NET ASSETS</b>	<b>316,520,046.72</b>	<b>305,852,208.83</b>	<b>10,667,837.89</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>573,394,581.81</b>	<b>588,417,849.50</b>	<b>(15,023,267.69)</b>

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF MAY 1, 1992; AMENDED TO 2% OF ORIGINAL CONSTRUCTION COSTS AS OF JULY 31, 2003; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - COMPARISON TO PRIOR FISCAL YEAR  
October 31, 2004

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	October 31, 2004 TOTAL WATER FUND (ALL ACCOUNTS)	October 31, 2003 TOTAL WATER FUND (ALL ACCOUNTS)	INCREASE (DECREASE) VS PRIOR FISCAL YEAR
<b>ASSETS</b>			
CASH	1,135,847.32	1,001,614.00	134,233.32
INVESTMENTS	168,830,530.75	184,146,781.06	(15,316,250.31)
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	5,909,526.02	5,320,912.72	588,613.30
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,201,000.00	7,170,000.00	31,000.00
ACCOUNTS RECEIVABLE-OTHER	111,112.73	253,089.93	(141,977.20)
INTEREST RECEIVABLE	539,777.95	1,099,016.57	(559,238.62)
INVENTORIES & PREPAIDS	237,636.63	626,241.31	(388,604.68)
FIXED ASSETS	426,265,090.44	428,902,703.80	(2,637,613.36)
CONSTRUCTION IN PROGRESS	32,789,157.39	19,740,890.52	13,048,266.87
LESS: ACCUMULATED DEPRECIATION	(75,714,963.89)	(69,368,907.37)	(6,346,056.52)
DEFERRED WATER SUPPLY CONTRACT COST	868,166.47	8,093,577.91	(7,225,411.44)
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	5,221,700.00	500,000.00	4,721,700.00
<b>TOTAL ASSETS</b>	<b>573,394,581.81</b>	<b>587,485,920.45</b>	<b>(14,091,338.64)</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	4,924,085.23	5,884,605.29	(960,520.06)
ACCRUED PAYROLL & TAXES	216,217.29	244,610.80	(28,393.51)
DUE TO OTHER FUNDS	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	15,000,000.00	0.00
BONDS PAYABLE CURRENT	17,140,000.00	19,165,000.00	(2,025,000.00)
ACCRUED INTEREST	3,847,660.42	1,295,659.24	2,552,001.18
ACCRUED LIABILITIES	482,481.04	355,944.74	126,536.30
CONTRACT RETENTION	838,099.72	1,070,636.94	(232,537.22)
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	2,925,851.74	2,959,527.04	(33,675.30)
LONG TERM BONDS PAYABLE	181,500,139.65	199,723,349.81	(18,223,210.16)
GRANTS PAYABLE LONG TERM	30,000,000.00	45,000,000.00	(15,000,000.00)
<b>TOTAL LIABILITIES</b>	<b>256,874,535.09</b>	<b>290,699,333.86</b>	<b>(33,824,798.77)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	11,700,000.00	11,200,000.00	500,000.00
RESERVED FOR WATER RATE STABILIZATION	46,070,765.18	44,974,390.91	1,096,374.27
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	21,165,548.03	4,517,671.14	16,647,876.89
<b>TOTAL UNRESTRICTED OPERATING NET ASSETS</b>	<b>78,936,313.21</b>	<b>60,692,062.05</b>	<b>18,244,251.16</b>
UNRESTRICTED NON-OPERATING NET ASSETS			
WATER QUALITY LOANS RESERVE	9,937,000.00	10,000,000.00	(63,000.00)
IMRF PRIOR SERVICE PENSION COST RESERVE	2,605,192.00	2,405,524.00	199,668.00
<b>TOTAL UNRESTRICTED NON-OPERATING NET ASSETS</b>	<b>12,542,192.00</b>	<b>12,405,524.00</b>	<b>136,668.00</b>
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>91,478,505.21</b>	<b>73,097,586.05</b>	<b>18,380,919.16</b>
RESTRICTED BY ORDINANCE/RESOLUTION	26,274,230.75	41,221,585.49	(14,947,354.74)
INVESTED IN PROPERTY PLANT AND EQUIPMENT	198,767,310.76	182,467,415.05	16,299,895.71
<b>TOTAL NET ASSETS</b>	<b>316,520,046.72</b>	<b>296,786,586.59</b>	<b>19,733,460.13</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>573,394,581.81</b>	<b>587,485,920.45</b>	<b>(14,091,338.64)</b>

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF MAY 1, 1992; AMENDED TO 2% OF ORIGINAL CONSTRUCTION COSTS AS OF JULY 31, 2003; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
STATEMENT OF REVENUES & EXPENDITURES  
October 31, 2004

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REVENUE	CURRENT MONTH	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D BUDGET VARIANCE FAVORABLE (UNFAVORABLE)	% OF Y-T-D BUDGET
OPERATIONS & MAINTENANCE REVENUES	3,565,769.35	24,257,996.62	26,153,181.72	(1,895,185.10)	92.8%
FIXED COST REVENUES	595,330.75	3,571,984.50	3,571,984.50	0.00	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	59,384.59	355,537.08	394,830.91	(39,293.83)	90.0%
EMERGENCY WATER SERVICE	55,909.62	59,071.54	19,457.59	39,613.95	303.6%
SALES TAXES	2,720,872.70	16,246,835.24	15,895,638.85	351,196.39	102.2%
INVESTMENT INCOME	326,633.56	1,204,349.13	1,814,794.52	(610,445.39)	66.4%
OTHER INCOME	575.00	3,717.07	3,175.89	541.18	117.0%
<b>TOTAL REVENUE</b>	<b>7,324,475.57</b>	<b>45,699,491.18</b>	<b>47,853,063.98</b>	<b>(2,153,572.80)</b>	<b>95.5%</b>
<b>EXPENSES</b>					
PERSONAL SERVICES	209,140.16	1,280,856.85	1,512,032.36	231,175.51	84.7%
PROFESSIONAL SERVICES	1,764.80	100,955.82	252,533.70	151,577.88	40.0%
CONTRACTUAL SERVICES	77,956.04	412,618.14	470,952.10	58,333.96	87.6%
INSURANCE	0.00	543,801.78	1,075,729.17	531,927.39	50.6%
ADMINISTRATIVE COSTS	7,972.24	63,006.21	86,954.36	23,948.15	72.5%
WATER SUPPLY COSTS	3,398,937.42	24,718,611.46	27,374,669.91	2,656,058.45	90.3%
BOND INTEREST EXPENSE	778,711.79	4,665,307.65	4,631,359.50	(33,948.15)	100.7%
LAND AND RIGHT OF WAY	0.00	0.00	2,518.03	2,518.03	0.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	531,782.28	3,246,495.38	3,513,256.68	266,761.30	92.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,006,264.73</b>	<b>35,031,653.29</b>	<b>38,920,005.81</b>	<b>3,888,352.52</b>	<b>90.0%</b>
NET OPERATING INCOME	2,318,210.84	10,667,837.89	8,933,058.17	1,734,779.72	119.4%
CONSTRUCTION EXPENDITURES	1,493,895.27	9,866,514.69	9,757,041.09	(109,473.60)	101.1%
TRANSFERS TO OTHER GOVERNMENTS	0.00	0.00	0.00	0.00	N/A
<b>NET FUND TRANSACTIONS</b>	<b>824,315.57</b>	<b>801,323.20</b>	<b>(823,982.92)</b>	<b>1,625,306.12</b>	<b>-97.2%</b>
BEGINNING NET ASSETS		305,852,208.83			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		9,866,514.69			
<b>ENDING NET ASSETS</b>		<b>316,520,046.72</b>			

## DU PAGE WATER COMMISSION

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## WATER FUND

## GENERAL LEDGER

## COMPARATIVE STATEMENT OF REVENUES &amp; EXPENDITURES - SECOND QUARTER

October 31, 2004

	October 31, 2004 Y-T-D CURRENT FISCAL YEAR	October 31, 2003 Y-T-D PRIOR FISCAL YEAR	INCREASE (DECREASE)	% INCREASE (% DECREASE)
<b>REVENUE</b>				
OPERATIONS & MAINTENANCE REVENUES	24,257,996.62	23,618,460.25	639,536.37	2.7%
FIXED COST REVENUES	3,571,984.50	4,458,164.52	(886,180.02)	-19.9%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	355,537.08	499,970.18	(144,433.10)	-28.9%
EMERGENCY WATER SERVICE	59,071.54	11,408.96	47,662.58	417.8%
SALES TAXES	16,246,835.24	15,699,302.61	547,532.63	3.5%
INVESTMENT INCOME	1,204,349.13	1,299,979.66	(95,630.53)	-7.4%
OTHER INCOME	3,717.07	60,593.66	(56,876.59)	-93.9%
<b>TOTAL REVENUE</b>	<b>45,699,491.18</b>	<b>45,647,879.84</b>	<b>51,611.34</b>	<b>0.1%</b>
<b>EXPENSES</b>				
PERSONAL SERVICES	1,280,856.85	2,803,664.60	(1,522,807.75)	-54.3%
PROFESSIONAL SERVICES	100,955.82	146,399.36	(45,443.54)	-31.0%
CONTRACTUAL SERVICES	412,618.14	377,923.56	34,694.58	9.2%
INSURANCE	543,801.78	899,672.32	(355,870.54)	-39.6%
ADMINISTRATIVE COSTS	63,006.21	51,940.11	11,066.10	21.3%
WATER SUPPLY COSTS	24,718,611.46	26,175,863.33	(1,457,251.87)	-5.6%
BOND INTEREST EXPENSE	4,665,307.65	8,986,384.95	(4,321,077.30)	-48.1%
LAND AND RIGHT OF WAY	0.00	2,995.00	(2,995.00)	-100.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	3,246,495.38	3,194,130.89	52,364.49	1.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>35,031,653.29</b>	<b>42,638,974.12</b>	<b>(7,607,320.83)</b>	<b>-17.8%</b>
<b>NET OPERATING INCOME</b>	<b>10,667,837.89</b>	<b>3,008,905.72</b>	<b>7,658,932.17</b>	<b>254.5%</b>
CONSTRUCTION EXPENDITURES	9,866,514.69	2,827,642.66	7,038,872.03	248.9%
TRANSFERS TO OTHER GOVERNMENTS	0.00	75,000,000.00	(75,000,000.00)	-100.0%
<b>NET FUND TRANSACTIONS</b>	<b>801,323.20</b>	<b>(74,818,736.94)</b>	<b>75,620,060.14</b>	<b>-101.1%</b>
BEGINNING NET ASSETS	305,852,208.83	368,777,680.87		
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED	9,866,514.69	2,827,642.66		
<b>ENDING NET ASSETS</b>	<b>316,520,046.72</b>	<b>296,786,586.59</b>		

# McGladrey & Pullen

Certified Public Accountants

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Chairman and  
Members of the Board of Commissioners  
of the DuPage Water Commission:

We have performed the procedures enumerated below, which were agreed to by management and the Board of Commissioners of the DuPage Water Commission (the Commission), solely to assist you in evaluating the Commission's compliance with its cash and investment policies and practices during the period from May 1, 2004 to August 31, 2004. Management is responsible for the Commission's compliance with those policies and practices and for its cash and investment records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the DuPage Water Commission. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. For bank accounts at August 31, 2004, we:
  - a. Obtained copies of the bank reconciliations prepared by the Commission.
  - b. Confirmed the bank balances and compared the balances on the confirmation received from the bank to the amounts shown on the bank reconciliations and found them to be in agreement.
  - c. Compared book balances shown on the reconciliations to the amounts recorded in the general ledger and found them to be in agreement.
  - d. Reviewed supporting documentation for all reconciling items over \$5,000, and noted no undocumented reconciling items.
2. From a list provided by the Commission's staff of all transfers made during the period from May 1, 2004 to August 31, 2004, we selected all transfers over \$500,000 and judgmentally selected 5 transfers less than \$500,000 and:
  - a. Compared the amount of each of the transfers to bank documents and found them to be in agreement.
  - b. Noted that each transfer was made to an account authorized by the Commission, as set forth in the Commission's Investment Policy (amended by Resolution No. R-27-90) and that each transfer was made to an account in the Commission's name.

- c. Noted that each transfer was properly recorded in the Commission's general ledger.

These procedures covered 98% of the dollar amount of all such transfers made during the period from May 1, 2004 to August 31, 2004 based on total transfers as shown on the list provided by the Commission's staff.

- 3. For Commission investments held at August 31, 2004, we:
  - a. Confirmed that each investment is held in the Commission's name by an authorized trust agent, or in a money market fund held by a bond trustee, or at the Commission's office.
  - b. Noted that the type of investment agreed with the description of an authorized investment as set forth in the Commission's Investment Policy (amended by Resolutions No. R-14-00 and R-60-00) and Illinois State statutes (30 ILCS 235/2).
- 4. From a list provided by the Commission's staff of investment purchases over \$500,000 made during the period May 1, 2004 to August 31, 2004, we:
  - a. Compared the purchase price on the list to the amount of cash disbursed per bank or investment broker documents and found them to be in agreement.
  - b. Noted that the type of investment agreed with the description of an authorized investment as set forth in the Commission's Investment Policy and Illinois State statutes (30 ILCS 235/2).

These procedures covered 100% of the dollar amount of investments purchased during the period from May 1, 2004 to August 31, 2004, based on total investment purchases as shown on a listing provided by the Commission's staff.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. We also were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on cash and investments. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DuPage Water Commission and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Schaumburg, Illinois  
September 16, 2004