



# **DuPage Water Commission**

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

## **AGENDA**

**FINANCE COMMITTEE  
THURSDAY, NOVEMBER 14, 2002  
6:30 P.M.**

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

- I. Approval of Minutes of September
- II. Treasurer's Report – October, 2002
- III. Financial Statements – October, 2002
- IV. Accounts Payable
- V. Cash and Investment Review August 31, 2002
- VI. Liability and Property Insurance Renewals
- VII. Forward Refunding – 1993 Revenue Bonds
- VIII. Financial Review
  - A. Net Asset (Fund Balance) Analysis
  - B. Five Year Capital Improvement Program
  - C. Self Insurance Study

Board\Agendas\FC 2002-11.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 DU PAGE WATER COMMISSION  
HELD ON SEPTEMBER 12, 2002**

The meeting was called to order at 7:09 p.m. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: B. Krajewski, Chairman, and R. Tolentino. Also in attendance: M. Vondra (*ex officio*), Donna Elischer and R. Skiba.

**MINUTES OF MEETINGS – JULY 10, 2002**

Motion by Commissioner Tolentino, seconded by Commissioner Krajewski, to approve the minutes of the 3:00 p.m. and 6:30 p.m. July 10, 2002 meetings. This motion carried unanimously.

**TREASURER'S REPORT – AUGUST, 2002**

The Committee reviewed the August Treasurer's Report. The Committee will recommend acceptance of the report by the full Commission at its meeting of September 12, 2002.

**FINANCIAL STATEMENTS - AUGUST, 2002**

The Committee reviewed the Financial Statements for June, 2002. After a brief discussion, the Committee accepted the report.

**ACCOUNTS PAYABLE**

The Committee reviewed the accounts payable in the amount of \$5,146,846.96. There were no revisions to the list presented. The Committee will recommend approval of the accounts payable by the full Commission, at its meeting on September 12, 2002.

**FUND BALANCE ANALYSIS AND SELF-INSURANCE STUDY**

The Committee noted that the self-insurance of the Commission's underground facilities as well as the five year capital improvement program have a role to play in the fund balance review. Since November 1, 2001, the Commission's underground facilities property insurance coverage has been only \$20 million. The gross cost of water mains constructed by the Commission through April 30, 2002 is over \$300 million. In addition, certain balances have been committed for capital improvements over the next five years. The Committee will continue this discussion at its next meeting.

With no further business to come before the Committee, the meeting was adjourned at 7:29 p.m.



# DuPage Water Commission

## MEMORANDUM

TO: General Manager

FROM: Financial Administrator

DATE: November 8, 2002

SUBJECT: Financial Report – October 31, 2002

### **OVERALL FINANCIAL CONDITION**

The Commission's overall financial condition improved by \$12.4 million in the first half of fiscal year 2002-03. Total assets increased \$4.0 million. Liabilities have decreased by \$8.4 million after the May 1, 2002 revenue bond principal payment of \$9.1 million. Total revenues were 2.6% more than budget and total operating expenses were 3.0% below budget. All requirements of the revenue bond ordinance have been met as of October 31, 2002.

The general obligation bond principal and interest payments are fully funded through March 1, 2003. These payments continue to be funded through the Commission's sales tax proceeds. Property taxes for the bond payments have been abated annually since 1986. In addition, \$7.7 million of sales tax funds have been used to reduce the customers' fixed cost payments for fiscal year 2002-03 by 43%. Though at a higher level for the current fiscal year, this is a continuation of a practice started in fiscal year 1997-98.

### **REVENUE ANALYSIS**

Water operations and maintenance revenues were 0.7% more than budget. Wet weather slowed May water sales. Beginning in June, extremely dry hot conditions helped the Commission set an all time monthly record for water deliveries in July: 3.8 billion gallons. Water sales from May through October were 18.0 billion gallons versus 17.5 billion for the same period last fiscal year.

The operations and maintenance water rate increased \$0.01 per 1,000 gallons and the fixed cost rate dropped by \$0.11 per 1,000 gallons effective May 1, 2002. With this change in the water rate structure, operations and maintenance revenues are \$0.9 million more, and fixed cost revenues are \$1.6 million less than the same period last year.

The national economic slow down has affected the Commission's sales tax receipts. After finishing fiscal year 2001-02 6.6% below budget, sales tax collections in the first six months of the fiscal year, were \$548,000 (3.3%) less than the first half of fiscal year 2001-02. Based on the prior year's result, this budget line item was reduced 4.8% for fiscal year 2002-03. This revenue source is presently 4.5% below budget. Despite this

decline, the Commission has sufficient sales tax funds available to complete all budgeted construction as well as continuing the abatement of general obligation bond property taxes in February, 2003, and the 43% support of annual revenue bond debt service requirements.

Falling interest rates have caused an increase in investment market values. As a result of these market fluctuations, investment income is 62.7% above budget. Statement 31 of the Governmental Accounting Standards Board requires investments be reported at fair market value. However, under current market conditions, this requirement reports earnings that will not likely be realized.

The Commission invests for yield and, except in extremely rare situations, holds investments until maturity. It should be noted that the market value of certain investments exceeds the original purchase prices and/or values at maturity. These amounts were \$1.14 million and \$3.33 million respectively at October 31, 2002. At the end of last fiscal year, April 30, 2002, the market value of the Commission's investment portfolio exceeded original purchase prices by \$0.71 million and values at maturity by \$2.01 million.

On October 31, 2001, Commission investments were earning approximately 3.4%. Now average yields are down to around 2.4%. This revenue source was \$76,600 less than it was for the first half of the last fiscal year.

Other income is being derived from construction reimbursements for additional and emergency metering facilities. The projects underway are new metering stations for the Cities of Naperville and Oakbrook Terrace and an emergency connection for the Village of Schaumburg. Schaumburg's regular water supply comes from another wholesale water agency. Construction on these projects, which did not progress as quickly as planned in the prior fiscal year, is nearing completion.

### **EXPENSE ANALYSIS**

Overall direct water supply costs were 2.9% over budget, and \$3.2 million more than first half last fiscal year. Water purchases from the City of Chicago from May through October were 3.0% more than the same period last fiscal year. Coupled with a 4% Chicago water rate increase and higher electric costs, this increased water purchase from the city by \$1.5 million during the first six months of the fiscal year. Repairs to the DuPage pumping station heating system and the blow-off valve repair project added an additional \$1.5 million not incurred in the previous fiscal year.

Bond interest costs are 17.5% (\$1,419,000) less than the previous fiscal period due to a bond refinancing in December, 2001 and reductions in outstanding bond principal. This line item is below budget and will remain so for the entire fiscal year due to a budgeting error. A \$935,000 premium amortization was budgeted as a discount. The result will be a \$1.87 million favorable budget variance by fiscal year end.

Contract services in the amount of \$200,000 was budgeted for soil testing in conjunction with the blow-off valve repair project. To date, the magnitude of these services has

been far less than anticipated in the budget. The contractual service budget also included \$300,000 for a corrosion survey. This work will take place later in the fiscal year.

Insurance costs are substantially more than the prior fiscal year, but significantly less than the current fiscal year budget. Rising property insurance costs are the reason for the change from last fiscal year. Additionally, the Commission had to increase property insurance deductibles, which caused the Commission to increase its self-insurance budget line item by nearly \$1.0 million. Through October 31, 2002, no self-insured losses had been incurred.

Personnel Costs are less than budgeted at October 31<sup>st</sup> due to unfilled positions and group insurance cost that were less than expected. Depreciation expense will remain under budget until various construction projects are completed.

The Commission is working with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. In this process, the Commission has agreed to incur some legal costs not initially budgeted. This increase in professional service costs will not adversely affect the Commission's water rate.

### **CONSTRUCTION PROJECTS**

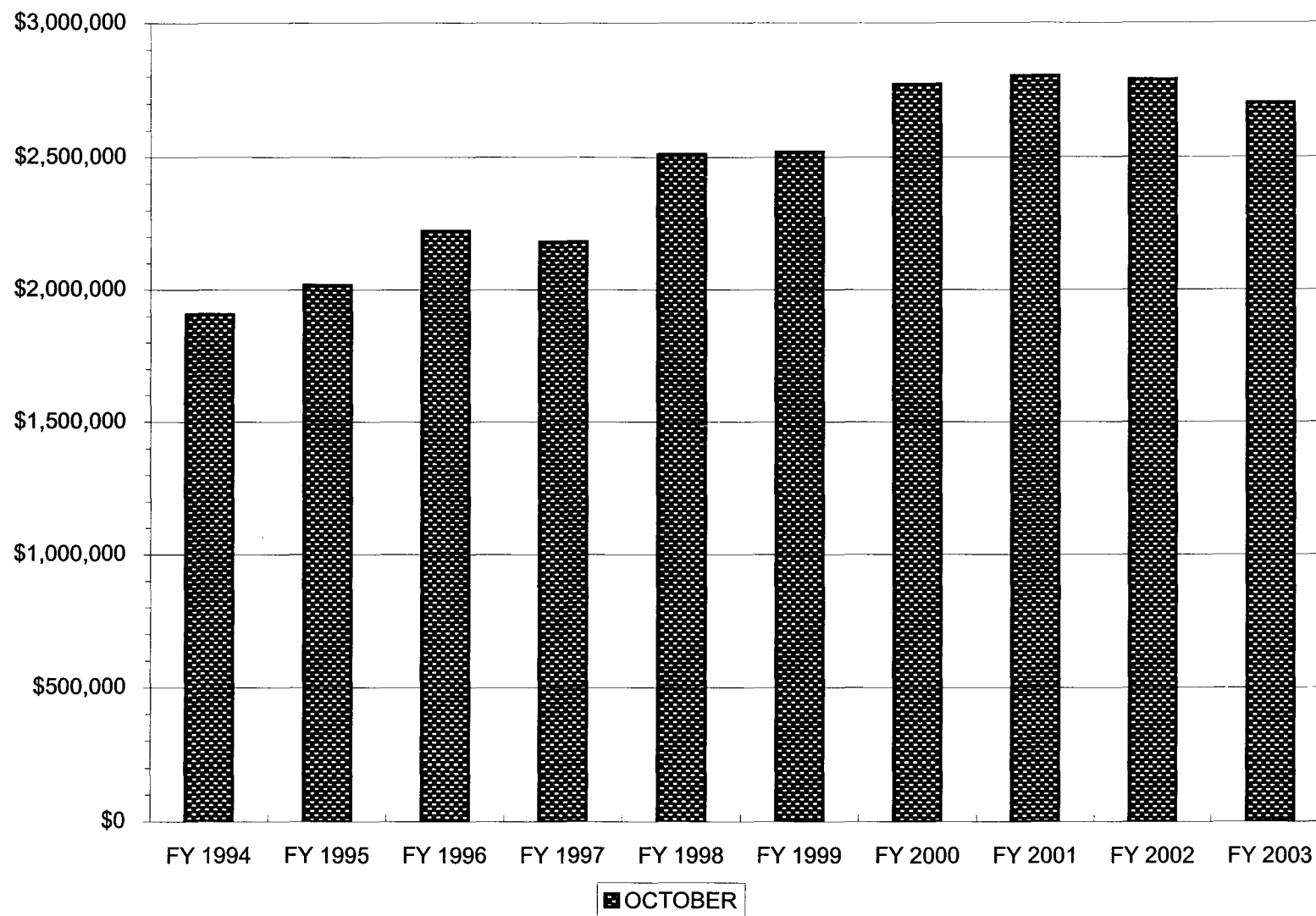
For control purposes, the Commission budgets a line item for construction costs during the fiscal year. For financial reporting purposes these cost are capitalized on an interim basis until fiscal year end. Transmission main construction is nearly \$1.0 million more than the first half of last fiscal year due to progress being made in completing the western transmission loop. Other projects nearing completion are new metering stations for the Cities of Naperville and Oakbrook Terrace. The project to install an emergency connection for the Village of Schaumburg also includes a remote pumping station for the Commission. This station will allow the Commission more effective use of the water stored at Tank Site #1. Such facilities are included in the five-year capital improvement plan for the remaining three tank sites.

### **INVESTMENT PORTFOLIO**

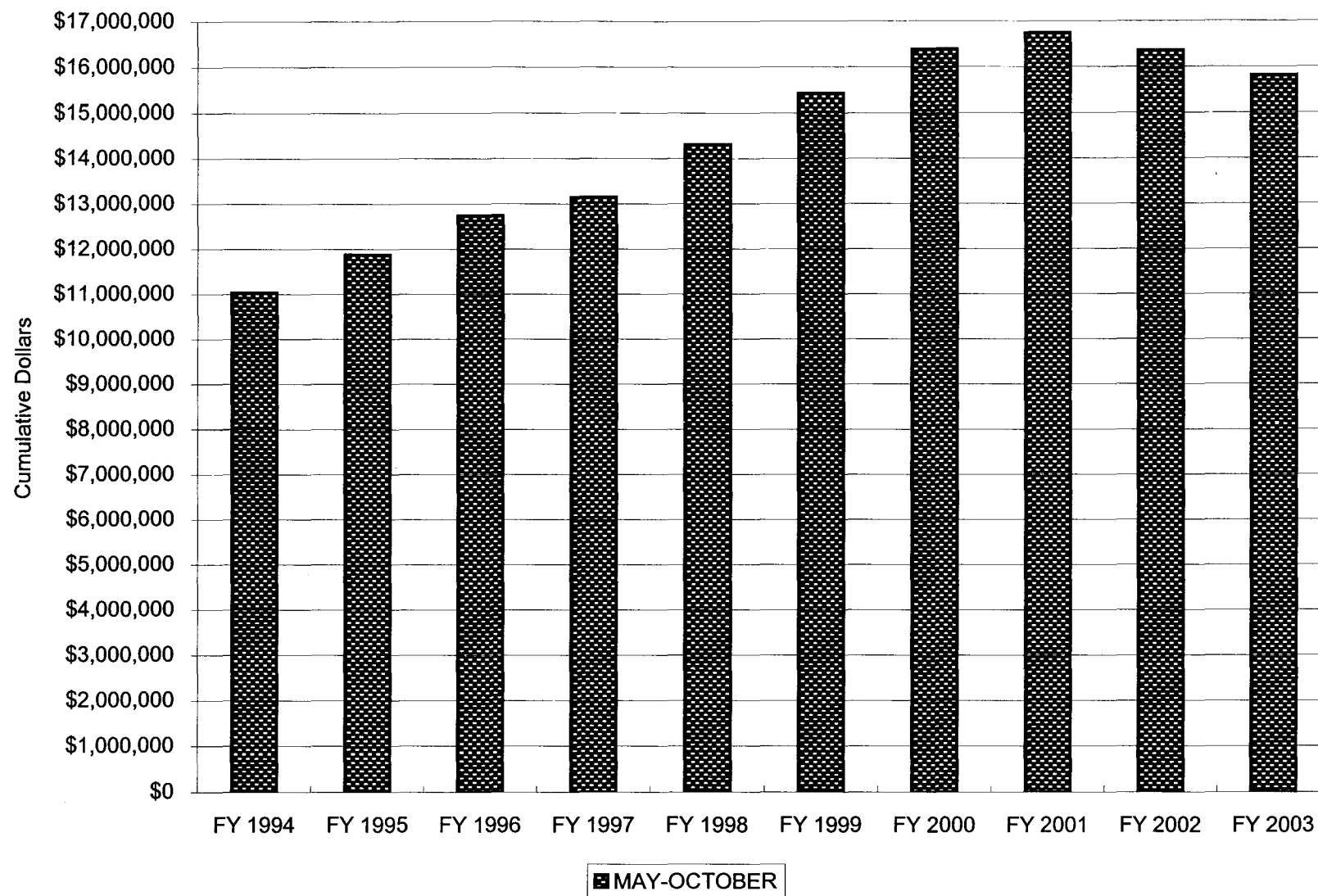
The Commission's investment portfolio totals \$197.9 million. It is earning 1.73% based on market yield and 2.46% based on original purchase price. The benchmark yield adopted by the Commission was 1.34% at October 31, 2002.

Commission funds are invested as follows: United States Treasury obligations (39.2%), United States Agency obligations (28.6%), the Illinois Funds Money Market Fund (8.9%), the Illinois Funds Prime Funds (8.4%), certificates of deposit (12.7%) and government money market funds run by the Commission's bond trustees (2.2%).

**DuPage Water Commission  
Sales Tax Analysis Current Month**



**DuPage Water Commission  
Sales Tax Analysis Year to Date**



DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - CURRENT FISCAL YEAR CHANGES  
October 31, 2002

PAGE 6

	October 31, 2002 TOTAL WATER FUND (ALL ACCOUNTS)	April 30, 2002 TOTAL WATER FUND (ALL ACCOUNTS)	CURRENT FISCAL YEAR INCREASE (DECREASE)
<b>ASSETS</b>			
CASH	406,171.57	14,929.52	391,242.05
INVESTMENTS	197,888,428.93	191,681,644.80	6,206,784.13
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,770,640.30	6,082,165.09	688,475.21
SALES TAX RECEIVABLE	7,920,000.00	7,920,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	927,201.62	1,287,832.41	(360,630.79)
INTEREST RECEIVABLE	1,450,292.31	1,243,835.01	206,457.30
INVENTORIES & PREPAIDS	193,733.48	531,437.50	(337,704.02)
FIXED ASSETS	425,025,303.71	420,316,806.65	4,708,497.06
CONSTRUCTION IN PROGRESS	19,655,993.80	19,655,993.80	0.00
LESS: ACCUMULATED DEPRECIATION	(62,932,408.71)	(59,785,050.29)	(3,147,358.42)
DEFERRED WATER SUPPLY CONTRACT COST	15,864,971.69	20,221,726.40	(4,356,754.71)
<b>TOTAL ASSETS</b>	<b>613,170,328.70</b>	<b>609,171,320.89</b>	<b>3,999,007.81</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	4,740,953.99	3,982,867.90	758,086.09
ACCRUED PAYROLL & TAXES	195,581.70	197,760.38	(2,178.68)
DUE TO OTHER FUNDS	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,005,000.00	17,550,000.00	455,000.00
ACCRUED INTEREST	4,901,062.08	5,129,812.08	(228,750.00)
ACCRUED LIABILITIES	440,748.21	465,903.63	(25,155.42)
CONTRACT RETENTION	2,233,223.60	1,999,014.59	234,209.01
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	3,121,725.01	3,287,168.91	(165,443.90)
LONG TERM BONDS PAYABLE	219,471,216.81	228,850,622.09	(9,379,405.28)
<b>TOTAL LIABILITIES</b>	<b>253,109,511.40</b>	<b>261,463,149.58</b>	<b>(8,353,638.18)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	27,300,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	49,877,390.56	46,471,405.89	3,405,984.67
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	66,589,516.77	53,471,628.45	13,117,888.32
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>143,766,907.33</b>	<b>127,243,034.34</b>	<b>16,523,872.99</b>
RESTRICTED BY ORDINANCE/RESOLUTION	42,953,766.29	48,906,282.50	(5,952,516.21)
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,340,143.68	171,558,854.47	1,781,289.21
<b>TOTAL NET ASSETS</b>	<b>360,060,817.30</b>	<b>347,708,171.31</b>	<b>12,352,645.99</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>613,170,328.70</b>	<b>609,171,320.89</b>	<b>3,999,007.81</b>

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



ASSETS	TOTAL WATER FUND ALL ACCOUNTS	WATER FUND DEPOSITORY ACCOUNTS	OPER & MAINT ACCOUNT	REVENUE BOND INTEREST ACCOUNT	REVENUE BOND PRINCIPAL ACCOUNT	REVENUE BOND DEBT SERVICE RESERVE ACCOUNT	OPER & MAINT RESERVE ACCOUNT	DEPRECIATION ACCOUNT	GENERAL ACCOUNT
CASH	406,171.57	394,053.96	10,945.96	0.00	0.00	1,171.65	0.00	0.00	0.00
INVESTMENTS	197,888,428.93	2,727,671.05	12,392,841.96	4,130,163.95	4,877,563.29	17,869,412.70	9,510,992.58	5,187,506.87	141,192,276.53
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	6,770,640.30	6,770,640.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,920,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,920,000.00
ACCOUNTS RECEIVABLE-OTHER	927,201.62	927,201.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,450,292.31	0.00	0.00	429.68	29.99	0.00	97,395.83	0.00	1,352,436.81
INVENTORIES & PREPAIDS	193,733.48	193,733.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	425,025,303.71	425,025,303.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	19,655,993.80	19,655,993.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(62,932,408.71)	(62,932,408.71)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	15,864,971.69	15,864,971.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>613,170,328.70</b>	<b>408,627,160.90</b>	<b>12,403,787.92</b>	<b>4,130,593.63</b>	<b>4,877,593.28</b>	<b>17,870,584.35</b>	<b>9,608,388.41</b>	<b>5,187,506.87</b>	<b>150,464,713.34</b>
<b>LIABILITIES &amp; EQUITY</b>									
ACCOUNTS PAYABLE	4,740,953.99	0.00	4,740,953.99	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	195,581.70	0.00	195,581.70	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
BONDS PAYABLE CURRENT	18,005,000.00	4,802,500.00	0.00	0.00	4,802,500.00	0.00	0.00	0.00	8,400,000.00
ACCRUED INTEREST	4,901,062.08	0.00	0.00	4,113,953.75	0.00	0.00	0.00	0.00	787,108.33
ACCRUED LIABILITIES	440,748.21	0.00	440,748.21	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	2,233,223.60	0.00	2,233,223.60	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	3,121,725.01	3,121,725.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	219,471,216.81	219,471,216.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>253,109,511.40</b>	<b>227,395,441.82</b>	<b>7,610,507.50</b>	<b>4,113,953.75</b>	<b>4,802,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,187,108.33</b>
<b>NET ASSETS</b>									
UNRESTRICTED FUNDS									
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	0.00	0.00	0.00	0.00	33,371.85	21,827.57	187,506.87	27,057,293.71
RESERVED FOR WATER RATE STABILIZATION	49,877,390.56	7,891,575.40	0.00	0.00	0.00	0.00	0.00	0.00	41,985,815.16
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	66,589,516.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66,589,516.77
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>143,766,907.33</b>	<b>7,891,575.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>33,371.85</b>	<b>21,827.57</b>	<b>187,506.87</b>	<b>135,632,625.64</b>
RESTRICTED BY ORDINANCE/RESOLUTION	42,953,766.29	0.00	4,793,280.42	16,639.88	75,093.28	17,837,212.50	9,586,560.84	5,000,000.00	5,644,979.37
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,340,143.68	173,340,143.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>360,060,817.30</b>	<b>181,231,719.08</b>	<b>4,793,280.42</b>	<b>16,639.88</b>	<b>75,093.28</b>	<b>17,870,584.35</b>	<b>9,608,388.41</b>	<b>5,187,506.87</b>	<b>141,277,605.01</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>613,170,328.70</b>	<b>408,627,160.90</b>	<b>12,403,787.92</b>	<b>4,130,593.63</b>	<b>4,877,593.28</b>	<b>17,870,584.35</b>	<b>9,608,388.41</b>	<b>5,187,506.87</b>	<b>150,464,713.34</b>

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

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - GENERAL ACCOUNT DETAIL  
October 31, 2002

PAGE 8

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	141,192,276.53	52,478,004.70	77,814,874.38	10,899,397.45
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,920,000.00	0.00	7,920,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,352,436.81	565,104.17	688,717.39	98,615.25
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
<b>TOTAL ASSETS</b>	<b>150,464,713.34</b>	<b>53,043,108.87</b>	<b>86,423,591.77</b>	<b>10,998,012.70</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
BONDS PAYABLE CURRENT	8,400,000.00	0.00	0.00	8,400,000.00
ACCRUED INTEREST	787,108.33	0.00	0.00	787,108.33
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
<b>TOTAL LIABILITIES</b>	<b>9,187,108.33</b>	<b>0.00</b>	<b>0.00</b>	<b>9,187,108.33</b>
<b>NET ASSETS</b>				
UNRESTRICTED FUNDS				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	27,057,293.71	11,057,293.71	16,000,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	41,985,815.16	41,985,815.16	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	66,589,516.77	0.00	66,589,516.77	0.00
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>135,632,625.64</b>	<b>53,043,108.87</b>	<b>82,589,516.77</b>	<b>0.00</b>
RESTRICTED BY ORDINANCE/RESOLUTION	5,644,979.37	0.00	3,834,075.00	1,810,904.37
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>141,277,605.01</b>	<b>53,043,108.87</b>	<b>86,423,591.77</b>	<b>1,810,904.37</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>150,464,713.34</b>	<b>53,043,108.87</b>	<b>86,423,591.77</b>	<b>10,998,012.70</b>

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
STATEMENT OF REVENUES & EXPENDITURES  
October 31, 2002

PAGE 9

REVENUE	CURRENT MONTH ACTUAL	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D BUDGET VARIANCE FAVORABLE (UNFAVORABLE)	% OF Y-T-D BUDGET
OPERATIONS & MAINTENANCE REVENUES	3,371,046.84	24,153,157.76	23,992,253.26	160,904.50	100.7%
FIXED COST REVENUES	847,063.17	5,082,378.92	5,082,379.00	(0.08)	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	80,751.80	507,175.60	557,780.56	(50,604.96)	90.9%
EMERGENCY WATER SERVICE	6,343.20	6,343.20	0.00	6,343.20	N/A
SALES TAXES	2,701,726.40	15,805,977.06	16,542,491.81	(736,514.75)	95.5%
INVESTMENT INCOME	385,156.50	3,716,108.09	2,284,246.58	1,431,861.51	162.7%
OTHER INCOME	138,507.60	659,573.81	186,898.63	472,675.18	352.9%
<b>TOTAL REVENUE</b>	<b>7,530,595.51</b>	<b>49,930,714.44</b>	<b>48,646,049.84</b>	<b>1,284,664.60</b>	<b>102.6%</b>
<b>EXPENSES</b>					
PERSONAL SERVICES	202,561.99	1,133,861.24	1,227,054.67	93,193.43	92.4%
PROFESSIONAL SERVICES	19,976.99	165,700.76	125,684.60	(40,016.16)	131.8%
CONTRACTUAL SERVICES	15,401.23	144,813.63	384,346.03	239,532.40	37.7%
INSURANCE	0.00	315,487.52	774,672.97	459,185.45	40.7%
ADMINISTRATIVE COSTS	6,890.61	48,441.44	66,300.49	17,859.05	73.1%
WATER SUPPLY COSTS	3,801,995.92	25,890,718.98	25,167,731.55	(722,987.43)	102.9%
BOND INTEREST EXPENSE	1,117,731.84	6,700,873.47	7,609,044.50	908,171.03	88.1%
LAND AND RIGHT OF WAY	0.00	3,495.00	3,022.14	(472.86)	115.6%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	525,953.82	3,174,676.41	3,376,763.96	202,087.55	94.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,690,512.40</b>	<b>37,578,068.45</b>	<b>38,734,620.91</b>	<b>1,156,552.46</b>	<b>97.0%</b>
<b>NET OPERATING INCOME</b>	<b>1,840,083.11</b>	<b>12,352,645.99</b>	<b>9,911,428.93</b>	<b>2,441,217.06</b>	<b>124.6%</b>
CONSTRUCTION EXPENDITURES	950,526.07	4,708,497.06	4,175,791.79	(532,705.27)	112.8%
<b>NET FUND TRANSACTIONS</b>	<b>889,557.04</b>	<b>7,644,148.93</b>	<b>5,735,637.14</b>	<b>1,908,511.79</b>	<b>133.3%</b>
BEGINNING NET ASSETS		347,708,171.31			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		4,708,497.06			
<b>ENDING NET ASSETS</b>		<b>360,060,817.30</b>			

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
BALANCE SHEET - COMPARISON TO PRIOR FISCAL YEAR  
October 31, 2002

PAGE 10

	October 31, 2002 TOTAL WATER FUND (ALL ACCOUNTS)	October 31, 2001 TOTAL WATER FUND (ALL ACCOUNTS)	INCREASE (DECREASE) VS. PRIOR FISCAL YEAR
<b>ASSETS</b>			
CASH	406,171.57	178,884.92	227,286.65
INVESTMENTS	197,888,428.93	186,654,526.68	11,233,902.25
DUE FROM OTHER FUNDS	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,770,640.30	5,586,099.56	1,184,540.74
SALES TAX RECEIVABLE	7,920,000.00	7,950,000.00	(30,000.00)
ACCOUNTS RECEIVABLE-OTHER	927,201.62	906,050.25	21,151.37
INTEREST RECEIVABLE	1,450,292.31	878,765.23	571,527.08
INVENTORIES & PREPAIDS	193,733.48	269,586.65	(75,853.17)
FIXED ASSETS	425,025,303.71	401,457,518.85	23,567,784.86
CONSTRUCTION IN PROGRESS	19,655,993.80	30,733,576.60	(11,077,582.80)
LESS: ACCUMULATED DEPRECIATION	(62,932,408.71)	(56,538,533.69)	(6,393,875.02)
DEFERRED WATER SUPPLY CONTRACT COST	15,864,971.69	23,419,201.07	(7,554,229.38)
<b>TOTAL ASSETS</b>	<b>613,170,328.70</b>	<b>601,495,676.12</b>	<b>11,674,652.58</b>
<b>LIABILITIES &amp; EQUITY</b>			
ACCOUNTS PAYABLE	4,740,953.99	3,199,283.50	1,541,670.49
ACCRUED PAYROLL & TAXES	195,581.70	162,365.20	33,216.50
DUE TO OTHER FUNDS	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,005,000.00	17,095,000.00	910,000.00
ACCRUED INTEREST	4,901,062.08	5,394,485.83	(493,423.75)
ACCRUED LIABILITIES	440,748.21	520,395.79	(79,647.58)
CONTRACT RETENTION	2,233,223.60	1,583,936.18	649,287.42
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00
DEFERRED REVENUE	3,121,725.01	3,166,567.88	(44,842.87)
LONG TERM BONDS PAYABLE	219,471,216.81	238,662,944.57	(19,191,727.76)
<b>TOTAL LIABILITIES</b>	<b>253,109,511.40</b>	<b>269,784,978.95</b>	<b>(16,675,467.55)</b>
<b>NET ASSETS</b>			
UNRESTRICTED FUNDS			
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	27,300,000.00	26,500,000.00	800,000.00
RESERVED FOR WATER RATE STABILIZATION	49,877,390.56	44,856,022.36	5,021,368.20
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	66,589,516.77	62,549,045.46	4,040,471.31
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>143,766,907.33</b>	<b>133,905,067.82</b>	<b>9,861,839.51</b>
RESTRICTED BY ORDINANCE/RESOLUTION	42,953,766.29	41,971,811.09	981,955.20
INVESTED IN PROPERTY PLANT AND EQUIPMENT	173,340,143.68	155,833,818.26	17,506,325.42
<b>TOTAL NET ASSETS</b>	<b>360,060,817.30</b>	<b>331,710,697.17</b>	<b>28,350,120.13</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>613,170,328.70</b>	<b>601,495,676.12</b>	<b>11,674,652.58</b>

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

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
COMPARATIVE STATEMENT OF REVENUES & EXPENDITURES  
October 31, 2002

PAGE 11

	October 31, 2002 Y-T-D CURRENT FISCAL YEAR	October 31, 2001 Y-T-D PRIOR FISCAL YEAR	INCREASE (DECREASE)	% INCREASE (% DECREASE)
<b>REVENUE</b>				
OPERATIONS & MAINTENANCE REVENUES	24,153,157.76	23,282,577.01	870,580.75	3.7%
FIXED COST REVENUES	5,082,378.92	6,688,278.06	(1,605,899.14)	-24.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	507,175.60	457,883.60	49,292.00	10.8%
EMERGENCY WATER SERVICE	6,343.20	0.00	6,343.20	N/A
SALES TAXES	15,805,977.06	16,353,606.48	(547,629.42)	-3.3%
INVESTMENT INCOME	3,716,108.09	3,792,708.36	(76,600.27)	-2.0%
OTHER INCOME	659,573.81	684,543.91	(24,970.10)	-3.6%
<b>TOTAL REVENUE</b>	<b>49,930,714.44</b>	<b>51,259,597.42</b>	<b>(1,328,882.98)</b>	<b>-2.6%</b>
<b>EXPENSES</b>				
PERSONAL SERVICES	1,133,861.24	1,069,895.38	63,965.86	6.0%
PROFESSIONAL SERVICES	165,700.76	90,194.95	75,505.81	83.7%
CONTRACTUAL SERVICES	144,813.63	96,168.00	48,645.63	50.6%
INSURANCE	315,487.52	228,466.02	87,021.50	38.1%
ADMINISTRATIVE COSTS	48,441.44	37,265.83	11,175.61	30.0%
WATER SUPPLY COSTS	25,890,718.98	22,658,452.53	3,232,266.45	14.3%
BOND INTEREST EXPENSE	6,700,873.47	8,119,934.10	(1,419,060.63)	-17.5%
LAND AND RIGHT OF WAY	3,495.00	3,495.00	0.00	0.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	3,174,676.41	3,084,267.61	90,408.80	2.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>37,578,068.45</b>	<b>35,388,139.42</b>	<b>2,189,929.03</b>	<b>6.2%</b>
<b>NET OPERATING INCOME</b>	<b>12,352,645.99</b>	<b>15,871,458.00</b>	<b>(3,518,812.01)</b>	<b>-22.2%</b>
CONSTRUCTION EXPENDITURES	4,708,497.06	3,168,281.65	1,540,215.41	48.6%
<b>NET FUND TRANSACTIONS</b>	<b>7,644,148.93</b>	<b>12,703,176.35</b>	<b>(5,059,027.42)</b>	<b>-39.8%</b>
BEGINNING NET ASSETS	347,708,171.31	315,839,239.17		
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED	4,708,497.06	3,168,281.65		
<b>ENDING NET ASSETS</b>	<b>360,060,817.30</b>	<b>331,710,697.17</b>		

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 10/31/02	BID PRICE 10/31/02	MARKET ABOVE PURCHASE	MARKET ABOVE PAR VALUE
<b>Water Fund Depository Accounts (WF-1210)</b>													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 961,437.60	\$ 961,437.60	\$ -	\$ 961,437.60	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	1,766,233.45	1,766,233.45	-	1,766,233.45	-	100.000	-	-
				1.827%	1.827%	\$ 2,727,671.05	\$ 2,727,671.05	\$ -	\$ 2,727,671.05	\$ -		\$ -	\$ -
<b>Water Fund Oper. &amp; Maint. Acct. (WF-1211)</b>													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 7,411,510.35	\$ 7,411,510.35	\$ -	\$ 7,411,510.35	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	4,981,331.61	4,981,331.61	-	4,981,331.61	-	100.000	-	-
				1.806%	1.806%	\$ 12,392,841.96	\$ 12,392,841.96	\$ -	\$ 12,392,841.96	\$ -		\$ -	\$ -
<b>Revenue Bond Interest Account (WF-1212)</b>													
One Group Government Money Market	1.110%	10/31/02	11/01/02	1.110%	1.110%	\$ 4,130,163.95	\$ 4,130,163.95	\$ -	\$ 4,130,163.95	\$ 429.68	100.000	\$ -	\$ -
				1.110%	1.110%	\$ 4,130,163.95	\$ 4,130,163.95	\$ -	\$ 4,130,163.95	\$ 429.68		\$ -	\$ -
<b>Revenue Bond Principal (WF-1213)</b>													
One Group Government Money Market	1.110%	10/31/02	11/01/02	1.110%	1.110%	\$ 134,019.52	\$ 134,019.52	\$ -	\$ 134,019.52	\$ 29.99	100.000	\$ -	\$ -
U. S. Treas. Notes (Banc One Trust Company)	5.750%	06/11/02	04/30/03	2.154%	1.230%	1,581,000.00	1,615,584.38	(15,007.14)	1,630,591.52	-	102.188	-	34,584.38
U. S. Treas. Notes (Banc One Trust Company)	5.750%	07/10/02	04/30/03	2.148%	1.230%	768,000.00	784,800.00	(7,170.00)	791,970.00	-	102.188	-	16,800.00
U. S. Treas. Notes (Banc One Trust Company)	5.750%	08/05/02	04/30/03	1.556%	1.230%	765,000.00	781,734.38	(6,663.86)	788,398.24	-	102.188	-	16,734.38
U. S. Treas. Notes (Banc One Trust Company)	5.750%	09/13/02	04/30/03	1.638%	1.230%	765,000.00	781,734.38	(2,928.51)	784,662.89	-	102.188	-	16,734.38
U. S. Treas. Notes (Banc One Trust Company)	5.750%	10/07/02	04/30/03	1.459%	1.230%	172,000.00	175,762.50	(382.97)	176,145.47	-	102.188	-	3,762.50
U. S. Treas. Notes (Banc One Trust Company)	5.750%	10/08/02	04/30/03	1.460%	1.230%	591,000.00	603,928.13	(1,154.29)	605,082.42	-	102.188	-	12,928.13
				1.835%	1.227%	\$ 4,776,019.52	\$ 4,877,563.29	\$ (33,306.77)	\$ 4,910,870.06	\$ 29.99		\$ -	\$ 101,543.77
<b>Revenue Bond Debt Svc. Reserve (WF-1214)</b>													
U. S. Treas. Bills (Banc One Trust)	0.000%	10/11/02	04/10/03	1.563%	1.420%	\$ 17,982,000.00	\$ 17,869,412.70	\$ 25,739.23	\$ 17,843,673.47	\$ -	99.374	\$ 25,739.23	\$ -
				1.563%	1.420%	\$ 17,982,000.00	\$ 17,869,412.70	\$ 25,739.23	\$ 17,843,673.47	\$ -		\$ 25,739.23	\$ -
<b>Water Fund Oper. &amp; Maint. Res. (WF-1215)</b>													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 67,733.99	\$ 67,733.99	\$ -	\$ 67,733.99	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	187,633.59	187,633.59	-	187,633.59	-	100.000	-	-
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.340%	5,000,000.00	5,146,875.00	27,929.69	5,118,945.31	97,395.83	102.938	27,929.69	146,875.00
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.510%	4,000,000.00	4,108,750.00	78,750.00	4,030,000.00	-	102.719	78,750.00	108,750.00
				2.932%	1.427%	\$ 9,255,367.58	\$ 9,510,992.58	\$ 106,679.69	\$ 9,404,312.89	\$ 97,395.83		\$ 106,679.69	\$ 255,625.00
<b>Water Fund Depreciation Account (WF-1216)</b>													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 329,495.14	\$ 329,495.14	\$ -	\$ 329,495.14	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	749,261.73	749,261.73	-	749,261.73	-	100.000	-	-
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.510%	4,000,000.00	4,108,750.00	78,750.00	4,030,000.00	-	102.719	\$ 78,750.00	\$ 108,750.00
				2.723%	1.577%	\$ 5,078,756.87	\$ 5,187,506.87	\$ 78,750.00	\$ 5,108,756.87	\$ -		\$ 78,750.00	\$ 108,750.00

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 10/31/02	BID PRICE 10/31/02	MARKET ABOVE PURCHASE	MARKET ABOVE PAR VALUE
Water Fund General Account (WF-1217)													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 6,682,587.53	\$ 6,682,587.53	\$ -	\$ 6,682,587.53	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	4,460,117.17	4,460,117.17	-	4,460,117.17	-	100.000	\$ -	\$ -
F.H.L.B. (ABN AMRO)	6.375%	07/20/01	11/15/02	3.948%	1.507%	5,000,000.00	5,009,500.00	(143,894.10)	5,153,394.10	146,093.75	100.190	\$ -	\$ 9,500
U. S. Treas. Strip-int (ABN AMRO)	0.000%	03/19/02	05/15/03	2.661%	1.290%	10,000,000.00	9,931,250.00	232,474.50	9,698,775.50	-	99.313	\$ 232,475	\$ -
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.569%	5,000,000.00	5,207,050.00	(117,268.14)	5,324,318.14	71,614.58	104.141	\$ -	\$ 207,050
U. S. Treas. Notes (Dain Rauscher)	7.250%	01/31/02	05/15/04	3.204%	1.500%	10,000,000.00	10,865,625.00	(18,675.00)	10,884,300.00	332,291.67	108.656	\$ -	\$ 865,625
F.H.L.B. (RBC D. Rauscher)	3.625%	06/14/02	10/15/04	3.403%	1.900%	10,000,000.00	10,321,875.00	274,218.75	10,047,656.25	15,104.17	103.219	\$ 274,219	\$ 321,875
				2.889%	1.611%	\$ 51,142,704.70	\$ 52,478,004.70	\$ 226,856.01	\$ 52,251,148.69	\$ 565,104.17		\$ 506,693.25	\$ 1,404,050.00
Sales Tax Funds (WF-1230)													
Illinois Funds-Money Market	1.771%	10/31/02	11/01/02	1.771%	1.771%	\$ 2,161,961.21	\$ 2,161,961.21	\$ -	\$ 2,161,961.21	\$ -	100.000	\$ -	\$ -
Illinois Funds-Prime Fund	1.858%	10/31/02	11/01/02	1.858%	1.858%	4,359,213.17	4,359,213.17	-	4,359,213.17	-	100.000	-	-
Cert. of Deposit (Oak Brook Bank)	2.250%	01/15/02	01/15/03	2.250%	2.250%	6,000,000.00	6,000,000.00	-	6,000,000.00	106,890.41	100.000	-	-
U. S. Treas. Strip-pm (ABN AMRO)	0.000%	03/20/02	02/15/03	2.547%	1.500%	5,000,000.00	4,978,125.00	91,975.00	4,886,150.00	-	99.563	91,975.00	-
Cert. of Deposit (Mid America Bank)	2.750%	04/12/02	04/15/03	2.750%	2.750%	6,000,000.00	6,000,000.00	-	6,000,000.00	91,315.07	100.000	-	-
Cert. of Deposit (Winfield Community Bank)	3.000%	06/17/02	06/17/03	3.000%	3.000%	1,000,000.00	1,000,000.00	-	1,000,000.00	11,178.08	100.000	-	-
Cert. of Deposit (West Suburban Bank)	3.000%	07/16/02	07/16/03	3.000%	3.000%	5,935,100.00	5,935,100.00	-	5,935,100.00	52,196.36	100.000	-	-
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.569%	5,000,000.00	5,207,050.00	(117,268.14)	5,324,318.14	71,614.58	104.141	-	207,050.00
Cert. of Deposit (West Suburban Bank)	2.480%	10/15/02	10/15/03	2.480%	2.480%	64,900.00	64,900.00	-	64,900.00	70.55	100.000	-	-
Cert. of Deposit (Suburban Bank & Trust)	2.000%	10/16/02	10/16/03	2.000%	2.000%	6,000,000.00	6,000,000.00	-	6,000,000.00	4,931.51	100.000	-	-
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.340%	5,000,000.00	5,146,875.00	27,929.68	5,118,945.32	97,395.83	102.938	27,929.68	146,875.00
F.H.L.B. (ABN AMRO)	3.375%	06/21/02	05/14/04	3.002%	1.846%	10,000,000.00	10,230,400.00	161,650.00	10,068,750.00	154,687.50	102.304	161,650.00	230,400.00
F.H.L.B. (RBC D. Rauscher)	3.625%	09/12/02	10/15/04	2.400%	1.900%	10,000,000.00	10,321,875.00	74,075.00	10,247,800.00	15,104.17	103.219	74,075.00	321,875.00
F.H.L.B. (RBC D. Rauscher)	4.000%	10/17/02	02/15/05	2.462%	2.120%	10,000,000.00	10,409,375.00	64,875.00	10,344,500.00	83,333.33	104.094	64,875.00	409,375.00
				2.561%	2.030%	\$ 76,521,174.38	\$ 77,814,874.38	\$ 303,236.54	\$ 77,511,637.84	\$ 688,717.39		\$ 420,504.68	\$ 1,315,575.00
2001 G. O. Bonds Debt Service (WF-1243)													
ABN AMRO Government Money Market	1.514%	10/31/02	11/01/02	1.514%	1.514%	\$ 198.70	\$ 198.70	\$ -	\$ 198.70	\$ 0.25	100.000	\$ -	\$ -
U. S. Treas. Notes (LaSalle Bank)	5.500%	03/08/02	02/28/03	2.450%	1.380%	10,758,000.00	10,899,198.75	(173,977.03)	11,073,175.78	98,615.00	101.313	\$ -	\$ 141,198.75
				2.450%	1.380%	\$ 10,758,198.70	\$ 10,899,397.45	\$ (173,977.03)	\$ 11,073,374.48	\$ 98,615.25		\$ -	\$ 141,198.75
TOTAL ALL FUNDS				2.469%	1.732%	\$ 194,764,898.71	\$ 197,888,428.93	\$ 533,977.67	\$ 197,354,451.26	\$ 1,450,292.31		\$ 1,138,366.85	\$ 3,326,742.52
October 31, 2002	90 DAY US TREASURY YIELD			1.340%									
October 31, 2002	TOTAL ALL FUNDS			2.469%	1.732%	\$ 194,764,898.71	\$ 197,888,428.93	\$ 533,977.67	\$ 197,354,451.26	\$ 1,450,292.31		\$ 1,138,366.85	\$ 3,326,742.52
April 30, 2002	TOTAL ALL FUNDS			2.503%	2.196%	190,123,730.13	191,681,644.80	295,248.70	191,386,396.10	1,243,835.01		713,215.81	2,008,695.31
CURRENT FISCAL YEAR	CHANGE			-0.034%	-0.464%	\$ 4,641,168.58	\$ 6,206,784.13	\$ 238,728.97	\$ 5,968,055.16	\$ 206,457.30		\$ 425,151.04	\$ 1,318,047.21



**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 determining the Commission's compliance with its cash and investment policies and practices during the period from May 1, 2002 to August 31, 2002 management is responsible for the Commission's compliance with those policies and procedures. This was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management and the Board of Commissioners. 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.

1. For bank accounts at August 31, 2002, 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, 2002 to August 31, 2002, 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 94% of the dollar amount of all such transfers made during the period from May 1, 2002 to August 31, 2002 based on total transfers as shown on the list provided by the Commission's staff.

3. For Commission investments held at August 31, 2002, 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, 2002 to August 31, 2002, 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, 2002 to August 31, 2002, 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. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matter 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 Board of Commissioners and the management 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*

Mokena, Illinois  
September 19, 2002



# DuPage Water Commission

## MEMORANDUM

TO: Chairman & Commissioners

FROM: General Manager

DATE: November 8, 2002

SUBJECT: Liability and Property Insurance Renewals for November 1

At its October 10<sup>th</sup> meeting, the Commission accepted a proposal from Arthur J. Gallagher Risk Management Services, Inc. for General Liability, Auto Liability, Public Officials Liability, Umbrella and Excess Liability, Underground Storage Tank, Pollution Liability, Public Employee Dishonesty, Money and Securities, and Workmen's Compensation and Workmen's Compensation Employer Liability to Third Parties insurance coverages to be effective as of November 1, 2002. The Commission's broker was directed to continue negotiating the best coverage possible for the Commission, and the General Manager was authorized to bind, effective as of November 1, 2002, liability and property insurance coverages determined by the General Manager to be most favorable to the interests of the Commission.

By restructuring the general liability coverage and reducing above ground flood and earthquake property coverage to last years levels, an additional \$20 of underground coverage was obtained while reducing premiums by \$8,300. The provider for the first line of liability coverage was changed from CNA to Allianz. Sheffield Insurance is providing the additional \$20 million of underground property coverage. The additional \$50 million of above ground flood and earthquake could be obtained for and additional premium of \$43,000.

I would recommend the following action for the Board to consider at its November 14<sup>th</sup> meeting:

Make a motion to ratify and approve the liability and property insurance coverages bound on November 1, 2002 by the General Manager in accordance with the revised proposal (summary attached) of Arthur J. Gallagher Risk Management Services, Inc.

# INSURANCE COVERAGE SUMMARY

COVERAGE 11/1/2001-10/31/2002	ACCEPTED 10/10/2002 11/1/2002-10/31/2003	BOUND 11/1/2002 11/1/2002-10/31/2003
<b>GENERAL LIABILITY</b>		
\$20 million	\$20 million except for Employment Practice Liability which was reduced to \$5 million	\$20 million except for Employment Practice Liability which was reduced to \$5 million
No Deductible	\$5,000 Deductible	\$5,000 Deductible
<b>PREMIUM</b> \$90,747	<b>PREMIUM</b> \$123,261	<b>PREMIUM</b> \$123,261
<b>ENVIRONMENTAL LIABILITY</b>		
\$1 million	\$1 million	\$1 million
\$5,000 Deductible	\$5,000 Deductible	\$5,000 Deductible
<b>PREMIUM</b> \$2,500	<b>PREMIUM</b> \$500	<b>PREMIUM</b> \$500
<b>ABOVE GROUND PROPERTY</b>		
Basis: \$100 million Excess: 120 million	Basis: \$ 25 million Excess: 195 million	Basis: \$100 million Excess: 120 million
TOTAL \$220 million	TOTAL \$220 million	TOTAL \$220 million
\$25,000 Deductible	\$25,000 Deductible	\$25,000 Deductible
<b>EARTHQUAKE/FLOOD ABOVE GROUND</b>		
\$25 million	\$75 million	\$25 million
\$25,000 Deductible	\$25,000 Deductible	\$25,000 Deductible
<b>PREMIUM</b> \$231,600	<b>PREMIUM</b> \$320,500	<b>PREMIUM</b> \$249,609
<b>UNDERGROUND PROPERTY</b>		
Basis: \$20 million Excess: 0 million	Basis: \$20 million Excess: 0 million	Basis: \$20 million Excess: 20 million
TOTAL \$20 million	TOTAL \$20 million	TOTAL \$40 million
\$1,000,000 Deductible	\$1,000,000 Deductible	\$1,000,000 Deductible
<b>EARTHQUAKE/FLOOD UNDERGROUND GROUND</b>		
\$20 million	\$20 million	\$20 million
\$1,000,000 Deductible	\$1,000,000 Deductible	\$1,000,000 Deductible
<b>PREMIUM</b> \$126,900	<b>PREMIUM</b> \$131,235	<b>PREMIUM</b> \$193,815
<b>TOTAL PREMIUM</b> \$451,747	<b>TOTAL PREMIUM</b> \$575,496	<b>TOTAL PREMIUM</b> \$567,185

DU PAGE WATER COMMISSION  
SCHEDULE OF PREPAID INSURANCE

11/01/02

TYPE	FROM	TO	ACCOUNT #	11/01/01 TO 11/01/02	11/01/02 TO 11/01/03	INCREASE (DECREASE)	
GASOLINE TANK	11/01/01	11/01/02	WF-6411	2,500.00	500.00	(2,000.00)	-80.00%
COMMERCIAL PACKAGE	11/01/01	11/01/02	WF-6411	90,747.00	123,261.00	32,514.00	35.83%
				93,247.00	123,761.00	30,514.00	32.72%
ABOVE GROUND PROPERTY \$25 MM F&E	11/01/01	11/01/02	WF-6421	231,600.00	249,609.00	18,009.00	7.78%
UNDER GROUND PROPERTY 1st \$20 MM (INCL F&E)	11/01/01	11/01/02	WF-6421	126,900.00	131,235.00	4,335.00	3.42%
UNDER GROUND PROPERTY 2nd \$20 MM (NO F&E)	11/01/01	11/01/02	WF-6421	NOT AVAILABLE	62,580.00	62,580.00	100.00%
				358,500.00	443,424.00	84,924.00	23.69%
TOTALS				451,747.00	567,185.00	115,438.00	25.55%

TYPE	FROM	TO	ACCOUNT #	11/01/02 TO 11/01/03 PRESENTED 10/10/02	11/01/02 TO 11/01/03 PRESENTED 10/30/02	INCREASE (DECREASE)	
GASOLINE TANK	11/01/01	11/01/02	WF-6411	500.00	500.00	0.00	0.00%
COMMERCIAL PACKAGE	11/01/01	11/01/02	WF-6411	123,261.00	123,261.00	0.00	0.00%
				123,761.00	123,761.00	0.00	0.00%
ABOVE GROUND PROPERTY \$75/\$25 MM F&E	11/01/01	11/01/02	WF-6421	320,500.00	249,609.00	(70,891.00)	-22.12%
UNDER GROUND PROPERTY 1st \$20 MM (INCL F&E)	11/01/01	11/01/02	WF-6421	131,235.00	131,235.00	0.00	0.00%
UNDER GROUND PROPERTY 2nd \$20 MM (NO F&E)	11/01/01	11/01/02	WF-6421	NOT OFFERED	62,580.00	62,580.00	100.00%
				451,735.00	443,424.00	(8,311.00)	-1.84%
TOTALS				575,496.00	567,185.00	(8,311.00)	-1.44%

TYPE	FROM	TO	ACCOUNT #	OPTION 4 11/01/02 TO 11/01/03 PRESENTED 10/30/02	OPTION 4 11/01/02 TO 11/01/03 PRESENTED 10/31/02	INCREASE (DECREASE)	
GASOLINE TANK	11/01/01	11/01/02	WF-6411	500.00	500.00	0.00	0.00%
COMMERCIAL PACKAGE	11/01/01	11/01/02	WF-6411	123,261.00	123,261.00	0.00	0.00%
				123,761.00	123,761.00	0.00	0.00%
ABOVE GROUND PROPERTY \$75 MM F&E	11/01/01	11/01/02	WF-6421	320,500.00	292,609.00	(27,891.00)	-8.70%
UNDER GROUND PROPERTY 1st \$20 MM (INCL F&E)	11/01/01	11/01/02	WF-6421	131,235.00	131,235.00	0.00	0.00%
UNDER GROUND PROPERTY 2nd \$20 MM (NO F&E)	11/01/01	11/01/02	WF-6421	NOT OFFERED	62,580.00	62,580.00	100.00%
				451,735.00	486,424.00	34,689.00	7.68%
TOTALS				575,496.00	610,185.00	34,689.00	6.03%




---

To: Jim Holzwart

From: Eric Rockhold, (312) 541-3384

Date: October 21, 2002

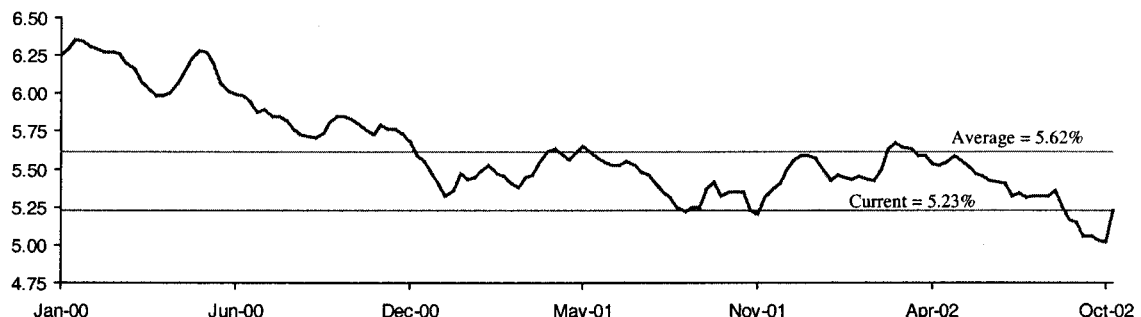
Subject: DuPage Water Commission Series 1993 Refinancing Opportunities

---

We enjoyed meeting with Rick and you on October 3 to discuss the refinancing opportunities associated with the Commission's Water Refunding Revenue Bonds, Series 1993 ("Series 1993 Bonds"). As you know, for well over a decade the Commission has been a very important client to our team, and to me in particular, with my having worked on both the 1992 and 1993 refunding bond transactions. We look forward to having the opportunity to work with you again. We believe our team's detailed knowledge of the Commission's operating structure, revenue sources and Charter Customers will be essential in packaging the bonds for sale in an expedited manner, which is important in this volatile interest rate environment.

The following memo updates the refunding opportunity on the Commission's Series 1993 Bonds that we discussed in our meeting. The graph below depicts the movement of the Revenue Bond Index ("RBI") over the past three years. Despite the recent rise in interest rates, the Commission still has refunding opportunities that meet its historical criteria. A table summarizing the Commission's opportunities can be found at the end of this memo.

**Historical RBI Index<sup>1</sup>**



<sup>1</sup> Reflects market conditions as of October 21, 2002

### Forward Refunding of Series 1993 Bonds

Given their relatively high coupons, the outstanding Series 1993 Bonds are potential refunding candidates. Due to IRS regulations, the bonds are not advance refundable, but will be currently callable on 1/31/03 (90 days prior to the call date of 5/1/03). When bond refundings are attractive, but the bonds being targeted are not advance refundable, clients often consider a forward delivery fixed rate refunding. A forward delivery fixed

rate structure allows the Commission to lock-in today's rates, while issuing traditional fixed-rate bonds, similar to the forward refunding the Commission completed in 2001 on its Series 1992 Bonds. For the Series 1993 Bonds, forward delivery refunding bonds could be issued today for delivery to investors on 1/31/03. Although a forward interest rate "premium" is charged by investors for having to wait to take delivery of the bonds, a refunding of this nature can still be quite attractive. *Given current market conditions, a forward delivery fixed rate structure produces approximately \$7.1 million of PV debt service savings (4.93% of refunded par).*

### Summary

The economics of refunding the Series 1993 Bonds have declined since our update in October, primarily due to the rapid increase in market rates over the past ten days. To put the rise in interest rates over the past month in perspective, the 10-year AAA Municipal Market Data Index level has risen 54 basis points (0.54%) from its low on September 24. Thus, with the current level of interest rate volatility, being prepared for a refinancing is in the best interests of the Commission.

JPMorgan will continue to monitor the potential savings from a forward refunding of the Series 1993 Bonds and we welcome the opportunity to discuss these structures further with the Commission. A summary of the Commission's refunding opportunities is shown below.

	<b>Forward Delivery Fixed Rate Refunding (Current Market)<sup>1</sup></b>
Pricing date:	12/01/02
Delivery date <sup>2</sup> :	02/01/03
Refunding par:	\$152,610,000
Refunding arbitrage yield:	3.86%
Refunding escrow yield:	1.58%
Refunded par:	\$145,655,000
Refunded average coupon:	5.318%
PV savings (\$):	\$7,186,988
PV savings (% of refunded):	4.93%

<sup>1</sup> Market rates as of October 21, 2002.

DU PAGE WATER COMMISSION  
WATER FUND  
CASH BASIS GENERAL LEDGER  
STATEMENT OF REVENUES & EXPENDITURES  
October 31, 2002

REVENUE	CURRENT MONTH ACTUAL	Y-T-D ACTUAL
WATER SALES	5,033,486.89	28,990,893.54
SALES TAXES	2,701,726.40	15,805,977.06
INVESTMENT INCOME	974,510.49	3,269,727.19
OTHER INCOME	86,815.89	885,529.13
<b>TOTAL REVENUE</b>	<b>8,796,539.67</b>	<b>48,952,126.92</b>
<b>EXPENSES</b>		
PERSONAL SERVICES	184,904.28	1,131,816.42
PROFESSIONAL SERVICES	11,107.55	176,317.69
CONTRACTUAL SERVICES	19,433.01	133,585.01
INSURANCE	0.00	17,570.00
ADMINISTRATIVE COSTS	7,072.70	51,573.21
WATER SUPPLY COSTS	3,602,545.30	20,453,187.12
BOND PRINCIPAL & INTEREST	0.00	15,854,028.75
LAND AND RIGHT OF WAY	0.00	3,495.00
CAPITAL OUTLAY	0.00	48,251.94
<b>TOTAL OPERATING EXPENSES</b>	<b>3,825,062.84</b>	<b>37,869,825.14</b>
CONSTRUCTION EXPENDITURES	873,362.57	4,723,004.57
<b>TOTAL EXPENSES</b>	<b>4,698,425.41</b>	<b>42,592,829.71</b>
<b>NET FUND TRANSACTIONS</b>	<b>4,098,114.26</b>	<b>6,359,297.21</b>
<b>BEGINNING BALANCE</b>		<b>191,401,325.62</b>
<b>ENDING BALANCE</b>		<b>197,760,622.83</b>
<b>FUNDS CONSIST OF:</b>		
PETTY CASH		500.00
CASH AT BANK ONE		10,646.94
CASH AT OAK BROOK BANK LOCK BOX		394,053.96
CASH AT VILLA PARK TRUST & SAVINGS		970.67
<b>TOTAL CASH</b>		<b>406,171.57</b>
ILLINOIS FUNDS MONEY MARKET		17,614,725.82
ILLINOIS FUNDS PRIME FUND		16,503,790.72
GOVERNMENT MONEY MARKET FUNDS		4,264,382.17
U. S. TREASURY INVESTMENTS		77,460,815.92
U. S. AGENCY INVESTMENTS		56,510,736.63
CERTIFICATES OF DEPOSIT		25,000,000.00
COMMERCIAL PAPER		0.00
<b>TOTAL INVESTMENTS</b>		<b>197,354,451.26</b>
<b>TOTAL FUNDS</b>		<b>197,760,622.83</b>