



DuPage Water Commission

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

AGENDA

FINANCE COMMITTEE
THURSDAY, OCTOBER 9, 2008
7:00 P.M.

600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126

COMMITTEE MEMBERS

G. Mathews, Chair
T. Bennington
F. Saverino
D. Zeilenga

- I. Roll Call
- II. Approval of Minutes for Committee Meeting of September 11, 2008
- III. Treasurer's Report – September, 2008
- IV. Financial Statements – September, 2008
- V. Resolution No. R-46-08: A Resolution Accepting the Proposal of Timothy W. Sharpe for Actuarial Services
- VI. Resolution No. R-54-08: A Resolution Authorizing the Electronic Transfer of Funds for the Remittance of Vendor Payments
- VII. Insurance Renewal
- VIII. Accounts Payable
- IX. Other
- X. Adjournment

Board\Agendas\Finance\FC 2008-10.doc

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

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DuPAGE WATER COMMISSION
HELD ON SEPTEMBER 11, 2008**

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: Committee Chairman G. Mathews, Commissioner F. Saverino, and Commissioner D. Zeilenga. Also in attendance: Treasurer R. Thorn and Financial Administrator M. Richter.

MINUTES OF MEETING – July 12, 2007

A motion was made by Commissioner Saverino and seconded by Commissioner Zeilenga to approve the minutes of July 12, 2007 Finance Committee meeting. The motion carried unanimously.

MINUTES OF MEETING – March 13, 2008

A motion was made by Commissioner Saverino and seconded by Commissioner Zeilenga to approve the minutes of March 13, 2008 Finance Committee meeting. The motion carried unanimously.

TREASURER'S REPORT – August 2008

Treasurer Thorn presented the August 2008 Treasurer's Report for Committee review.

FINANCIAL STATEMENTS – August 2008

The Committee reviewed the August 2008 financial statements. After a brief discussion, the Committee accepted the financial statements for August 2008.

ACCOUNTS PAYABLE

The Committee reviewed the Accounts Payable in the amount of \$61,210.53; a consensus for recommendation to the Board for approval.

FINANCIAL AUDIT FOR FISCAL YEAR ENDING APRIL 30, 2008

The Committee accepted the Financial Audit for the year ending April 30, 2008.

ELECTRONIC FUND TRANSFER

After discussing the issue of modifying the investment policy to allow more electronic fund transfers, the Committee directed the financial administrator to prepare a memo on the rational, benefits and internal control.

ADJOURNMENT

With no further business to come before the Committee, the meeting was adjourned at 7:30 P.M.



DuPage Water Commission

MEMORANDUM

TO: Robert Martin, General Manager
FROM: R. Max Richter, Financial Administrator *RMR*
DATE: October 3, 2008
SUBJECT: Financial Report – September

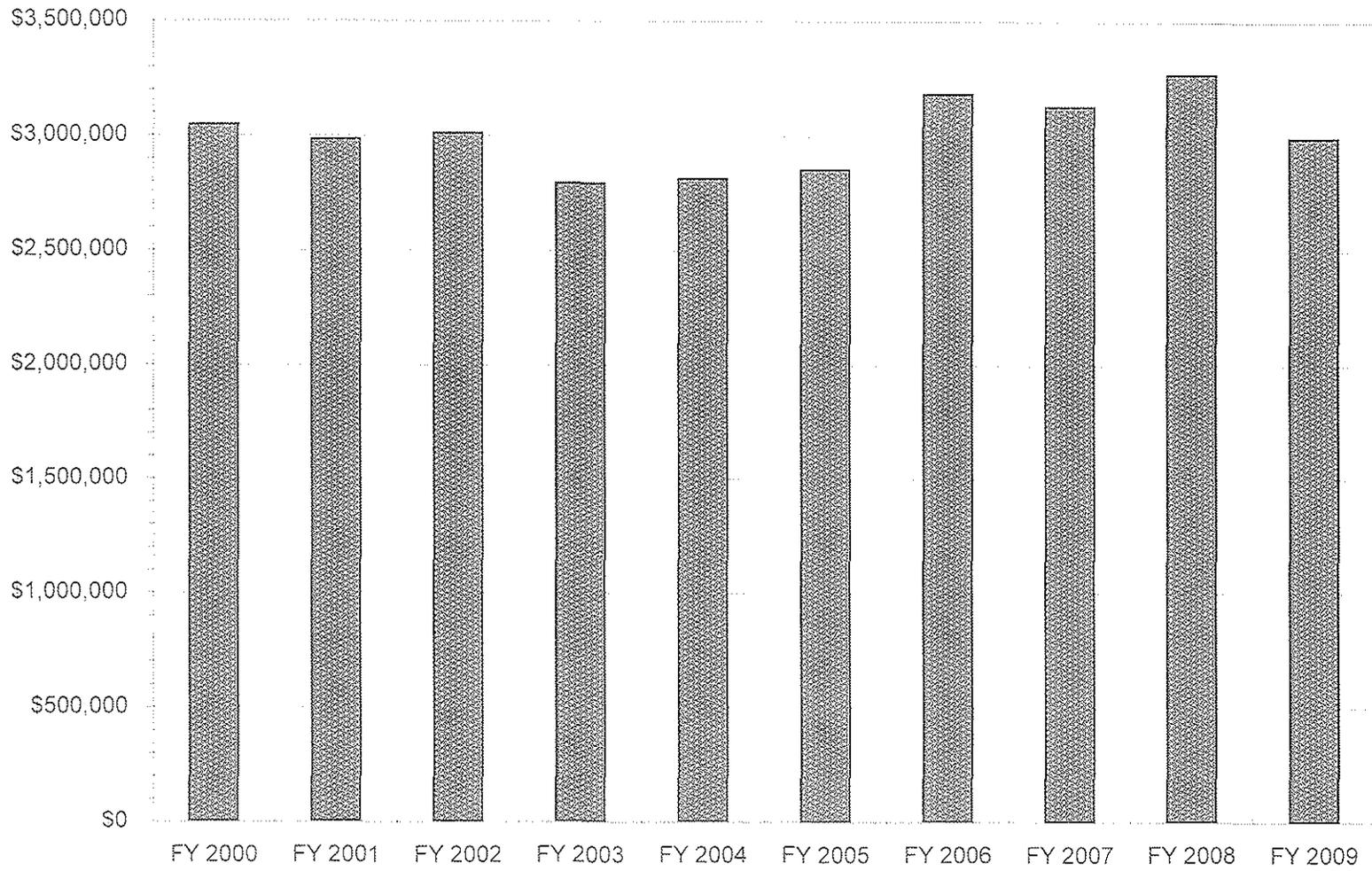
- Water sales for the month are under budget by \$ 1.1 million (24.1%) and for the year under budget by \$6.4 million (26.7%). Water purchases from Chicago are under budget by \$1.1 million (21.8%) and for year \$7.1 million (24.4%).
- September sales tax collections (June sales) were \$277,586 (8.5%) less than the same period last fiscal year. Year-to-date sales tax collections are \$1,109,026 (7.3%) less than last year.
- Commission's investment portfolio had a market value of \$73.6 million on September 30, 2008. The original purchase price of the portfolio was \$73.9 million. The portfolio was earning approximately 2.256% based on market yield and 2.333% based on original purchase price.
- The interest payment of \$933,450 for the 2001 General Obligation Bonds was made on September 1, 2008.
- Following is a summary of the Historical Check Report and Accounts Payable for the October 9, 2008 Commission meeting:

September A/P History Check Report (1)		\$5,862,210.13
Holland & Knight LLP	157.50	
Commonwealth Edison	1,325,222.10	
Ridgewood Engineering	4,328.55	
A/P Regular Open Item Register		<u>1,329,708.15</u>
	Total	<u>\$7,191,918.28</u>

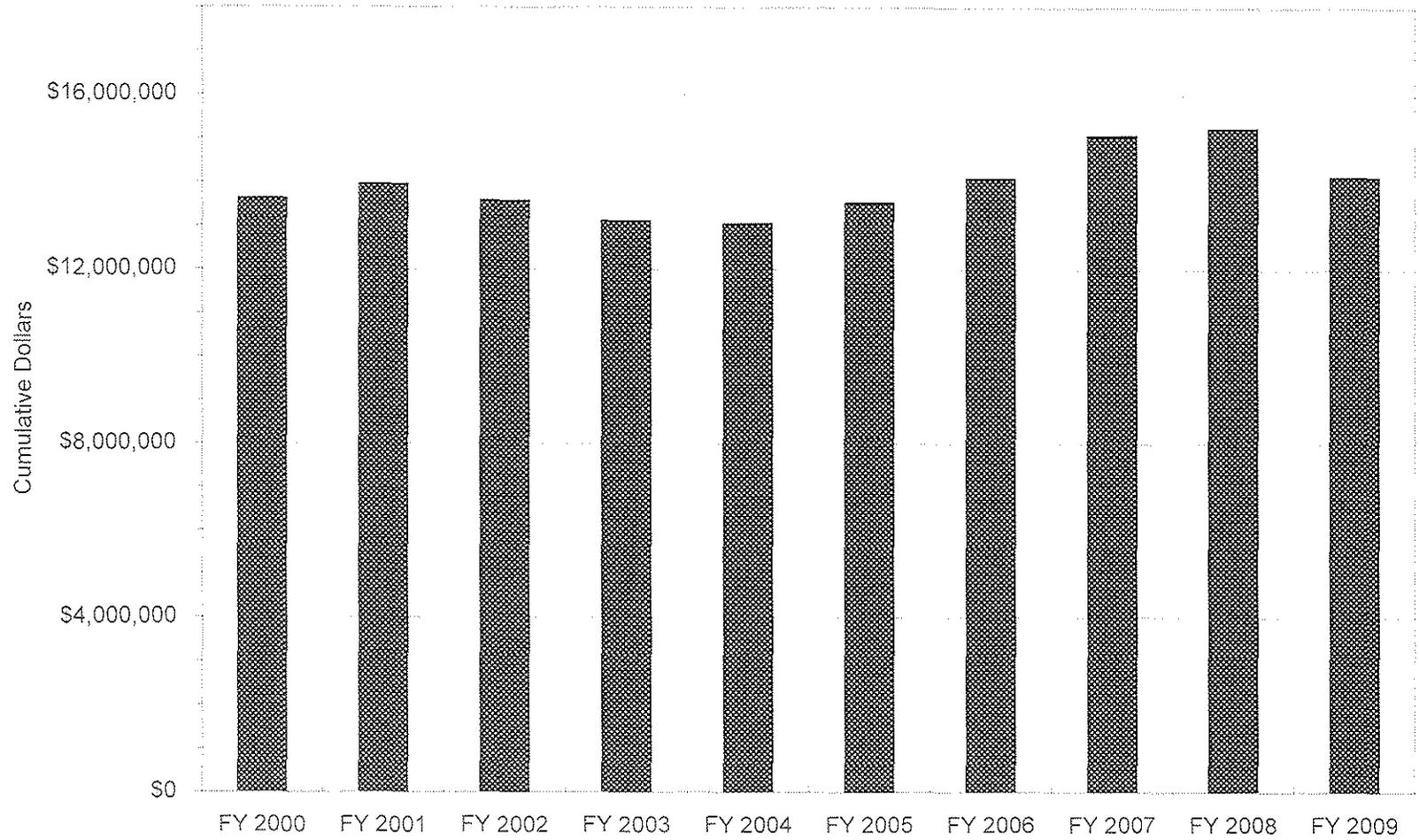
1) Previously authorized.

cc: Chairman and Commissioners

DuPage Water Commission
Sales Tax Collected - Current Month



DuPage Water Commission
Sales Tax Collections - Year to Date



DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: SEPTEMBER 30TH, 2008

01 -WATER FUND
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
WATER SERVICE	48,698,950.00	3,312,490.23	0.00	17,813,305.53	0.00	30,885,644.47	36.58
TAXES	36,268,083.00	2,993,156.30	0.00	14,117,728.46	0.00	22,150,354.54	38.93
OTHER INCOME	4,449,291.00	197,647.57	0.00	956,563.79	0.00	3,492,727.21	21.50
TOTAL REVENUES	89,416,324.00	6,503,294.10	0.00	32,887,597.78	0.00	56,528,726.22	36.78
<u>EXPENDITURE SUMMARY</u>							
<u>ADMINISTRATION</u>							
PERSONNEL SERVICES	4,502,215.37	330,078.25	0.00	1,551,557.22	0.00	2,950,658.15	34.46
CONTRACT SERVICES	1,211,665.00	81,359.98	0.00	241,150.81	0.00	970,514.19	19.90
INSURANCE	831,874.00	60,098.75	0.00	307,030.51	0.00	524,843.49	36.91
OPERATIONAL SUPPORT SRVS	966,339.00	136,411.14	0.00	418,486.86	0.00	547,852.14	43.31
WATER OPERATION	65,608,960.00	4,551,850.83	0.00	24,610,197.32	0.00	40,998,762.68	37.51
BOND INTEREST	6,767,972.00	570,231.23	0.00	2,861,600.70	0.00	3,906,371.30	42.28
CAPITAL	6,991,524.00	551,219.92	0.00	2,941,698.26	0.00	4,049,825.74	42.08
WORK IN PROGRESS	17,882,500.00	1,359,849.01	0.00	1,057,894.84	0.00	16,824,605.16	5.92
TOTAL ADMINISTRATION	4,763,049.37	7,641,099.11	0.00	33,989,616.52	0.00	70,773,432.85	32.44
TOTAL EXPENDITURES	4,763,049.37	7,641,099.11	0.00	33,989,616.52	0.00	70,773,432.85	32.44
REVENUE OVER/(UNDER) EXPENDITURES	(15,346,725.37)	(1,137,805.01)	0.00	(1,102,018.74)	0.00	(14,244,706.63)	7.18

BALANCE SHEET

AS OF: SEPTEMBER 30TH, 2008

01 -WATER FUND

ACCOUNT #	ACCOUNT NAME	2007-2008 BALANCE	2008-2009 BALANCE
<u>ASSETS</u>			
=====			
<u>CURRENT</u>			
CASH		1,000,324.24	267,948.72
INVESTMENTS		84,872,177.57	73,620,333.34
ACCOUNTS RECEIVABLE			
WATER SALES		4,750,424.53	5,408,569.34
INTEREST RECEIVABLE		921,669.82	650,933.79
OTHER		8,952,244.19	8,411,020.00
INVENTORY & PREPAIDS		<u>374,295.95</u>	<u>318,691.79</u>
TOTAL CURRENT ASSETS		100,871,136.30	88,677,496.98
 <u>NONCURRENT ASSETS</u>			
FIXED ASSETS		447,605,548.58	448,276,568.01
LESS: ACCUMULATED DEPRECIATION		(95,288,539.29)	(101,911,979.43)
CONSTRUCTION WORK IN PROGRESS		21,553,558.70	23,871,843.06
LONG TERM RECEIVABLES		5,637,191.54	5,637,191.54
DEFERRED WATER SUPPLY CONTRACTS		<u>0.00</u>	<u>0.00</u>
TOTAL NONCURRENT ASSETS		<u>379,507,759.53</u>	<u>375,873,623.18</u>
 TOTAL ASSETS		 480,378,895.83	 464,551,120.16
 =====			
<u>LIABILITIES</u>			
=====			
<u>CURRENT LIABILITIES</u>			
ACCOUNTS PAYABLE		6,004,302.41	6,539,436.85
BONDS PAYABLE		19,840,000.00	20,830,000.00
DUE TO THE COUNTY		0.00	0.00
ACCRUED INTEREST		2,352,590.62	2,117,840.63
CONTRACT RETENTION		108,347.65	138,446.57
DEFERRED REVENUE		<u>2,548,140.62</u>	<u>2,347,148.35</u>
TOTAL CURRENT LIABILITIES		30,853,381.30	31,972,872.40
 <u>NONCURRENT LIABILITIES</u>			
REVENUE BONDS		87,840,687.71	78,536,558.31
GENERAL OBLIGATION BONDS		35,661,291.86	24,275,808.99
DUE TO THE COUNTY		<u>0.00</u>	<u>0.00</u>
TOTAL NONCURRENT LIABILITIES		123,501,979.57	102,812,367.30
 TOTAL LIABILITIES		 154,355,360.87	 134,785,239.70
 =====			
BEGINNING EQUITY/RESERVES		362,973,609.61	330,867,899.20
TOTAL REVENUE		36,326,558.63	32,887,597.78
TOTAL EXPENSES		<u>73,276,633.28</u>	<u>33,989,616.52</u>
TOTAL EQUITY/RESERVES		(36,950,074.65)	(1,102,018.74)
 NET ASSETS		 480,378,895.83	 464,551,120.16
 =====			

DU PAGE WATER COMMISSION
INVESTMENTS
(Unaudited)
September 30, 2008

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/08	BID PRICE 09/30/08
Water Fund Depository Accounts (01-1210)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ 928,610.12	\$ 928,610.12	\$ -	\$ 928,610.12	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	1,222,406.39	1,222,406.39	-	1,222,406.39	-	100.000
				2.023%	2.023%	\$ 2,151,016.51	\$ 2,151,016.51	\$ -	\$ 2,151,016.51	\$ -	
Water Fund Oper. & Maint. Acct. (01-1211)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ 6,254,040.84	\$ 6,254,040.84	\$ -	\$ 6,254,040.84	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	6,988,595.85	6,988,595.85	-	6,988,595.85	-	100.000
				2.003%	2.003%	\$ 13,242,636.69	\$ 13,242,636.69	\$ -	\$ 13,242,636.69	\$ -	
Revenue Bond Interest Account (01-1212)											
One Group Government Money Market	0.070%	09/30/08	10/01/08	0.070%	0.070%	\$ 399.12	\$ 399.12	\$ -	\$ 399.12	\$ 0.43	100.000
U. S. Treas. Notes (JP Morgan)	4.875%	05/07/08	10/31/08	1.779%	0.893%	582,000.00	582,363.75	(8,184.38)	590,548.13	11,821.88	100.063
U. S. Treas. Notes (JP Morgan)	4.875%	06/23/08	10/31/08	2.370%	0.893%	386,000.00	386,241.25	(3,558.44)	389,799.69	7,840.63	100.063
U. S. Treas. Notes (JP Morgan)	4.875%	07/16/08	10/31/08	1.553%	0.893%	385,000.00	385,240.63	(3,428.90)	388,669.53	7,820.31	100.063
U. S. Treas. Notes (JP Morgan)	4.875%	08/14/08	10/31/08	1.531%	0.893%	384,000.00	384,240.00	(2,445.00)	386,685.00	7,800.00	100.063
U. S. Treas. Notes (JP Morgan)	4.875%	09/12/08	10/31/08	1.314%	0.893%	384,000.00	384,240.00	(1,560.00)	385,800.00	7,800.00	100.063
				1.716%	0.893%	\$ 2,121,399.12	\$ 2,122,724.75	\$ (19,176.72)	\$ 2,141,901.47	\$ 43,083.25	
Revenue Bond Principal (01-1213)											
One Group Government Money Market	0.070%	09/30/08	10/01/08	0.070%	0.070%	\$ 376.97	\$ 376.97	\$ -	\$ 376.97	\$ 0.31	100.000
U. S. Treas. Notes (JP Morgan)	4.500%	05/07/08	04/30/09	1.915%	1.499%	1,368,000.00	1,391,085.00	(11,115.00)	1,402,200.00	25,650.00	101.688
U. S. Treas. Notes (JP Morgan)	4.500%	06/23/08	04/30/09	2.450%	1.499%	780,000.00	793,162.50	(243.75)	793,406.25	14,625.00	101.688
U. S. Treas. Notes (JP Morgan)	4.500%	07/16/08	04/30/09	2.076%	1.499%	776,000.00	789,095.00	(1,576.25)	790,671.25	14,550.00	101.688
U. S. Treas. Notes (JP Morgan)	4.500%	08/14/08	04/30/09	1.996%	1.499%	775,000.00	788,078.13	(575.19)	788,653.32	14,531.25	101.688
U. S. Treas. Notes (JP Morgan)	4.500%	09/12/08	04/30/09	1.910%	1.499%	773,000.00	786,044.38	483.13	785,561.25	14,493.75	101.688
				2.049%	1.499%	\$ 4,472,376.97	\$ 4,547,841.98	\$ (13,027.06)	\$ 4,560,869.04	\$ 83,850.31	
Revenue Bond Debt Svc. Reserve (01-1214)											
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
Water Fund Oper. & Maint. Res. (01-1215)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ 7,239,915.25	\$ 7,239,915.25	\$ -	\$ 7,239,915.25	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	6,250,124.61	6,250,124.61	-	6,250,124.61	-	100.000
				1.972%	1.972%	\$ 13,490,039.86	\$ 13,490,039.86	\$ -	\$ 13,490,039.86	\$ -	
Water Fund Depreciation Account (01-1216)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	3,859,501.13	3,859,501.13	-	3,859,501.13	-	100.000
				2.234%	2.234%	\$ 3,859,501.13	\$ 3,859,501.13	\$ -	\$ 3,859,501.13	\$ -	

DU PAGE WATER COMMISSION
INVESTMENTS
(Unaudited)
September 30, 2008

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/08	BID PRICE 09/30/08
Water Fund General Account (01-1217)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	-	-	-	-	-	100.000
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	-
Water Fund General Account (01-1218)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	-	-	-	-	-	100.000
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	-
Sales Tax Funds (01-1230)											
Illinois Funds-Money Market	1.745%	09/30/08	10/01/08	1.745%	1.745%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	2.234%	09/30/08	10/01/08	2.234%	2.234%	-	-	-	-	-	100.000
Cert. of Deposit (West Suburban Bank)	4.750%	10/16/07	10/16/08	4.750%	4.750%	64,900.00	64,900.00	-	64,900.00	2,956.06	100.000
Cert. of Deposit (Suburban Bank & Trust)	4.750%	10/18/07	10/17/08	4.750%	4.750%	6,000,000.00	6,000,000.00	-	6,000,000.00	271,726.03	100.000
Cert. of Deposit (Oak Brook Bank)	3.240%	01/15/08	01/14/09	3.240%	3.240%	6,000,000.00	6,000,000.00	-	6,000,000.00	137,944.11	100.000
Cert. of Deposit (Winfield Community Bank)	3.000%	06/17/08	06/15/09	3.000%	3.000%	2,500,000.00	2,500,000.00	-	2,500,000.00	21,575.34	100.000
Cert. of Deposit (West Suburban Bank)	3.100%	07/17/08	07/17/09	3.100%	3.100%	5,935,100.00	5,935,100.00	-	5,935,100.00	37,805.77	100.000
				3.617%	3.617%	\$ 20,500,000.00	\$ 20,500,000.00	\$ -	\$ 20,500,000.00	\$ 472,007.31	
2001 G. O. Bonds Debt Service (01-1243)											
FAMGOFIC Money Market	0.096%	09/30/08	10/01/08	0.096%	0.096%	\$ 388,889.61	\$ 388,889.61	\$ -	\$ 388,889.61	\$ 7.53	100.000
U. S. Treas. Notes (U.S. BANK)	4.750%	03/14/08	02/28/09	1.392%	1.285%	13,133,000.00	13,317,682.81	(230,063.01)	13,547,745.82	51,984.79	101.406
				1.355%	1.251%	\$ 13,521,889.61	\$ 13,706,572.42	\$ (230,063.01)	\$ 13,936,635.43	\$ 51,992.32	
TOTAL ALL FUNDS				2.333%	2.256%	\$ 73,358,859.89	\$ 73,620,333.34	\$ (262,266.79)	\$ 73,882,600.13	\$ 650,933.19	
September 30, 2008				90 DAY US TREASURY YIELD		0.893%					



DuPage Water Commission

MEMORANDUM

TO: Finance Committee

FROM: R. Max Richter
Financial Administrator

A handwritten signature in black ink, appearing to read "RMR", is written over the printed name of the sender.

DATE: October 3, 2008

SUBJECT: Electronic Funds Transfer

General:

Electronic funds transfer (EFT) is a system of transferring money from one bank account directly to another without any paper money changing hands. One of the most widely used EFT programs is payroll's direct deposit. EFT refers to any transfer of funds initiated through an electronic terminal, including credit card, ATM, Fed wire and point-of-sale.

Transactions are processed by the bank through the Automated Clearing House network, the secure transfer system which connects all U.S. financial institutions. For payments, funds are transferred electronically from one bank account to the billing company's bank usually less than a day after the scheduled payment date.

The benefits of EFT include reduced administrative costs, increased efficiencies and greater security.

Currently, the Commission has two bank accounts where checks can be written. These accounts are at Harris, N.A. for payroll and at The Illinois Funds for general fund transactions. The Commission's investment policy allows electronic funds transfer for payroll, commissioner's compensation, IMRF, deferred compensation, federal tax and state tax payments from the Commission's bank account at Harris, N.A.. Staff recommends that the investment policy be amended to allow EFT processing from either Harris, N.A. or The Illinois Funds and to any vendor who requests an EFT payment.

Rational:

By allowing more EFT transactions, the Commission will gain flexibility in payment processing.

Benefits:

EFT payments are safer than checks, reduced administrative costs (checks, envelopes and postage) and reduce lost checks.

Internal Controls:

Invoices processed for EFT payment will be the same as any other invoice. A purchase requisition and purchase order will be required. The only difference will be when the vendor is established, the payment method will be changed from regular to EFT. Any vendors requesting EFT payment will be formally approved by the Financial Administrator or the General Manager. After the approval, a pre notification will be sent to the vendor's bank to insure the proper ABA and account numbers are being used. Invoices are matched to the purchase order and approved by a Supervisor and the Financial Administrator. Processing for checks, written every two weeks, requires review and approval of checks to be paid by the General Manager, Financial Administrator and Staff Attorney. This would be the same for the EFT processing. The EFTs would be reviewed and approved by the General Manager, Financial Administrator, and Staff Attorney. EFT payments would be every two weeks. Any charges which might be incurred by the vendor's bank will be the vendor's responsibility.



NUGENT CONSULTING GROUP
INSURANCE AND RISK MANAGEMENT CONSULTING

September 19, 2008

Mr. Max Richter
DuPage Water Commission
600 East Butterfield Road
Elmhurst, IL 60126-4642

Re: Insurance Proposal Analysis

Dear Max:

The purpose of this letter is to summarize the renewal proposal received for the November 1, 2008 insurance renewal.

In preparation for this renewal we directed Gallagher to negotiate pre-renewal pricing commitments from the current insurers. If the current insurers would not reduce rates, then we intended to issue an RFP. Gallagher was able to get the current insurers to agree to reduce premiums and no RFP was issued.

Insurance premiums and fees will decrease 12.5% from the current premiums.

Note that Gallagher has recommended Illinois National for the second layer of excess liability coverage. Illinois National is an AIG subsidiary. All of the AIG problems in the news this week have to do with liquidity issues for the parent company. The insurance subsidiaries are well capitalized and financially secure. Their A.M. Best rating has decreased from A+ to A only because, as a rule, A.M. Best will reduce the rating of an insurance subsidiary when the parent company's debt rating has decreased.

State statutes and regulatory rules prohibit the parent company from taking surplus from the subsidiary insurance company via any route other than a dividend, and that ability is limited.

Page 2
Mr. Max Richter
September 19, 2008

I have no reservations about selecting the Illinois National excess liability proposal. Overall I am very pleased with the results of the renewal negotiations and recommend acceptance of the proposal.

Please contact me with any questions.

Sincerely,

Mike Nugent

Michael D. Nugent

**DU PAGE WATER COMMISSION
2008 RENEWAL COST COMPARISON**

Coverage	2004	2005	2006	2007	2008
General Liability	\$ 75,949	\$ 53,497	\$ 39,057	\$ 48,589	\$ 42,341
Automobile	\$ 21,881	\$ 21,285	\$ 20,164	\$ 14,543	\$ 14,876
Crime	\$ 8,300	\$ 7,470	\$ 7,470	\$ 1,694	\$ 1,716
Excess Liability	\$ 155,851	\$ 118,320	\$ 97,930	\$ 20,262	\$ 18,313
Excess Liability Layer 2	\$ -	\$ -	\$ -	\$ 71,121	\$ 52,241
Property	\$ 433,079	\$ 352,917	\$ 377,057	\$ 358,163	\$ 315,000
Inspection Fee	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000
UST	\$ 545	\$ 545	\$ 545	\$ 653	\$ 545
Brokerage Fee	\$ -	\$ 40,000	\$ 42,000	\$ 42,000	\$ 42,000
Total	\$ 700,605	\$ 604,034	\$ 589,223	\$ 562,025	\$ 492,032