



DuPage Water Commission

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

NOTICE IS HEREBY GIVEN THAT THE RESCHEDULED DECEMBER 2003 FINANCE COMMITTEE MEETING OF THE DU PAGE WATER COMMISSION WILL BE HELD AT 11:00 A.M. ON THURSDAY, DECEMBER 11, 2003, AT ITS OFFICES LISTED BELOW. THE AGENDA FOR THE RESCHEDULED DECEMBER 2003 REGULAR COMMITTEE MEETING IS AS FOLLOWS:

AGENDA

**FINANCE COMMITTEE
THURSDAY, DECEMBER 11, 2003
11:30 A.M.**

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

COMMITTEE MEMBERS

A. Poole, Chair
E. Chaplin
J. Janicik
B. Krajewski

- I. Roll Call
- II. Approval of Minutes
 - a. Regular Committee Meeting of November 13, 2003
 - b. Committee Executive Session of November 13, 2003
- III. Treasurer's Report – November, 2003
- IV. Financial Statements – November, 2003
- V. Accounts Payable
- VI. Workmen's Compensation Insurance Renewal
- VII. Group Health/Life Benefit Renewal
- VIII. Letter from Auditor General dated September 2, 2003
- IX. Resolution R-49-03: A Resolution Directing the Transfer of Certain Excess Account Balances to the General Account of the Water Fund
- X. Ordinance O-11-03: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2003 and Ending April 30, 2004

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.

XI. Financial Review

- A. Net Asset (Fund Balance) Analysis
- B. Investment Portfolio Review
- C. Subsequent Customer Pricing Review (Nothing from KMZR yet)
- D. Audit Management Letter Implementation
- E. Self Insurance Study

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**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DU PAGE WATER COMMISSION
HELD ON NOVEMBER 13, 2003**

The meeting was called to order at 6:08 p.m. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, E. Chaplin and J. Janicik. Also in attendance: L. Flood (Lombard), M. Bourke (Oakbrook Terrace), P. Modaff (Woodridge) and J. Moline (Winfield), K. Godden and R. Skiba.

MINUTES OF MEETING – OCTOBER 8, 2003

Motion by Commissioner Chaplin, seconded by Commissioner Janicik, to approve the minutes of the October 8, 2003 Finance Committee meeting. This motion carried unanimously.

TREASURER'S REPORT – OCTOBER, 2003

Commissioner Chaplin presented the October, 2003 Treasurer's Report for Committee review. After a brief discussion, there was a Committee consensus to recommend acceptance of the report by the full Commission at its meeting of November 13, 2003.

FINANCIAL STATEMENTS - OCTOBER, 2003

The Committee reviewed the October, 2003 financial statements. After a brief discussion, the Committee accepted the financial statements for October, 2003.

ACCOUNTS PAYABLE

The Committee reviewed the accounts payable in the amount of \$5,833,087.45. There were no revisions to the list. The Committee had no questions and will recommend approval of the accounts payable at the November 13, 2003 Commission meeting.

AUDIT MANAGEMENT LETTER - APRIL 30, 2003

McGladrey & Pullen made two recommendations based on their observations in performing the April 30, 2003 audit. One suggestion was that the Commission use a standard package from a software vendor rather than a spreadsheet database to maintain financial records. Their reason is that the database can be more easily manipulated than a commercial financial program. The auditors also recommended that the Commission have a more detailed record of fixed assets. Their concern is that if a pipeline, for example, is abandoned, the Commission would have difficulty in identifying the cost of such pipeline to recognize the loss on disposal and properly reduce Commission fixed assets.

After review and discussion, the Committee directed staff to explore implementing both of these recommendations. An estimate of staff time to reconstruct a more detailed record of infrastructure is also to be developed for the Committee.

CASH AND INVESTMENT REVIEW – AUGUST 31, 2003

The Committee reviewed the report from McGladrey & Pullen on the agreed upon procedures for reviewing the Commission's cash and investment transactions for the period of May 1 through August 31, 2003. The review covered 96% of the Commission's transfers during that period and 100% of the dollars invested during that period. The auditors noted that they could not give positive assurance that nothing occurred that would require adjustments to the Commission's books. However, there were no exceptions noted in the procedures that they followed.

Motion by Commissioner Janicik, seconded by Commissioner Chaplin, to accept the cash and investment review as presented. Motion carried unanimously.

AUDITOR GENERAL ENGAGEMENT LETTER

The Committee reviewed a letter from the Illinois Auditor General (IAG) for audits required under PA93-0226. The Committee asked staff to get more information about such audits. Action on the intergovernmental agreement proposed in the IAG's letter was deferred until the December Committee meeting.

PROPERTY INSURANCE RENEWALS

The Committee reviewed the broker's report on the Commission's November 1st property insurance renewals. (Liability insurance had already been replaced in July.) The Committee recognized that various circumstances did not allow for any option other than renewing with the current broker. Before the November 1, 2004 renewals of both liability and property insurance, the Committee wants to review the process of requesting proposals on insurance brokerage services.

APPOINTMENT OF EXECUTIVE SESSION RECORDING SECRETARY

Motion by Commissioner Janicik, seconded by Commissioner Chaplin, to Appoint Kim Godden executive session recording secretary. Motion carried unanimously.

EXECUTIVE SESSION

Commissioner Janicik moved to go into Executive Session to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2). Seconded by Commissioner Chaplin and unanimously approved by a Roll Call Vote:

Ayes: E. Chaplin, J. Janicik and A. Poole.

Nays: None

The Committee went into Executive Session at 7:00 P.M.

Commissioner Janicik moved to come out of Executive Session at 7:12 P.M. Seconded by Commissioner Chaplin.

All voted aye. Motion carried.

ADJOURNMENT

With no further business to come before the Committee, the meeting was adjourned at 7:13 p.m.



DuPage Water Commission

MEMORANDUM

TO: General Manager

FROM: Financial Administrator

DATE: December 5, 2003

SUBJECT: Financial Report – November 30, 2003

REVENUE ANALYSIS

Total revenues were 8.0% less than budget. Water operations and maintenance revenues were 6.5% less than budget. This year's cool, wet weather slowed water sales. Assuming the same volume sold as in the final five months of last fiscal year, operations and maintenance revenues will be \$2.65 million (5.8%) under budget.

The national economic slow down has affected the Commission's sales tax receipts. Sales tax collections in the first seven months of the fiscal year were \$149,228 (0.8%) less than the same period of fiscal year 2002-03. A 2% increase had been budgeted. This revenue source is presently 2.5% below budget. Based on prior history, this revenue source may be \$1.3 million (4.0%) below budget by fiscal year end.

Market fluctuations have caused a decrease in investment market values resulting in investment income that is 61.2% below budget. In effect, market value income recognized last fiscal year in accordance with generally accepted accounting principles is now reversing. Cash investment income through November is \$3.05 million. Market changes are a negative \$1.67 million.

EXPENSE ANALYSIS

Total operating expenses were 3.5% over budget. Bond interest costs are 33.6% over budget. The \$2.9 million call premium cost on the 1993 revenue bonds retired in September is the major factor in this variance.

Overall direct water supply costs were 5.9% under budget corresponding to the less than budgeted water sales mentioned above. The slight deviation in percentage is mainly due to an acceleration of the blow-off valve repair project, which is about \$1.0 million ahead of schedule. Insurance costs are under budget because only one self-insured claim for \$1,000 has been incurred.

On May 1, 2003, the Commission changed its pension plan to the Illinois Municipal Retirement Fund. To aid employee conversion to the new plan, the Commission picked up, based on tenure, 60% to 100% of employee required contributions to establish service to the beginning of employment. This \$1.4 million expense was not budgeted. There was, however, a reserve of unrestricted net assets set aside at April 30, 2003, for this purpose. As part of this pension program change, an early retirement incentive was also approved. To date, three employees have received this incentive. These payments, with related pension and Social Security/Medicare payroll taxes, account for the balance of the unfavorable budget variance.

CONSTRUCTION PROJECTS

The only open construction project is the West Transmission Main (TW-2). A contract to construct an interconnection between the Northwest and Southwest Transmission Mains (TIB-1) was awarded in September. Project TIB-1 will increase flow in the system in the event of a break on the Northwest or Southwest Transmission Mains. These mains are the primary conduits for water leaving the DuPage Pumping Station. Construction outlays are under budget because this interconnection project has not yet started.

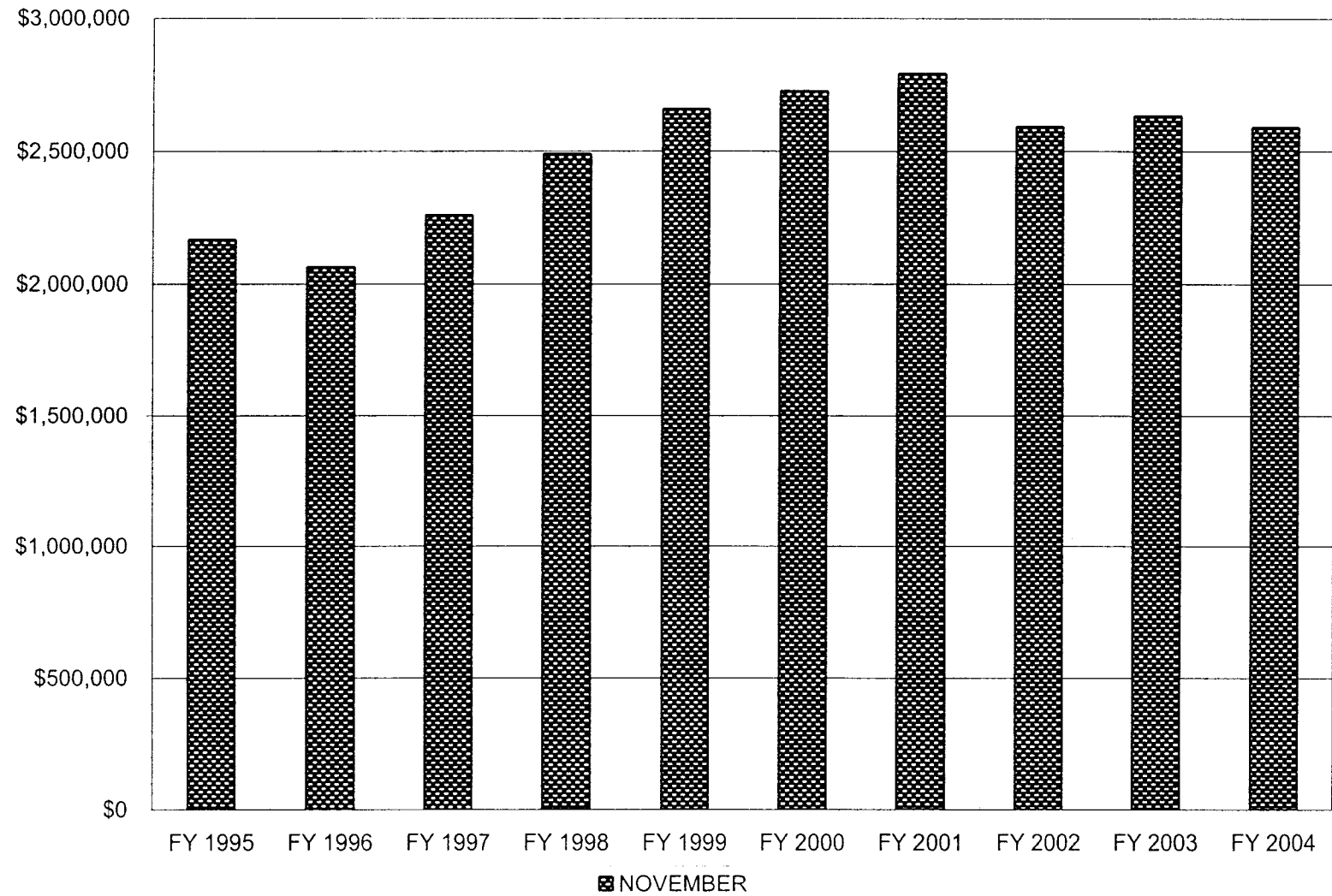
The negative outlay for the month of November is due to correction of an over accrual of an \$869,375 payment to a pipeline company. This payment, actually made in October, is for relocation of their gas main as part of the TIB-1 project.

INVESTMENT PORTFOLIO

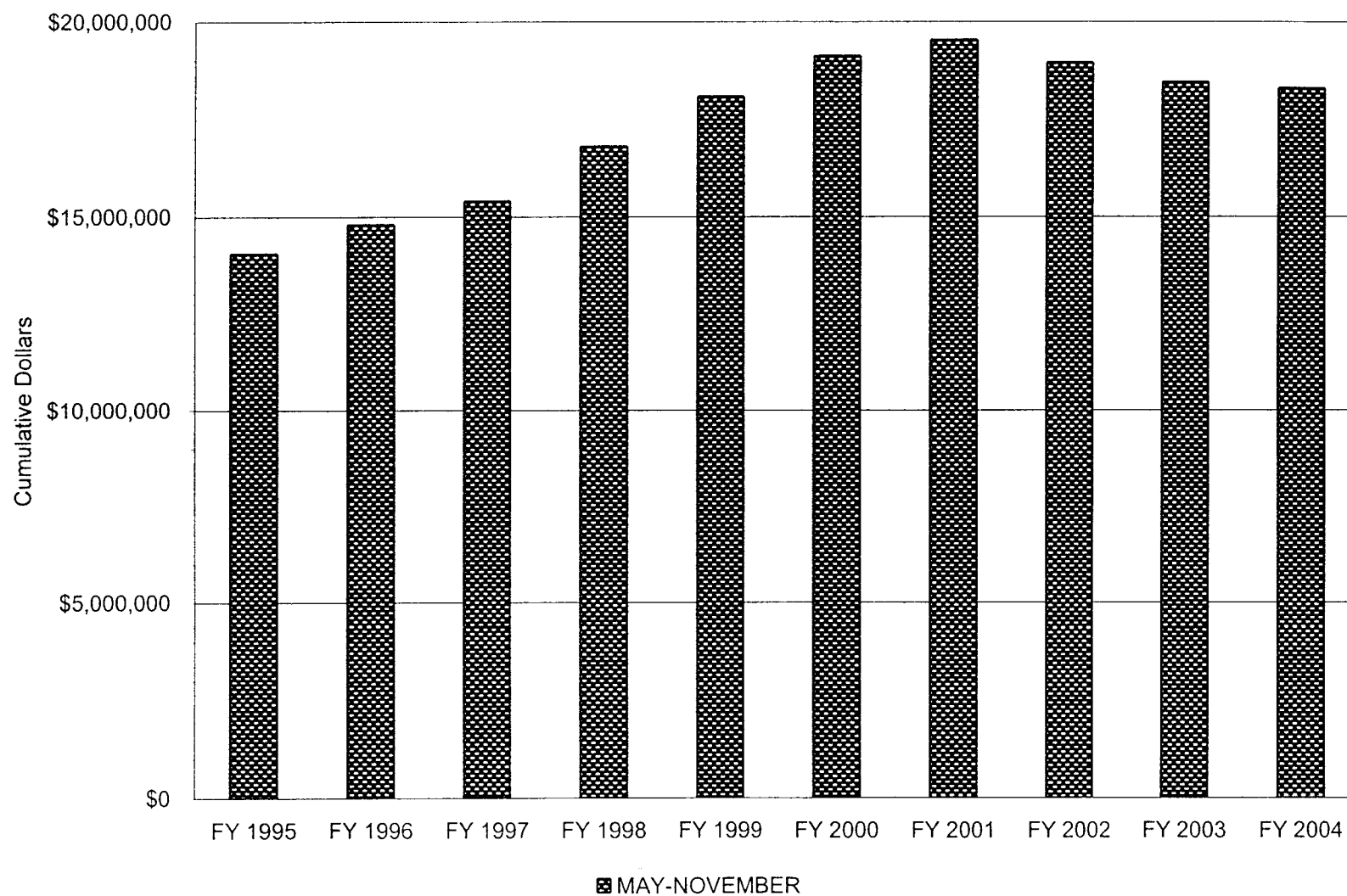
The Commission's investment portfolio totals \$186.1 million. It is earning 1.14% based on market yield and 1.71% based on original purchase price. The benchmark yield adopted by the Commission was 0.87% at November 30, 2003.

Commission funds are invested as follows: United States Treasury obligations (20.0%), United States Agency obligations (34.9%), the Illinois Funds Money Market Fund (17.4%), the Illinois Funds Prime Funds (14.3%), and certificates of deposit (13.4%). Government money market funds run by the Commission's bond trustees holds \$8,500 (less than 0.1%).

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



DuPage Water Commission Sales Tax Collections - Year to Date



ASSETS	TOTAL WATER FUND (ALL ACCOUNTS)	WATER FUND DEPOSITORY ACCOUNTS	OPER & MAINT ACCOUNT	REVENUE BOND INTEREST ACCOUNT	REVENUE BOND PRINCIPAL ACCOUNT	REVENUE BOND DEBT SERVICE RESERVE ACCOUNT	OPER & MAINT RESERVE ACCOUNT	DEPRECIATION ACCOUNT	GENERAL ACCOUNT
CASH	219,310.70	199,711.53	18,853.68	0.00	0.00	745.49	0.00	0.00	0.00
INVESTMENTS	186,119,231.56	2,747,758.77	10,398,334.09	1,159,765.83	6,088,312.85	14,317,840.68	10,566,202.49	6,434,500.54	134,406,516.31
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	5,796,853.74	5,796,853.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,170,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,170,000.00
ACCOUNTS RECEIVABLE-OTHER	253,134.84	253,134.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	669,494.49	0.00	0.00	0.08	0.54	0.00	11,250.00	11,250.00	646,993.87
INVENTORIES & PREPAIDS	639,280.77	639,280.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	428,217,679.87	428,217,679.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	19,740,890.52	19,740,890.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(69,901,223.33)	(69,901,223.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	7,539,989.95	7,539,989.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	600,000.00
TOTAL ASSETS	587,064,643.11	395,234,076.66	10,417,187.77	1,159,765.91	6,088,313.39	14,318,586.17	10,577,452.49	6,445,750.54	142,823,510.18
LIABILITIES & EQUITY									
ACCOUNTS PAYABLE	3,369,389.02	0.00	3,369,389.02	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	278,159.14	0.00	278,159.14	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000,000.00
BONDS PAYABLE CURRENT	19,165,000.00	4,314,583.33	0.00	0.00	6,040,416.67	0.00	0.00	0.00	8,810,000.00
ACCRUED INTEREST	2,214,101.39	0.00	0.00	1,138,438.89	0.00	0.00	0.00	0.00	1,075,662.50
ACCRUED LIABILITIES	385,955.65	0.00	385,955.65	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	1,131,106.79	0.00	1,131,106.79	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	2,947,470.30	2,947,470.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	199,616,280.05	199,616,280.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRANTS PAYABLE LONG TERM	45,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45,000,000.00
TOTAL LIABILITIES	289,107,462.34	206,878,333.68	5,164,610.60	1,138,438.89	6,040,416.67	0.00	0.00	0.00	69,885,662.50
NET ASSETS									
UNRESTRICTED FUNDS									
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	11,200,000.00	0.00	0.00	0.00	0.00	25,747.39	72,298.15	1,445,750.54	9,656,203.92
RESERVED FOR WATER RATE STABILIZATION	44,684,817.84	6,689,269.35	0.00	0.00	0.00	0.00	0.00	0.00	37,995,548.49
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	7,897,142.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,897,142.42
TOTAL UNRESTRICTED OPERATING NET ASSETS	63,781,960.26	6,689,269.35	0.00	0.00	0.00	25,747.39	72,298.15	1,445,750.54	55,548,894.83
UNRESTRICTED NON-OPERATING NET ASSETS									
WATER QUALITY LOANS RESERVE	10,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000,000.00
IMRF PRIOR SERVICE PENSION COST RESERVE	2,405,524.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,405,524.00
TOTAL UNRESTRICTED NON-OPERATING NET ASSETS	12,405,524.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,405,524.00
TOTAL UNRESTRICTED NET ASSETS	76,187,484.26	6,689,269.35	0.00	0.00	0.00	25,747.39	72,298.15	1,445,750.54	67,954,418.83
RESTRICTED BY ORDINANCE/RESOLUTION	40,103,222.88	0.00	5,252,577.17	21,327.02	47,896.72	14,292,838.78	10,505,154.34	5,000,000.00	4,983,428.85
INVESTED IN PROPERTY PLANT AND EQUIPMENT	181,666,473.63	181,666,473.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NET ASSETS	297,957,180.77	188,355,742.98	5,252,577.17	21,327.02	47,896.72	14,318,586.17	10,577,452.49	6,445,750.54	72,937,847.68
TOTAL LIABILITIES & NET ASSETS	587,064,643.11	395,234,076.66	10,417,187.77	1,159,765.91	6,088,313.39	14,318,586.17	10,577,452.49	6,445,750.54	142,823,510.18

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

ASSETS	TOTAL GENERAL ACCOUNT	WATER FUND SUBACCOUNT	SALES TAXES SUBACCOUNT	GO BOND DEBT SERVICE SUBACCOUNT
CASH	0.00	0.00	0.00	0.00
INVESTMENTS	134,406,516.31	49,872,380.58	73,462,783.17	11,071,352.56
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - CURRENT	7,170,000.00	0.00	7,170,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	646,993.87	184,895.83	379,496.33	82,601.71
INVENTORIES & PREPAIDS	0.00	0.00	0.00	0.00
FIXED ASSETS	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	0.00	0.00	0.00	0.00
RECEIVABLE FROM OTHER GOVERNMENTS - LONG TERM	600,000.00	0.00	600,000.00	0.00
TOTAL ASSETS	142,823,510.18	50,057,276.41	81,612,279.50	11,153,954.27
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LIABILITIES & EQUITY				
ACCOUNTS PAYABLE	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00
GRANTS PAYABLE CURRENT	15,000,000.00	0.00	15,000,000.00	0.00
BONDS PAYABLE CURRENT	8,810,000.00	0.00	0.00	8,810,000.00
ACCRUED INTEREST	1,075,662.50	0.00	0.00	1,075,662.50
ACCRUED LIABILITIES	0.00	0.00	0.00	0.00
CONTRACT RETENTION	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	0.00	0.00	0.00	0.00
GRANTS PAYABLE LONG TERM	45,000,000.00	0.00	45,000,000.00	0.00
TOTAL LIABILITIES	69,885,662.50	0.00	60,000,000.00	9,885,662.50
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NET ASSETS				
UNRESTRICTED FUNDS (R-27-03)				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	9,656,203.92	9,656,203.92	0.00	0.00
RESERVED FOR WATER RATE STABILIZATION	37,995,548.49	37,995,548.49	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	7,897,142.42	0.00	7,897,142.42	0.00
TOTAL UNRESTRICTED OPERATING NET ASSETS	55,548,894.83	47,651,752.41	7,897,142.42	0.00
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UNRESTRICTED NON-OPERATING NET ASSETS				
WATER QUALITY LOANS RESERVE (R-32-02)	10,000,000.00	0.00	10,000,000.00	0.00
IMRF PRIOR SERVICE PENSION COST RESERVE (R-16-03)	2,405,524.00	2,405,524.00	0.00	0.00
TOTAL UNRESTRICTED NON-OPERATING NET ASSETS	12,405,524.00	2,405,524.00	10,000,000.00	0.00
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TOTAL UNRESTRICTED NET ASSETS	67,954,418.83	50,057,276.41	17,897,142.42	0.00
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RESTRICTED BY ORDINANCE/RESOLUTION	4,983,428.85	0.00	3,715,137.08	1,268,291.77
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
TOTAL NET ASSETS	72,937,847.68	50,057,276.41	21,612,279.50	1,268,291.77
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TOTAL LIABILITIES & NET ASSETS	142,823,510.18	50,057,276.41	81,612,279.50	11,153,954.27
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DU PAGE WATER COMMISSION
WATER FUND
GENERAL LEDGER
STATEMENT OF REVENUES & EXPENDITURES
November 30, 2003

PAGE 7

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	3,091,686.75	26,710,147.00	28,578,810.48	(1,868,663.48)	93.5%
FIXED COST REVENUES	743,027.42	5,201,191.94	5,201,191.92	0.02	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	78,689.46	578,659.64	643,200.76	(64,541.12)	90.0%
EMERGENCY WATER SERVICE	18,595.24	30,004.20	18,260.34	11,743.86	164.3%
SALES TAXES	2,590,691.75	18,289,994.36	18,751,439.32	(461,444.96)	97.5%
INVESTMENT INCOME	79,895.39	1,379,875.05	3,554,972.68	(2,175,097.63)	38.8%
OTHER INCOME	595.00	61,188.66	32,918.58	28,270.08	185.9%
TOTAL REVENUE	6,603,181.01	52,251,060.85	56,780,794.08	(4,529,733.23)	92.0%
EXPENSES					
PERSONAL SERVICES	430,651.73	3,234,316.33	1,518,707.71	(1,715,608.62)	213.0%
PROFESSIONAL SERVICES	23,858.50	170,257.86	229,383.44	59,125.58	74.2%
CONTRACTUAL SERVICES	103,972.89	481,896.45	510,615.57	28,719.12	94.4%
INSURANCE	12,229.67	911,901.99	1,279,558.45	367,656.46	71.3%
ADMINISTRATIVE COSTS	5,301.96	57,242.07	86,020.98	28,778.91	66.5%
WATER SUPPLY COSTS	3,505,907.80	29,681,771.13	31,541,760.46	1,859,989.33	94.1%
BOND INTEREST EXPENSE	811,372.39	9,797,757.34	7,332,859.33	(2,464,898.01)	133.6%
LAND AND RIGHT OF WAY	0.00	2,995.00	3,505.27	510.27	85.4%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	539,291.89	3,733,422.78	3,964,437.13	231,014.35	94.2%
TOTAL OPERATING EXPENSES	5,432,586.83	48,071,560.95	46,466,848.34	(1,604,712.61)	103.5%
NET OPERATING INCOME	1,170,594.18	4,179,499.90	10,313,945.74	(6,134,445.84)	40.5%
CONSTRUCTION EXPENDITURES	(685,023.93)	2,142,618.73	5,403,792.35	3,261,173.62	39.7%
TRANSFERS TO OTHER GOVERNMENTS	0.00	75,000,000.00	0.00	(75,000,000.00)	N/A
NET FUND TRANSACTIONS	1,855,618.11	(72,963,118.83)	4,910,153.39	(77,873,272.22)	-1486.0%
BEGINNING NET ASSETS		368,777,680.87			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		2,142,618.73			
ENDING NET ASSETS		297,957,180.77			

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/03	BID PRICE 11/30/03
Water Fund Depository Accounts (WF-1210)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 1,099,097.26	\$ 1,099,097.26	\$ -	\$ 1,099,097.26	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	1,648,661.51	1,648,661.51	-	1,648,661.51	-	100.000
				0.946%	0.946%	\$ 2,747,758.77	\$ 2,747,758.77	\$ -	\$ 2,747,758.77	\$ -	
Water Fund Oper. & Maint. Acct. (WF-1211)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 5,355,858.46	\$ 5,355,858.46	\$ -	\$ 5,355,858.46	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	5,042,475.63	5,042,475.63	-	5,042,475.63	-	100.000
				0.940%	0.940%	\$ 10,398,334.09	\$ 10,398,334.09	\$ -	\$ 10,398,334.09	\$ -	
Revenue Bond Interest Account (WF-1212)											
One Group Government Money Market	0.306%	11/30/03	12/01/03	0.306%	0.306%	\$ 1,003.32	\$ 1,003.32	\$ -	\$ 1,003.32	\$ 0.08	100.000
U. S. Treas. Notes (Bank One Trust Company)	3.375%	10/07/03	04/30/04	1.013%	0.970%	585,000.00	590,484.38	(2,285.15)	592,769.53	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	11/07/03	04/30/04	1.058%	0.970%	563,000.00	568,278.13	(967.65)	569,245.78	-	100.938
				1.034%	0.969%	\$ 1,149,003.32	\$ 1,159,765.83	\$ (3,252.80)	\$ 1,163,018.63	\$ 0.08	
Revenue Bond Principal (WF-1213)											
One Group Government Money Market	0.306%	11/30/03	12/01/03	0.306%	0.306%	\$ 772.21	\$ 772.21	\$ -	\$ 772.21	\$ 0.54	100.000
U. S. Treas. Notes (Bank One Trust Company)	3.375%	05/09/03	04/30/04	1.178%	0.970%	884,000.00	892,287.50	(10,462.97)	902,750.47	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	06/03/03	04/30/04	1.090%	0.970%	821,000.00	828,696.88	(9,172.10)	837,868.98	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	07/08/03	04/30/04	1.012%	0.970%	820,000.00	827,687.50	(7,943.75)	835,631.25	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	08/14/03	04/30/04	1.108%	0.970%	819,000.00	826,678.13	(5,374.68)	832,052.81	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	09/11/03	04/30/04	1.064%	0.970%	916,000.00	924,587.50	(4,794.69)	929,382.19	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	10/07/03	04/30/04	1.013%	0.970%	846,000.00	853,931.25	(3,304.69)	857,235.94	-	100.938
U. S. Treas. Notes (Bank One Trust Company)	3.375%	11/07/03	04/30/04	1.058%	0.970%	925,000.00	933,671.88	(1,589.84)	935,261.72	-	100.938
				1.075%	0.970%	\$ 6,031,772.21	\$ 6,088,312.85	\$ (42,642.72)	\$ 6,130,955.57	\$ 0.54	
Revenue Bond Debt Svc. Reserve (WF-1214)											
F.H.L.B. (Bank One Trust Company)	0.000%	09/25/03	12/15/03	1.006%	1.037%	14,324,000.00	14,317,840.68	25,747.39	14,292,093.29	-	99.957
				1.006%	1.037%	\$ 14,324,000.00	\$ 14,317,840.68	\$ 25,747.39	\$ 14,292,093.29	\$ -	
Water Fund Oper. & Maint. Res. (WF-1215)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 6,338,765.77	\$ 6,338,765.77	\$ -	\$ 6,338,765.77	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	189,936.72	189,936.72	-	189,936.72	-	100.000
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	0.970%	4,000,000.00	4,037,500.00	7,500.00	4,030,000.00	11,250.00	100.938
				1.697%	0.938%	\$ 10,528,702.49	\$ 10,566,202.49	\$ 7,500.00	\$ 10,558,702.49	\$ 11,250.00	
Water Fund Depreciation Account (WF-1216)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 1,638,541.87	\$ 1,638,541.87	\$ -	\$ 1,638,541.87	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	758,458.67	758,458.67	-	758,458.67	-	100.000
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	0.970%	4,000,000.00	4,037,500.00	7,500.00	4,030,000.00	11,250.00	100.938
				2.203%	0.956%	\$ 6,397,000.54	\$ 6,434,500.54	\$ 7,500.00	\$ 6,427,000.54	\$ 11,250.00	

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/03	BID PRICE 11/30/03
Water Fund General Account (WF-1217)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 5,275,675.16	\$ 5,275,675.16	\$ -	\$ 5,275,675.16	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	14,073,955.42	14,073,955.42	-	14,073,955.42	-	100.000
F.H.L.B. (D L J)	3.750%	11/13/02	02/13/04	1.569%	1.051%	10,000,000.00	10,054,000.00	(216,367.60)	10,270,367.60	109,375.00	100.540
U. S. Treas. Notes (Dain Rauscher)	7.250%	01/31/02	05/15/04	3.204%	1.010%	10,000,000.00	10,278,125.00	(606,175.00)	10,884,300.00	30,208.33	102.781
F.H.L.B. (RBC D. Rauscher)	3.625%	06/14/02	10/15/04	3.403%	1.320%	10,000,000.00	10,190,625.00	142,968.75	10,047,656.25	45,312.50	101.906
				2.041%	1.059%	\$ 49,349,630.58	\$ 49,872,380.58	\$ (679,573.85)	\$ 50,551,954.43	\$ 184,895.83	
Sales Tax Funds (WF-1230)											
Illinois Funds-Money Market	0.917%	11/30/03	12/01/03	0.917%	0.917%	\$ 12,894,239.04	\$ 12,894,239.04	\$ -	\$ 12,894,239.04	\$ -	100.000
Illinois Funds-Prime Fund	0.965%	11/30/03	12/01/03	0.965%	0.965%	5,007,119.13	5,007,119.13	-	5,007,119.13	-	100.000
Cert. of Deposit (Oak Brook Bank)	1.700%	01/15/03	01/15/04	1.700%	1.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	89,145.21	100.000
Cert. of Deposit (Mid America Bank)	1.600%	04/15/03	04/15/04	1.600%	1.600%	6,000,000.00	6,000,000.00	-	6,000,000.00	60,230.14	100.000
F.H.L.B. (ABN AMRO)	3.375%	06/21/02	05/14/04	3.002%	1.245%	10,000,000.00	10,095,800.00	27,050.00	10,068,750.00	14,062.50	100.958
Cert. of Deposit (Winfield Community Bank)	2.000%	06/17/03	06/15/04	2.000%	2.000%	1,000,000.00	1,000,000.00	-	1,000,000.00	9,095.89	100.000
Cert. of Deposit (West Suburban Bank)	1.500%	07/16/03	07/15/04	1.500%	1.500%	5,935,100.00	5,935,100.00	-	5,935,100.00	33,415.43	100.000
F.H.L.B. (RBC D. Rauscher)	3.625%	09/12/02	10/15/04	2.400%	1.320%	10,000,000.00	10,190,625.00	(57,175.00)	10,247,800.00	45,312.50	101.906
Cert. of Deposit (West Suburban Bank)	1.250%	10/15/03	10/15/04	1.250%	1.250%	64,900.00	64,900.00	-	64,900.00	102.24	100.000
Cert. of Deposit (Suburban Bank & Trust)	1.550%	10/16/03	10/16/04	1.550%	1.550%	6,000,000.00	6,000,000.00	-	6,000,000.00	11,465.75	100.000
F.H.L.B. (RBC D. Rauscher)	4.000%	10/17/02	02/15/05	2.462%	1.630%	10,000,000.00	10,275,000.00	(69,500.00)	10,344,500.00	116,666.67	102.750
				1.862%	1.355%	\$ 72,901,358.17	\$ 73,462,783.17	\$ (99,625.00)	\$ 73,562,408.17	\$ 379,496.33	
2001 G. O. Bonds Debt Service (WF-1243)											
ABN AMRO Government Money Market	0.767%	11/30/03	12/01/03	0.767%	0.767%	\$ 6,729.12	\$ 6,729.12	\$ -	\$ 6,729.12	\$ 4.21	100.000
U. S. Treas. Notes (LaSalle Bank)	3.000%	02/28/03	02/29/04	1.219%	0.880%	10,388,000.00	10,436,693.75	(134,313.59)	10,571,007.34	77,910.00	100.469
U. S. Treas. Notes (LaSalle Bank)	3.000%	03/05/03	02/29/04	1.052%	0.880%	287,000.00	288,345.31	(4,125.63)	292,470.94	2,152.50	100.469
U. S. Treas. Notes (LaSalle Bank)	3.000%	03/07/03	02/29/04	1.073%	0.880%	338,000.00	339,584.38	(4,753.12)	344,337.50	2,535.00	100.469
				1.210%	0.880%	\$ 11,019,729.12	\$ 11,071,352.56	\$ (143,192.34)	\$ 11,214,544.90	\$ 82,601.71	
TOTAL ALL FUNDS				1.712%	1.141%	\$ 184,847,289.29	\$ 186,119,231.56	\$ (927,539.32)	\$ 187,046,770.88	\$ 669,494.49	
November 30, 2003				90 DAY US TREASURY YIELD	0.870%						



Arthur J. Gallagher & Co.



Workers' Compensation Insurance Proposal

December 1, 2003

Presented by:

Arthur J. Gallagher & Co.

The Gallagher Centre

Two Pierce Place

Itasca, IL 60143

(630) 773-3800

www.ajg.com

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

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DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

CORPORATE PROFILE

Arthur J. Gallagher & Co.	
Home Office:	The Gallagher Centre Two Pierce Place Itasca, IL 60143-3141 (630) 773-3800
Founded:	1927
Size:	3rd largest broker in the United States 4th largest broker in the world
Revenues:	\$1.1 billion in total revenues
Employees:	7,111
Sales and Service Offices:	250+ (including international)
International:	Australia, Bermuda, Canada, London, Scotland, and Singapore
Gallagher Bassett Services, Inc.:	The largest multi-line property/casualty third-party administrator nationwide
Growth:	Substantial growth history resulting from internal efforts (new clients/client retention) as well as strategic acquisitions of insurance brokerage and risk management firms throughout the country
Capabilities:	One of the few risk management firms with the capability and resources to do it all: <ul style="list-style-type: none">• Insurance brokering• Special programs and products• Market access, both domestic and international• Claims management services• Managed care services• Loss control services• Appraisal services

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

THE GALLAGHER GROUP OF COMPANIES AND JOINT-VENTURES

Arthur J. Gallagher & Co., one of the world's leading insurance brokers, plans and administers a full array of insurance, reinsurance, risk management, self-insurance, claims management and employee benefit products and services through an organization of specialized companies and joint-ventures.

INSURANCE BROKERAGE SERVICES

Brokerage Services Retail Division

Gallagher's largest division specializes in structuring; property/casualty insurance and risk management programs for commercial, industrial, institutional and governmental organizations through its offices in the U.S., and through a network of correspondent brokers in more than 100 countries around the world.

Gallagher Benefit Services, Inc.

This employee benefit and human resource services subsidiary assists clients in all areas of their employee retirement and health and welfare plans, including plan design, funding and administration.

Arthur J. Gallagher (UK) Limited

This Lloyd's broker directly accesses Lloyd's and other London and international insurance and reinsurance markets, placing risks for Gallagher's own brokers, other brokers/carriers worldwide and direct retail clients across all non-marine and aviation classes.

Risk Placement Services, Inc.

This subsidiary operates as a traditional wholesale broker and managing general agent, working; with both Gallagher and non-Gallagher producers, and has access to all major excess/surplus lines carriers. Its operating units include: International Special Risk Services, Inc.; ARM of California; Nelson, Gordon & James Insurance Services; R&R/Select; Harbor Excess & Surplus; Castle Insurance Associates, Inc.; SKANCO; Equity Insurance Managers; and CoverageFirst.com.

Arthur J. Gallagher Intermediaries, Inc.

This specialty-marketing subsidiary operates as a reinsurance intermediary and surplus lines broker for domestic and captive insurance companies, risk-sharing pools and independent insurance brokers.

DUPAGE WATER COMMISSION

Workers' Compensation Insurance Proposal

Gallagher Captive Services, Inc.

This subsidiary specializes in the design and development of group, association and single-parent captives. Its comprehensive captive services encompass feasibility studies, domicile management and program management.

Arthur J. Gallagher & Co. (Bermuda) Limited

This offshore subsidiary provides access to the many specialized insurance and reinsurance companies operating within the Bermuda marketplace, acting as an intermediary to place excess protection for pools, captives, rent-a-captives, risk retention groups and self-insurance arrangements.

Innovative Risk Services, Inc.

This division facilitates access to Bermuda-based insurance companies for both Gallagher and non-Gallagher producers.

Risk Management Partners Ltd. (RMP)

RMP, a joint-venture between Gallagher and a subsidiary of Munich-American Re Corporation, markets insurance and risk management products and services to U.K. public entities through offices in England and Scotland.

John P. Woods Co., Inc.

This subsidiary provides a full range of property, casualty, accident and health treaty reinsurance, encompassing risk transfer and finite solutions. Additionally, on behalf of clients, it accesses a full array of professional services including actuarial, catastrophe modeling, dynamic financial analysis, financial and capital market alternatives and strategic planning.

Arthur J. Gallagher Australasia PTY Ltd.

This is a specialist wholly owned subsidiary, dealing in niche programs, risk management and reinsurance in the Australian market.

Arthur J. Gallagher Asia PTE Ltd.

This recently-formed subsidiary, with its regional head office situated in Singapore, handles all classes of reinsurance broking, consultancy and financial risk solutions within the Asian region from India to Japan.

DUPAGE WATER COMMISSION

Workers' Compensation Insurance Proposal

NiiS/Apex Group Holdings, Inc.

This consulting and insurance services organization specializes in actuarial, underwriting, claims management and audit services. It services accident and health, property and casualty insurance industries, employers, governmental entities and other risk assumption vehicles.

GBS Insurance and Financial Services, Inc.

This provider of life insurance, annuities and long-term care insurance is a managing general agent for dozens of insurance companies and acts as a wholesaler delivering competitive policies and aggressive underwriting for insurance agents.

RISK MANAGEMENT SERVICES

Gallagher Basset Services, Inc.

This subsidiary provides a broad range of risk management services – including claims and information management, risk control consulting and appraisal services – to help corporations and institutions reduce their cost of risk.

Gallagher Benefit Administrators, Inc.

This third-party claims administrator serves the self-funded employee benefits marketplace by integrating highly effective managed care and quality assurance programs with claims administration services.

Gallagher Bassett (UK)

This Gallagher Bassett subsidiary provides Pan-European claims management, loss control and information management services to clients.

Gallagher Bassett Canada Inc.

A subsidiary of Gallagher Basset, this operation provides claims management, appraisal and information management services to Canadian and U.S. clients.

Wyatt Gallagher Bassett PTY Ltd.

This joint-venture between Gallagher Bassett and the Wyatt Group Pty Ltd. provides loss adjusting, marine and aviation surveying, claims management services and risk control consulting services throughout Australia.

DUPAGE WATER COMMISSION

Workers' Compensation Insurance Proposal

MountainView Software Corporation

MountainView Software Corporation designs standardized and customized electronic claims reporting and claims management software that enables users to submit/view claims such as OSHA 300, workers compensation; state First Report of Injury, property, and general and auto liability via the Internet, as well as generate loss run and claims analysis reports.

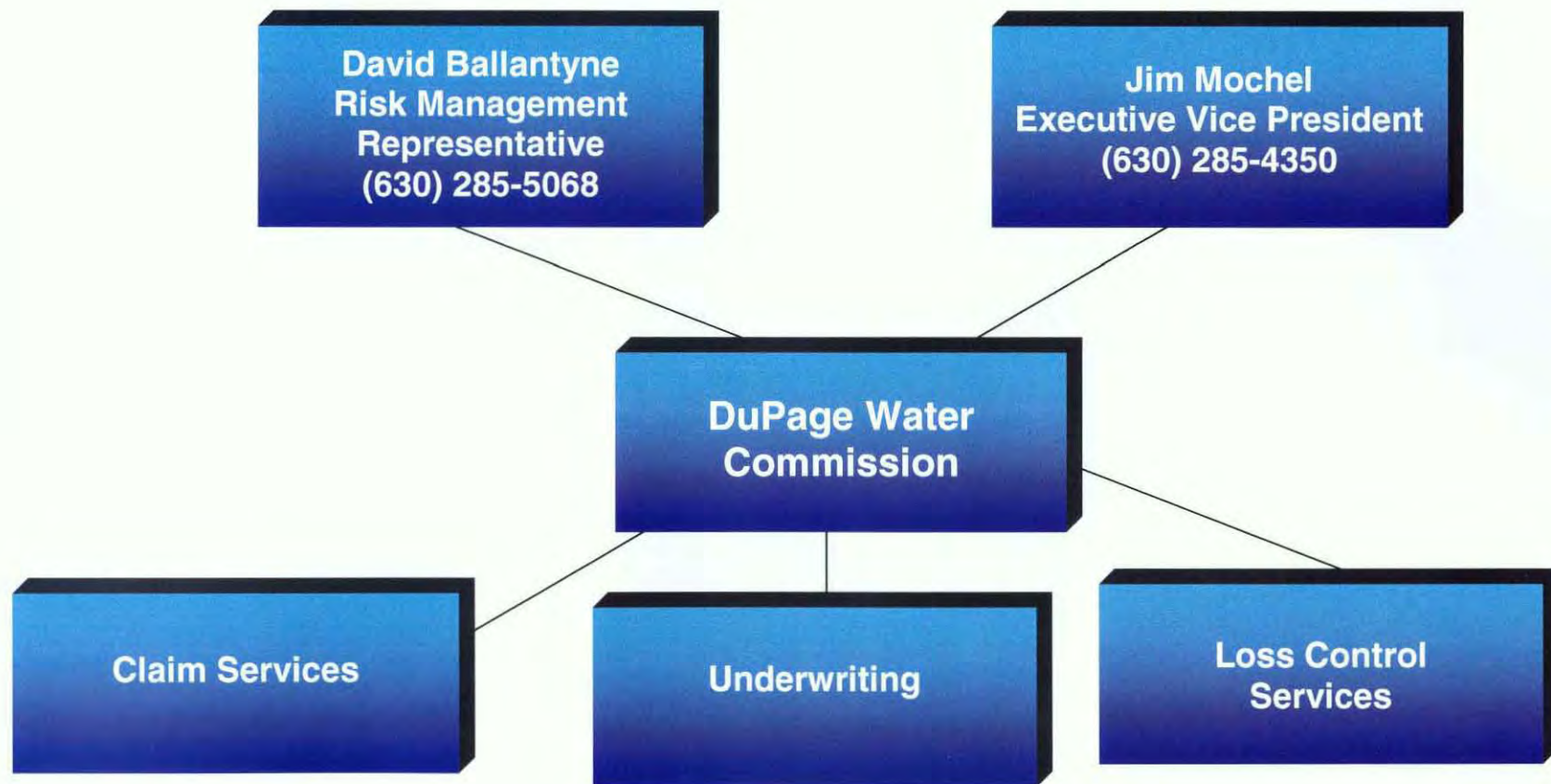
FINANCIAL SERVICES

AJG Financial Services, Inc.

This subsidiary is responsible for the management of Gallagher's diversified investment portfolio, which includes fiduciary funds, marketable and other equity securities, and tax advantaged and other strategic investments. It combines the invested assets of Gallagher in order to maximize the return to the company. AJG Financial Services is continuing to expand its strategic investment portfolio.

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SERVICE TEAM STRUCTURE FOR VILLAGE OF ITASCA



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ARTHUR J. GALLAGHER & CO.
Client Commitment ... The Gallagher Way

Managing our client's risks is our highest commitment.

We try to anticipate our client's needs in advance.

We seek to understand the client's business, not just our own.

We always recommend that which is in the client's best interest, even if it diminishes our revenues.

We lead our clients to ever more effective risk management techniques.

We seek long-term relationships, not quick profits.

Getting the order is only the beginning of our commitment, not the end.

We never promise what we cannot produce.

Honesty and integrity are paramount. If we make a mistake, we admit it, and we make it right.

Every client, large or small, has full access to all of our expertise and capability.

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

IMPORTANT DISCLOSURES

The proposal is an outline of the coverages proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, or conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

In addition to the fees and/or commissions retained by Arthur J. Gallagher & Co., it is understood and agreed that other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, and similar parties, some of which may be owned in whole or in part by Arthur J. Gallagher & Co.'s corporate parent, may earn and retain usual and customary commissions and/or fees in the course of providing insurance products. Any such fees and/or commissions will be the responsibility of client and not Arthur J. Gallagher & Co.

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher & Co. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

Gallagher from time to time enters into arrangements with certain insurance carriers or those carriers' reinsurers providing for compensation, in addition to commissions, to be paid by such carriers or reinsurers to Gallagher or its affiliates based on, among other things, the volume of premium and/or underwriting profitability of the insurance coverages written through Gallagher by such carriers or reinsurers. In addition, Gallagher and its affiliates provide management and other services to, and receive compensation for those services from, certain reinsurers that reinsure insurance coverages written through Gallagher by other insurance carriers. The insurance coverages you purchase through Gallagher might be issued by an insurance carrier or reinsured by a reinsurer that has such a relationship with Gallagher or its affiliates.

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

WORKERS' COMPENSATION QUOTATION

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

WORKERS' COMPENSATION

Policy Period: December 15, 2003-2004

Company: Illinois Public Risk Fund

A.M. Best's Rating 2003: N/A⁽¹⁾

Admitted/Nonadmitted: N/A

Coverage: Workers' Compensation insurance pays specific benefits, required by state law, to employees injured during the course of their employment. Coverage A is Statutory, Coverage B – Employers' Liability, is for claims involving injured employees filed outside of the statutory Workers' Compensation portion of the law.

Named Insured: Illinois Public Risk Fund

Alternate Employers: DuPage Water Commission

States Covered: Illinois

States Excluded: Any employee domiciled in monopolistic states of North Dakota, Ohio, Washington, West Virginia, and Wyoming. For the monopolistic state, coverage must be obtained directly from the state funds.

Limits Coverage A: Statutory

Limits Coverage B: \$2,500,000 Bodily Injury by Accident – each accident
\$2,500,000 Bodily Injury by Disease – each employee
\$2,500,000 Bodily Injury by Disease – policy limit

Deductible:

Cancellation, Nonrenewal, or Material Modification: 90 days written notice for nonrenewal and cancellation

Coverage Includes:

- Workers' Compensation
- Foreign Voluntary Workers' Compensation
- Employers' Liability

⁽¹⁾ The Illinois Public Risk Fund is a self-funded program established in 1985 solely for the purpose of providing Workers' Compensation coverage to public entities in Illinois. Reinsurance provided by Safety National Casualty Corporation, which is rated A VIII by A.M. Best's.

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

WORKERS' COMPENSATION
Illinois Public Risk Fund

Class Code	Description	Payroll	Rates per \$100	Estimated Annual Premium
8810	Clerical	\$1,000,000	0.34	\$3,400
7520	Waterworks	\$1,400,000	7.33	102,620

Manual Premium	\$106,020
Premium Subject to Experience Modification	\$106,020
Experience Modification Factor	0.73
Modified Premium	\$77,395
Less: 15% Advance Discount	(11,609)
Standard Premium	\$65,786
Add: 5% IPRF Administrative Fee	3,289
Total Estimated Annual Premium	\$69,075

Payment Terms: 25% deposit, quarterly installments

Terms and Conditions: Payrolls subject to audit

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

PAYROLL COMPARISON

Class Code	Description	2003	2004	% Change
8810	Clerical	\$573,000	\$1,000,000	74.52%
7520	Waterworks	1,249,000	1,400,000	12.09%
Total		\$1,822,000	\$2,400,000	31.72%

Rate Comparison

Class Code	Description	Illinois Public Risk Fund (Expiring)	Illinois Public Risk Fund (Renewal)	% Change
8810	Clerical	\$0.32	\$0.34	6%
7520	Waterworks	\$6.67	\$7.33	10%

DUPAGE WATER COMMISSION

Workers' Compensation Insurance Proposal

PROPOSED CARRIER RATINGS AND ADMITTED STATUS

Proposed Carriers	A.M. Best's Rating	Admitted/Nonadmitted
Illinois Public Risk Fund	Not Rated ⁽¹⁾	Admitted

If the above indicates coverage is placed with a Nonadmitted Carrier, the carrier is doing business in the state as a surplus lines or nonadmitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

Guide to Best Ratings

Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I	Up to	1,000	FSC IX	250,000 to	500,000
FSC II	1,000 to	2,000	FSC X	500,000 to	750,000
FSC III	2,000 to	5,000	FSC XI	750,000 to	1,000,000
FSC IV	5,000 to	10,000	FSC XII	1,000,000 to	1,250,000
FSC V	10,000 to	25,000	FSC XIII	1,250,000 to	1,500,000
FSC VI	25,000 to	50,000	FSC XIV	1,500,000 to	2,000,000
FSC VII	50,000 to	100,000	FSC XV	2,000,000 or more	
FSC VIII	100,000 to	250,000			

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Arthur J. Gallagher & Co. uses A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose policies we propose to deliver. The rating of the carrier and the year of publication of that rating are indicated. Arthur J. Gallagher & Co. makes no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

⁽¹⁾ The Illinois Public Risk Fund is a self-funded program established in 1985 solely for the purpose of providing Workers' Compensation coverage to public entities in Illinois. Reinsurance provided by Safety National Casualty Corporation, which is rated A VIII by A.M. Best's.

DUPAGE WATER COMMISSION
Workers' Compensation Insurance Proposal

CLIENT AUTHORIZATION TO BIND COVERAGE

After careful consideration of your proposal dated December 1, 2003, we accept your insurance program subject to the following exceptions/changes:

Exceptions

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

Please provide us with a binder(s) and invoice(s) for the coverages agreed upon at your earliest convenience.

Agent Signature

Client Signature

Dated

Dated

LANGAN



HAEGER, VINCENT & BORN, INC.

211 E. ILLINOIS STREET • WHEATON, ILLINOIS 60187-5495

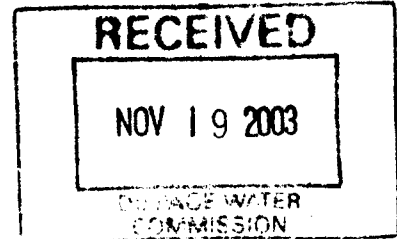
Phone: 630-668-6644

Fax: 630-668-4383

Insurance

November 18, 2003

Mr. Richard H. Skiba, Jr.
DuPage Water Commission
600 E. Butterfield Road
Elmhurst, Illinois 60126



Re: January 1, 2004 Renewal of Medical & Dental Coverages

Dear Mr. Skiba:

Your organization's group life and medical plan with Ft. Dearborn Life and BlueCross BlueShield will renew January 1, 2004.

Effective on that date, your premiums are being increased approximately 15.86% or \$3,789 per month based on your current census of covered employees. Your group dental plan with G. E. Financial will also renew on January 1, 2004 and your premiums will increase approximately 6.7% or \$158 per month. Combining these coverages results in an overall 15% increase or \$3,947 per month.

To lower this increase, I suggest you move your group life insurance from Ft. Dearborn Life to G. E. Financial. By doing so, G. E. will waive the increase on your dental plan and your life premium will also decrease by \$372 for a total savings of \$530 per month. This would lower your overall increase to 13% or \$3,417 per month.

As for alternative proposals from other insurance carriers, the most competitive quotation I received was from Aetna. While Aetna offers a significant savings, keep in mind that their rates are subject to medical underwriting review. Last year your rates were increased by 25% after BlueCross BlueShield underwrote your employees.

Under the Aetna plan, benefits are reduced as compared to BlueCross BlueShield. The primary differences are:

- ❖ Aetna has a smaller PPO network from which to choose doctors and hospitals.
- ❖ You currently have a zero dollar in-network deductible and Aetna has a \$300 deductible (\$900 per family).
- ❖ Your current plan has a \$10 office visit co-pay and Aetna is \$15.

(continued)



LANGAN, HAEGER, VINCENT & BORN, INC.

November 18, 2003

Mr. Richard H. Skiba, Jr.
DuPage Water Commission

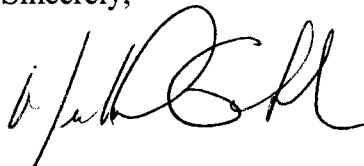
- ❖ Your out-of-pocket limit with BlueCross BlueShield is limited to your co-pays while Aetna has limits of \$1,300 per person, \$3,900 per family, in addition to your co-pays.
- ❖ Your current Rx drug card has a 10-20-35 co-pay limit and Aetna's is 15-25-40.

I have enclosed benefit summaries for BlueCross BlueShield and Aetna for your review. Please note on the BlueCross summary that mail order prescriptions will now have a co-pay equal to 2 times the retail amount. This is a change being made by BlueCross to all their plans effective January 1, 2004.

If the Commission wants to maintain your current benefit level for its employees, I recommend you renew with BlueCross BlueShield and G. E. Financial, making the life switch previously described. If benefit changes are an option, applying to Aetna would be the most cost effective option.

Please review the information and let me know if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. C. Leach', written in a cursive style.

Michael C. Leach
MCL:lld

Enclosures

LANGAN  HAEGER, VINCENT & BORN, INC.

Insurance

GROUP INSURANCE PROPOSAL

FOR

DUPAGE WATER COMMISSION

Assumed Effective Date:
JANUARY 2004

Prepared By:

Michael C. Leach, Vice President

Employee Benefits Department

Langan, Haeger, Vincent & Born, Inc.

NOVEMBER 2003

LANGAN



HAEGER, VINCENT & BORN, INC.

211 E. ILLINOIS STREET • WHEATON, ILLINOIS 60187-5495

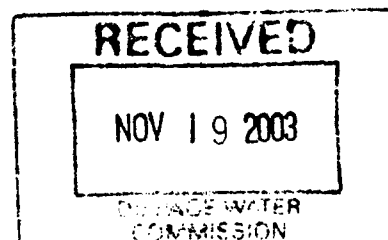
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Under the Aetna plan, benefits are reduced as compared to BlueCross BlueShield. The primary differences are:

- ❖ Aetna has a smaller PPO network from which to choose doctors and hospitals.
- ❖ You currently have a zero dollar in-network deductible and Aetna has a \$300 deductible (\$900 per family).
- ❖ Your current plan has a \$10 office visit co-pay and Aetna is \$15.

(continued)



LANGAN, HAEGER, VINCENT & BORN, INC.

November 18, 2003

Mr. Richard H. Skiba, Jr.
DuPage Water Commission

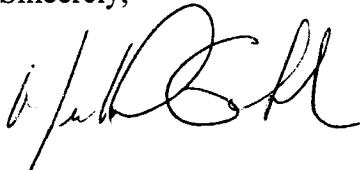
- ❖ Your out-of-pocket limit with BlueCross BlueShield is limited to your co-pays while Aetna has limits of \$1,300 per person, \$3,900 per family, in addition to your co-pays.
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Please review the information and let me know if I can be of further assistance.

Sincerely,



Michael C. Leach
MCL:lld

Enclosures

SUMMARY MEDICAL & LIFE

DUPAGE WATER COMMISSION
MEDICAL & \$50K LIFE

CENSUS DATA	PPO	HMO	LO
EE	15	0	
EC	0	0	
ES	4	0	
FF	12	0	
LIFE ONLY			0
TOTAL	31	0	0
GRAND TOTAL	31		

CURRENT & RENEWAL PLAN	RATES	CHANGE FROM 2003 RATES
BCBS102 0/200 100/80 0/1.2K OOP- \$10 OV (100% PPO) - CURRENT	\$23,888.47	
BCBS102 0/200 100/80 0/1.2K OOP- \$10 OV (100% PPO) - RENEWAL	\$27,677.21	15.86%

NOTES:

Dependent Life Not Included in Any Rate Comparison

ADDITIONAL BCBS PLANS	RATES	CHANGE FROM 2003 CENSUS
DRUG COPAY FOR THE FOLLOWING: \$10/\$20/\$35		
BCBS102 0/200 100/80 0/1.2K OOP- \$10 OV (DUAL OPTION-100% PPO) - CURRENT	\$27,677.21	15.86%
BCBS108 250/500 100/80 250/1.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$26,410.96	10.56%
BCBS111 500/1K 100/80 500/2K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$25,405.91	6.35%
BCBS902 0/200 90/70 500/1.7K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$26,207.35	9.71%
BCBS908 250/500 90/70 750/2K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$25,089.58	5.03%
BCBS911 500/1K 90/70 1K/2.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$24,187.55	1.25%
BCBS913 1K/2K 90/70 1.5K/3.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$22,835.84	-4.41%
BCBS916 0/200 90/70 500/1.7K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$25,925.10	8.53%
BCBS922 250/500 90/70 750/2K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$24,801.18	3.82%
BCBS925 500/1K 90/70 1K/2.5K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$23,896.01	0.03%
BCBS802 0/200 80/60 1K/2.2K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$24,691.86	3.36%
BCBS808 250/500 80/60 1250K/2.5K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$23,680.37	-0.87%
BCBS811 500/1K 80/60 1.5K/3K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$22,857.09	-4.32%
BCBS813 1K/2K 80/60 2K/4K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$21,620.75	-9.49%
BCBS HMO2 \$10 OV (DUAL OPTION - 100% HMO)	\$18,392.10	-23.01%
BCBS HMO11 \$20 OV (DUAL OPTION-100% HMO)	\$17,978.68	-24.74%
BCBS HMO14 \$20 OV+ (DUAL OPTION-100% HMO)	\$17,771.82	-25.61%
DRUG COPAY FOR THE FOLLOWING: \$15/\$30/\$50		
BCBS103 0/200 100/80 0/1.2K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$26,875.80	12.51%
BCBS109 250/500 100/80 250/1.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$25,608.96	7.20%
BCBS112 500/1K 100/80 500/2K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$24,603.68	2.99%
BCBS903 0/200 90/70 500/1.7K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$25,405.91	6.35%
BCBS909 250/500 90/70 750/2K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$24,287.89	1.67%
BCBS912 500/1K 90/70 1K/2.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$23,382.92	-2.12%
BCBS914 1K/2K 90/70 1.5K/3.5K OOP- \$10 OV (DUAL OPTION-100% PPO)	\$22,034.31	-7.76%
BCBS917 0/200 90/70 500/1.7K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$25,123.26	5.17%
BCBS923 250/500 90/70 750/2K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$23,999.18	0.46%
BCBS926 500/1K 90/70 1K/2.5K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$23,094.05	-3.33%
BCBS803 0/200 80/60 1K/2.2K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$23,890.10	0.01%
BCBS809 250/500 80/60 1250K/2.5K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$22,878.49	-4.23%
BCBS812 500/1K 80/60 1.5K/3K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$22,055.40	-7.67%
BCBS814 1K/2K 80/60 2K/4K OOP- \$20 OV (DUAL OPTION-100% PPO)	\$20,819.33	-12.85%
BCBS HMO3 \$10 OV (DUAL OPTION - 100% HMO)	\$17,638.27	-26.16%
BCBS HMO12 \$20 OV (DUAL OPTION-100% HMO)	\$17,224.34	-27.90%
BCBS HMO15 \$20 OV+ (DUAL OPTION-100% HMO)	\$17,017.91	-28.76%
BCBS 2250 100/80 3K OOP - NET PREMIUM	\$15,382.67	-35.61%

SUMMARY MEDICAL & LIFE

ADDITIONAL BCBS PLANS	RATES	CHANGE FROM 2003
		CENSUS
BCBS 2250 100/80 3K OOP - MAXIMUM RATES	\$21,710.80	-9.12%
BCBS82222 1K/2K 90/70 1.5K/3.5K OOP - \$20 OV (100% PPO)	\$22,541.38	-5.64%
BCBS82223 1K/2K 90/70 1.5K/3.5K OOP - \$20 OV (100% PPO)	\$21,736.55	-9.01%

ADDITIONAL PLANS	RATES	FROM 2003 CENSUS
AETNA PPO1 300/600 90/70 1.3K/2.6K OOP \$15 OV (100% PPO)	\$14,176.00	-40.66%
AETNA PPO2 500/1000 90/70 2K/4K OOP \$15 OV (100% PPO)	\$13,496.00	-43.50%
AETNA PPO3 750/1500 90/60 2750/5.5K OOP \$20 OV (100% PPO)	\$12,632.00	-47.12%
AETNA PPO4 1000/2000 80/60 4K/8K OOP \$25 OV (100% PPO)	\$11,312.00	-52.65%
AETNA PPO5 2000/4000 80/50 7K/14K OOP \$25 OV (100% PPO)	\$9,828.00	-58.86%
AETNA PPO6 (MSA) 2500 100/80 5850/5850 OOP \$15 OV (100% PPO)	\$9,651.00	-59.60%
AETNA PPO7 (MSA) 1700 90/70 4.7K/4.7K OOP NO OV (100% PPO)	\$10,126.00	-57.61%
AETNA PPO8 2500 100/80 6K/6K OOP \$20 OV (100% PPO)	\$10,299.00	-56.89%
AETNA HMO1 15 OV (100% HMO)	\$12,322.00	-48.42%
AETNA HMO2 20 OV (100% HMO)	\$12,070.00	-49.47%
AETNA HMO3 25 OV (100% HMO)	\$11,819.00	-50.52%
AMS C1 250/750 90/70 1250/3750 OOP (100% PPO)	\$18,985.50	-20.52%
AMS C8 500/1.5K 90/70 1250/3750 OOP (100% PPO)	\$17,347.46	-27.38%
AMS C14A 250/750 90/60 1250/3750 OOP (100% PPO)	\$18,048.68	-24.45%
AMS C2 500/1.5K 80/60 2.5K/7.5K OOP (100% PPO)	\$16,387.45	-31.40%
AMS C9 750/2250 80/60 2.5K/7.5K OOP (100% PPO)	\$15,327.20	-35.84%
AMS C10 1K/3K 80/60 5K/15K OOP (100% PPO)	\$13,937.51	-41.66%
CONCERT S250 0/1500 100/50 0/6K OOP (100% PPO)	\$18,666.75	-21.86%
CONCERT S300 250/500 90/70 1K/3.5K OOP (100% PPO)	\$17,939.16	-24.90%
CONCERT S400 250/500 80/60 1250/3.5K OOP (100% PPO)	\$17,045.48	-28.65%
CONCERT P150 0/1000 90/70 1K/4K OOP (100% PPO)	\$21,718.50	-9.08%
CONCERT P102 250/500 90/70 1250/3.5K OOP (100% PPO)	\$21,132.28	-11.54%
CONCERT P200 250/500 80/60 1250/3.5K OOP (100% PPO)	\$20,555.39	-13.95%
CONCERT P300 500/1000 90/70 1.5K/4K OOP (100% PPO)	\$19,794.58	-17.14%
CONCERT P400 500/1000 80/60 1.5K/4K OOP (100% PPO)	\$19,359.88	-18.96%
CONCERT P500 750/1500 90/70 2250/4.5K OOP (100% PPO)	\$18,605.69	-22.11%
CONCERT P600 1000/2000 80/50 3K/6K OOP (100% PPO)	\$16,806.84	-29.64%
DESTINY 1K 0/250 100/80 400/1650 OOP (100% PPO) - NET PREMIUMS	\$13,557.00	-43.25%
FORTIS 500/1K 100/70 500/2.5K OOP (100% PPO)	\$18,142.46	-24.05%
FORTIS 1K/2K 100/70 1K/3.5K OOP (100% PPO)	\$15,517.48	-35.04%
FORTIS 250/500 90/60 750/2.5K OOP (100% PPO)	\$16,784.52	-29.74%
FORTIS 500/1K 90/60 1K/3K OOP (100% PPO)	\$15,654.07	-34.47%
FORTIS 1K/2K 90/60 1.5K/4K OOP (100% PPO)	\$13,861.88	-41.97%
GUARDIAN 100/300 100/80 100/1.3K OOP \$10 OV (100% PPO)	\$26,509.98	10.97%
GUARDIAN 250/3000 90/60 1250/8K OOP \$15 OV (100% PPO)	\$22,151.25	-7.27%
GUARDIAN 1000/25000 80/50 3K/7.5K OOP NO OV (100% PPO)	\$18,106.15	-24.21%
HUMANA 2500/5000 100/70 2.5K/9K OOP \$25 OV (100% PPO)	\$14,114.14	-40.92%
HUMANA 1000/2000 80/60 3K/6K OOP \$25 OV (100% PPO)	\$14,250.17	-40.35%
HUMANA 250 90/70 750/1250 OOP \$10 OV (100% PPO)	\$18,767.76	-21.44%
HUMANA 250 90/70 1K/1750 OOP \$10 OV (100% PPO)	\$18,216.00	-23.75%
HUMANA 250 90/70 1250/2250 OOP \$10 OV (100% PPO)	\$17,904.78	-25.05%
HUMANA 250 90/70 1750/3250 OOP \$10 OV (100% PPO)	\$17,671.81	-26.02%
HUMANA 500 90/70 1K/1.5K OOP \$10 OV (100% PPO)	\$17,681.05	-25.99%
HUMANA 500 90/70 1250/2K OOP \$10 OV (100% PPO)	\$17,171.48	-28.12%
HUMANA 500 90/70 1.5K/2.5K OOP \$10 OV (100% PPO)	\$16,884.71	-29.32%
HUMANA 500 90/70 2K/3.5K OOP \$10 OV (100% PPO)	\$16,669.27	-30.22%

SUMMARY MEDICAL & LIFE

CHANGE
FROM 2003

ADDITIONAL BCBS PLANS

	RATES	CENSUS
HUMANA 1000 90/70 1.5K/2K OOP \$10 OV (100% PPO)	\$16,272.18	-31.88%
HUMANA 1000 90/70 1750/2.5K OOP \$10 OV (100% PPO)	\$15,816.88	-33.79%
HUMANA 1000 90/70 2K/3K OOP \$10 OV (100% PPO)	\$15,560.36	-34.86%
HUMANA 1000 90/70 2.5K/4K OOP \$10 OV (100% PPO)	\$15,367.77	-35.67%
HUMANA 1500 90/70 2K/2.5K OOP \$10 OV (100% PPO)	\$15,231.74	-36.24%
HUMANA 1500 90/70 2250/3K OOP \$10 OV (100% PPO)	\$14,815.43	-37.98%
HUMANA 1500 90/70 2.5K/3.5K OOP \$10 OV (100% PPO)	\$14,580.85	-38.96%
HUMANA 1500 90/70 3K/4.5K OOP \$10 OV (100% PPO)	\$14,405.03	-39.70%
HUMANA 250 90/60 750/1250 OOP \$20 OV (100% PPO)	\$18,587.29	-22.19%
HUMANA 250 90/60 1K/1750 OOP \$20 OV (100% PPO)	\$18,041.29	-24.48%
HUMANA 250 90/60 1250/2250 OOP \$20 OV (100% PPO)	\$17,733.92	-25.76%
HUMANA 250 90/60 1750/3250 OOP \$20 OV (100% PPO)	\$17,503.40	-26.73%
HUMANA 500 90/60 1K/1.5K OOP \$20 OV (100% PPO)	\$17,514.33	-26.68%
HUMANA 500 90/60 1250/2K OOP \$20 OV (100% PPO)	\$17,010.51	-28.79%
HUMANA 500 90/60 1.5K/2.5K OOP \$20 OV (100% PPO)	\$16,727.05	-29.98%
HUMANA 500 90/60 2K/3.5K OOP \$20 OV (100% PPO)	\$16,513.74	-30.87%
HUMANA 1000 90/60 1.5K/2K OOP \$20 OV (100% PPO)	\$16,123.11	-32.51%
HUMANA 1000 90/60 1750/2.5K OOP \$20 OV (100% PPO)	\$84,072.81	251.94%
HUMANA 1000 90/60 2K/3K OOP \$20 OV (100% PPO)	\$15,419.17	-35.45%
HUMANA 1000 90/60 2.5K/4K OOP \$20 OV (100% PPO)	\$15,228.97	-36.25%
HUMANA 1500 90/60 2K/2.5K OOP \$20 OV (100% PPO)	\$15,095.54	-36.81%
HUMANA 1500 90/60 2250/3K OOP \$20 OV (100% PPO)	\$14,683.92	-38.53%
HUMANA 1500 90/60 2.5K/3.5K OOP \$20 OV (100% PPO)	\$14,451.90	-39.50%
HUMANA 1500 90/60 3K/4.5K OOP \$20 OV (100% PPO)	\$14,278.05	-40.23%
HUMANA 250 80/60 1250/2250 OOP \$20 OV (100% PPO)	\$17,472.01	-26.86%
HUMANA 250 80/60 1750/3250 OOP \$20 OV (100% PPO)	\$17,183.39	-28.07%
HUMANA 250 80/60 2250/4250 OOP \$20 OV (100% PPO)	\$16,964.52	-28.98%
HUMANA 250 80/60 3250/6250 OOP \$20 OV (100% PPO)	\$16,745.93	-29.90%
HUMANA 500 80/60 1.5K/2.5K OOP \$20 OV (100% PPO)	\$16,485.03	-30.99%
HUMANA 500 80/60 2K/3.5K OOP \$20 OV (100% PPO)	\$16,218.66	-32.11%
HUMANA 500 80/60 2.5K/4.5K OOP \$20 OV (100% PPO)	\$16,016.73	-32.95%
HUMANA 500 80/60 3.5K/6.5K OOP \$20 OV (100% PPO)	\$15,814.60	-33.80%
HUMANA 1000 80/60 2K/3K OOP \$20 OV (100% PPO)	\$15,203.29	-36.36%
HUMANA 1000 80/60 2.5K/4K OOP \$20 OV (100% PPO)	\$14,964.89	-37.36%
HUMANA 1000 80/60 3K/5K OOP \$20 OV (100% PPO)	\$14,784.54	-38.11%
HUMANA 1000 80/60 4K/7K OOP \$20 OV (100% PPO)	\$14,603.92	-38.87%
HUMANA 1500 80/60 2.5K/3.5K OOP \$20 OV (100% PPO)	\$14,254.46	-40.33%
HUMANA 1500 80/60 3K/4.5K OOP \$20 OV (100% PPO)	\$14,036.62	-41.24%
HUMANA 1500 80/60 3.5K/5.5K OOP \$20 OV (100% PPO)	\$13,871.55	-41.93%
HUMANA 1500 80/60 4.5K/7.5K OOP \$20 OV (100% PPO)	\$13,706.64	-42.62%
HUMANA 250 80/60 1250/2250 OOP \$30 OV (100% PPO)	\$16,939.12	-29.09%
HUMANA 250 80/60 1750/3250 OOP \$30 OV (100% PPO)	\$16,660.66	-30.26%
HUMANA 250 80/60 2250/4250 OOP \$30 OV (100% PPO)	\$16,449.79	-31.14%
HUMANA 250 80/60 3250/6250 OOP \$30 OV (100% PPO)	\$16,238.92	-32.02%
HUMANA 500 80/60 1.5K/2.5K OOP \$30 OV (100% PPO)	\$15,993.14	-33.05%
HUMANA 500 80/60 2K/3.5K OOP \$30 OV (100% PPO)	\$15,736.30	-34.13%
HUMANA 500 80/60 2.5K/4.5K OOP \$30 OV (100% PPO)	\$15,541.62	-34.94%
HUMANA 500 80/60 3.5K/6.5K OOP \$30 OV (100% PPO)	\$15,346.74	-35.76%
HUMANA 1000 80/60 2K/3K OOP \$30 OV (100% PPO)	\$14,690.25	-38.50%
HUMANA 1000 80/60 2.5K/4K OOP \$30 OV (100% PPO)	\$14,462.09	-39.46%
HUMANA 1000 80/60 3K/5K OOP \$30 OV (100% PPO)	\$14,289.03	-40.18%
HUMANA 1000 80/60 4K/7K OOP \$30 OV (100% PPO)	\$14,116.21	-40.91%
HUMANA 1500 80/60 2.5K/3.5K OOP \$30 OV (100% PPO)	\$13,785.69	-42.29%
HUMANA 1500 80/60 3K/4.5K OOP \$30 OV (100% PPO)	\$13,576.63	-43.17%
HUMANA 1500 80/60 3.5K/5.5K OOP \$30 OV (100% PPO)	\$13,418.81	-43.83%
HUMANA 1500 80/60 4.5K/7.5K OOP \$30 OV (100% PPO)	\$13,260.68	-44.49%
HUMANA HMO 75 OPT 1 \$10/\$20 OV (100% HMO)	\$15,940.06	-33.27%
PREMIUM MANAGER (ADD 500/1K/1.5K FUNDING OPTIONS)		
HUMANA 250 80/60 1250/2250 OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$18,615.24	-22.07%
HUMANA 250 80/60 1750/3250 OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$18,317.88	-23.32%
HUMANA 250 80/60 2250/4250 OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$18,092.51	-24.26%
HUMANA 250 80/60 3250/6250 OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$17,867.11	-25.21%
HUMANA 500 80/60 1.5K/2.5K OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$17,304.36	-27.56%

SUMMARY MEDICAL & LIFE

CHANGE
FROM 2003

ADDITIONAL BCBS PLANS

	RATES	CENSUS
HUMANA 500 80/60 2K/305K OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$17,032.68	-28.70%
HUMANA 500 80/60 2.5K/4.5K OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$16,826.65	-29.56%
HUMANA 500 80/60 3.5K/6.5K OOP \$20 OV (DUAL OPTION 100% PPO) Plan B	\$16,620.47	-30.42%
HUMANA 2000 80/60 3K/4K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$12,591.43	-47.29%
HUMANA 2000 80/60 3.5K/5K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$12,420.61	-48.01%
HUMANA 2000 80/60 4K/6K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$12,283.98	-48.58%
HUMANA 2000 80/60 5K/8K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$12,147.75	-49.15%
HUMANA 2500 80/60 3.5K/4.5K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$11,871.26	-50.31%
HUMANA 2500 80/60 4K/5.5K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$11,705.56	-51.00%
HUMANA 2500 80/60 4.5K/6.5K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$11,579.49	-51.53%
HUMANA 2500 80/60 5.5K/8.5K OOP NO COPAY (DUAL OPTION 100% PPO) Plan A	\$11,462.04	-52.02%
PREMIUM MANAGER (ADD 500/1K/1.5K FUNDING OPTIONS)		
HUMANA 2250 100/80 2250/5250 OOP - NO COPAY (STANDALONE 100% PPO)	\$14,567.92	-39.02%
PRINCIPAL 250 100/70 250/2K OOP \$10 OV (100% PPO)		
PRINCIPAL 250 90/70 1K/2K OOP \$10 (100% PPO)	\$24,170.45	1.18%
PRINCIPAL 500/1500 90/60 3K/4.5K OOP \$20 OV (100% PPO)	\$19,084.51	-20.11%
PRINCIPAL 500/1000 80/60 2K/4K OOP \$20 OV (100% PPO)	\$18,446.80	-22.78%
STARMARK 2200 100/80 3300 OOP NO OV (100% PPO)		
STARMARK 2000/4000 90/70 2.5K/8.5K OOP \$20 OV (100% PPO)	\$13,394.20	-43.93%
UNICARE PREMIER ZERO 0/1K 80/60 3K/11K OOP- \$30 OV (100% PPO)		
UNICARE PREMIER 500 500/1500 80/60 3K/11K OOP 30 OV (100% PPO)	\$11,676.45	-51.12%
UNICARE PREMIER 1000 1000/2000 80/60 3K/12K OOP 30 OV (100% PPO)	\$9,996.86	-58.15%
UNICARE 500/1.5K 70/60 3.5K/11.5K OOP- \$30 OV (100% PPO 500)	\$11,295.84	-52.71%
UNICARE 750/1750 70/60 3750K/11750K OOP- \$30 OV (100% PPO 750)	\$10,317.09	-56.81%
UNICARE 1K/2K 70/60 6K/14K OOP- \$30 OV (100% PPO 1000)	\$9,377.69	-60.74%
UNICARE 2K 70/60 7K/14K OOP- \$30 OV (100% PPO 2000)	\$8,541.00	-64.25%
UNICARE 2K 70/60 7K/14K OOP- \$30 OV (100% PPO 2000)	\$1,010.19	-95.77%
THE FOLLOWING UHC RATES ALSO REPRESENT DUAL OPTION FOR => 10 EMPLOYEES		
UHC IC-E 0/200 100/80 500/1.2K OOP- \$10 OV (100% PPO)	\$18,279.54	-23.48%
UHC IC-D 0/200 90/70 500/1.2K OOP- \$10 OV (100% PPO)	\$17,559.41	-26.49%
UHC IC-C 0/500 90/70 1K/2.5K OOP- \$10 OV (100% PPO)	\$17,266.87	-27.72%
UHC IC-B 0/300 90/60 1K/3.3K OOP- \$20 OV (100% PPO)	\$16,911.05	-29.21%
UHC IC-A 0/500 80/70 1K/3.5K OOP- \$20 OV (100% PPO)	\$16,381.69	-31.42%
UHC IC-H 0/1000 90/60 1K/4K OOP- \$20 OV (100% PPO)	\$16,368.39	-31.48%
UHC IC-F 250/500 90/70 1750/4K OOP- \$15 OV (100% PPO)	\$16,201.70	-32.18%
UHC IC-J 250/1000 90/70 1750/4.5K OOP- \$20 OV (100% PPO)	\$15,533.27	-34.98%
UHC IC-K 500/1000 90/70 2K/4.5K OOP- \$20 OV (100% PPO)	\$14,726.40	-38.35%
UHC IC-M 1K/2K 90/70 3K/6K OOP- \$25 OV (100% PPO)	\$13,130.85	-45.03%
UHC IC-G 250/500 80/60 2250/4.5K OOP- \$20 OV (100% PPO)	\$15,292.91	-35.98%
UHC IC-I 250/1000 80/60 2250/5K OOP- \$20 OV (100% PPO)	\$14,794.40	-38.07%
UHC IC-L 500/1500 80/60 2.5K/5.5K OOP- \$25 OV (100% PPO)	\$13,850.83	-42.02%
UHC IC-N 1000/2000 80/60 3.5K/7K OOP 30 OV (100% PPO)	\$12,391.79	-48.13%
UHC PV-A 250 100% 10 OV (100% HMO)	\$14,649.59	-38.68%
UHC PV-B 0 100% 20 OV (100% HMO)	\$14,130.54	-40.85%
UHC PV-C 250 100% 1750 OOP 25 OV (100% HMO)	\$13,218.21	-44.67%
UHC PV-D 250 90% 1750 OOP 25 OV (100% HMO)	\$12,939.09	-45.84%
UHC PV-E 500 90% 2K OOP 25 OV (100% HMO)	\$12,616.84	-47.18%

SUMMARY MEDICAL & LIFE

NOTES:

CONCERT: PLANS BEGINNING WITH S USE OA NETWORK. GATEKEEPER UNDERWRITING AT 26.

CONCERT: LIFE BENEFITS ARE NOT INCLUDED. ADD APPROX \$500 TO \$1K PER MONTH.

DESTINY: MAXIMUM RATES INCLUDE "PMF" CONTRIBUTIONS.

DESTINY: RATES DO NOT INCLUDE LIFE BENEFITS.

DESTINY: RATES WILL VARY BY UP TO +150% IN ACCORDANCE WITH RATE SUSPENSION GRANTED TO DESTINY HEALTH.

FORTIS: LIFE QUOTE FOR \$15K, ADJUSTED TO \$50K FOR COMPARISON PURPOSES.

GUARDIAN:

HUMANA: LIFE QUOTE FOR \$15K, ADJUSTED TO \$50K FOR COMPARISON PURPOSES.

UNICARE: MUST HAVE 50 OR MORE EMPLOYEES FOR DUAL OPTION.

STARMARK: LIFE QUOTE FOR \$15K ADJUSTED TO \$50K FOR COMPARISON PURPOSES.

UNICARE: MUST HAVE 50 OR MORE EMPLOYEES FOR DUAL OPTION.

KEY: Data represented contains: Carrier; in-network/out-of-network deductible; in-network/out-of-network coinsurance; in-network/out-of-network out-of-pocket; and plan distribution of rates.

DATA SAMPLE: ABC01 0/200 90/80 500/1000 OOP-\$20 OV (100% PPO)

ABC01: Insurance Company

0/200 In-Network Deductible=\$0; Out-Of-Network Deductible=\$200 Per Person

90/80 In-Network Coinsurance=90%; Out-Of-Network Coinsurance=80%

500/1000 OOP In-Network Out-Of-Pocket=\$500; Out-Of-Network Out-Of-Pocket=\$1000 Per Person

\$20 OV Office Visit Copay For In-Network Plan-Additional Provisions May Apply.

100% PPO Rates Are Calculated Based on 100% of the Group Population in the PPO Plan

THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY. IN THE EVENT OF ANY DISCREPANCIES, ACTUAL CONTRACT PROVISIONS WILL APPLY.

Group Insurance Benefit and Premium Comparison
 Prepared By: Langan, Haeger, Vincent and Born, Inc.
 Company: DU PAGE WATER COMMISSION
 Date: January-04

CARRIER
 PPO PLAN:

BLUECROSS BLUESHIELD
 102
 Renewal

Medical	PPO	NPPO
LIFETIME MAXIMUM	\$5,000,000	
INDIVIDUAL DEDUCTIBLE	\$0	\$200
FAMILY DEDUCTIBLE	\$0 3 Individuals-in-Full	\$600 3 Individuals-in-Full
PER ADMISSION DEDUCTIBLE	\$0	\$300
Coinsurance		
HOSPITAL	100%	80% of Allowable Expense
PHYSICIAN	100%	80% of Allowable Expense
OTHER	100%	80% of Allowable Expense
PHYSICIAN OFFICE VISIT	100% After \$10 Copay	80% of Allowable Expense
INDIVIDUAL OUT-OF-POCKET	\$0	\$1,200
FAMILY OUT-OF-POCKET	\$0 3 Individuals-in-Full	\$3,600 3 Individuals-in-Full
ROUTINE PHYSICALS (1 Per Calendar Year)	100% After \$10 Copay	80% of Allowable Expense \$500 Cal/Year Max.
WELL CHILD CARE (To Age 16)	100% After \$10 Copay	80% of Allowable Expense \$500 Cal/Year Max.
MATERNITY	Same As Any Illness	
EMERGENCY ACCIDENT CARE	100% After \$50 Copay Copay Waived if Admitted	
Out-Patient Mental/Nervous		
COINSURANCE	60%	50% of Allowable Expense
CALENDAR YEAR MAXIMUM	30 Visits	
LIFETIME MAXIMUM	100 Visits	
Prescription Drugs		
GENERIC-Formulary	100% After \$10 Copay	75% After Copay
BRAND NAME-Formulary	100% After \$20 Copay	75% After Copay
BRAND NAME-Non-Formulary	100% After \$35 Copay	75% After Copay
MAIL ORDER	2 Times Retail (90 Day Supply)	
OUT-PATIENT SURGERY	100%	80% of Allowable Expense

This summary is a general overview and for informational purposes only. In the event of any discrepancies, actual contract provisions apply.

Allowable Expenses: PPO Negotiated Amount
 Out-Of-Pocket Subject to U&C & Allowable Expense Limitations
 All Coinsurance Benefits Subject to Individual/Family Deductible Unless Specified Otherwise
 Out-of-Network Prescription Drugs Covered Amount is limited to the BCBS Would Be Paid Amount

CARRIER:

AETNA
PPO 1

Medical	IN-NETWORK	OUT-OF-NETWORK
LIFETIME MAXIMUM	UNLIMITED	\$1,000,000
INDIVIDUAL DEDUCTIBLE	\$300	\$600
FAMILY DEDUCTIBLE	\$900	\$1800
PER ADMISSION DEDUCTIBLE		\$100
Coinsurance		
- HOSPITAL	90%	70% Of U&C
- PHYSICIAN	90%	70% Of U&C
- OTHER	90%	70% Of U&C
PHYSICIAN OFFICE VISIT	100% After \$15 Copay	70% Of U&C
SPECIALTY OFFICE VISIT	100% After \$25 Copay	70% of U&C
INDIVIDUAL OUT-OF-POCKET	\$1300	\$2600
FAMILY OUT-OF-POCKET	\$3900	\$7800
ROUTINE PHYSICALS (One Per 24 Months)	100% After \$15 Copay	70% of U&C
WELL CHILD CARE	100% After \$15 Copay	70% of U&C
MATERNITY	Same As Any Other Illness	
EMERGENCY ACCIDENT CARE	90% After \$100 Copay, Waived If Admitted	
Out-Patient Mental/Nervous		
- COINSURANCE	\$25 Copay	70% Of U&C
- CALENDAR YEAR MAXIMUM	20 Visits	
- LIFETIME MAXIMUM	N/A	
Prescription Drugs		
- GENERIC FORMULARY	100% After \$15 Copay	70% After Copay
- BRAND NAME FORMULARY	100% After \$25 Copay	70% After Copay
- NON-FORMULARY	100% After \$40 Copay	70% After Copay
- MAIL ORDER	2 Times Retail Copay, (31-60 Day Supply)	
OUT-PATIENT SURGERY	90%	70% Of U&C

THIS SUMMARY IS A GENERAL OVERVIEW & FOR INFORMATIONAL PURPOSES
 ONLY. IN THE EVENT OF ANY DISCREPANCIES, ACTUAL
 CONTRACT PROVISIONS WILL APPLY.

All Coinsurance Benefits Subject to Individual/Family Deductible Unless Specified Otherwise
 U&C Based on 80th Percentile or PPO Schedule

SUMMARY DENTAL

DUPAGE WATER COMMISSION STANDALONE DENTAL

CENSUS DATA	PPO	HMO	DENTAL
EE	15	0	15
EC	0	0	0
ES	4	0	4
FF	12	0	12
LIFE ONLY			
TOTAL	31	0	31
GRAND TOTAL	31		

CURRENT & RENEWAL PLAN

	RATES	CHANGE FROM 2003 RATES
GE FINANCIAL 25 100/80/50 1.5K MAX - CURRENT	\$2,358.58	
GE FINANCIAL 25 100/80/50 1.5K MAX - RENEWAL	\$2,516.60	.6.70%

ADDITIONAL PLANS

	RATES	CHANGE FROM 2003 RATES
AMERITAS 25 100/80/50 0 1.5K MAX	\$2,338.28	-0.86%
AMERITAS 75 100/80/50 0 1.5K MAX	\$2,226.24	-5.61%
AMERITAS 50 100/80/50 0 1K MAX	\$2,153.24	-8.71%
CIGNA HMO - SPECIFIC COPAYS PER SERVICE	\$802.55	-65.97%
JEFFERSON PILOT 50 100/80/50/0 1.5K MAX	\$1,967.69	-16.57%

NOTES:

EMPLOYEE AND CHILD(REN) RATES MAY SHIFT TO THE FAMILY, DEPENDING ON SIZE.

KEY: Data represented contains: Carrier; in-network/out-of-network deductible; in-network/out-of-network coinsurance for the following: Preventive/Restorative/Major/Ortho; Annual Maximum.

THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY. IN THE EVENT OF ANY DISCREPANCIES, ACTUAL CONTRACT PROVISIONS WILL APPLY.

SUMMARY DENTAL

DUPAGE WATER COMMISSION

DENTAL WITH MEDICAL

CENSUS DATA	PPO	HMO	DENTAL
EE	15	0	15
EC	0	0	0
ES	4	0	4
FF	12	0	12
LIFE ONLY			
TOTAL	31	0	31
GRAND TOTAL	31		

CURRENT & RENEWAL PLAN	RATES	CHANGE FROM 2003 RATES
GE FINANCIAL 25 100/80/50 1.5K MAX - CURRENT	\$2,358.58	
GE FINANCIAL 25 100/80/50 1.5K MAX - RENEWAL	\$2,516.60	6.70%

ADDITIONAL PLANS

AMS INDEMNITY 25 100/80/50/0 1K MAX	\$2,127.80	-9.78%
BCBS INDEMNITY 50 90/70/50/50 1K MAX	\$2,458.67	4.24%
BCBS PPO 50/75 100/90 80/70 50/50 50/50 1K MAX	\$1,916.42	-18.75%
BCBS PPO 0/50 100/90 80/70 50/50 50/50 1.5K MAX	\$2,380.22	0.92%
BCBS HMO 630	\$1,136.20	-51.83%
GUARDIAN PPO 25 100/80/50/0 1.5K MAX	\$1,891.48	-19.80%
HUMANA 185 INDEMNITY 25 100/80/50/0 1K MAX	\$1,671.01	-29.15%
HUMANA 185 INDEMNITY 25 100/80/50/0 1.5K MAX	\$1,783.78	-24.37%
HUMANA 185 INDEMNITY 50 100/80/50/0 1K MAX	\$1,583.34	-32.87%
HUMANA 185 INDEMNITY 50 100/80/50/0 1.5K MAX	\$1,686.03	-28.52%
PRINCIPAL 0 100/100 80/80 50/50 0 1.5K MAX	\$1,432.75	-39.25%
UHI 50/150 100/80/50/0 1K MAX	\$1,823.47	-22.69%

ADDITIONAL PLANS

KEY: Data represented contains: Carrier; in-network/out-of-network deductible; in-network/out-of-network coinsurance for the following: Preventive/Restorative/Major/Ortho; Annual Maximum.

THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY. IN THE EVENT OF ANY DISCREPANCIES, ACTUAL CONTRACT PROVISIONS WILL APPLY.

INSURANCE WEB SITES ON-LINE DIRECTORY SOURCE

AETNA: AETNA.COM

For HMO Plan Directory: Select HMO Network
For PPO Plan Directory: Select PPO Open Choice Network
For POS Directory: Select Open Access POS Network

BCBS: BCBSIL.COM

For PPO Directory: Select "PPO Plus" Network
For HMO Directory: Select "Blue Advantage HMO" Network

HUMANA: HUMANA.COM

For PPO Directory: Select "Choice Care" Network
For HMO Directory: Select "Humana" Network, then Select "Premier" Health

PRINCIPAL: PRINCIPAL.COM

For PPO Directory: Select "Private Healthcare Systems, Inc" Network
Optional Network Available: "Admar Med Network."

PHCS: PHCS.COM

For PPO Directory: Select "PPO" Network
For PPO OA Directory: Select "Open Access" Network
For POS Directory: Select "POS" Network

UHC: UNITEDHEALTHCARE.COM

For PPO Directory: Select "Unitedhealthcare Options PPO" Network
For HMO Directory: Select "Unitedhealthcare Select HMO" Network



DuPage Water Commission

MEMORANDUM

TO: General Manager

FROM: Financial Administrator

DATE: December 4, 2003

SUBJECT: Audit Intergovernmental Agreement

Under Public Act 93-0226, as amended by Public Act 93-0259, the DuPage Water Commission is now required to have an audit of its financial statements prepared by the Illinois Auditor General. At the November Finance Committee meeting, there was a letter of September 2nd from the auditor general explaining the intergovernmental agreement that is required in order for this audit to take place.

The Finance Committee asked for some additional information about what type of audit would be conducted. I had further discussions with the auditor general's office and determined that in addition to the normal financial audit, there would be a more detailed test of compliance with any Illinois statute or regulation to which the Commission is subject. There would also be more detailed tests of internal controls. There would be a separately issued report covering both of those subjects. This would add some to the audit cost although the amount has not yet been determined. No federal compliance issues would be audited because the Commission's acceptance of a \$115,000 vulnerability grant is under the \$500,000 audit threshold.

The auditor general's office has indicated that they are willing to select McGladrey & Pullen as their contracted auditors to conduct the Illinois Auditor General audit for the DuPage Water Commission for April 30, 2004. As a result, the Commission needs to make a decision on the intergovernmental agreement for this audit service. The auditor general's office has also stated that if there are concerns in the intergovernmental agreement that the Commission's attorney and the Illinois Auditor General's attorney could work these out and come to some sort of mutual agreement for this audit. In any case the auditor general's office has requested an answer either affirmative or negative on the intergovernmental agreement that has been presented.

cc: Finance Committee
Chairman and Commissioners

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/702-0048
FAX: 217/785-8222 • TDD: 217/524-4646



CHICAGO OFFICE:

STATE OF ILLINOIS BUILDING • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

September 2, 2003

Michael P. Vondra, Chairman
Board of Commissioners
DuPage Water Commission
600 East Butterfield Road
Elmhurst, IL 60126

Dear Chairman Vondra:

This letter is to explain our understanding of the arrangements for the services the Illinois Office of the Auditor General is required to perform which are related to the DuPage Water Commission for the year ending April 30, 2004 pursuant to Public Act 93-259 and the Intergovernmental Cooperation Act (3 ILCS 220/1 *et seq.*). We ask that you either confirm or amend that understanding.

My office will contract with a CPA firm, acting as special assistant auditors, who will perform an audit of the DuPage Water Commission's basic financial statements as of and for the year ending April 30, 2004. My office understands that these financial statements will be prepared in accordance with accounting principles set by the Governmental Accounting Standards Board (GASB). The objective of this financial audit is the expression of an opinion on your financial statements. It is our understanding that an audit conducted in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 is not required.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by

INTERNET ADDRESS: AUDITOR@MAIL.STATE.IL.US

RECYCLED PAPER • SOYBEAN INKS

management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our report.

We understand the fund maintained by the DuPage Water Commission and that is to be included as part of our audit is the water fund (enterprise fund).

An audit also includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions. We will, however, communicate any reportable conditions that come to our attention during the course of the audit. In accordance with Government Auditing Standards, we will also issue a report on our consideration of the DuPage Water Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report will be an integral part of an audit performed in accordance with Government Auditing Standards and should be read with the auditors' report on the financial statements.

If circumstances arise relating to the condition of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets or noncompliance which, in the professional judgment of my auditors, prevent the completion of the audit, my office retains the unilateral right to take any appropriate course of action permitted under the Illinois State Auditing Act and professional standards.

As you know, management is responsible for (1) the preparation of the DuPage Water Commission's financial statements, (2) establishing and maintaining effective internal control over financial reporting and safeguarding assets, (3) properly recording transactions in the records, (4) identifying and ensuring that the DuPage Water Commission complies with the laws and regulations applicable to its activities, (5) making all financial records and related information available to my auditors, and (6) for adjusting the financial statements to correct material misstatements. At the conclusion of the audit, my auditors will request certain written representations from management about the financial statements and matters related thereto. They will also require that you affirm to them that the effects of any uncorrected misstatements aggregated by the auditors during the current engagement and pertaining to the latest period presented are immaterial both individually and in the aggregate to the financial statements taken as a whole.

The DuPage Water Commission acknowledges that the Illinois Office of the Auditor General will use special assistant auditors who will be competitively procured and operating under contract with my office to facilitate the delivery of these services. The DuPage Water Commission authorizes my auditors to access the DuPage Water Commission files, financial information and other confidential information as determined appropriate.

The working papers for this engagement are the property of the Illinois Office of the Auditor General. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs and the U.S.

General Accounting Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least five years after the date of the release of the audit report, or for a longer period if appropriate. During the course of the audit work papers are confidential. After the release of the audit report, both the report itself and its working papers are public information. Any information obtained during the course of the audit which is confidential by law or regulation needs to be identified to the auditors so appropriate measures can be taken to maintain its confidentiality as set forth in Illinois State Auditing Act (Act) and rules and regulations established pursuant to the Act. Access to requested workpapers will be provided under the supervision of the Illinois Office of the Auditor General.

During the course of the audit engagement, auditors may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect the auditors to maintain copies of such records in their possession.

We will be contacting you shortly to determine the appropriate personnel in your office to discuss and coordinate the assistance to be supplied by your personnel, including the preparation of schedules and analyses of accounts. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report. We understand that the accounting records will be ready for audit in June 2004.

The DuPage Water Commission grants its permission to review the predecessor's workpapers and files and will so authorize the predecessor auditor in writing. The Illinois Office of the Auditor General will arrange the date, location, and conditions for reviewing the predecessor's workpapers.

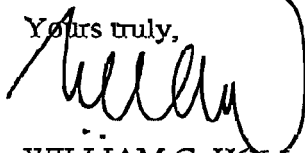
The fees and expenses for conducting the work will be based on the time required by the individuals assigned to the engagement, plus direct expenses. The Office of the Auditor General will competitively procure the services of a CPA firm acting as special assistant auditors to perform the audit under the supervision of an Audit Manager employed by my office. After we have entered into a contract to perform the audit, my office will provide you with an estimate of the audit costs. Upon completion of the audit and the release of the audit report, my office will bill the Dupage Water Commission for the cost of the audit as provided for in Public Act 93-259.

The report on the financial statements is not to be included in an official statement or other document involved with the sale of debt instruments without the auditors' prior consent. Additionally, if you intend to publish or otherwise reproduce the financial statements and/or make reference to my office, special assistant auditors, or our audit, you agree to provide us with printer's proofs or master for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Any fees for additional services that may be required as a result of the above will be established by the auditors with you at the time such services are determined to be necessary.

If this letter defines the arrangements, as you understand them, please sign and date the enclosed copy and return it to us. Once we receive your signed acknowledgement, we will call you to arrange a meeting with appropriate staff to begin gathering background information.

We look forward to working with you.

Yours truly,



WILLIAM G. HOLLAND
Auditor General

enclosure (P.A. 93-259)

cc: James J. Holzward, General Manager
Richard H. Skiba, Jr., Financial Administrator

Confirmed on behalf of the DUPAGE WATER COMMISSION:

Name: _____

Title: _____

Date: _____, _____

Public Act 93-0259

HB0948 Enrolled

LRB093 05761 RCE 05854 b

AN ACT concerning audits.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. If and only if House Bill 3402 of the 93rd General Assembly becomes law as it passed the Senate, the Illinois State Auditing Act is amended by changing Section 3-1 as follows:

(30 ILCS 5/3-1) (from Ch. 15, par. 303-1)

Sec. 3-1. Jurisdiction of Auditor General. The Auditor General has jurisdiction over all State agencies to make post audits and investigations authorized by or under this Act or the Constitution.

The Auditor General has jurisdiction over local government agencies and private agencies only:

(a) to make such post audits authorized by or under this Act as are necessary and incidental to a post audit of a State agency or of a program administered by a State agency involving public funds of the State, but this jurisdiction does not include any authority to review local governmental agencies in the obligation, receipt, expenditure or use of public funds of the State that are granted without limitation or condition imposed by law, other than the general limitation that such funds be used for public purposes;

(b) to make investigations authorized by or under this Act or the Constitution; and

(c) to make audits of the records of local government agencies to verify actual costs of state-mandated programs when directed to do so by the Legislative Audit Commission at the request of the State Board of Appeals under the State Mandates Act.

In addition to the foregoing, the Auditor General may conduct an audit of the Metropolitan Pier and Exposition Authority, the Regional Transportation Authority, the Suburban Bus Division, the Commuter Rail Division and the Chicago Transit Authority and any other subsidized carrier when authorized by the Legislative Audit Commission. Such audit may be a financial, management or program audit, or any combination thereof.

The audit shall determine whether they are operating in accordance with all applicable laws and regulations. Subject to the limitations of this Act, the Legislative Audit Commission may by resolution specify additional determinations to be included in the scope of the audit.

In addition to the foregoing, the Auditor General must also conduct a financial audit of the Illinois Sports Facilities Authority's expenditures of public funds in connection with the reconstruction, renovation, remodeling, extension, or improvement of all or substantially all of any existing "facility", as that term is defined in the Illinois Sports Facilities Authority Act.

The Auditor General may also conduct an audit, when

authorized by the Legislative Audit Commission, of any hospital which receives 10% or more of its gross revenues from payments from the State of Illinois, Department of Public Aid, Medical Assistance Program.

The Auditor General is authorized to conduct financial and compliance audits of the Illinois Distance Learning Foundation and the Illinois Conservation Foundation.

As soon as practical after the effective date of this amendatory Act of 1995, the Auditor General shall conduct a compliance and management audit of the City of Chicago and any other entity with regard to the operation of Chicago O'Hare International Airport, Chicago Midway Airport and Merrill C. Meigs Field. The audit shall include, but not be limited to, an examination of revenues, expenses, and transfers of funds; purchasing and contracting policies and practices; staffing levels; and hiring practices and procedures. When completed, the audit required by this paragraph shall be distributed in accordance with Section 3-14.

The Auditor General shall conduct a financial and compliance and program audit of distributions from the Municipal Economic Development Fund during the immediately preceding calendar year pursuant to Section 8-403.1 of the Public Utilities Act at no cost to the city, village, or incorporated town that received the distributions.

The Auditor General must conduct an audit of the Health Facilities Planning Board pursuant to Section 19.5 of the Illinois Health Facilities Planning Act.

The Auditor General of the State of Illinois shall annually conduct or cause to be conducted a financial and compliance audit of the books and records of any county water commission organized pursuant to the Water Commission Act of 1985 and shall file a copy of the report of that audit with the Governor and the Legislative Audit Commission. The filed audit shall be open to the public for inspection. The cost of the audit shall be charged to the county water commission in accordance with Section 6z-27 of the State Finance Act. The county water commission shall make available to the Auditor General its books and records and any other documentation, whether in the possession of its trustees or other parties, necessary to conduct the audit required. These audit requirements apply only through July 1, 2007.

~~The Auditor General must conduct an annual audit of the water fund of a county water commission organized pursuant to the Water Commission Act of 1985.~~

(Source: P.A. 90-813, eff. 1-29-99; 91-782, eff. 6-9-00; 91-935, eff. 6-1-01; 93HB3402enr.)

Section 99. Effective date. This Act takes effect upon becoming law.

Effective Date: 07/22/03

Floor Actions

Date	Action
7/22/2003	Public Act