



# DuPage Water Commission

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

## AGENDA

**FINANCE COMMITTEE  
THURSDAY, JANUARY 12, 2006  
6:30 P.M.**

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

## COMMITTEE MEMBERS

A. Poole, Chair  
T. Feltes  
G. Mathews  
J. Vrdolyak

- I. Roll Call
- II. Approval of Minutes for Committee Meeting of November 29, 2005
- III. Treasurer's Report – November and December, 2005
- IV. Financial Statements – November and December, 2005
- V. Accounts Payable
- VI. General Obligation Bond Defeasance
- VII. Commission Investment Management
- VIII. Other
- IX. Adjournment

Board\Agendas\FC 2006-01.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 NOVEMBER 29, 2005**

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 A. Poole, Commissioner T. Feltes, Commissioner J. Vrdolyak and Commissioner G. Mathews arrived at 7:20. Also in attendance: Financial Administrator M. Richter.

**MINUTES OF MEETING – SEPTEMBER 8, 2005**

Motion by Commissioner Feltes seconded by Commissioner Vrdolyak, to approve the minutes of the September 8, 2005 Finance Committee meeting. This motion carried unanimously.

**TREASURER'S REPORT – OCTOBER 2005**

Financial Administrator Richter presented the October 2005 Treasurer's Report for Committee review. There was a motion by Commissioner Feltes, seconded by Commissioner Vrdolyak, to recommend acceptance of the report by the full Commission at its meeting of November 29, 2005. The motion carried unanimously.

**FINANCIAL STATEMENTS – OCTOBER 2005**

The Committee reviewed the October 2005 financial statements. After a brief discussion, the Committee accepted the financial statements for October 2005.

**ACCOUNTS PAYABLE**

The Committee reviewed the Accounts Payable in the amount of \$159,555.48. There was a motion by Commissioner Feltes, seconded by Commissioner Vrdolyak to recommend approval of the Accounts Payable at the November 29, 2005 Commission meeting.

**OTHER BUSINESS**

Commissioner Poole presented to the Committee information concerning the defeasance of the General Obligation bonds and utilization of an outside money manager. Financial Administrator Richter agreed to review the information and report back to the Committee.

**ADJOURNMENT**

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



# DuPage Water Commission

## MEMORANDUM

TO: Robert Martin, General Manager

FROM: R. Max Richter, Financial Administrator

DATE: December 15, 2005

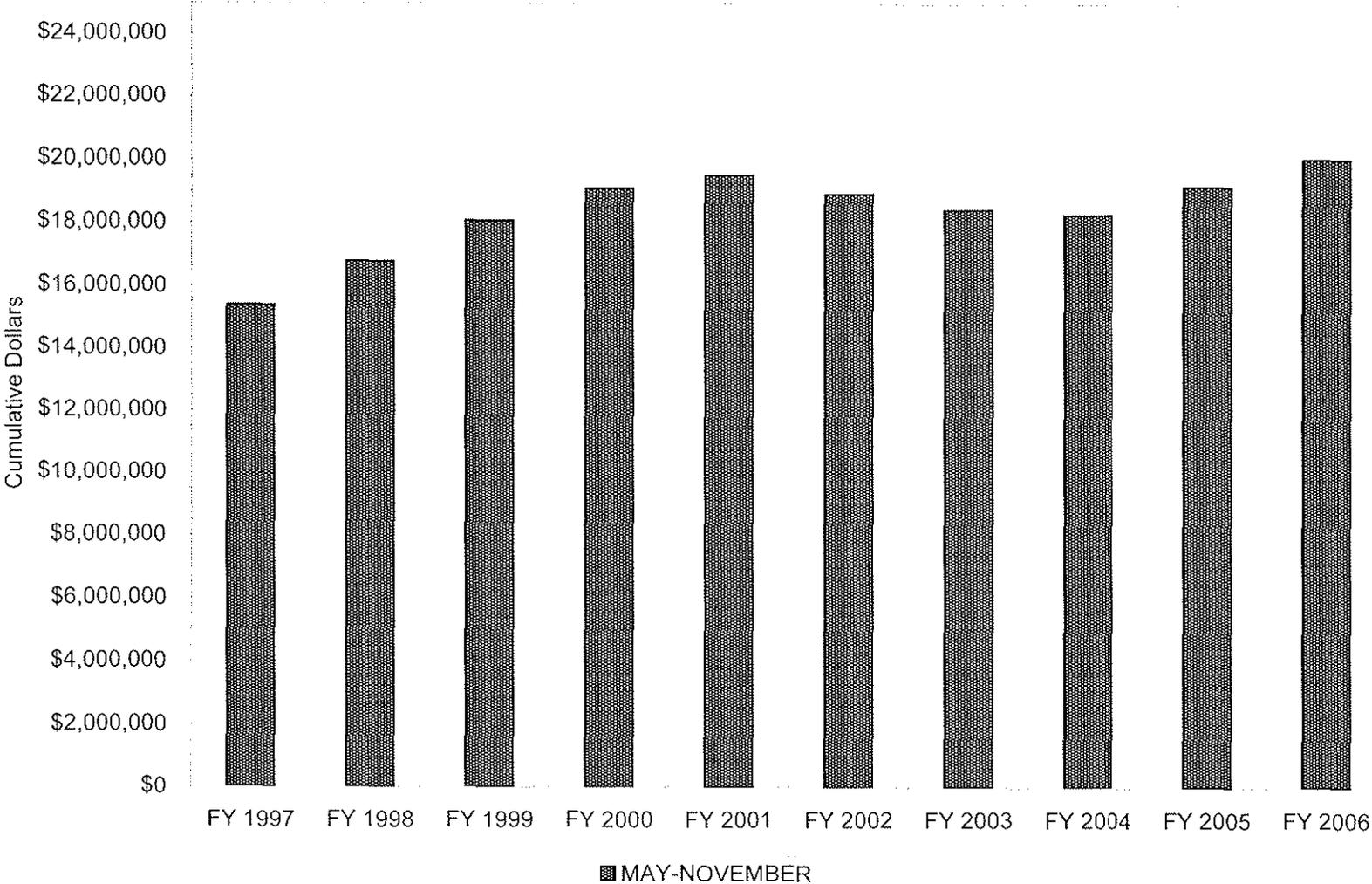
SUBJECT: Financial Report – November

- Water sales for the fiscal year are over budget by \$ 34,978 (0.1%) because of warm and dry weather. Water purchases from Chicago were under budget by \$153,640 (0.5%).
- November sales tax collections (August sales) were \$142,327 (4.8%) more than the same period last fiscal year.
- The over budget condition in investment income is due to higher than budgeted investment yields.
- Commission's investment portfolio had a market value of \$148.0 million on November 30. The original purchase price of the portfolio was \$149.0 million. The portfolio was earning approximately 4.14 % based on market yield and 3.56 % based on original purchase price.

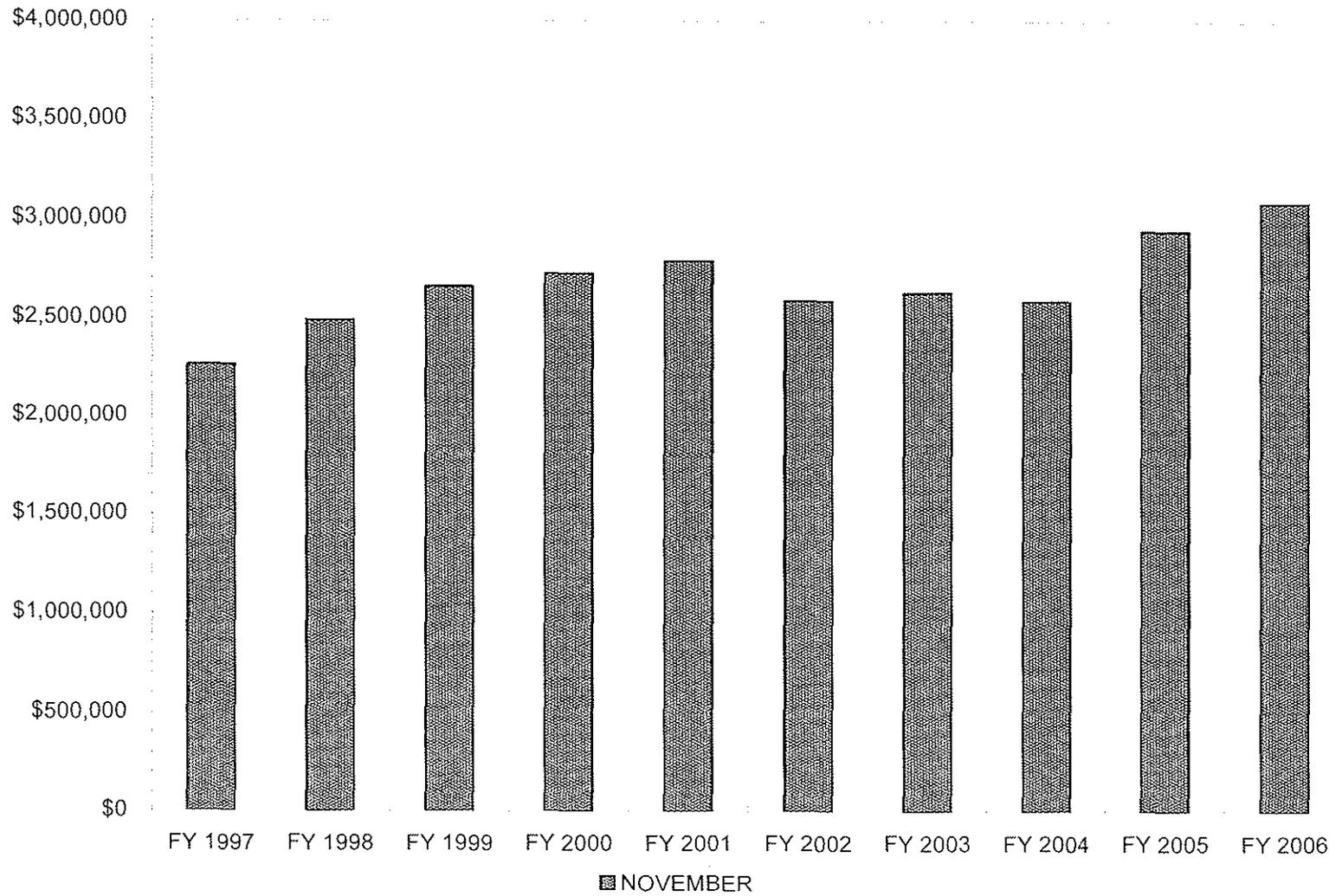
cc: Chairman and Commissioners

Financial Report – 2005.11

DuPage Water Commission  
Sales Tax Collections - Year to Date



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



## BALANCE SHEET

AS OF: NOVEMBER 30TH, 2005

01 -WATER FUND

ACCOUNT #	ACCOUNT NAME	2004-2005 BALANCE	2005-2006 BALANCE
<u>ASSETS</u>			
=====			
<u>CURRENT</u>			
CASH		254,602.77	160,052.12
INVESTMENTS		168,570,097.31	147,961,431.86
ACCOUNTS RECEIVABLE			
WATER SALES		6,157,145.46	5,384,871.91
INTEREST RECEIVABLE		697,337.90	1,161,328.06
OTHER		7,312,037.73	8,253,406.71
INVENTORY & PREPAIDS		591,389.83	796,434.56
TOTAL CURRENT ASSETS		<u>183,582,611.00</u>	<u>163,717,525.22</u>
<u>NONCURRENT ASSETS</u>			
FIXED ASSETS		426,265,090.44	447,353,376.32
LESS:ACCUMULATED DEPRECIATION	( 76,246,591.28)		( 83,090,715.01)
CONSTRUCTION WORK IN PROGRESS		22,922,642.70	15,820,455.76
LONG TERM RECEIVABLES		5,221,700.00	5,172,291.00
DEFERRED WATER SUPPLY CONTRACTS		868,166.47	868,166.47
TOTAL NONCURRENT ASSETS		<u>379,031,008.33</u>	<u>386,123,574.54</u>
TOTAL ASSETS		562,613,619.33	549,841,099.76
		=====	=====
<u>LIABILITIES</u>			
=====			
<u>CURRENT LIABILITIES</u>			
ACCOUNTS PAYABLE		4,502,108.07	3,932,806.95
BONDS PAYABLE		17,140,000.00	18,000,000.00
DUE TO THE COUNTY		15,000,000.00	15,000,000.00
ACCRUED INTEREST		1,499,529.29	1,350,948.96
CONTRACT RETENTION		886,235.98	905,763.23
DEFERRED REVENUE		2,913,795.00	2,772,687.96
TOTAL CURRENT LIABILITIES		<u>41,941,668.34</u>	<u>41,962,207.10</u>
<u>NONCURRENT LIABILITIES</u>			
REVENUE BONDS		114,207,233.98	105,633,839.86
GENERAL OBLIGATION BONDS		67,212,298.31	57,076,137.33
DUE TO THE COUNTY		30,000,000.00	15,000,000.00
TOTAL NONCURRENT LIABILITIES		<u>211,419,532.29</u>	<u>177,709,977.19</u>
TOTAL LIABILITIES		253,361,200.63	219,672,184.29
		=====	=====
BEGINNING EQUITY/RESERVES		305,852,208.83	326,064,667.84
TOTAL REVENUE		52,659,352.58	54,548,874.76
TOTAL EXPENSES		49,259,142.71	50,444,627.13
TOTAL EQUITY/RESERVES		<u>3,400,209.87</u>	<u>4,104,247.63</u>
NET ASSETS		562,613,619.33	549,841,099.76
		=====	=====

DU PAGE WATER COMMISSION  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: NOVEMBER 30TH, 2005

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	48,740,828.00	3,407,728.45	0.00	31,631,908.04	0.00	17,108,919.96	64.90
TAXES	33,834,395.00	3,085,542.08	0.00	20,073,437.39	0.00	13,760,957.61	59.33
OTHER INCOME	3,625,300.00	532,771.01	0.00	2,843,529.33	0.00	781,770.67	78.44
TOTAL REVENUES	86,200,523.00	7,026,041.54	0.00	54,548,874.76	0.00	31,651,648.24	63.28
<u>EXPENDITURE SUMMARY</u>							
<u>ADMINISTRATION</u>							
PERSONNEL SERVICES	3,384,809.00	259,974.93	0.00	1,789,287.14	0.00	1,595,521.86	52.86
CONTRACT SERVICES	915,137.00	54,555.27	0.00	368,323.45	0.00	546,813.55	40.25
INSURANCE	971,497.00	17,325.00	0.00	479,251.99	0.00	492,245.01	49.33
OPERATIONAL SUPPORT SRVS	672,375.00	44,771.51	0.00	280,677.82	0.00	391,697.18	41.74
WATER OPERATION	54,433,190.00	3,362,322.43	0.00	32,973,931.63	0.00	21,459,258.37	60.58
BOND INTEREST	8,760,389.00	735,335.13	0.00	5,161,622.59	0.00	3,598,766.41	58.92
CAPITAL	7,705,025.00	580,810.78	0.00	4,034,632.04	0.00	3,670,392.96	52.36
WORK IN PROGRESS	( 459,800.00)	232,484.59	0.00	5,356,900.47	0.00	( 5,816,700.47)	1,165.05-
TOTAL ADMINISTRATION	76,382,622.00	5,287,579.64	0.00	50,444,627.13	0.00	25,937,994.87	66.04
TOTAL EXPENDITURES	76,382,622.00	5,287,579.64	0.00	50,444,627.13	0.00	25,937,994.87	66.04
REVENUE OVER/(UNDER) EXPENDITURES	9,817,901.00	1,738,461.90	0.00	4,104,247.63	0.00	5,713,653.37	41.80

DU PAGE WATER COMMISSION  
INVESTMENTS  
(Unaudited)  
November 30, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/05	BID PRICE 11/30/05
<b>Water Fund Depository Accounts (WF-1210)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 1,546,323.43	\$ 1,546,323.43	\$ -	\$ 1,546,323.43	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	1,080,715.11	1,080,715.11	-	1,080,715.11	-	100.000
				3.904%	3.904%	\$ 2,627,038.54	\$ 2,627,038.54	\$ -	\$ 2,627,038.54	\$ -	
<b>Water Fund Oper. &amp; Maint. Acct. (WF-1211)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 3,371,878.56	\$ 3,371,878.56	\$ -	\$ 3,371,878.56	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	7,022,269.50	7,022,269.50	-	7,022,269.50	-	100.000
				3.932%	3.932%	\$ 10,394,148.06	\$ 10,394,148.06	\$ -	\$ 10,394,148.06	\$ -	
<b>Revenue Bond Interest Account (WF-1212)</b>											
One Group Government Money Market	0.944%	11/30/05	12/01/05	0.944%	0.944%	\$ 957.56	\$ 957.56	\$ -	\$ 957.56	\$ 59.06	100.000
U. S. Treas. Notes (JP Morgan)	2.250%	11/15/05	04/30/06	3.768%	4.160%	551,000.00	546,523.13	(774.84)	547,297.97	1,033.13	99.188
				3.763%	4.154%	\$ 551,957.56	\$ 547,480.69	\$ (774.84)	\$ 548,255.53	\$ 1,092.19	
<b>Revenue Bond Principal (WF-1213)</b>											
One Group Government Money Market	0.944%	11/30/05	12/01/05	0.944%	0.944%	\$ 81.64	\$ 81.64	\$ -	\$ 81.64	\$ 57.37	100.000
U. S. Treas. Notes (JP Morgan)	2.250%	05/26/05	04/30/06	3.156%	4.160%	694,000.00	688,361.25	81.33	688,279.92	1,301.25	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	06/09/05	04/30/06	3.181%	4.160%	724,000.00	718,117.50	-	718,117.50	1,357.50	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	07/20/05	04/30/06	3.407%	4.160%	693,000.00	687,369.38	487.27	686,882.11	1,299.38	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	09/06/05	04/30/06	3.354%	4.160%	689,000.00	683,401.88	(780.50)	684,182.38	1,291.88	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	09/19/05	04/30/06	3.453%	4.160%	688,000.00	682,410.00	(645.00)	683,055.00	1,290.00	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	10/18/05	04/30/06	3.723%	4.160%	688,000.00	682,410.00	(349.37)	682,759.37	1,290.00	99.188
U. S. Treas. Notes (JP Morgan)	2.250%	11/15/05	04/30/06	3.768%	4.160%	741,000.00	734,979.38	(1,042.03)	736,021.41	1,389.38	99.188
				3.436%	4.160%	\$ 4,917,081.64	\$ 4,877,131.03	\$ (2,248.30)	\$ 4,879,379.33	\$ 9,276.76	
<b>Revenue Bond Debt Svc. Reserve (WF-1214)</b>											
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Water Fund Oper. &amp; Maint. Res. (WF-1215)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 1,349,398.58	\$ 1,349,398.58	\$ -	\$ 1,349,398.58	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	5,025,752.28	5,025,752.28	-	5,025,752.28	-	100.000
F.H.L.B (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.676%	5,000,000.00	4,978,500.00	(11,400.00)	4,989,900.00	9,472.22	99.570
				3.620%	4.265%	\$ 11,375,150.86	\$ 11,353,650.86	\$ (11,400.00)	\$ 11,365,050.86	\$ 9,472.22	
<b>Water Fund Depreciation Account (WF-1216)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 3,124,579.86	\$ 3,124,579.86	\$ -	\$ 3,124,579.86	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	3,408,841.69	3,408,841.69	-	3,408,841.69	-	100.000
				3.916%	3.916%	\$ 6,533,421.55	\$ 6,533,421.55	\$ -	\$ 6,533,421.55	\$ -	

DU PAGE WATER COMMISSION  
 INVESTMENTS  
 (Unaudited)  
 November 30, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 11/30/05	BID PRICE 11/30/05
<b>Water Fund General Account (WF-1217)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	3,216,616.01	3,216,616.01	-	3,216,616.01	-	100.000
F.H.L.B. (RBC D. Rauscher)	2.375%	01/14/05	02/15/06	3.110%	4.345%	2,500,000.00	2,489,800.00	9,466.32	2,480,333.68	17,317.71	99.592
F.H.L.M.C. (RBC D. Rauscher)	5.500%	07/30/04	07/15/06	2.934%	4.530%	10,000,000.00	10,056,250.00	(428,150.00)	10,484,400.00	206,250.00	100.563
F.H.L.M.C. (RBC D. Rauscher)	3.125%	10/07/04	09/22/06	3.034%	4.748%	10,000,000.00	9,871,875.00	(145,125.00)	10,017,000.00	59,027.78	98.719
F.H.L.B (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.676%	5,000,000.00	4,928,500.00	(61,400.00)	4,989,900.00	9,472.22	98.570
F.H.L.B. STEP-UP (JP Morgan)	3.250%	11/16/04	02/16/07	3.750%	4.951%	10,000,000.00	9,950,000.00	(50,000.00)	10,000,000.00	13,541.67	99.500
				3.284%	4.648%	\$ 40,716,616.01	\$ 40,513,041.01	\$ (675,208.68)	\$ 41,188,249.69	\$ 305,609.38	
<b>Water Fund General Account (WF-1218)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	-	-	-	-	-	100.000
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Sales Tax Funds (WF-1230)</b>											
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 12,741,722.97	\$ 12,741,722.97	\$ -	\$ 12,741,722.97	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	5,666,048.52	5,666,048.52	-	5,666,048.52	-	100.000
Cert. of Deposit (Oak Brook Bank)	3.135%	01/14/05	01/13/06	3.135%	3.135%	6,000,000.00	6,000,000.00	-	6,000,000.00	164,909.59	100.000
F.H.L.M.C. (William Blair)	5.250%	02/17/05	01/15/06	3.224%	3.920%	5,000,000.00	5,006,250.00	(84,000.00)	5,090,250.00	98,437.50	100.125
F.H.L.B (JP Morgan)	2.500%	01/14/05	03/13/06	3.119%	4.130%	2,500,000.00	2,487,500.00	4,800.00	2,482,700.00	13,368.06	99.500
Cert. of Deposit (Mid America Bank)	3.700%	04/15/05	04/15/06	3.700%	3.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	139,282.19	100.000
F.H.L.B (JP Morgan)	3.170%	01/28/05	04/28/06	3.829%	4.411%	2,450,000.00	2,437,750.00	(12,250.00)	2,450,000.00	26,319.81	99.500
Cert. of Deposit (Winfield Community Bank)	3.720%	06/16/05	06/15/06	3.720%	3.720%	2,500,000.00	2,500,000.00	-	2,500,000.00	42,550.68	100.000
F.H.L.B. (RBC D. Rauscher)	2.820%	01/14/05	06/23/06	3.262%	4.483%	2,500,000.00	2,477,250.00	(7,525.23)	2,484,775.23	30,745.83	99.090
Cert. of Deposit (West Suburban Bank)	3.826%	07/15/05	07/17/06	3.826%	3.826%	5,935,100.00	5,935,100.00	-	5,935,100.00	85,858.23	100.000
F.H.L.B (William Blair)	2.950%	01/14/05	09/14/06	3.346%	4.539%	2,500,000.00	2,469,450.00	(14,575.00)	2,484,025.00	15,569.44	98.778
Cert. of Deposit (Suburban Bank & Trust)	4.630%	10/17/05	10/16/06	4.630%	4.630%	6,000,000.00	6,000,000.00	-	6,000,000.00	33,488.22	100.000
Cert. of Deposit (West Suburban Bank)	4.426%	10/14/05	10/16/06	4.426%	4.426%	64,900.00	64,900.00	-	64,900.00	369.86	100.000
				3.719%	3.943%	\$ 59,857,771.49	\$ 59,785,971.49	\$ (113,550.23)	\$ 59,899,521.72	\$ 650,899.41	
<b>2001 G. O. Bonds Debt Service (WF-1243)</b>											
ABN AMRO Government Money Market	3.790%	11/30/05	12/01/05	3.790%	3.790%	\$ 15,278.63	\$ 15,278.63	\$ -	\$ 15,278.63	\$ 46.85	100.000
U. S. Treas. Notes (LaSalle Bank)	5.625%	03/02/05	02/15/06	3.088%	3.580%	11,272,000.00	11,314,270.00	(225,440.00)	11,539,710.00	184,931.25	100.375
				3.089%	3.580%	\$ 11,287,278.63	\$ 11,329,548.63	\$ (225,440.00)	\$ 11,554,988.63	\$ 184,978.10	
<b>TOTAL ALL FUNDS</b>				<b>3.562%</b>	<b>4.138%</b>	<b>\$148,260,464.34</b>	<b>\$147,961,431.86</b>	<b>\$(1,028,622.05)</b>	<b>\$148,990,053.91</b>	<b>\$1,161,328.06</b>	
November 30, 2005				<b>90 DAY US TREASURY YIELD</b>	<b>3.790%</b>						



# DuPage Water Commission

## MEMORANDUM

TO: Robert Martin, General Manager

FROM: R. Max Richter, Financial Administrator

DATE: January 5, 2006

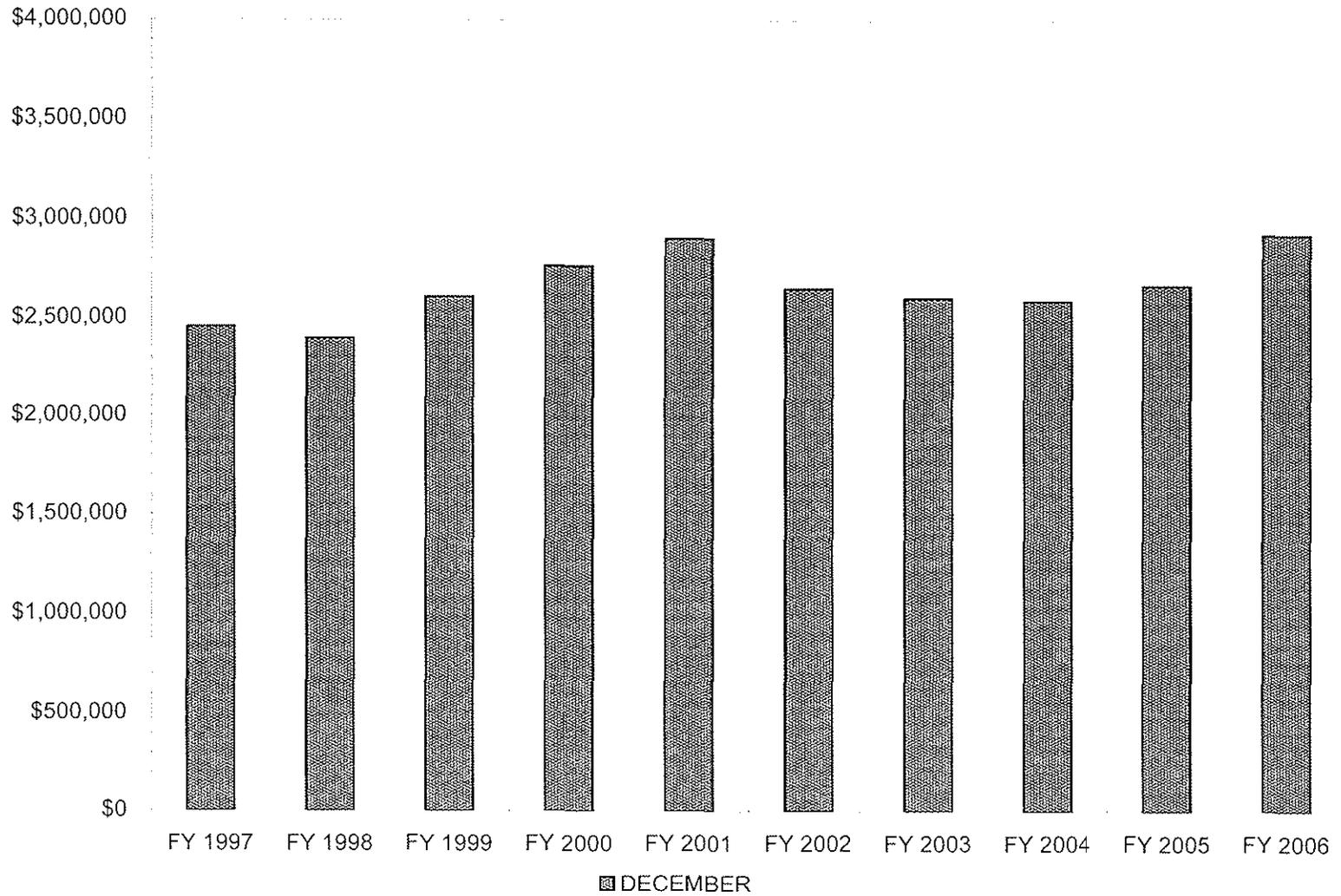
SUBJECT: Financial Report – December

- Water sales for the fiscal year are over budget by \$ 101,910 (0.4%) because of warm and dry weather. Water purchases from Chicago were under budget by \$504,263 (1.5%).
- December sales tax collections (September sales) were \$256,150 (9.6%) more than the same period last fiscal year.
- The over budget condition in investment income is due to higher than budgeted investment yields.
- Commission's investment portfolio had a market value of \$151.4 million on December 31. The original purchase price of the portfolio was \$152.5 million. The portfolio was earning approximately 4.20 % based on market yield and 3.60 % based on original purchase price.

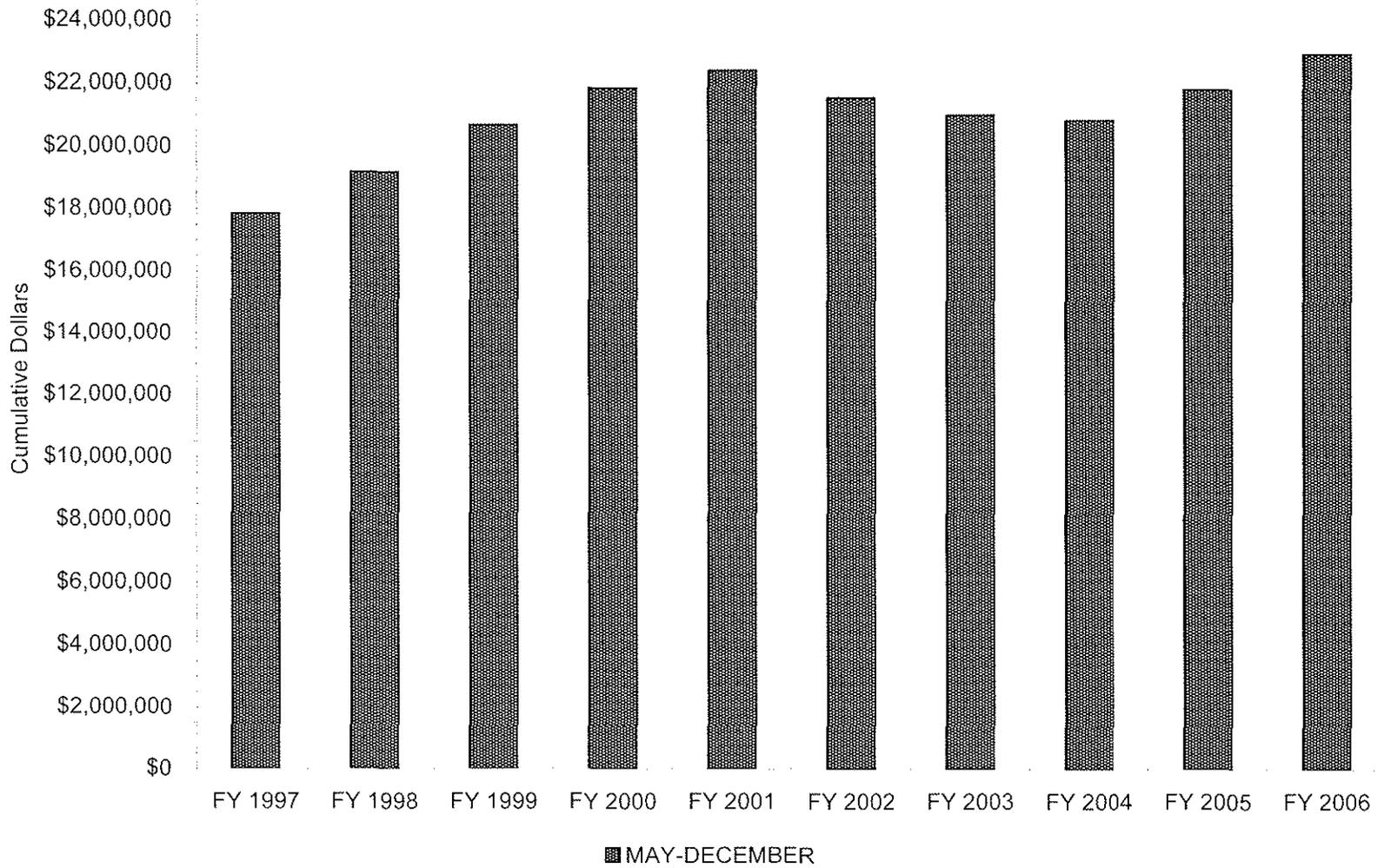
cc: Chairman and Commissioners

Financial Report – 2005.12

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: DECEMBER 31ST, 2005

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	48,740,828.00	3,560,411.05	0.00	35,192,319.09	0.00	13,548,508.91	72.20
TAXES	33,834,395.00	2,929,690.91	0.00	23,003,128.30	0.00	10,831,266.70	67.99
OTHER INCOME	<u>3,625,300.00</u>	<u>469,696.13</u>	<u>0.00</u>	<u>3,313,225.46</u>	<u>0.00</u>	<u>312,074.54</u>	<u>91.39</u>
TOTAL REVENUES	<u>86,200,523.00</u>	<u>6,959,798.09</u>	<u>0.00</u>	<u>61,508,672.85</u>	<u>0.00</u>	<u>24,691,850.15</u>	<u>71.36</u>
<u>EXPENDITURE SUMMARY</u>							
<u>ADMINISTRATION</u>							
PERSONNEL SERVICES	3,384,809.00	269,277.92	0.00	2,058,565.06	0.00	1,326,243.94	60.82
CONTRACT SERVICES	915,137.00	37,413.13	0.00	405,736.58	0.00	509,400.42	44.34
INSURANCE	971,497.00	6,930.00	0.00	486,181.99	0.00	485,315.01	50.04
OPERATIONAL SUPPORT SRVS	672,375.00	35,531.73	0.00	316,209.55	3,019.00	353,146.45	47.48
WATER OPERATION	54,433,190.00	3,482,111.37	0.00	36,456,043.00	0.00	17,977,147.00	66.97
BOND INTEREST	8,760,389.00	738,816.68	0.00	5,900,439.27	0.00	2,859,949.73	67.35
CAPITAL	7,705,025.00	575,352.66	0.00	4,609,984.70	0.00	3,095,040.30	59.83
WORK IN PROGRESS	( 459,800.00)	243,042.10	0.00	5,599,942.57	0.00	( 6,059,742.57)	1,217.91-
TOTAL ADMINISTRATION	<u>76,382,622.00</u>	<u>5,388,475.59</u>	<u>0.00</u>	<u>55,833,102.72</u>	<u>3,019.00</u>	<u>20,546,500.28</u>	<u>73.10</u>
TOTAL EXPENDITURES	<u>76,382,622.00</u>	<u>5,388,475.59</u>	<u>0.00</u>	<u>55,833,102.72</u>	<u>3,019.00</u>	<u>20,546,500.28</u>	<u>73.10</u>
REVENUE OVER/(UNDER) EXPENDITURES	<u>9,817,901.00</u>	<u>1,571,322.50</u>	<u>0.00</u>	<u>5,675,570.13</u>	<u>( 3,019.00)</u>	<u>4,145,349.87</u>	<u>57.78</u>

## BALANCE SHEET

AS OF: DECEMBER 31ST, 2005

01 -WATER FUND

ACCOUNT #	ACCOUNT NAME	2004-2005 BALANCE	2005-2006 BALANCE
<u>ASSETS</u>			
=====			
<u>CURRENT</u>			
CASH		873,392.69	14,710.38
INVESTMENTS		168,692,090.28	151,428,262.36
ACCOUNTS RECEIVABLE			
WATER SALES		5,212,540.44	4,981,109.05
INTEREST RECEIVABLE		979,265.43	1,454,699.44
OTHER		7,312,112.73	8,270,562.42
INVENTORY & PREPAIDS		596,338.49	833,901.85
TOTAL CURRENT ASSETS		<u>183,665,740.06</u>	<u>166,983,245.50</u>
<u>NONCURRENT ASSETS</u>			
FIXED ASSETS		426,265,090.44	447,353,376.32
LESS: ACCUMULATED DEPRECIATION	( 76,778,218.68)		( 83,647,501.16)
CONSTRUCTION WORK IN PROGRESS		22,922,642.70	15,820,455.76
LONG TERM RECEIVABLES		5,221,700.00	5,172,291.00
DEFERRED WATER SUPPLY CONTRACTS		868,166.47	868,166.47
TOTAL NONCURRENT ASSETS		<u>378,499,380.93</u>	<u>385,566,788.39</u>
TOTAL ASSETS		<u>562,165,120.99</u>	<u>552,550,033.89</u>
=====			
<u>LIABILITIES</u>			
=====			
<u>CURRENT LIABILITIES</u>			
ACCOUNTS PAYABLE		4,346,637.72	4,332,981.14
BONDS PAYABLE		17,140,000.00	18,000,000.00
DUE TO THE COUNTY		15,000,000.00	15,000,000.00
ACCRUED INTEREST		2,355,369.91	2,135,372.92
CONTRACT RETENTION		886,235.98	916,325.96
DEFERRED REVENUE		2,901,353.03	2,760,745.99
TOTAL CURRENT LIABILITIES		<u>42,629,596.64</u>	<u>43,145,426.01</u>
<u>NONCURRENT LIABILITIES</u>			
REVENUE BONDS		114,172,369.98	105,619,125.56
GENERAL OBLIGATION BONDS		67,170,033.46	57,045,244.35
DUE TO THE COUNTY		30,000,000.00	15,000,000.00
TOTAL NONCURRENT LIABILITIES		<u>211,342,403.44</u>	<u>177,664,369.91</u>
TOTAL LIABILITIES		<u>253,972,000.08</u>	<u>220,809,795.92</u>
=====			
BEGINNING EQUITY/RESERVES		305,852,208.83	326,064,667.84
TOTAL REVENUE		59,617,668.49	61,508,672.85
TOTAL EXPENSES		<u>57,276,756.41</u>	<u>55,833,102.72</u>
TOTAL EQUITY/RESERVES		<u>2,340,912.08</u>	<u>5,675,570.13</u>
NET ASSETS		<u>562,165,120.99</u>	<u>552,550,033.89</u>
=====			

DU PAGE WATER COMMISSION  
INVESTMENTS  
(Unaudited)  
December 31, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 12/31/05	BID PRICE 12/31/05
<b>Water Fund Depository Accounts (WF-1210)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ 1,672,927.42	\$ 1,672,927.42	\$ -	\$ 1,672,927.42	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	1,084,499.86	1,084,499.86	-	1,084,499.86	-	100.000
				4.024%	4.024%	\$ 2,757,427.28	\$ 2,757,427.28	\$ -	\$ 2,757,427.28	\$ -	
<b>Water Fund Oper. &amp; Maint. Acct. (WF-1211)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ 6,120,234.74	\$ 6,120,234.74	\$ -	\$ 6,120,234.74	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	4,687,653.27	4,687,653.27	-	4,687,653.27	-	100.000
				4.026%	4.026%	\$ 10,807,888.01	\$ 10,807,888.01	\$ -	\$ 10,807,888.01	\$ -	
<b>Revenue Bond Interest Account (WF-1212)</b>											
One Group Government Money Market	0.840%	12/31/05	01/01/06	0.840%	0.840%	\$ 900.70	\$ 900.70	\$ -	\$ 900.70	\$ 2.76	100.000
U. S. Treas. Notes (JP Morgan)	2.250%	11/15/05	04/30/06	3.768%	4.180%	551,000.00	547,211.88	(86.09)	547,297.97	2,066.25	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	12/21/05	04/30/06	3.568%	4.180%	502,000.00	498,548.75	(1,137.35)	499,686.10	1,882.50	99.313
				3.670%	4.177%	\$ 1,053,900.70	\$ 1,046,661.33	\$ (1,223.44)	\$ 1,047,884.77	\$ 3,951.51	
<b>Revenue Bond Principal (WF-1213)</b>											
One Group Government Money Market	0.840%	12/31/05	01/01/06	0.840%	0.840%	\$ 715.59	\$ 715.59	\$ -	\$ 715.59	\$ 0.91	100.000
U. S. Treas. Notes (JP Morgan)	2.250%	05/26/05	04/30/06	3.156%	4.180%	694,000.00	689,228.75	948.83	688,279.92	2,602.50	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	06/09/05	04/30/06	3.181%	4.180%	724,000.00	719,022.50	905.00	718,117.50	2,715.00	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	07/20/05	04/30/06	3.407%	4.180%	693,000.00	688,235.63	1,353.52	686,882.11	2,598.75	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	09/06/05	04/30/06	3.354%	4.180%	689,000.00	684,263.13	80.75	684,182.38	2,583.75	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	09/19/05	04/30/06	3.453%	4.180%	688,000.00	683,270.00	215.00	683,055.00	2,580.00	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	10/18/05	04/30/06	3.723%	4.180%	688,000.00	683,270.00	510.63	682,759.37	2,580.00	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	11/15/05	04/30/06	3.768%	4.180%	741,000.00	735,905.63	(115.78)	736,021.41	2,778.75	99.313
U. S. Treas. Notes (JP Morgan)	2.250%	12/21/05	04/30/06	3.568%	4.180%	690,000.00	685,256.25	(1,563.28)	686,819.53	2,587.50	99.313
				3.452%	4.180%	\$ 5,607,715.59	\$ 5,569,167.48	\$ 2,334.67	\$ 5,566,832.81	\$ 21,027.16	
<b>Revenue Bond Debt Svc. Reserve (WF-1214)</b>											
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Water Fund Oper. &amp; Maint. Res. (WF-1215)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ 1,354,324.83	\$ 1,354,324.83	\$ -	\$ 1,354,324.83	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	5,043,352.88	5,043,352.88	-	5,043,352.88	-	100.000
F.H.L.B (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.730%	5,000,000.00	4,933,000.00	(56,900.00)	4,989,900.00	22,388.89	98.660
				3.681%	4.345%	\$ 11,397,677.71	\$ 11,330,677.71	\$ (56,900.00)	\$ 11,387,577.71	\$ 22,388.89	
<b>Water Fund Depreciation Account (WF-1216)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ 3,310,986.76	\$ 3,310,986.76	\$ -	\$ 3,310,986.76	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	3,420,779.73	3,420,779.73	-	3,420,779.73	-	100.000
				4.030%	4.030%	\$ 6,731,766.49	\$ 6,731,766.49	\$ -	\$ 6,731,766.49	\$ -	

DU PAGE WATER COMMISSION  
INVESTMENTS  
(Unaudited)  
December 31, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 12/31/05	BID PRICE 12/31/05
<b>Water Fund General Account (WF-1217)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	2,579,294.70	2,579,294.70	-	2,579,294.70	-	100.000
F.H.L.B. (RBC D. Rauscher)	2.375%	01/14/05	02/15/06	3.110%	4.497%	2,500,000.00	2,493,875.00	13,541.32	2,480,333.68	22,265.63	99.755
F.H.L.M.C. (RBC D. Rauscher)	5.500%	07/30/04	07/15/06	2.934%	4.610%	10,000,000.00	10,043,750.00	(440,650.00)	10,484,400.00	252,083.33	100.438
F.H.L.M.C. (RBC D. Rauscher)	3.125%	10/07/04	09/22/06	3.034%	4.754%	10,000,000.00	9,884,375.00	(132,625.00)	10,017,000.00	85,069.44	98.844
F.H.L.B. (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.730%	5,000,000.00	4,933,000.00	(56,900.00)	4,989,900.00	22,388.89	98.660
F.H.L.B. STEP-UP (JP Morgan)	3.250%	11/16/04	02/16/07	3.750%	5.020%	10,000,000.00	9,955,000.00	(45,000.00)	10,000,000.00	40,625.00	99.550
				3.280%	4.720%	\$ 40,079,294.70	\$ 39,889,294.70	\$ (661,633.68)	\$ 40,550,928.38	\$ 422,432.29	
<b>Water Fund General Account (WF-1218)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	-	-	-	-	-	100.000
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Sales Tax Funds (WF-1230)</b>											
Illinois Funds-Money Market	4.000%	12/31/05	01/01/06	4.000%	4.000%	\$ 11,912,806.18	\$ 11,912,806.18	\$ -	\$ 11,912,806.18	\$ -	100.000
Illinois Funds-Prime Fund	4.060%	12/31/05	01/01/06	4.060%	4.060%	8,693,686.45	8,693,686.45	-	8,693,686.45	-	100.000
Cert. of Deposit (Oak Brook Bank)	3.135%	01/14/05	01/13/06	3.135%	3.135%	6,000,000.00	6,000,000.00	-	6,000,000.00	180,885.21	100.000
F.H.L.M.C. (William Blair)	5.250%	02/17/05	01/15/06	3.224%	3.560%	5,000,000.00	5,001,562.50	(88,687.50)	5,090,250.00	120,312.50	100.031
F.H.L.B. (JP Morgan)	2.500%	01/14/05	03/13/06	3.119%	4.240%	2,500,000.00	2,489,843.75	7,143.75	2,482,700.00	18,576.39	99.594
Cert. of Deposit (Mid America Bank)	3.700%	04/15/05	04/15/06	3.700%	3.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	158,136.99	100.000
F.H.L.B. (JP Morgan)	3.170%	01/28/05	04/28/06	3.829%	4.588%	2,450,000.00	2,439,220.00	(10,780.00)	2,450,000.00	32,791.89	99.560
Cert. of Deposit (Winfield Community Bank)	3.720%	06/16/05	06/15/06	3.720%	3.720%	2,500,000.00	2,500,000.00	-	2,500,000.00	50,449.32	100.000
F.H.L.B. (RBC D. Rauscher)	2.820%	01/14/05	06/23/06	3.262%	4.637%	2,500,000.00	2,479,000.00	(5,775.23)	2,484,775.23	1,370.83	99.160
Cert. of Deposit (West Suburban Bank)	3.826%	07/15/05	07/17/06	3.826%	3.826%	5,935,100.00	5,935,100.00	-	5,935,100.00	105,145.22	100.000
F.H.L.B. (William Blair)	2.950%	01/14/05	09/14/06	3.346%	4.673%	2,500,000.00	2,470,800.00	(13,225.00)	2,484,025.00	21,715.28	98.832
Cert. of Deposit (Suburban Bank & Trust)	4.630%	10/17/05	10/16/06	4.630%	4.630%	6,000,000.00	6,000,000.00	-	6,000,000.00	57,082.19	100.000
Cert. of Deposit (West Suburban Bank)	4.426%	10/14/05	10/16/06	4.426%	4.426%	64,900.00	64,900.00	-	64,900.00	613.82	100.000
				3.769%	3.979%	\$ 62,056,492.63	\$ 61,986,918.88	\$ (111,323.98)	\$ 62,098,242.86	\$ 747,079.64	
<b>2001 G. O. Bonds Debt Service (WF-1243)</b>											
ABN AMRO Government Money Market	4.019%	12/31/05	01/01/06	4.019%	4.019%	\$ 15,325.48	\$ 15,325.48	\$ -	\$ 15,325.48	\$ 51.20	100.000
U. S. Treas. Notes (LaSalle Bank)	5.625%	03/02/05	02/15/06	3.088%	3.700%	11,272,000.00	11,293,135.00	(246,575.00)	11,539,710.00	237,768.75	100.188
				3.089%	3.700%	\$ 11,287,325.48	\$ 11,308,460.48	\$ (246,575.00)	\$ 11,555,035.48	\$ 237,819.95	
<b>TOTAL ALL FUNDS</b>				<b>3.605%</b>	<b>4.196%</b>	<b>\$151,779,488.59</b>	<b>\$151,428,262.36</b>	<b>\$(1,075,321.43)</b>	<b>\$152,503,583.79</b>	<b>\$1,454,699.44</b>	
December 31, 2005				<b>90 DAY US TREASURY YIELD</b>	<b>4.010%</b>						



# DuPage Water Commission

## MEMORANDUM

TO: Commissioner Allan Poole

FROM: R. Max Richter  
Financial Administrator

A handwritten signature in black ink, appearing to read "RMR", is written over the name "R. Max Richter".

DATE: December 8, 2005

SUBJECT: Accounts Payables

At the November 29, 2005 Finance Committee meeting you inquired as to the procedures for issuing checks. Attached is a copy of the January 13, 2005 and Ordinance No. O-1-05: An Ordinance Amending the By-Laws of the Commission (Amending Sections 2 and 3 of Article IX).

cc: Chairman and Commissioners

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DUPAGE WATER COMMISSION  
HELD ON JANUARY 13, 2005**

The meeting was called to order at 7:00 P.M. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, Commissioner T. Feltes, Commissioner G. Mathews, and Commissioner J. Vrodolyak. Also in attendance: Financial Administrator C. Pattelli.

**MINUTES OF MEETING – NOVEMBER 11, 2004**

Motion by Commissioner Feltes, seconded by Commissioner Vrodolyak, to approve the minutes of the November 11, 2004 Finance Committee meeting. This motion carried unanimously.

**TREASURER'S REPORT – DECEMBER, 2004**

Financial Administrator Pattelli presented the December, 2004 Treasurer's Report for Committee review. After a brief discussion, there was a motion by Commissioner Feltes to recommend acceptance of the report by the full Commission at its meeting of January 13, 2005. This motion carried unanimously.

**FINANCIAL STATEMENTS – DECEMBER, 2004**

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

**ACCOUNTS PAYABLE**

The Committee reviewed the Accounts Payable in the amount of \$3,759,367.34. There was a motion by Commissioner Feltes, seconded by Commissioner Mathews, for approval of the Accounts Payable at the January 13, 2005 Commission meeting. The motion carried unanimously.

**RESOLUTION NO. R-2-05: A RESOLUTION ADOPTING A FLEXIBLE BENEFITS PLAN AND APPROVING AND AUTHORIZING THE EXECUTION OF A THIRD-PARTY ADMINISTRATIVE SERVICES AGREEMENT IN CONNECTION THEREWITH**

After staff explained the proposed flexible benefits plan, the Committee reviewed and recommended approval of Resolution No. R-2-05 by the full Commission at its January 13, 2005 meeting.

**ORDINANCE NO. O-1-05: AN ORDINANCE AMENDING THE BY-LAWS OF THE COMMISSION (AMENDING SECTIONS 2 AND 3 OF ARTICLE IX)**

After a brief discussion, the Committee reviewed and agreed with changes to be implemented by Ordinance No. O-1-05.

**REVOLVING LOAN PROGRAM**

Commissioner Poole handed out information regarding the State's Public Water Supply Loan Program. The Committee discussed this program in connection with the proposed Revolving Loan Program. No action was taken.

**ADJOURNMENT**

With no further business to come before the Committee, the meeting was adjourned at 7:28 P.M.

DATE: February 3, 2005

## REQUEST FOR BOARD ACTION

<b>AGENDA SECTION</b>	Omnibus Vote Requiring Super-Majority or Special Majority Vote	<b>ORIGINATING DEPARTMENT</b>	Finance
<b>ITEM</b>	An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Sections 2 and 3 of Article IX)  Ordinance No. O-1-05	<b>APPROVAL</b>	
<p>With the implementation of the new financial software system, staff is developing procedures that will improve the efficiency of the Commission's business processes and allow for better cash flow management. Ordinance No. O-1-05, which was on First Reading at the January 13, 2005 meeting, would amend the Commission's By-Laws of the Commission to implement modifications to check processing including electronic signatures, more frequent payments to vendors and the option of having two managers sign checks.</p>			
<b>MOTION:</b> To approve Ordinance No. O-1-05.			

DUPAGE WATER COMMISSION

ORDINANCE NO. O-1-05

AN ORDINANCE AMENDING THE  
BY-LAWS OF THE DUPAGE WATER COMMISSION  
(Amending Sections 2 and 3 of Article IX)

WHEREAS, the Board of Commissioners of the DuPage Water Commission has determined that it is appropriate and in the best interests of the Commission to amend the Commission's By-Laws, as restated in Ordinance No. O-5-92 and amended by Ordinance Nos. O-1-93, O-1-94, O-14-94, O-10-99, O-7-00, O-11-02, O-2-04, O-11-04, and O-12-04 to modify check processing including electronic signatures, more frequent payments to vendors and the option of having two managers sign checks;

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: Recitals. The foregoing recitals are hereby incorporated herein as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: Amendment. Section 2, entitled "Authorization," of Article IX, entitled "Disbursements," of the Commission's By-Laws shall be, and it hereby is, amended in its entirety so that said Section 2 shall hereafter be and read as follows:

"Section 2. Authorization. All disbursements in excess of the amount provided for in 65 ILCS 5/8-9-1 shall be approved in advance by the Board of Commissioners except for disbursements made in accordance with the payment provisions of contracts for services, supplies, material, or work purchased by the Commission, which contracts were either approved by the Board of Commissioners or procured in accordance with the purchasing procedures of these By-Laws. The General Manager is authorized to incur and pay contingency expenditures up to and including the amount provided for in 65 ILCS 5/8-9-1 without the prior approval of the Board of Commissioners."

SECTION THREE: Amendment. Section 3, entitled "Required Signatures," of Article IX, entitled "Disbursements," of the Commission's By-Laws shall be, and it

Ordinance No. O-1-05

hereby is, amended in its entirety so that said Section 3 shall hereafter be and read as follows:

"Section 3. Required Signatures. All checks shall be manually or electronically signed by any two of the following: the Chairman, the Treasurer, the Finance Committee Chairman, the General Manager, the Financial Administrator or the Staff Attorney."

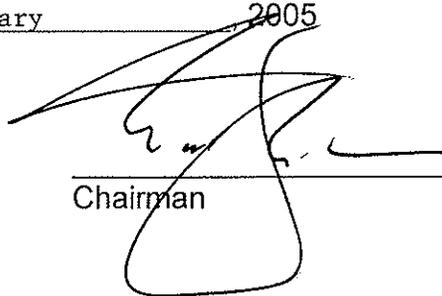
SECTION FOUR: Effective Date. This Ordinance shall be in full force and effect from and after its adoption.

AYES: R. Benson, E. Chaplin, R. Ferraro, L. Hartwig, G. Mathews,  
W. Mueller, W. Murphy, A. Poole, J. Vrdolyak, D. Zeilenga,  
and M. Vondra

NAYS: None

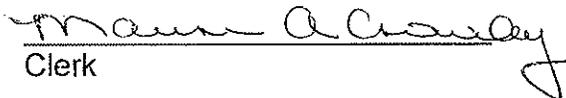
ABSENT: T. Feltes and G. Wilcox

ADOPTED this 10th day of February 2005



Chairman

ATTEST:



Clerk

Board/Ordinances/O-1-05B.doc



# DuPage Water Commission

## MEMORANDUM

TO: Commissioner Poole

FROM: Robert L. Martin, P.E.  
General Manager

R. Max Richter  
Financial Administrator

DATE: January 5, 2006

SUBJECT: General Obligation Bond Defeasance

At the November 29<sup>th</sup> Commission meeting, you suggested the staff review any possible benefit of defeasing its 2001 General Obligation Refunding Bonds. These bonds contain a non-callable feature. Defeasance means irrevocably committing currently available resources to remove the outstanding bonds from the Commission's balance sheet and income statement.

One way to accomplish a defeasance is to establish a bond escrow account that would pay the bond's principal and interest as they come due in the future. There is a federal arbitrage restriction based on the true interest cost of the bonds placed in such an escrow. The cash flows from the escrow funds set aside, including the escrow investment income, must also meet future bond principal and interest payment as they come due while creating only a negligible escrow surplus. Another way to remove these bonds would be open market purchase of outstanding bonds by the Commission with the bonds then being retired. Based on current Commission policy, accumulated sales taxes would be the source of funds for any such defeasance of general obligation bonds.

At November 30<sup>th</sup>, those funds were invested at a rate of 3.94% (see attachment). The arbitrage yield restriction, which has been placed on any funds used to defease the General Obligation Bonds, is 3.98%. However, the latest investment made for the sales tax funds was at 4.63%. On December 6<sup>th</sup>, the one-month LIBOR rate was 4.32%. This indicates that as the Commission renews maturing investments, yields in excess of those allowed in a defeasance escrow would be earned.

This arbitrage yield restriction is also applicable to funds which have been designated by the Commission to be used for debt service purposes.

At the present time, the Commission would receive more economic benefit if the sales tax funds remained invested outside of a defeasance escrow. However, this could be reviewed in the future if investment yields of recommended permitted Commission investments decline.

For purposes of reference, the arbitrage yield placed on the 2003 Water Revenue Refunding Bonds is 3.85%.

cc: Chairman and Commissioners

Correspondence\Defeasance of G.O. Bonds.doc

DU PAGE WATER COMMISSION  
 INVESTMENTS  
 (Unaudited)  
 November 30, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	ACCRUED INTEREST 11/30/05	BID PRICE 11/30/05
Sales Tax Funds (WF-1230)									
Illinois Funds-Money Market	3.862%	11/30/05	12/01/05	3.862%	3.862%	\$ 12,974,207.56	\$ 12,974,207.56	\$ -	100.000
Illinois Funds-Prime Fund	3.965%	11/30/05	12/01/05	3.965%	3.965%	5,666,048.52	5,666,048.52	-	100.000
Cert. of Deposit (Oak Brook Bank)	3.135%	01/14/05	01/13/06	3.135%	3.135%	6,000,000.00	6,000,000.00	164,909.59	100.000
F.H.L.M.C. (William Blair)	5.250%	02/17/05	01/15/06	3.224%	3.920%	5,000,000.00	5,006,250.00	98,437.50	100.125
F.H.L.B (JP Morgan)	2.500%	01/14/05	03/13/06	3.119%	4.130%	2,500,000.00	2,487,500.00	13,368.06	99.500
Cert. of Deposit (Mid America Bank)	3.700%	04/15/05	04/15/06	3.700%	3.700%	6,000,000.00	6,000,000.00	139,282.19	100.000
F.H.L.B (JP Morgan)	3.170%	01/28/05	04/28/06	3.829%	4.411%	2,450,000.00	2,437,750.00	26,319.81	99.500
Cert. of Deposit (Winfield Community Bank)	3.720%	06/16/05	06/15/06	3.720%	3.720%	2,500,000.00	2,500,000.00	42,550.68	100.000
F.H.L.B. (RBC D. Rauscher)	2.820%	01/14/05	06/23/06	3.262%	4.483%	2,500,000.00	2,477,250.00	30,745.83	99.090
Cert. of Deposit (West Suburban Bank)	3.826%	07/15/05	07/17/06	3.826%	3.826%	5,935,100.00	5,935,100.00	85,858.23	100.000
F.H.L.B (William Blair)	2.950%	01/14/05	09/14/06	3.346%	4.539%	2,500,000.00	2,469,450.00	15,569.44	98.778
Cert. of Deposit (Suburban Bank & Trust)	4.630%	10/17/05	10/16/06	4.630%	4.630%	6,000,000.00	6,000,000.00	33,488.22	100.000
Cert. of Deposit (West Suburban Bank)	4.426%	10/14/05	10/16/06	4.426%	4.426%	64,900.00	64,900.00	369.86	100.000
				3.719%	3.943%	\$ 60,090,256.08	\$ 60,018,456.08	\$ 650,899.41	



# DuPage Water Commission

## MEMORANDUM

TO: Commissioner Poole

FROM: Robert L. Martin, P.E.  
General Manager

R. Max Richter  
Financial Administrator

DATE: January 5, 2006

SUBJECT: Commission Investment Management

At the November 29<sup>th</sup> Commission meeting, you provided the staff with information about the City of Naperville's investment policies and procedures. An October 14<sup>th</sup> memo to you from Naperville's Finance Director, analyzed the Commission's portfolio estimating that an additional \$3 million could be earned if professional managers were employed.

The Commission implemented an investment policy in 1993. While not the same as Naperville's, it has directed the Commission's investment practices for over 12 years. That policy determines the type of investments the Commission makes, leaving to the General Manager's discretion the term of those investments and whether or not to actively trade in the market.

Because of the nature of the Commission's funds and its purpose, the Commission has never actively traded in the market. All investments were scheduled to meet expected future cash needs. Generally, to stay in the range of the market and to maintain liquidity to meet emergency situations, the Commission has not invested for terms longer than 36 months.

The Naperville Investment Policy states in Section III:

"The City will minimize the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by: structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity..."

Financial Administrator Richter spoke with Naperville's Finance Director, Doug

Krieger, on December 6<sup>th</sup>. Mr. Krieger indicated that the professionally managed portion of the City's investment portfolio is actively traded.

According to Exhibit A-2, page 20 of the most recent Naperville audited financial statements, investment income for the 12 months ended 4/30/2005 was \$5.6 million, almost twice Commission's investment income (nearly \$2.9 million) for the same period. (See page 25 of the April 30, 2005 Commission audited financial statements.) Naperville cash and investments at 4/30/2005 was \$177 million (Exhibit A-1, page 19, Naperville audit report for 4/30/2005). Commission ending cash and investments at 4/30/2005 was \$150 million. (See page 23 of the April 30, 2005 Commission audited financial statements.) Based on the ratio of cash and investments between the two entities, the premise would be, if DWC did what Naperville did, DWC should have earned approximately \$4.8 million in FY2005.

The Commission's cash management practices anticipate maturities to insure timely reinvestment. Very little of the Commission's funds sit idle. While the Commission has not actively engaged in open market trading, the yield achieved by the Commission was approximately 2.5% during the 12 months ended June 30, 2005. Naperville's staff managed portfolio earned 1.73% for the same time period (see page i of the finance director's quarterly report dated 8/10/2005).

Since the Commission does not engage in regular investment market trading, the assumption that higher investment earning could have been obtained had it done so has some validity. If the Commission wishes to have a portion of its portfolio actively traded, employment of outside professional managers would likely yield the best results.

The Naperville investment policy presents a good starting point on which to base the procedures for professional outside management of a portion of the Commission's portfolio. If the Commission so directs, staff will begin drafting the appropriate changes to the Commission's investment policy for Commission consideration of professional outside management of a portion of the Commission's funds.

cc: Chairman Vondra and Commissioners  
Maureen Crowley



# DuPage Water Commission

## MEMORANDUM

TO: Commissioner Poole

FROM: R. Max Richter  
Financial Administrator

DATE: January 5, 2006

SUBJECT: Balance Sheet Explanation

You requested via FAX on December 20, 2005 (copy attached), an explanation of the non-current liability amounts for the revenue and general obligation bonds shown on the Commission's October balance sheet. The amount shown for the revenue bonds include the unamortized premium of \$5,507,064.55, unamortized prepaid interest on the refunded bonds of (\$9,340,500.23) and the principal amount of \$109,485,000.00 totaling \$105,651,564.32. The amount shown for the general obligation bonds include the unamortized premium of \$1,544,800.99, unamortized prepaid interest on the refunded bonds of (\$917,299.29) and the principal amount of \$56,480,000.00 totaling \$57,107,501.70.

The unamortized premiums also include the issuance costs of the bonds which are amortized over the life of the bonds. Annually, the principal payment is reclassified from a non-current liability to a current maturity on the balance sheet.

The only amount impacting the Commission's cash flow is the annual payment of the principal amount. The maturities of the bonds have been disclosed in the Commission's audited financial statements.

cc: Chairman and Commissioners

To: Max Richter @ DW

DUPAGE WATER COMMISSION  
BALANCE SHEET  
AS OF OCTOBER 31

2005

2004

ASSETS

CURRENT

CASH	\$ 189,638.86	\$ 1,135,847.32
INVESTMENTS	149,127,374.19	168,830,530.75
ACCOUNTS RECEIVABLE		
WATER SALES	5,520,908.99	5,909,526.02
INTEREST RECEIVABLE	1,119,732.96	539,777.95
OTHER	8,253,256.71	7,312,112.73
INVENTORY & PREPAID	835,316.95	237,636.63
TOTAL CURRENT ASSETS	165,046,228.66	183,965,431.40

Market Value

NONCURRENT

FIXED ASSETS	447,353,376.32	426,265,090.44
LESS: ACCUMULATED DEPRECIATION	(82,533,928.89)	(75,714,963.89)
CONSTRUCTION WORK IN PROGRESS	15,820,455.76	22,922,642.70
LONG-TERM RECEIVABLES	5,172,291.00	5,221,700.00
DEFERRED WATER SUPPLY CONTRACT	868,166.47	868,166.47
TOTAL NONCURRENT	386,680,360.66	379,562,635.72
TOTAL ASSETS	\$ 551,726,589.32	\$ 563,528,067.12

SEE ATTACHED 90-2009-1215  
BD Item - 1215

LIABILITIES

CURRENT

ACCOUNTS PAYABLE	\$ 5,285,064.14	\$ 5,622,786.57
BONDS PAYABLE	18,000,000.00	17,140,000.00
DUE TO THE COUNTY	15,000,000.00	15,000,000.00
ACCRUED INTEREST	3,573,493.75	3,847,657.41
CONTRACT RETENTION	894,267.14	838,099.72
DEFERRED REVENUE	2,784,244.70	2,925,851.74
TOTAL CURRENT	45,537,069.73	45,374,395.44

NONCURRENT

REVENUE BONDS	105,651,564.32	114,245,105.11
GENERAL OBLIGATION BONDS	57,107,501.70	67,255,034.54
DUE TO THE COUNTY	15,000,000.00	30,000,000.00
TOTAL NONCURRENT	177,759,066.02	211,500,139.65
NET ASSETS	328,430,453.57	306,653,532.03
TOTAL LIABILITIES AND NET ASSETS	\$ 551,726,589.32	\$ 563,528,067.12

These do not agree with my other sheet  
Where did these come from?  
Help me understand our debt after  
this fiscal year. Allen Poole  
12-20-05

**DuPage Water Commission Schedule for Remaining Payments**  
**for Revenue and General Obligation Bonds**

FY		Revenue Bonds Principle & Interests Cost	General Obligation Bonds Principle & Interests Cost	Combined Remaining Debt P&I
1	06-07	\$14,290,188	\$13,117,900	\$27,408,088
2	07-08	\$14,290,687	\$13,117,650	\$27,408,337
3	08-09	\$14,289,438	\$13,116,900	\$27,406,338
4	09-10	\$14,290,437	\$13,121,275	\$27,411,712
5	10-11	\$14,292,238	\$13,119,412	\$27,411,650
6	11-12	\$14,289,187	-	\$14,289,187
7	12-13	\$14,289,688	-	\$14,289,688
8	13-14	\$14,288,325	-	\$14,288,325
9	14-15	\$14,289,937	-	\$14,289,937
10	15-16	\$14,287,689	-	\$14,287,689
11	16-17	-	-	\$0
12	17-18	-	-	\$0
13	18-19	-	-	\$0
14	19-20	-	-	\$0
<b>TOTAL</b>		<b>\$142,897,814</b>	<b>\$65,593,137</b>	<b>\$208,490,951</b>

h:\data\Meianle\04wtr\DWCrevenuebonds.xls

Payments due on the general obligation bonds through maturity are as follows:

**General Obligation Refunding Bonds, Series 2001**

Fiscal Year Ending April 30	Interest	Principal	Total
2003	\$ 4,722,650	\$ 8,400,000	\$ 13,122,650
2004	4,302,650	8,810,000	13,112,650
2005	3,862,150	9,260,000	13,122,150
2006	3,399,150	9,725,000	13,124,150
2007	2,912,900	10,205,000	13,117,900
2008-11	6,208,238	49,276,000	55,484,238
<b>Total</b>	<b>\$25,399,738</b>	<b>\$92,675,000</b>	<b>\$118,074,738</b>

59K →



# DuPage Water Commission

## MEMORANDUM

TO: Finance Committee

FROM: R. Max Richter   
Financial Administrator

DATE: January 5, 2006

SUBJECT: A/P History Report  
A/P Regular Open Item Register

The following is a summary of the Historical Check Report and Accounts Payables for the November 29, 2005 Commission meeting as requested by the Finance Committee.

November A/P History Check Report (1)	\$5,115,566.12
December A/P History Check Report (1)	\$3,380,747.09
A/P Regular Open Item Register	\$590.00
Total	<u>\$8,496,903.21</u>

(1) Previously authorized