



# DuPage Water Commission

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## **FINANCE COMMITTEE ITEMS THURSDAY, OCTOBER 10, 2002**

- I. Treasurer's Report – August, 2002
- II. Financial Statements – August, 2002
- III. Accounts Payable
- IV. Resolution R-40-02: A Resolution Directing the Transfer of the Excess Debt Service Reserve Account Balance to the General Account of the Water Fund
- V. Resolution R-41-02: A Resolution Directing the Transfer of Certain Excess Account Balances to the General Account of the Water Fund
- VI. Liability and Property Insurance Renewals
- VII. Financial Review
  - A. Net Asset (Fund Balance) Analysis
  - B. Five Year Capital Improvement Program
  - C. Self Insurance Study

Board\Agendas\FC 2002-10.doc



# DuPage Water Commission

## MEMORANDUM

TO: General Manager  
FROM: Financial Administrator  
DATE: October 4, 2002  
SUBJECT: Financial Report – September 30, 2002

### WATER FUND

Total revenue was 3.3% more than budget as of September 30<sup>th</sup>. Warmer, drier weather caused water sales for the month to be 15.2% more than last September. This represents the second highest water sales in a month of September since operations commenced in 1992. Year-to-date, water sales were 1.2% more than budget.

September sales tax collections (for sales made in June) were \$218,056 (7.2%) less than September, 2001. In the first five months of the fiscal year, collections were \$461,857 (3.4%) less than fiscal year 2001-02. As interest rates declined, the market value of investments purchased before this decline increased. As a result of these market fluctuations, investment income was 75.4% above budget. Other income represents construction reimbursements for additional customer facilities that were delayed in the prior fiscal year. The over budget condition in the revenue item represents the catching up of the projects.

Total expenses were 3.9% less than budget. The bond interest line item is below budget and will remain so for the entire fiscal year due to a budgeting error. Professional service costs were over budget due to the efforts to solve the water quality problem in areas of unincorporated DuPage County. Contractual services are less than budget due to a delayed start of the blow-off valve repair project.

Water supply costs exceed the budget by 2.7%. This is mainly due to higher than expected electrical costs. Since there have been no self insured claims to date (budgeted at \$1.02 million), the insurance expense line is 46.2% under budget.

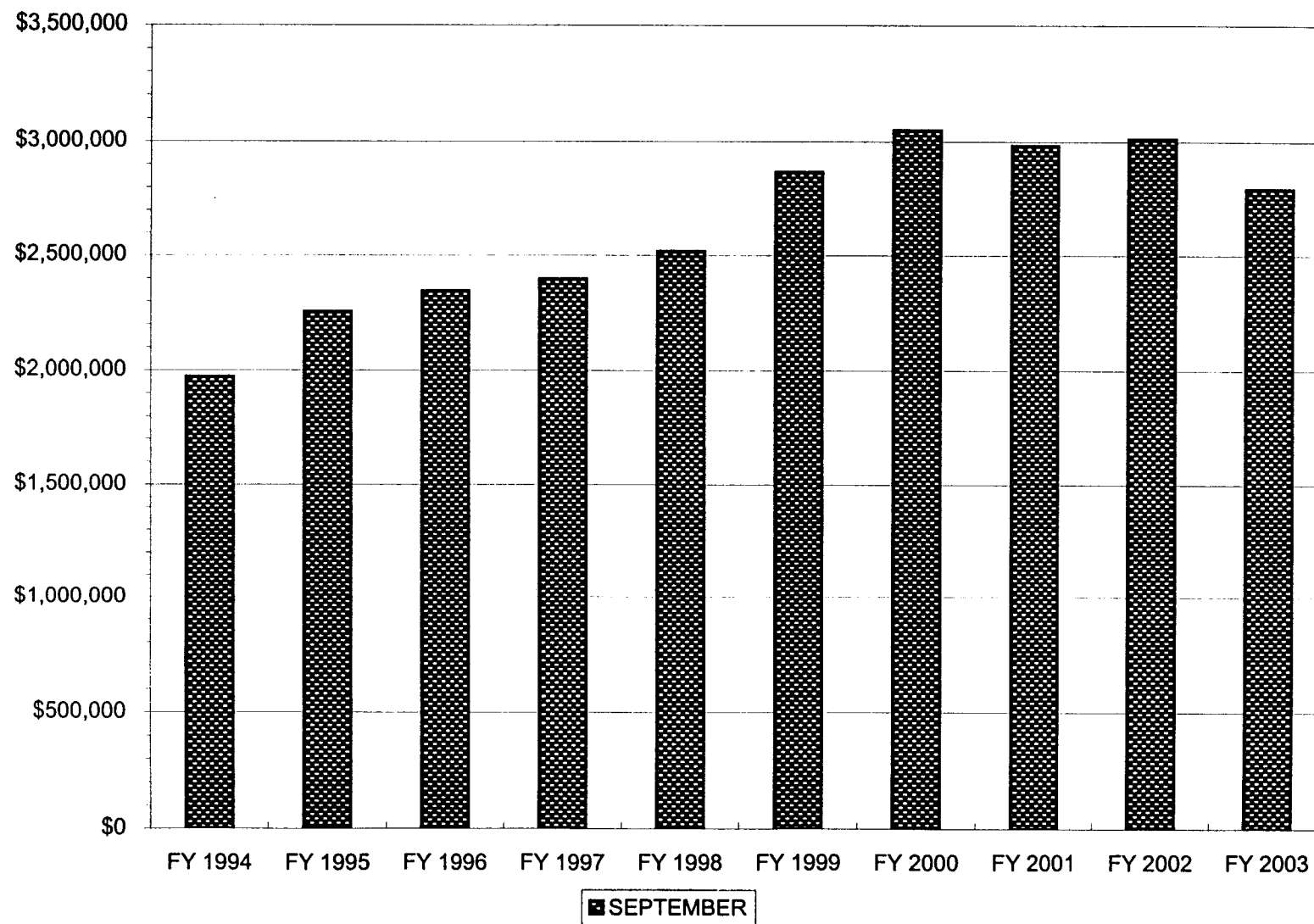
### **INVESTMENT PORTFOLIO**

The Commission's investment portfolio totals \$194.2 million. It is earning approximately 1.78% based on market yield and 2.45% based on original purchase price. The benchmark yield adopted by the Commission was 1.49% at September 30, 2002.

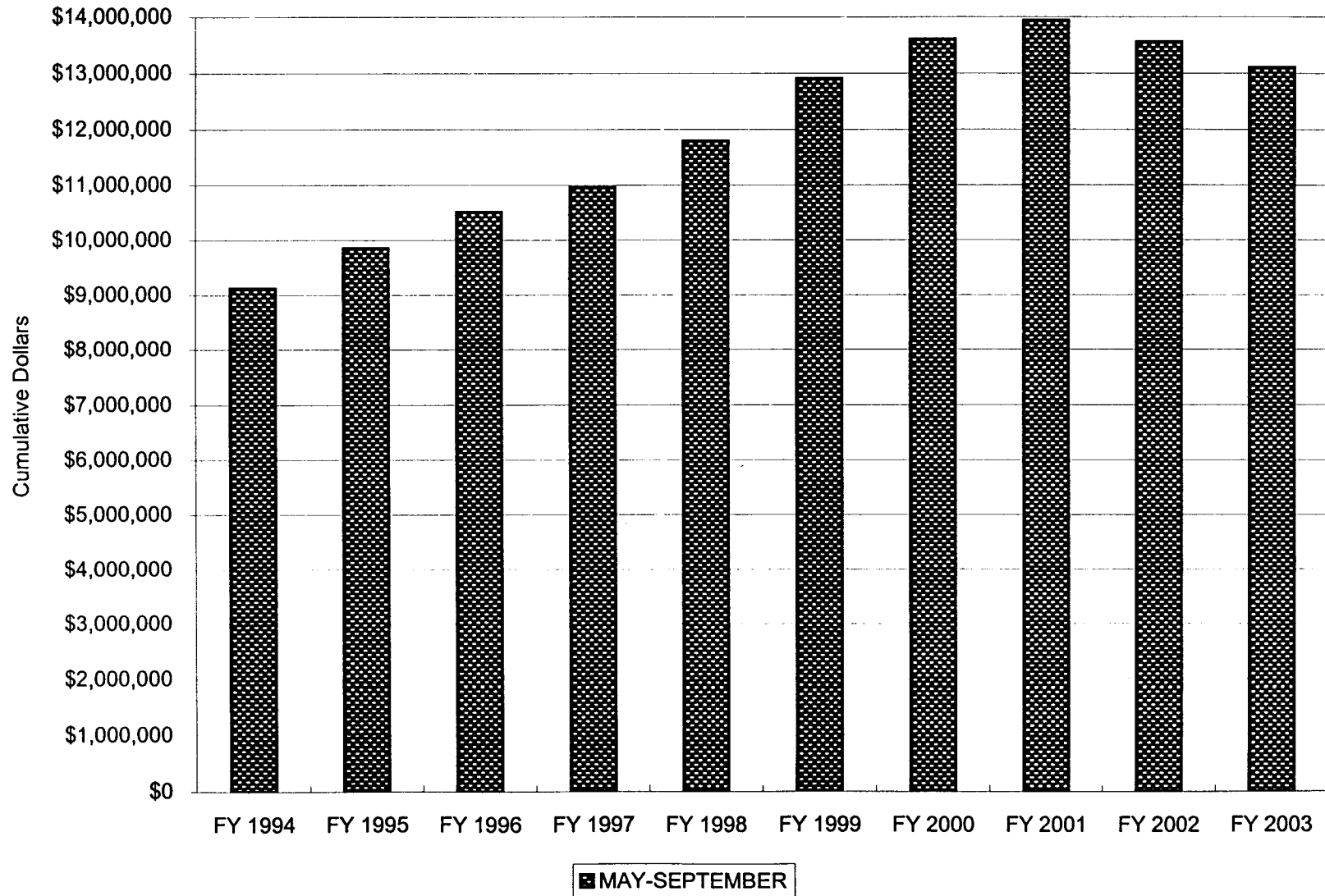
Commission funds are invested as follows: United States Treasury obligations (41.4%), United States Agency obligations (23.9%), the Illinois Funds Money Market Fund (8.1%), the Illinois Funds Prime Funds (13.7%), certificates of deposit (12.9%) and government money market funds (less than 0.1%).

ACCOUNTING/CORRESPONDENCE/RS FIN RPT 0209.DOC

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



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



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	231,701.33	189,437.37	41,581.63	0.00	0.00	682.33	0.00	0.00	0.00
INVESTMENTS	194,217,855.63	2,966,441.08	12,627,561.23	3,394,732.51	3,975,997.98	18,010,367.38	9,919,026.08	6,141,824.14	137,181,905.23
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	7,510,390.34	7,510,390.34	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	863,719.36	863,719.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,787,049.39	0.00	0.00	81,051.49	92,934.92	0.00	135,937.50	56,250.00	1,420,875.48
INVENTORIES & PREPAIDS	193,733.48	193,733.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	424,074,777.64	424,074,777.64	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	(62,407,848.94)	(62,407,848.94)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	16,464,650.10	16,464,650.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>610,512,022.13</b>	<b>409,511,294.23</b>	<b>12,669,142.86</b>	<b>3,475,784.00</b>	<b>4,068,932.90</b>	<b>18,011,049.71</b>	<b>10,054,963.58</b>	<b>6,198,074.14</b>	<b>146,522,780.71</b>
<b>LIABILITIES &amp; EQUITY</b>									
ACCOUNTS PAYABLE	4,837,165.89	0.00	4,837,165.89	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	181,947.49	0.00	181,947.49	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	5,602,916.67	0.00	0.00	4,002,083.33	0.00	0.00	0.00	8,400,000.00
ACCRUED INTEREST	3,821,848.96	0.00	0.00	3,428,294.79	0.00	0.00	0.00	0.00	393,554.17
ACCRUED LIABILITIES	628,539.06	0.00	628,539.06	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	2,228,210.00	0.00	2,228,210.00	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
DEFERRED REVENUE	3,155,878.45	3,155,878.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	219,432,698.09	219,432,698.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>252,291,287.94</b>	<b>228,191,493.21</b>	<b>7,875,862.44</b>	<b>3,428,294.79</b>	<b>4,002,083.33</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,793,554.17</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	173,837.21	468,402.74	1,198,074.14	25,459,685.91
RESERVED FOR WATER RATE STABILIZATION	49,666,653.69	8,567,843.18	0.00	0.00	0.00	0.00	0.00	0.00	41,098,810.51
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,507,192.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64,507,192.15
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>141,473,845.84</b>	<b>8,567,843.18</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>173,837.21</b>	<b>468,402.74</b>	<b>1,198,074.14</b>	<b>131,065,688.57</b>
RESTRICTED BY ORDINANCE/RESOLUTION	43,994,930.51	0.00	4,793,280.42	47,489.21	66,849.57	17,837,212.50	9,586,560.84	5,000,000.00	6,663,537.97
INVESTED IN PROPERTY PLANT AND EQUIPMENT	172,751,957.84	172,751,957.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>358,220,734.19</b>	<b>181,319,801.02</b>	<b>4,793,280.42</b>	<b>47,489.21</b>	<b>66,849.57</b>	<b>18,011,049.71</b>	<b>10,054,963.58</b>	<b>6,198,074.14</b>	<b>137,729,226.54</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>610,512,022.13</b>	<b>409,511,294.23</b>	<b>12,669,142.86</b>	<b>3,475,784.00</b>	<b>4,068,932.90</b>	<b>18,011,049.71</b>	<b>10,054,963.58</b>	<b>6,198,074.14</b>	<b>146,522,780.71</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  
September 30, 2002

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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	137,181,905.23	49,957,975.59	76,289,233.09	10,934,696.55
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	1,420,875.48	600,520.83	771,046.56	49,308.09
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>146,522,780.71</b>	<b>50,558,496.42</b>	<b>84,980,279.65</b>	<b>10,984,004.64</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	393,554.17	0.00	0.00	393,554.17
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>8,793,554.17</b>	<b>0.00</b>	<b>0.00</b>	<b>8,793,554.17</b>
<b>NET ASSETS</b>				
UNRESTRICTED FUNDS				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	25,459,685.91	9,459,685.91	16,000,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	41,098,810.51	41,098,810.51	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	64,507,192.15	0.00	64,507,192.15	0.00
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>131,065,688.57</b>	<b>50,558,496.42</b>	<b>80,507,192.15</b>	<b>0.00</b>
RESTRICTED BY ORDINANCE/RESOLUTION	6,663,537.97	0.00	4,473,087.50	2,190,450.47
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>137,729,226.54</b>	<b>50,558,496.42</b>	<b>84,980,279.65</b>	<b>2,190,450.47</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>146,522,780.71</b>	<b>50,558,496.42</b>	<b>84,980,279.65</b>	<b>10,984,004.64</b>

DU PAGE WATER COMMISSION  
WATER FUND  
GENERAL LEDGER  
STATEMENT OF REVENUES & EXPENDITURES  
September 30, 2002

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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	3,941,387.56	20,782,110.92	20,545,797.46	236,313.46	101.2%
FIXED COST REVENUES	847,063.15	4,235,315.75	4,235,315.83	(0.08)	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	82,730.73	426,423.80	477,656.11	(51,232.31)	89.3%
SALES TAXES	2,793,934.48	13,104,250.66	13,745,889.82	(641,639.16)	95.3%
INVESTMENT INCOME	788,139.89	3,330,951.59	1,899,400.68	1,431,550.91	175.4%
OTHER INCOME	306,628.46	521,066.21	155,410.27	365,655.94	335.3%
<b>TOTAL REVENUE</b>	<b>8,759,884.27</b>	<b>42,400,118.93</b>	<b>41,059,470.17</b>	<b>1,340,648.76</b>	<b>103.3%</b>
<b>EXPENSES</b>					
PERSONAL SERVICES	180,710.65	931,299.25	1,020,322.63	89,023.38	91.3%
PROFESSIONAL SERVICES	6,034.17	145,723.77	104,509.47	(41,214.30)	139.4%
CONTRACTUAL SERVICES	19,229.07	129,412.40	320,894.80	191,482.40	40.3%
INSURANCE	0.00	315,487.52	683,008.60	367,521.08	46.2%
ADMINISTRATIVE COSTS	3,276.38	41,550.83	55,130.32	13,579.49	75.4%
WATER SUPPLY COSTS	4,370,579.16	22,088,723.06	21,498,392.29	(590,330.77)	102.7%
BOND INTEREST EXPENSE	1,114,973.05	5,583,141.63	6,340,870.41	757,728.78	88.1%
LAND AND RIGHT OF WAY	0.00	3,495.00	2,512.98	(982.02)	139.1%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	524,559.73	2,648,722.59	2,807,852.65	159,130.06	94.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>6,219,362.21</b>	<b>31,887,556.05</b>	<b>32,833,494.15</b>	<b>945,938.10</b>	<b>97.1%</b>
<b>NET OPERATING INCOME</b>	<b>2,540,522.06</b>	<b>10,512,562.88</b>	<b>8,225,976.02</b>	<b>2,286,586.86</b>	<b>127.8%</b>
CONSTRUCTION EXPENDITURES	979,833.21	3,757,970.99	3,472,261.64	(285,709.35)	108.2%
<b>NET FUND TRANSACTIONS</b>	<b>1,560,688.85</b>	<b>6,754,591.89</b>	<b>4,753,714.38</b>	<b>2,000,877.51</b>	<b>142.1%</b>
	=====		=====	=====	=====
BEGINNING NET ASSETS		347,708,171.31			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		3,757,970.99			
<b>ENDING NET ASSETS</b>		<b>358,220,734.19</b>			
		=====			



FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/02
<b>Water Fund Depository Accounts (WF-1210)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 1,202,854.39	\$ 1,202,854.39	\$ 0.00	\$ 1,202,854.39	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	1,763,586.69	1,763,586.69	0.00	1,763,586.69	0.00
				1.846%	1.846%	\$ 2,966,441.08	\$ 2,966,441.08	\$ 0.00	\$ 2,966,441.08	\$ 0.00
<b>Water Fund Oper. &amp; Maint. Acct. (WF-1211)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 7,653,694.32	\$ 7,653,694.32	\$ 0.00	\$ 7,653,694.32	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	4,973,866.91	4,973,866.91	0.00	4,973,866.91	0.00
				1.830%	1.830%	\$ 12,627,561.23	\$ 12,627,561.23	\$ 0.00	\$ 12,627,561.23	\$ 0.00
<b>Revenue Bond Interest Account (WF-1212)</b>										
One Group Government Money Market	1.140%	09/30/02	10/01/02	1.140%	1.140%	\$ 632.03	\$ 632.03	\$ 0.00	\$ 632.03	\$ 0.44
U. S. Treas. Notes (Banc One Trust Company)	5.750%	06/11/02	10/31/02	1.739%	1.310%	1,376,000.00	1,380,515.00	(16,501.25)	1,397,016.25	32,966.67
U. S. Treas. Notes (Banc One Trust Company)	5.750%	07/10/02	10/31/02	1.701%	1.310%	670,000.00	672,198.44	(6,019.53)	678,217.97	16,052.08
U. S. Treas. Notes (Banc One Trust Company)	5.750%	08/05/02	10/31/02	1.631%	1.310%	669,000.00	671,195.16	(4,233.51)	675,428.67	16,028.13
U. S. Treas. Notes (Banc One Trust Company)	5.750%	09/13/02	10/31/02	1.562%	1.310%	668,000.00	670,191.88	(1,409.06)	671,600.94	16,004.17
				1.675%	1.310%	\$ 3,383,632.03	\$ 3,394,732.51	\$ (28,163.35)	\$ 3,422,895.86	\$ 81,051.49
<b>Revenue Bond Principal (WF-1213)</b>										
One Group Government Money Market	1.140%	09/30/02	10/01/02	1.140%	1.140%	\$ 629.07	\$ 629.07	\$ 0.00	\$ 629.07	\$ 0.53
U. S. Treas. Notes (Banc One Trust Company)	5.750%	06/11/02	04/30/03	2.154%	1.420%	1,581,000.00	1,620,277.97	(10,313.55)	1,630,591.52	37,878.13
U. S. Treas. Notes (Banc One Trust Company)	5.750%	07/10/02	04/30/03	2.148%	1.420%	768,000.00	787,080.00	(4,890.00)	791,970.00	18,400.00
U. S. Treas. Notes (Banc One Trust Company)	5.750%	08/05/02	04/30/03	1.556%	1.420%	765,000.00	784,005.47	(4,392.77)	788,398.24	18,328.13
U. S. Treas. Notes (Banc One Trust Company)	5.750%	09/13/02	04/30/03	1.638%	1.420%	765,000.00	784,005.47	(657.42)	784,662.89	18,328.13
				1.933%	1.420%	\$ 3,879,629.07	\$ 3,975,997.98	\$ (20,253.74)	\$ 3,996,251.72	\$ 92,934.92
<b>Revenue Bond Debt Svc. Reserve (WF-1214)</b>										
U. S. Treas. Bills (Banc One Trust)	0.000%	04/12/02	10/10/02	1.945%	1.540%	\$ 18,018,000.00	\$ 18,010,367.38	\$ 164,489.33	\$ 17,845,878.05	\$ 0.00
				1.945%	1.540%	\$ 18,018,000.00	\$ 18,010,367.38	\$ 164,489.33	\$ 17,845,878.05	\$ 0.00
<b>Water Fund Oper. &amp; Maint. Res. (WF-1215)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 447,042.80	\$ 447,042.80	\$ 0.00	\$ 447,042.80	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	208,702.23	208,702.23	0.00	208,702.23	0.00
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.460%	5,000,000.00	5,153,906.25	34,960.84	5,118,945.31	79,687.50
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.610%	4,000,000.00	4,109,375.00	79,375.00	4,030,000.00	56,250.00
				2.887%	1.546%	\$ 9,655,744.83	\$ 9,919,026.08	\$ 114,335.94	\$ 9,804,690.14	\$ 135,937.50
<b>Water Fund Depreciation Account (WF-1216)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 1,284,310.20	\$ 1,284,310.20	\$ 0.00	\$ 1,284,310.20	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	748,138.94	748,138.94	0.00	748,138.94	0.00
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	1.610%	4,000,000.00	4,109,375.00	79,375.00	4,030,000.00	56,250.00
				2.583%	1.682%	\$ 6,032,449.14	\$ 6,141,824.14	\$ 79,375.00	\$ 6,062,449.14	\$ 56,250.00

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/02
<b>Water Fund General Account (WF-1217)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 2,104,256.33	\$ 2,104,256.33	\$ 0.00	\$ 2,104,256.33	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	6,429,956.76	6,429,956.76	0.00	6,429,956.76	0.00
F.H.L.B. (ABN AMRO)	6.375%	07/20/01	11/15/02	3.948%	1.578%	5,000,000.00	5,029,000.00	(124,394.10)	5,153,394.10	119,531.25
U. S. Treas. Strip-int (ABN AMRO)	0.000%	03/19/02	05/15/03	2.661%	1.250%	10,000,000.00	9,921,875.00	223,099.50	9,698,775.50	0.00
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.690%	5,000,000.00	5,240,625.00	(83,693.14)	5,324,318.14	42,968.75
U. S. Treas. Notes (Dain Rauscher)	7.250%	01/31/02	05/15/04	3.204%	1.580%	10,000,000.00	10,901,562.50	17,262.50	10,884,300.00	271,875.00
F.H.L.B. (RBC D. Rauscher)	3.625%	06/14/02	10/15/04	3.403%	1.962%	10,000,000.00	10,330,700.00	283,043.75	10,047,656.25	166,145.83
				2.956%	1.652%	\$ 48,534,213.09	\$ 49,957,975.59	\$ 315,318.51	\$ 49,642,657.08	\$ 600,520.83
<b>Sales Tax Funds (WF-1230)</b>										
Illinois Funds-Money Market	1.798%	09/30/02	10/01/02	1.798%	1.798%	\$ 2,998,472.67	\$ 2,998,472.67	\$ 0.00	\$ 2,998,472.67	\$ 0.00
Illinois Funds-Prime Fund	1.878%	09/30/02	10/01/02	1.878%	1.878%	12,344,172.92	12,344,172.92	0.00	12,344,172.92	0.00
Cert. of Deposit (West Suburban Bank)	2.970%	10/13/01	10/15/02	2.970%	2.970%	64,900.00	64,900.00	0.00	64,900.00	1,858.88
Cert. of Deposit (Suburban Bank & Trust)	2.360%	10/16/01	10/16/02	2.360%	2.360%	6,000,000.00	6,000,000.00	0.00	6,000,000.00	135,392.88
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	0.00	6,000,000.00	95,424.66
U. S. Treas. Strip-pm (ABN AMRO)	0.000%	03/20/02	02/15/03	2.547%	1.480%	5,000,000.00	4,972,656.25	86,506.25	4,886,150.00	0.00
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	0.00	6,000,000.00	77,301.37
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	0.00	1,000,000.00	8,630.14
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	0.00	5,935,100.00	37,074.05
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	1.690%	5,000,000.00	5,240,625.00	(83,693.14)	5,324,318.14	42,968.75
U. S. Treas. Notes (Banc One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	1.460%	5,000,000.00	5,153,906.25	34,960.93	5,118,945.32	79,687.50
F.H.L.B. (ABN AMRO)	3.375%	06/21/02	05/14/04	3.002%	1.809%	10,000,000.00	10,248,700.00	179,950.00	10,068,750.00	126,562.50
F.H.L.B. (RBC D. Rauscher)	3.625%	09/12/02	10/15/04	2.400%	1.962%	10,000,000.00	10,330,700.00	82,900.00	10,247,800.00	166,145.83
				2.526%	2.049%	\$ 75,342,645.59	\$ 76,289,233.09	\$ 300,624.04	\$ 75,988,609.05	\$ 771,046.56
<b>2001 G. O. Bonds Debt Service (WF-1243)</b>										
ABN AMRO Government Money Market	1.485%	09/30/02	10/01/02	1.485%	1.485%	\$ 198.11	\$ 198.11	\$ 0.00	\$ 198.11	\$ 0.59
U. S. Treas. Notes (LaSalle Bank)	5.500%	03/08/02	02/28/03	2.450%	1.430%	10,758,000.00	10,934,498.44	(138,677.34)	11,073,175.78	49,307.50
				2.450%	1.430%	\$ 10,758,198.11	\$ 10,934,696.55	\$ (138,677.34)	\$ 11,073,373.89	\$ 49,308.09
TOTAL ALL FUNDS				2.516%	1.784%	\$ 191,198,514.17	\$ 194,217,855.63	\$ 787,048.39	\$ 193,430,807.24	\$ 1,787,049.39
September 30, 2002				90 DAY US TREASURY YIELD		1.490%				



# DuPage Water Commission

## MEMORANDUM

TO: Chairman & Commissioners

FROM: General Manager

DATE: October 4, 2002

SUBJECT: Liability and Property Insurance Renewals for November 1

The accompanying electronic correspondence of October 1<sup>st</sup> and 4<sup>th</sup> provides a status report of the Commission's November 1<sup>st</sup> insurance renewals. The broker has been working on these renewals since July. The problem with getting firm quotes by the Commission meeting prior to November 1<sup>st</sup> is that insurance companies will not release firm quotations until 30 days prior to renewal. (This industry practice has become more firm since September 11, 2001.)

Once quotes are received, the broker then begins negotiating higher coverage and lower cost on behalf of the Commission. As a result firm quotes are not available in time for the board package.

As expected, renewal prices are higher and coverages lower than the past year. The broker will continue to negotiate on behalf of the Commission right up until the day on the next Commission meeting. I would recommend the following action for the Board to consider at its October 10<sup>th</sup> meeting:

Make a motion to (a) accept the proposal of 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, (b) direct the Commission's broker to continue negotiating the best coverage possible for the Commission, and (c) authorize the General Manager 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.

From: Jim\_Mochel@ajg.com  
Sent: Tuesday, October 01, 2002 1:57 PM  
To: Rick Skiba  
Cc: Susan\_Suges@ajg.com  
Subject: Renewal Update

Rick,

The insurance renewal is starting to shape up, although I don't yet have all of the renewal premiums and options.

I just received the renewal quote from Kempes for the General Liability and Automobile coverage. Their initial premium has increased about 36% from last year and has imposed a \$5,000 deductible per occurrence. I'm working with them to reduce this increase and hope to have the revised number later today or tomorrow. The other change is they have reduced the limit of liability for Employment Related Practices to \$5 million from \$20 million. I am working with other markets to secure an excess quote for this coverage.

On the property coverage, CNA has just informed us that they are viewing the Commission's facilities as a terrorist target and are reducing the limit of coverage they are offering from \$100 million to \$25 million. I still do not have their premium pricing.

Royal, which provides the coverage on the underground piping as well as the excess coverage on the above ground property is only looking for an increase in premium of about \$6,000. This is the verbal indication I received and I am still waiting for the written quote. Royal has also expressed an interest in dropping down and covering the \$75 million excess of \$25 million layer that CNA had last year.

Your Worker's Compensation coverage does not expire until December 15, 2002. We will have that renewal quote within the next month.

We have also approached the following markets:

St Paul - can only write \$10 million limit for liability. Not interested in property.

Travelers - working on property. No quote as of yet.

Westchester - working on property. No quote as of yet.

Fireman's Fund - working on property. No quote as of yet.

Alianz - working on property. No quote as of yet.

Chubb - working on property. No quote as of yet.

I'll keep you updated.

Jim

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James R. Mochel, CPCU, ARM  
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.  
Public & Non-profit Division  
Two Pierce Place  
Itasca, IL 60143-3141  
Tel. 630/285-4350, Fax 630/285-4062  
jim\_mochel@ajg.com

From: Jim\_Mochel@ajg.com  
Sent: Friday, October 04, 2002 10:31 AM  
To: Rick Skiba  
Subject: Insurance Renewal

Rick,

We are still working to finalize terms for the Commission's November 1, 2002 renewal. As predicted, the property insurance is giving us the most difficulty and we do not yet have that coverage completed. Carriers are viewing the Commission's facilities as a potential terrorist target and reluctant to offer quotes or limits.

The liability and crime coverage will remain with Specialty National Insurance Company (Kemper). Their premium is \$123,261 (an increase from \$90,747 last year). The only significant changes over last year's program are as follows:

A \$5,000 deductible will apply to all General Liability, Wrongful Acts, and Employment Practices Liability (EPLI) claims.

The Automobile Physical Damage deductible will increase from \$500 to \$1,000.

The limit of liability for Employment Practices Liability will decrease from \$20 million to \$5 million (we are working on obtaining a quote for an excess layer).

The initial indications are it will cost over \$15,000 for a limit of \$15 million excess of \$5 million).

The Underground Storage Tank Liability premium is actually decreasing from \$2,500 to \$500!

So far, the property quotes we have are as follows:

Above Ground Property, TIV excess of \$100,000,000 - \$25,000 premium (same premium as last year).

Underground Property - \$131,235 for a \$20 million limit excess of \$1,000,000 deductible (expiring premium was \$126,900). We are working to secure higher limits.

We are still working to finalize quotes for the first \$100 million of above ground property as well as higher limits for Flood, Earthquake and Underground Piping.

As respects the reduction in EPLI limits, a team of Gallagher consultants, led by Phillip N. Norton (PhD., Statistics - University of Chicago) developed a proprietary model for minimum recommended limits of coverage based on number of employees. Their model suggests a company with 40 employees (the Commission has only 29) would have a minimum recommended limit of \$1,000,000. A \$5,000,000 minimum recommended limit would be for a company with 1,000 employees.

Jim

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James R. Mochel, CPCU, ARM  
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