



DuPage Water Commission

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

NOTICE IS HEREBY GIVEN THAT THE RESCHEDULED DECEMBER 2004 FINANCE COMMITTEE MEETING OF THE DUPAGE WATER COMMISSION WILL BE HELD AT 10:00 A.M. ON THURSDAY, DECEMBER 9, 2004, AT ITS OFFICES LISTED BELOW. THE AGENDA FOR THE RESCHEDULED DECEMBER 2004 REGULAR COMMITTEE MEETING IS AS FOLLOWS:

AGENDA

**FINANCE COMMITTEE
THURSDAY, DECEMBER 9, 2004
10:00 A.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 November 11, 2004
- III. Treasurer's Report – November, 2004
- IV. Financial Statements –November, 2004
- V. Accounts Payable
- VI. IMRF Payment
- VII. Other

Board\Agendas\FC 2004-12.doc

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON NOVEMBER 11, 2004**

The meeting was called to order at 7:00 P.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, and Commissioner G. Mathews. Also in attendance: Treasurer R. Thorn and Financial Administrator C. Pattelli.

MINUTES OF MEETING – OCTOBER 14, 2004

Motion by Commissioner Mathews, seconded by Commissioner Feltes, to approve the minutes of the October 14, 2004 Finance Committee meeting. This motion carried unanimously.

TREASURER'S REPORT – OCTOBER, 2004

Treasurer Thorn presented the October, 2004 Treasurer's Report for Committee review. After a discussion regarding the 5-year Capital Improvement Plan, there was a motion by Commissioner Feltes to recommend acceptance of the report by the full Commission at its meeting of November 11, 2004. This motion carried unanimously.

FINANCIAL STATEMENTS - OCTOBER, 2004

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

CASH AND INVESTMENT REVIEW – MAY 1 THROUGH AUGUST 31, 2004

The Committee had no questions regarding the cash and investment review prepared by McGladrey & Pullen. The Committee discussed the need to continue this review and requested that staff investigate its history to discuss at the December 9, 2004 Finance meeting.

**RESOLUTION NO. R-68-04: A RESOLUTION APPOINTING AUTHORIZED
BROKER/DEALERS OF SECURITIES**

After a brief discussion, the Committee reviewed and recommended approval of Resolution No. R-68-04 by the full Commission at its November 11, 2004 meeting.

ACCOUNTS PAYABLE

The Committee reviewed the Accounts Payable in the amount of \$5,759,560.07. After a brief discussion, the Committee voted to recommend approval of the Accounts Payable at the November 11, 2004 Commission meeting.

ADJOURNMENT

With no further business to come before the Committee, the meeting was adjourned at 7:25 P.M.



DuPage Water Commission

MEMORANDUM

TO: Robert Martin, General Manager

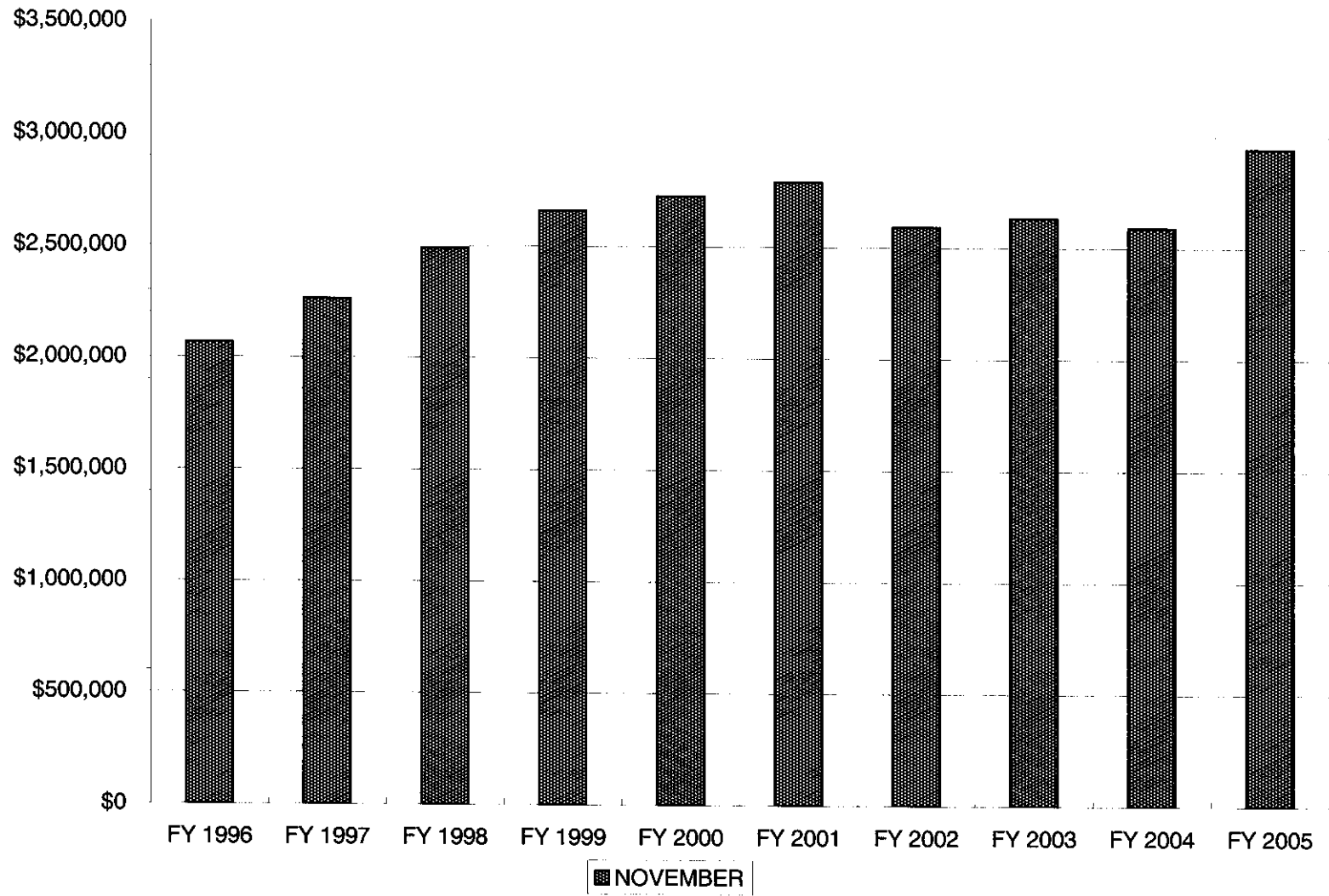
FROM: Cheryl Pattelli, Financial Administrator

DATE: December 3, 2004

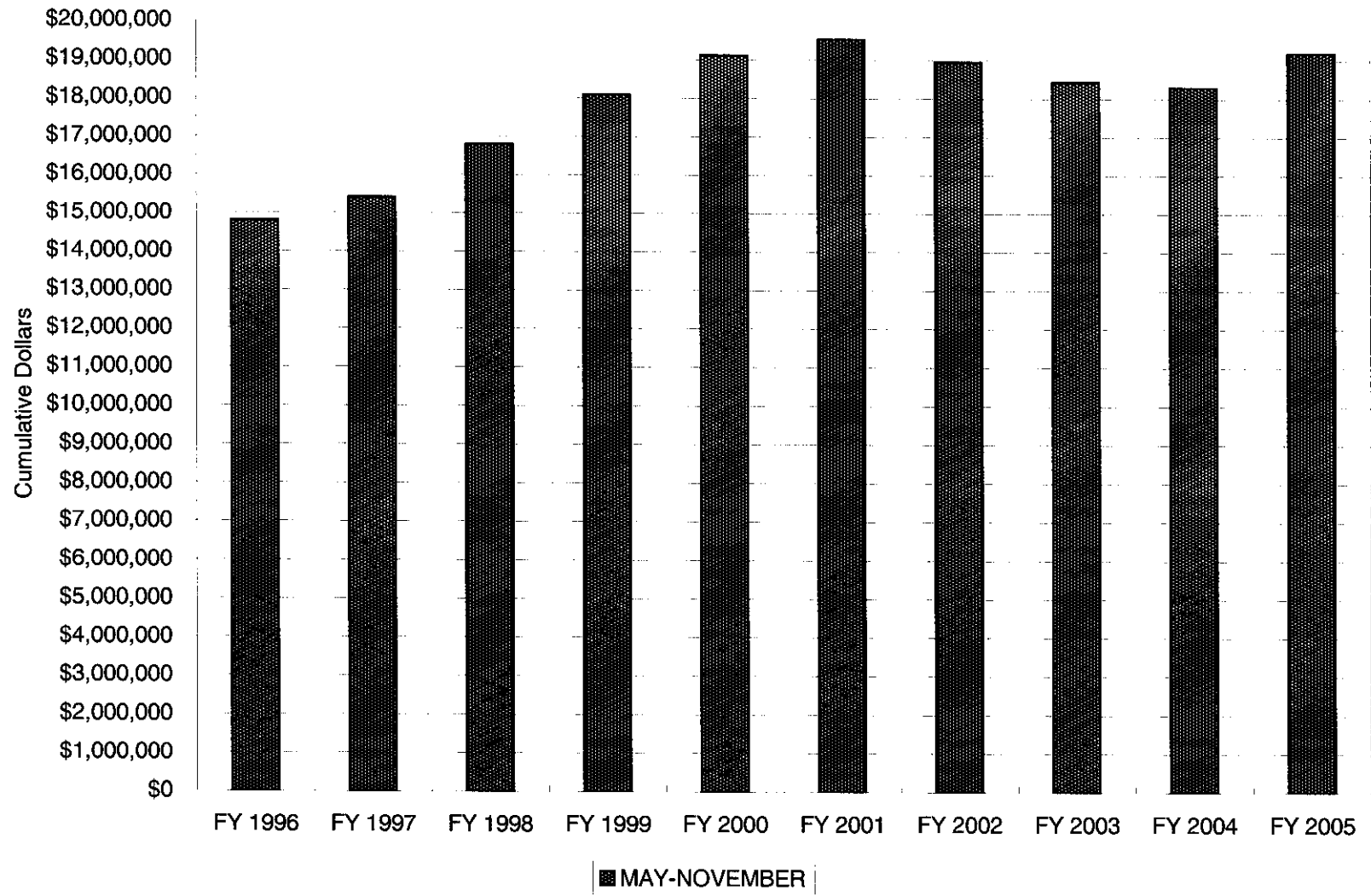
SUBJECT: Financial Report – November, 2004

- Water sales are under budget because of cool, wet weather in the spring and summer. Year-to-date water sales are \$2,195,553 less than budget, or 92.6% of budget. Actual year-to-date water sales are up \$671,209 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 \$3,014,742 less than budget, or 90.3% of budget.
- 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.
- November sales tax cash collections (August sales) were \$352,524 (13.6%) more than the same period last fiscal year. Year-to-date sales tax collections are \$900,057 (4.9%) more than last fiscal year.
- Market yields rose 0.26% 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 (86.3% of budget) due to position vacancies.
- 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 (56.1% of budget) because no claims have been paid against the budgeted \$1 million property loss deductible.
- Construction costs were negative in November because of 2 checks that were voided. Actual expenses, not including the voided checks, totaled \$616,585.
- Commission's investment portfolio totaled \$168.6 million on November 30th, compared to \$168.8 million last month. The decrease can be attributed to negative net fund transactions during the month. The negative net fund transactions was offset by the decrease in cash held at Oak Brook Bank at November 30th. The October cash balance at Oak Brook Bank included a large deposit that was recorded as cash in October and investments in November. 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	254,602.77	249,126.41	5,476.36	0.00	0.00	0.00		0.00	0.00	0.00
INVESTMENTS	168,570,097.31	2,664,668.59	10,858,832.44	539,523.18	4,635,584.29	0.00		11,041,272.89	6,454,300.09	132,375,915.85
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,157,145.46	6,157,145.46	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	7,201,000.00
ACCOUNTS RECEIVABLE-OTHER	111,037.73	111,037.73	0.00	0.00	0.00	0.00		0.00	0.00	0.00
INTEREST RECEIVABLE	697,337.90	0.00	0.00	730.80	6,302.06	0.00		0.00	0.00	690,305.04
INVENTORIES & PREPAIDS	591,389.83	591,389.83	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
CONSTRUCTION IN PROGRESS	31,915,190.85	31,915,190.85	0.00	0.00	0.00	0.00		0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(76,246,591.28)	(76,246,591.28)	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
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	5,221,700.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	5,221,700.00
TOTAL ASSETS	571,606,167.48	392,575,224.50	10,864,308.80	540,253.96	4,641,886.35	0.00		11,041,272.89	6,454,300.09	145,488,920.89
LIABILITIES & EQUITY										
ACCOUNTS PAYABLE	3,775,984.65	0.00	3,775,984.65	0.00	0.00	0.00		0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	250,249.08	0.00	250,249.08	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
GRANTS PAYABLE CURRENT	15,000,000.00	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	3,283,333.33	0.00	0.00	4,596,666.67	0.00		0.00	0.00	9,260,000.00
ACCRUED INTEREST	1,499,532.30	0.00	0.00	533,994.79	0.00	0.00		0.00	0.00	965,537.51
ACCRUED LIABILITIES	475,874.34	0.00	475,874.34	0.00	0.00	0.00		0.00	0.00	0.00
CONTRACT RETENTION	886,235.98	0.00	886,235.98	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
DEFERRED REVENUE	2,913,795.00	2,913,795.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
LONG TERM BONDS PAYABLE	181,419,529.28	181,419,529.28	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	30,000,000.00
TOTAL LIABILITIES	253,361,200.63	187,616,657.61	5,388,344.05	533,994.79	4,596,666.67	0.00		0.00	0.00	55,225,537.51
NET ASSETS										
UNRESTRICTED FUNDS (R-14-04)										
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	11,700,000.00	0.00	0.00	0.00	0.00	0.00		89,343.39	1,454,300.09	10,156,356.52
RESERVED FOR WATER RATE STABILIZATION	45,407,673.73	6,859,573.02	0.00	0.00	0.00	0.00		0.00	0.00	38,548,100.71
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	25,096,899.80	0.00	0.00	0.00	0.00	0.00		0.00	0.00	25,096,899.80
TOTAL UNRESTRICTED OPERATING NET ASSETS	82,204,573.53	6,859,573.02	0.00	0.00	0.00	0.00		89,343.39	1,454,300.09	73,801,357.03
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
TOTAL UNRESTRICTED NON-OPERATING NET ASSETS	12,542,192.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	12,542,192.00
TOTAL UNRESTRICTED NET ASSETS	94,746,765.53	6,859,573.02	0.00	0.00	0.00	0.00		89,343.39	1,454,300.09	86,343,549.03
RESTRICTED BY ORDINANCE/RESOLUTION	25,399,207.45	0.00	5,475,964.75	6,259.17	45,219.68	0.00		10,951,929.50	5,000,000.00	3,919,834.35
INVESTED IN PROPERTY PLANT AND EQUIPMENT	198,098,993.87	198,098,993.87	0.00	0.00	0.00	0.00		0.00	0.00	0.00
TOTAL NET ASSETS	318,244,966.85	204,958,566.89	5,475,964.75	6,259.17	45,219.68	0.00		11,041,272.89	6,454,300.09	90,263,383.38
TOTAL LIABILITIES & NET ASSETS	571,606,167.48	392,575,224.50	10,864,308.80	540,253.96	4,641,886.35	0.00		11,041,272.89	6,454,300.09	145,488,920.89

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	132,375,915.85	55,443,821.91	65,805,108.68	11,126,985.26
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	690,305.04	275,694.45	372,877.74	41,732.85
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
TOTAL ASSETS	145,488,920.89	55,719,516.36	78,600,686.42	11,168,718.11
LIABILITIES & EQUITY				
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	965,537.51	0.00	0.00	965,537.51
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
TOTAL LIABILITIES	55,225,537.51	0.00	45,000,000.00	10,225,537.51
NET ASSETS				
UNRESTRICTED FUNDS (R-14-04)				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	10,156,356.52	10,156,356.52	0.00	0.00
RESERVED FOR WATER RATE STABILIZATION	38,548,100.71	38,548,100.71	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	25,096,899.80	4,409,867.13	20,687,032.67	0.00
TOTAL UNRESTRICTED OPERATING NET ASSETS	73,801,357.03	53,114,324.36	20,687,032.67	0.00
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
TOTAL UNRESTRICTED NON-OPERATING NET ASSETS	12,542,192.00	2,605,192.00	9,937,000.00	0.00
TOTAL UNRESTRICTED NET ASSETS	86,343,549.03	55,719,516.36	30,624,032.67	0.00
RESTRICTED BY ORDINANCE/RESOLUTION	3,919,834.35	0.00	2,976,653.75	943,180.60
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
TOTAL NET ASSETS	90,263,383.38	55,719,516.36	33,600,686.42	943,180.60
TOTAL LIABILITIES & NET ASSETS	145,488,920.89	55,719,516.36	78,600,686.42	11,168,718.11

DU PAGE WATER COMMISSION
WATER FUND
GENERAL LEDGER
STATEMENT OF REVENUES & EXPENDITURES
November 30, 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	3,123,359.37	27,381,355.99	29,576,908.89	(2,195,552.90)	92.6%
FIXED COST REVENUES	595,330.75	4,167,315.25	4,167,315.25	0.00	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	58,999.36	414,536.44	446,518.44	(31,982.00)	92.8%
EMERGENCY WATER SERVICE	0.00	59,071.54	22,004.80	37,066.74	268.4%
SALES TAXES	2,943,215.85	19,190,051.09	18,512,665.20	677,385.89	103.7%
INVESTMENT INCOME	238,023.87	1,442,373.00	2,110,684.93	(668,311.93)	68.3%
OTHER INCOME	932.20	4,649.27	3,693.70	955.57	125.9%
TOTAL REVENUE	6,959,861.40	52,659,352.58	54,839,791.21	(2,180,438.63)	96.0%
EXPENSES					
PERSONAL SERVICES	236,731.80	1,517,588.65	1,758,559.35	240,970.70	86.3%
PROFESSIONAL SERVICES	11,481.62	112,437.44	293,707.65	181,270.21	38.3%
CONTRACTUAL SERVICES	34,682.51	447,300.65	539,394.01	92,093.36	82.9%
INSURANCE	367,390.53	911,192.31	1,625,422.52	714,230.21	56.1%
ADMINISTRATIVE COSTS	13,962.30	76,968.51	101,131.70	24,163.19	76.1%
WATER SUPPLY COSTS	3,262,657.22	27,981,268.68	30,996,010.29	3,014,741.61	90.3%
BOND INTEREST EXPENSE	775,230.26	5,440,537.91	5,403,252.75	(37,285.16)	100.7%
LAND AND RIGHT OF WAY	0.00	0.00	2,928.57	2,928.57	0.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	532,805.03	3,779,300.41	4,086,070.27	306,769.86	92.5%
TOTAL OPERATING EXPENSES	5,234,941.27	40,266,594.56	44,806,477.11	4,539,882.55	89.9%
NET OPERATING INCOME	1,724,920.13	12,392,758.02	10,033,314.10	2,359,443.92	123.5%
CONSTRUCTION EXPENDITURES	(873,966.54)	8,992,548.15	11,347,863.01	2,355,314.86	79.2%
TRANSFERS TO OTHER GOVERNMENTS	0.00	0.00	0.00	0.00	N/A
NET FUND TRANSACTIONS	2,598,886.67	3,400,209.87	(1,314,548.91)	4,714,758.78	-258.7%
BEGINNING NET ASSETS		305,852,208.83			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		8,992,548.15			
ENDING NET ASSETS		318,244,966.85			

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/04	BID PRICE 11/30/04
Water Fund Depository Accounts (WF-1210)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 1,614,965.49	\$ 1,614,965.49	\$ -	\$ 1,614,965.49	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	1,049,703.10	1,049,703.10	-	1,049,703.10	-	100.000
				1.864%	1.864%	\$ 2,664,668.59	\$ 2,664,668.59	\$ -	\$ 2,664,668.59	\$ -	
Water Fund Oper. & Maint. Acct. (WF-1211)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 4,926,402.85	\$ 4,926,402.85	\$ -	\$ 4,926,402.85	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	5,932,429.59	5,932,429.59	-	5,932,429.59	-	100.000
				1.880%	1.880%	\$ 10,858,832.44	\$ 10,858,832.44	\$ -	\$ 10,858,832.44	\$ -	
Revenue Bond Interest Account (WF-1212)											
One Group Government Money Market	0.391%	11/30/04	12/01/04	0.391%	0.391%	\$ 569.68	\$ 569.68	\$ -	\$ 569.68	\$ 0.90	100.000
U. S. Treas. Notes (JP Morgan)	1.625%	11/12/04	04/30/05	1.760%	1.760%	539,000.00	538,953.48	290.35	538,663.13	729.90	
				1.759%	1.759%	\$ 539,569.68	\$ 539,523.16	\$ 290.35	\$ 539,232.81	\$ 730.80	
Revenue Bond Principal (WF-1213)											
One Group Government Money Market	0.391%	11/30/04	12/01/04	0.391%	0.391%	\$ 12.58	\$ 12.58	\$ -	\$ 12.58	\$ 7.89	100.000
U. S. Treas. Notes (JP Morgan)	1.625%	05/17/04	04/30/05	1.343%	2.040%	655,000.00	652,953.13	(2,814.45)	655,767.58	886.98	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	06/21/04	04/30/05	1.736%	2.040%	692,000.00	689,837.50	(1,621.88)	691,459.38	937.08	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	07/09/04	04/30/05	1.558%	2.040%	654,000.00	651,956.25	(2,401.41)	654,357.66	885.63	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	08/12/04	04/30/05	1.496%	2.040%	653,000.00	650,959.38	(2,652.81)	653,612.19	884.27	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	09/09/04	04/30/05	1.556%	2.040%	653,000.00	650,959.38	(2,346.71)	653,306.09	884.27	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	10/13/04	04/30/05	1.621%	2.040%	651,000.00	648,965.63	(2,085.23)	651,050.86	881.56	99.688
U. S. Treas. Notes (JP Morgan)	1.625%	11/12/04	04/30/05	1.760%	1.760%	690,000.00	689,940.44	371.69	689,568.75	934.38	99.688
				1.584%	1.998%	\$ 4,648,012.58	\$ 4,635,584.29	\$ (13,550.80)	\$ 4,649,135.09	\$ 6,302.06	
Revenue Bond Debt Svc. Reserve (WF-1214)											
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
Water Fund Oper. & Maint. Res. (WF-1215)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 17,980.92	\$ 17,980.92	\$ -	\$ 17,980.92	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	11,023,291.97	11,023,291.97	-	11,023,291.97	-	100.000
				1.927%	1.927%	\$ 11,041,272.89	\$ 11,041,272.89	\$ -	\$ 11,041,272.89	\$ -	
Water Fund Depreciation Account (WF-1216)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 959,648.76	\$ 959,648.76	\$ -	\$ 959,648.76	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	5,494,651.33	5,494,651.33	-	5,494,651.33	-	100.000
				1.912%	1.912%	\$ 6,454,300.09	\$ 6,454,300.09	\$ -	\$ 6,454,300.09	\$ -	


FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/04	BID PRICE 11/30/04
Water Fund General Account (WF-1217)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 8,154,477.30	\$ 8,154,477.30	\$ -	\$ 8,154,477.30	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	12,503,462.48	12,503,462.48	-	12,503,462.48	-	100.000
F.H.L.M.C. (RBC D. Rauscher)	5.500%	07/30/04	07/15/06	2.934%	2.610%	10,000,000.00	10,378,125.00	(106,275.00)	10,484,400.00	206,250.00	103.781
F.H.L.M.C. (RBC D. Rauscher)	3.125%	10/07/04	09/22/06	3.034%	3.050%	10,000,000.00	9,999,000.00	(18,000.00)	10,017,000.00	59,027.78	99.990
F.H.L.B. STEP-UP (JP Morgan)	2.500%	11/16/04	02/16/07	3.750%	3.750%	10,000,000.00	9,998,890.00	(1,110.00)	10,000,000.00	10,416.67	99.989
				2.689%	2.626%	\$ 50,657,939.78	\$ 51,033,954.78	\$ (125,385.00)	\$ 51,159,339.78	\$ 275,694.45	
Water Fund General Account (WF-1218)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	4,409,867.13	4,409,867.13	-	4,409,867.13	-	100.000
				1.927%	1.927%	\$ 4,409,867.13	\$ 4,409,867.13	\$ -	\$ 4,409,867.13	\$ -	
Sales Tax Funds (WF-1230)											
Illinois Funds-Money Market	1.823%	11/30/04	12/01/04	1.823%	1.823%	\$ 3,131,181.26	\$ 3,131,181.26	\$ -	\$ 3,131,181.26	\$ -	100.000
Illinois Funds-Prime Fund	1.927%	11/30/04	12/01/04	1.927%	1.927%	16,161,702.42	16,161,702.42	-	16,161,702.42	-	100.000
Cert. of Deposit (Oak Brook Bank)	1.500%	01/15/04	01/15/05	1.500%	1.500%	6,000,000.00	6,000,000.00	-	6,000,000.00	78,904.11	100.000
F.H.L.B. (RBC D. Rauscher)	4.000%	10/17/02	02/15/05	2.050%	1.780%	10,000,000.00	10,034,375.00	(310,125.00)	10,344,500.00	116,666.67	100.344
F.H.L.B. (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	3.205%	10,000,000.00	9,977,850.00	(1,950.00)	9,979,800.00	18,944.44	99.779
Cert. of Deposit (Mid America Bank)	1.760%	04/15/04	04/15/05	1.760%	1.760%	6,000,000.00	6,000,000.00	-	6,000,000.00	66,253.15	100.000
Cert. of Deposit (Winfield Community Bank)	2.280%	06/15/04	06/15/05	2.280%	2.280%	2,500,000.00	2,500,000.00	-	2,500,000.00	26,235.62	100.000
Cert. of Deposit (West Suburban Bank)	2.144%	07/15/04	07/15/05	2.144%	2.144%	5,935,100.00	5,935,100.00	-	5,935,100.00	48,110.41	100.000
Cert. of Deposit (West Suburban Bank)	2.324%	10/15/04	10/15/05	2.324%	2.324%	64,900.00	64,900.00	-	64,900.00	190.08	100.000
Cert. of Deposit (Suburban Bank & Trust)	2.324%	10/15/04	10/14/05	2.324%	2.324%	6,000,000.00	6,000,000.00	-	6,000,000.00	17,573.26	100.000
				2.150%	2.109%	\$ 65,792,883.68	\$ 65,805,108.68	\$ (312,075.00)	\$ 66,117,183.68	\$ 372,877.74	
2001 G. O. Bonds Debt Service (WF-1243)											
ABN AMRO Government Money Market	1.714%	11/30/04	12/01/04	1.714%	1.714%	\$ 24,360.26	\$ 24,360.26	\$ -	\$ 24,360.26	\$ 32.85	100.000
U. S. Treas. Notes (LaSalle Bank)	1.500%	03/01/04	02/28/05	1.105%	1.930%	11,120,000.00	11,102,625.00	(60,812.50)	11,163,437.50	41,700.00	99.844
				1.106%	1.930%	\$ 11,144,360.26	\$ 11,126,985.26	\$ (60,812.50)	\$ 11,187,797.76	\$ 41,732.85	
TOTAL ALL FUNDS				2.176%	2.207%	\$ 168,211,707.12	\$ 168,570,097.31	\$ (511,532.95)	\$ 169,081,630.26	\$ 697,337.90	
November 30, 2004	90 DAY US TREASURY YIELD			2.150%							



DuPage Water Commission

MEMORANDUM

TO: Robert L. Martin

FROM: Cheryl Pattelli 

DATE: December 2, 2004

SUBJECT: IMRF Payment for Unfunded Pension Liabilities

The FY 2004-05 budget includes \$2,605,192 to be paid to Illinois Municipal Retirement Fund (IMRF) to reduce the Commission's unfunded pension liability. Each year IMRF performs actuarial calculations to determine whether a particular entity's pension fund is over funded or under funded. IMRF uses these calculations to set that entity's employer rate for the subsequent calendar year.

Based on actuarial assumptions performed by IMRF, the Commission's pension fund was under funded by \$2.6 million at December 31, 2003. Because of the unfunded amount, the Commission's 2005 employer rate of 16.21% is much higher than the average rate for a fully funded entity of 8.6%. I spoke to an IMRF representative and he indicated that IMRF is amortizing the Commission's unfunded liability over 27 years. IMRF assumes a 7.5% rate of return and, similar to interest on a home mortgage, the Commission is being charged this 7.5% over the amortization period.

I recommend that the Commission pay the \$2.6 million to IMRF. Currently our investments are earning slightly over 2%. Over the last ten years, the 2-year treasury has averaged 4.5% and the 2-year agency has averaged 4.9%. Therefore, we are paying more for our loan from IMRF than what we are earning on the \$2.6 million of cash on hand. By making this payment, the Commission's future IMRF employer rate will be somewhere near the average rate of 8.6%.

Although I do recommend paying off the unfunded liability, there are a few risks you need to be aware of. First, once we give this money to IMRF we cannot get it back. The Commission will lose \$2.6 million of liquidity. Second, once we give IMRF this money, we no longer can control how it is invested. IMRF will invest it according to their investment policies which are not as conservative as the Commission's. I don't believe either of these risks outweighs the benefit of making the \$2.6 million payment.

Thank you.