

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE  
SYSTEMS FUND**

An Enterprise Fund of Lake County, Illinois

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

November 30, 2009 and 2008

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

An Enterprise Fund of Lake County, Illinois

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November 30, 2009 and 2008

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## INDEPENDENT AUDITORS' REPORT

To the Public Works Committee  
Lake County Public Works Department  
Waterworks and Sewerage Systems Fund  
Libertyville, Illinois

We have audited the statements of net assets of Lake County Public Works Department, Waterworks and Sewerage Systems Fund (department), an enterprise fund of Lake County, Illinois, as of November 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Lake County Public Works Department, Waterworks and Sewerage Systems Fund, an enterprise fund of Lake County, Illinois, and are not intended to present fairly the financial position of Lake County, Illinois, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Public Works Department, Waterworks and Sewerage Systems Fund as of November 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in the footnotes, Lake County Public Works Department adopted the provisions of GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB)* effective December 1, 2007.

The Management's Discussion and Analysis on pages 2 through 8 and other required supplementary information as listed in the table of contents is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Baker Tilly Virchow Krause LLP*

Madison, Wisconsin  
May 21, 2010

# **LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS November 30, 2009, 2008 and 2007 (UNAUDITED)**

The Management's Discussion and Analysis (MD&A) provides users of the Lake County Public Works Department's (department) financial statements an analytical overview of the department's financial position for the fiscal years ended November 30, 2009, 2008 and 2007. The users are encouraged to consider the information presented here in conjunction with additional information furnished in the Lake County Public Works Department's financial statements.

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### **FINANCIAL HIGHLIGHTS**

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- The department operation provided funds sufficient to meet the required reserve transfers for fiscal year 2009 and also allowed an additional transfer of \$6.9 million to the Depreciation, Extension and Improvement Account. Total funds transferred in accordance with the bond ordinance during fiscal year 2009 were \$11.3 million.
- In 2009 the department invested \$4.1 million in property, plant and equipment. The additions were primarily for continuing expansions of plant, replacement of water mains, rehabilitation of sanitary sewer lines and improvement of lift stations.
- The department's operating revenues increased by \$2.4 million or 7.1% to \$36.2 million for fiscal year 2009, compared to \$33.8 for fiscal year 2008, while at the same time the operating expenses excluding depreciation expenses, decreased by \$0.6 million dollars or 2.4%. During economic recovery in fiscal year 2009, the department was still able to collect 6.7% more in connection fee revenue due to growth in the commercial and wholesale sectors than the year before.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets provide information about the department's financial performance for the fiscal years ended November 30, 2009, 2008 and 2007.

The Public Works Department is considered an enterprise fund of Lake County, Illinois that provides water and sewerage services to various communities within the county. This business-type activity is intended to recover all or a significant portion of its operating cost and required contribution to reserve accounts through user fees and charges. The Public Works and Transportation Committee of Lake County establishes rates and service rules managed by the Public Works Department. Accounting records are maintained in accordance with the Governmental Accounting Standards.

The Statement of Net Assets includes all of the department's assets and liabilities and provides information about the nature and the amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the department. In the following Table 1, this statement has been condensed for analysis purposes. Please review the financial statements section in order to review details of this statement.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS  
November 30, 2009, 2008 and 2007  
(UNAUDITED)

## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

**Table 1**  
**Condensed Statement of Net Assets**

	2009	2008	2007	Amount Change	% Change
Current and Other Assets	\$ 87,776,781	\$ 78,529,761	\$ 78,196,535	9,247,020	11.78%
Capital Assets	199,666,891	201,280,157	199,667,587	(1,613,266)	-0.80%
<b>Total Assets</b>	<b>287,443,672</b>	<b>279,809,918</b>	<b>277,864,122</b>	<b>7,633,754</b>	<b>2.73%</b>
Long-term Debt Outstanding	50,018,849	51,835,033	54,710,923	(1,816,184)	-3.50%
Other Liabilities	6,161,783	5,610,563	6,532,330	551,220	9.82%
<b>Total Liabilities</b>	<b>56,180,632</b>	<b>57,445,596</b>	<b>61,243,253</b>	<b>(1,264,964)</b>	<b>-2.20%</b>
Invested in Capital Assets, Net of Related Debt	174,174,863	170,704,159	165,491,930	3,470,704	2.03%
- Restricted Net Assets	36,476,734	32,580,303	33,130,422	3,896,431	12.00%
- Unrestricted	20,611,443	19,079,860	17,998,517	1,531,583	8.03%
<b>Total Net Assets</b>	<b>\$ 231,263,040</b>	<b>\$ 222,364,322</b>	<b>\$ 216,620,869</b>	<b>\$ 8,898,718</b>	<b>4.00%</b>

The department's total net assets are \$231,263,040 as of November 30, 2009, and represent the amount of assets exceeding liabilities. The largest portion of the net assets total, \$174,174,863 is made up of capital assets, net of related debt. This represents the cost of the department's capital assets used to provide services to the customers net of the debt related to these assets. These assets include land, buildings, equipment and water and sewerage systems and they are not available for the department's future solvency needs. Restricted net assets total \$36,476,734 and represent resources that are subject to bond ordinance covenants as to how they may be spent. Included in this total are net assets that are restricted for the future payment of debt and construction projects. Unrestricted net assets of \$20,611,443 represent the remaining balance that may be used to pay for the department's day-to-day operations.

Net assets invested in capital assets, net of related debt, increased by \$ 3,470,704 or 2.03% in 2009. Major factors contributing to this change were the following:

- In 2009 the department has invested \$4.1 million in property, plant and equipment, primarily for continuing expansions of treatment plants, replacement of water mains, and rehabilitation of sanitary sewer lines and improvement of lift stations. This investment was a decrease from the previous year of \$5.9 million. The department anticipates the same level or increased level of capital spending will be continuing over the next several years as management is committed to the fiscal responsibility of managing the department's capital needs and to assure preservation of

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS November 30, 2009, 2008 and 2007 (UNAUDITED)

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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the long-term viability of the existing capital assets. As anticipated, the depreciation expenses were increased by \$349,397 or 5.9% to \$6,284,661 in fiscal year 2009, which is the direct result of the continuing efforts to invest in the capital assets.

- During the current year, the department's long-term capital related debt decreased by \$1.8 million to \$49.2 million compared to \$51.0 million for the prior year. This is the result of paying off a portion of the existing debt and the issuance of 2009S Subordinate Revenue Bonds in the amount of \$1,220,000, to fund the replacement of the Hawthorn Woods/Glenshire water system.

The increase in restricted net assets of \$3.9 million resulted primarily from the following:

- Net assets restricted for Depreciation, Extension and Improvement (a restricted fund for Extension and Improvement of Water and Sewerage Systems) increased by \$3.9 million in 2009 as a result of a fund transfers of \$7.5 million, and expenditures of \$4.7 million. The Village of Mettawa's contribution of \$1,060,000 for the sewer improvement would, in the future allow the village resident to replace their existing septic sewer system with the County's sewer services.

Unrestricted net assets increased by \$1.5 million or 8.0%, the majority of the changes attributed to excess of revenues over expenses or net income, as a result of the board approved 2007 Rate Study's third and final rate increases went into effect and by reducing operating expenses during the current period.

Table 2 summarizes the Statement of Revenues, Expenses, and Changes in Net Assets. This statement presents information pertaining to the department's financial performance during fiscal year 2009 and how this affects the department's net assets. In addition, it helps the user to predict the future cash flows and the financial health of the department.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS  
November 30, 2009, 2008 and 2007  
(UNAUDITED)

## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

**Table 2**  
**Condensed Statement of Revenues, Expenses,**  
**and Changes in Net Assets**

	2009	2008	2007	Amount Change	% Change
Operating Revenues:					
Water and sewer charges	\$ 36,011,088	\$ 33,594,598	\$ 29,587,781	\$ 2,416,490	7.19%
Miscellaneous	214,956	240,188	294,271	(25,232)	-10.51%
Total Operating Revenues	36,226,044	33,834,786	29,882,052	2,391,258	7.07%
Operating Expenses:					
Personnel services	7,361,934	7,286,933	7,343,908	75,001	1.03%
Commodities	1,754,809	2,150,889	2,489,397	(396,080)	-18.41%
Contractual	17,716,610	18,044,136	18,390,710	(327,526)	-1.82%
Total Expenses	26,833,353	27,481,958	28,224,015	(648,605)	-2.36%
Operating income or (loss) before depreciation	9,392,691	6,352,828	1,658,037	3,039,863	47.85%
Depreciation expense	6,284,661	5,935,264	5,919,426	349,397	5.89%
Operating income or (loss)	3,108,030	417,564	(4,261,389)	2,690,466	644.32%
Non-operating income (expense):					
Property tax revenue	885,701	873,130	873,120	12,571	1.44%
Interest earned	2,374,615	3,112,540	3,556,564	(737,925)	-23.71%
Miscellaneous	(40,482)	23,736	(20,943)	(64,218)	-270.55%
Interest expense	(2,454,776)	(2,599,539)	(2,731,918)	144,763	-5.57%
Income (loss) before contributions	3,873,088	1,827,431	(2,584,566)	2,045,657	111.94%
Transfer out	-	(50,000)	-	50,000	100.00%
Capital contributions:					
Connection fees	2,397,228	2,245,985	4,828,442	151,243	6.73%
Developer contributions	2,628,402	1,720,037	5,000	908,365	52.81%
Change in net assets	8,898,718	5,743,453	2,248,876	3,155,265	54.94%
Beginning Net Assets	222,364,322	216,620,869	214,371,993	5,743,453	2.65%
Total Net Assets - Ending	\$ 231,263,040	\$ 222,364,322	\$ 216,620,869	\$ 8,898,718	4.00%

# **LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
November 30, 2009, 2008 and 2007  
(UNAUDITED)

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## **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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Operating revenues totaled \$36,226,044 in fiscal year 2009, up \$2,391,258 from the prior year. The 7.1% increase in revenue is mainly due to the result of implementation of the board approved 2007 Rate Study's third and final rate increases in 2009. Revenues from Connection Fees totaled \$2,397,228, an increase from the prior year of \$2,245,985. The increase of 6.7% was largely contributed from the wholesale and commercial developments in fiscal year 2009. In addition, interest earnings on investments continue to decrease by \$737,925 or 23.7% in the current year from previous year, due to decrease in interest rate during fiscal year.

Total operating expenses before depreciation during fiscal year 2009 were \$26,833,352. This represents a decrease of \$648,605 or 2.3% from the prior year. This reflected the department's ability to effectively cut or lower the operating expenses during fiscal year 2009, especially, pertaining to commodities and electricity cost.



# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS  
November 30, 2009, 2008 and 2007  
(UNAUDITED)

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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**Table 3  
Capital Assets**

Land	\$ 2,576,151	\$ 2,576,151	\$ 2,576,151	\$ -	0.00%
Buildings and Improvements	71,471,866	71,461,866	71,159,805	\$ 10,000	0.01%
Improvements other than buildings					
Water facility					
Transmission and distribution mains	55,758,089	54,456,176	51,790,195	1,301,913	2.39%
Elevated water storage tanks	9,811,192	8,612,921	8,612,921	1,198,271	13.91%
Land improvements	1,720,385	1,608,596	1,608,596	111,789	6.95%
Wells	6,979,921	5,398,780	5,398,780	1,581,141	29.29%
Total water facility	\$ 74,269,586	\$ 70,076,473	\$ 67,410,492	\$ 4,193,113	5.98%
Sewer facility					
Trunk and lateral sewers	58,513,270	58,512,172	57,467,733	1,098	0.00%
Lift station	12,930,163	12,931,147	8,001,054	(984)	-0.01%
Retention lagoon	499,890	499,890	499,890	-	0.00%
Treatment equipment	31,469,069	30,080,145	29,842,811	1,388,924	4.62%
Interceptor sewers	39,378,462	39,378,462	39,082,558	-	0.00%
Total sewer facility	\$ 142,790,854	\$ 141,401,816	\$ 134,894,046	\$ 1,389,038	0.98%
Total improvements other than building	\$ 217,060,440	\$ 211,478,289	\$ 202,304,538	\$ 5,582,151	2.64%
Machinery and equipment	9,516,201	9,394,173	9,074,119	122,028	1.30%
Construction in progress	4,264,031	5,388,197	7,926,694	(1,124,166)	-20.86%
Total Capital Assets	\$ 304,888,689	\$ 300,298,676	\$ 293,041,307	\$ 4,590,013	1.53%
Less: Accumulated depreciation	(105,221,799)	(99,018,519)	(93,373,720)	\$ (6,203,280)	6.26%
Net Capital Assets	\$ 199,666,890	\$ 201,280,157	\$ 199,667,587	\$ (1,613,267)	-0.80%

In 2009 the net capital assets were \$ 199 million. This amount represents a net decrease of \$1.6 million over last year. The major factor contributing to this decrease is the investment in the capital assets was lower than the depreciation charge for 2009.

# **LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

November 30, 2009, 2008 and 2007

(UNAUDITED)

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### **ECONOMIC FACTORS**

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The department's Ten Year Capital Improvements Budget anticipates spending a significant amount of money on plant expansions, interceptor improvements and replacement of infrastructure to meet EPA's guidelines and mandates for portable and wastewater while increasing capacity of its facilities to be prepared for future customers' demand. The department has plans to fund these projects with a combination of various funding sources, including use of reserved funds, user fees and by issuing new debt. On November 13, 2007 the county board established new service rates to provide adequate financial resources to fund these projects successfully.

On December 1, 2009, the department approved and established new sewer rates which were applicable to all rate classes.

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### **LONG-TERM DEBT**

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As of November 30, 2009, the department has total revenue bond debt of \$50,018,849 including \$17,170,000 of crossover refunding bonds. In 2009 the department issued a new debt of \$1,220,000 Taxable Water and Sewer System Second Lien Subordinate Revenue Bonds, Series 2009 (Build America Bonds-Direct Payment) to fund the Hawthorn Woods/ Glenshire Water System replacement. At the same time the department has reduced the outstanding principal by paying out a portion of \$3.8 million.

A table of separate bond issues is included in the notes to the financial statements.

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### **CONTACTING DEPARTMENT FINANCIAL MANAGEMENT**

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This financial report is designed to provide our customers with a general overview of the department's finances. If you have questions about this report, or need additional information, contact Manager of Budget and Financial Control, Lake County Public Works Department, 650 West Winchester Road, Libertyville, Illinois 60048-1391.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

STATEMENTS OF NET ASSETS  
November 30, 2009 and 2008

<b>ASSETS</b>		2009	2008
<b>CURRENT ASSETS</b>			
Operation account			
Cash	\$	887,707	\$ 1,189,009
Investments		20,403,314	16,817,000
Tax receivable		14,804	18,256
Customer accounts receivable			
Billed		5,255,408	5,195,050
Unbilled		2,293,623	2,008,593
Allowance for uncollectible accounts		(85,000)	(50,000)
Accrued interest receivable		893,946	1,341,814
Restricted Assets			
Bond interest account			
Cash		50,678	22,400
Investments		1,000,000	1,100,000
Bond fund account			
Cash		85,680	25,001
Investments		2,800,000	2,950,000
Due from general fund		-	153
Materials and supplies		489,451	417,285
Total Current Assets		<u>34,089,611</u>	<u>31,034,561</u>
<b>NON-CURRENT ASSETS</b>			
Accrued interest receivable		-	168,694
Restricted Assets			
Bond reserve account			
Cash		87,300	37,300
Investments		4,800,000	4,850,000
Depreciation, extension and improvement account			
Cash		61,837	9,545
Investments		27,500,000	23,700,000
Construction account			
Cash		68,402	135,992
Investments		2,574,013	-
Subordinated ordinance - bond reserve account			
Cash		349,078	41,273
Investments		-	150,000
Crossover refunding escrow account			
Cash		501	500
Investments		17,081,309	17,107,869
Other Assets			
Prepaid connection fees		342,055	68,986
Prepaid treatment charges		-	400,886
Unamortized bond issuance costs		822,675	824,155
Capital Assets			
Capital assets		300,624,659	294,910,479
Accumulated depreciation		(105,221,799)	(99,018,519)
Construction work in progress		4,264,031	5,388,197
Total Non-Current Assets		<u>253,354,061</u>	<u>248,775,357</u>
Total Assets		<u>287,443,672</u>	<u>279,809,918</u>

<b>LIABILITIES</b>		
	2009	2008
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,677,465	\$ 2,090,209
Due to other funds	66,653	56,385
Accrued wages	201,416	162,157
Accrued payroll taxes	94,283	75,177
Accrued vacation	414,228	430,699
Construction deposit	30,000	30,873
Accrued IMRF liability	105,536	84,414
Current Liabilities Payable from Restricted Assets		
Interest payable	2,861	-
Current portion of revenue bonds	3,585,000	3,830,000
Depreciation, extension and improvement account - accounts payable	254,978	305,216
Total Current Liabilities	<u>7,432,420</u>	<u>7,065,130</u>
<b>NON-CURRENT LIABILITIES</b>		
Revenue bonds payable	46,433,849	48,005,033
Unamortized bond premium	362,029	396,635
Accrued sick leave	383,251	390,197
Other post employment benefit obligation	257,502	128,751
Unearned revenue	1,311,581	1,459,850
Total Non-Current Liabilities	<u>48,748,212</u>	<u>50,380,466</u>
Total Liabilities	<u>56,180,632</u>	<u>57,445,596</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	174,174,863	170,704,159
Restricted	36,476,734	32,580,303
Unrestricted	20,611,443	19,079,860
<b>TOTAL NET ASSETS</b>	<u>\$ 231,263,040</u>	<u>\$ 222,364,322</u>

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Years Ended November 30, 2009 and 2008

	2009	2008
<b>OPERATING REVENUES</b>		
Water and sewer charges	\$ 36,011,088	\$ 33,594,598
Miscellaneous	214,956	240,188
Total Operating Revenues	<u>36,226,044</u>	<u>33,834,786</u>
<b>OPERATING EXPENSES</b>		
Personnel services		
Salaries and wages	6,326,112	6,281,387
Pension - IMRF and social security	1,035,822	1,005,546
Total Personnel Services	<u>7,361,934</u>	<u>7,286,933</u>
Commodities		
Office supplies and maintenance	44,187	50,117
Postage	67,395	69,771
Housekeeping supplies	32,175	25,211
Gasoline	134,768	257,028
Buildings and ground supplies	134,526	146,357
Operational supplies	810,531	909,275
Chemical supplies	250,408	294,056
Uniforms	29,926	41,992
Laboratory supplies	67,621	84,127
Medical supplies	5,164	5,770
Non capitalized equipment and improvements	172,513	259,987
Miscellaneous	5,595	7,198
Total Commodities	<u>1,754,809</u>	<u>2,150,889</u>
Contractual		
Insurance		
Employees' life, health and dental	1,236,987	1,103,562
Unemployment	15,213	14,040
Self insurance - liability and worker's compensation	406,740	114,400
Miscellaneous benefits	40,218	53,604
Gas (utility)	320,337	369,440
Electricity	1,735,027	2,582,075
Telephone and telemetry	161,169	163,227
Wholesale purchase of water	3,698,246	3,551,022
Wholesale sewage treatment	7,223,102	7,312,861
Vehicle maintenance	124,771	110,641
Buildings and equipment maintenance	653,972	621,230
Equipment rental	33,355	30,685

	2009	2008
<b>OPERATING EXPENSES (cont.)</b>		
Disposal service	\$ 373,168	\$ 406,455
Miscellaneous	1,694,305	1,610,894
Total Contractual	17,716,610	18,044,136
Depreciation	6,284,661	5,935,264
Total Operating Expenses	33,118,014	33,417,222
<b>OPERATING INCOME</b>	3,108,030	417,564
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Property tax revenue	885,701	873,130
Investment income	2,374,615	3,112,540
Proceeds from sale of capital assets	16,997	19,001
Grant revenue	-	73,000
Interest expense	(2,454,776)	(2,599,539)
Amortization of bond issuance costs	(102,871)	(102,871)
Amortization of bond premium	45,392	34,606
Total Non-Operating Revenues	765,058	1,409,867
Income Before Transfers and Contributions	3,873,088	1,827,431
<b>TRANSFER OUT</b>	-	(50,000)
<b>CAPITAL CONTRIBUTIONS</b>	2,628,402	1,720,037
<b>CAPITAL CONTRIBUTIONS - CONNECTION FEES</b>	2,397,228	2,245,985
<b>CHANGE IN NET ASSETS</b>	8,898,718	5,743,453
NET ASSETS - Beginning of Year	222,364,322	216,620,869
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 231,263,040</u>	<u>\$ 222,364,322</u>

See accompanying notes to financial statements.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

STATEMENTS OF CASH FLOWS  
Years Ended November 30, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 35,770,992	\$ 32,704,257
Paid to suppliers	(19,960,379)	(22,070,881)
Paid to employees	(6,382,182)	(6,336,366)
Net Cash Flows From Operating Activities	<u>9,428,431</u>	<u>4,297,010</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfer out	-	(50,000)
Property tax revenue	885,701	873,130
Grant	-	73,000
Net Cash Flows From Noncapital and Related Financing Activities	<u>885,701</u>	<u>896,130</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(4,375,302)	(5,827,797)
Proceeds from sale of capital assets	16,998	19,001
Debt retired	(3,830,000)	(3,630,000)
Interest paid	(1,658,099)	(1,845,429)
Bond issuance costs	(90,606)	-
Proceeds from debt issue	1,220,000	-
Capital contributions	2,628,402	-
Connection charges	2,397,228	2,245,985
Net Cash Flows From Capital and Related Financing Activities	<u>(3,691,379)</u>	<u>(9,038,240)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Marketable securities purchased	(39,077,328)	(33,567,000)
Marketable securities sold	29,593,561	35,197,150
Investment income	2,991,177	3,049,415
Net Cash Flows From Investing Activities	<u>(6,492,590)</u>	<u>4,679,565</u>
<b>Net Change in Cash and Cash Equivalents</b>	130,163	834,465
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>1,461,020</u>	<u>626,555</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,591,183</u>	<u>\$ 1,461,020</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Developer financed additions to capital assets	\$ -	\$ 1,720,037
Accretion of Series C of 2003 debt issue	<u>\$ 793,816</u>	<u>\$ 754,110</u>

	2009	2008
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 3,108,030	\$ 417,564
Noncash items in operating income		
Depreciation	6,284,661	5,935,264
Unearned revenue	(148,269)	(162,205)
Changes in assets and liabilities		-
Customer accounts receivable	(310,388)	(949,915)
Other accounts receivable	3,605	(18,409)
Due from/to general fund	10,268	56,385
Materials and supplies	(72,166)	(1,740)
Prepaid connection fees	127,817	(198,593)
Accrued vacation and sick leave	(23,417)	(32,141)
Accrued IMRF liability	21,122	(9,955)
Accrued other post employment benefit liability	128,751	128,751
Accounts payable	240,925	(710,228)
Accrued wages and payroll taxes	58,365	(12,882)
Other current liabilities	(873)	(144,886)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 9,428,431</u>	<u>\$ 4,297,010</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS ACCOUNTS</b>		
Operation account	\$ 21,291,021	\$ 18,006,009
Bond interest account	1,050,678	1,122,400
Bond fund account	2,885,680	2,975,001
Bond reserve account	4,887,300	4,887,300
Depreciation, extension and improvement account	27,561,837	23,709,545
Construction account	2,642,415	135,992
Subordinated ordinance - bond reserve account	349,078	191,273
Crossover refunding escrow account	17,081,810	17,108,369
Total Cash and Investments	77,749,819	68,135,889
Less: Noncash equivalents	(76,158,636)	(66,674,869)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,591,183</u>	<u>\$ 1,461,020</u>

See accompanying notes to financial statements.



# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The financial statements of Lake County Public Works Department (department) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the department are described below.

#### ***REPORTING ENTITY***

The department is a separate enterprise fund of Lake County, IL (county). The department is managed by a public works committee. The department provides water and sewerage service to communities within the county.

The water and sewerage utility operate under rules and rates established by the public works committee.

#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

The department is presented as an enterprise fund of the county. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The department follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 – *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The department made the decision to implement this standard effective December 1, 2007.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

**NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)***

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***ASSETS, LIABILITIES AND NET ASSETS***

***Deposits and Investments***

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

***Receivables/Payables***

Transactions between the department and other funds of the county that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the department and other funds of the county are reported as due to/from other funds.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

***Materials and Supplies***

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. The materials and supplies inventory is valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

***Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***ASSETS, LIABILITIES AND NET ASSETS (cont.)***

***Prepaid Connection Fees***

The department is required to purchase permits from North Shore Sanitary District prior to issuing permits to contractual and retail customers. The department must purchase permits in increments equal to 500 population equivalents.

***Prepaid Treatment Charges***

During 2008 the department paid excess fees to the Village of Fox Lake and as a result included this amount as a prepayment. This amount was used to offset 2009 payments to Fox Lake.

***Capital Assets***

Capital assets are generally defined by the department as assets with an initial, individual cost of more than \$5,000 for moveable property, \$200,000 for infrastructure, and \$75,000 for all other assets, and an estimated useful life in excess of one year.

Capital assets of the department are recorded at cost or the fair market value at the time of contribution to the department. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and Other Improvements	25 – 40
Improvements Other Than Buildings	
Water facilities	10 – 75
Sewerage facilities	10 – 75
Machinery and Equipment	4 – 25

***Accrued Sick and Vacation***

Under terms of employment, employees earn vacation and sick leave in varying amounts which accumulate if not used. Once each year, employees with at least 30 days in their sick leave bank may elect to be paid for 50% of their unused sick leave days earned during the current year which exceed the 30 days.

Employees who are terminated and are in good standing may receive payment for 50% of their accumulated sick leave bank in excess of 30 days to a maximum of 60 days. Reimbursements are paid at the employee's then current pay rate. The liability is paid out of the general operating revenues of the department.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***ASSETS, LIABILITIES AND NET ASSETS (cont.)***

***Accrued Sick and Vacation (cont.)***

Vacation time shall not exceed 330 hours unless carryover approval by the Public Works and Transportation Committee is obtained.

***Accrued IMRF Liability***

This represents the amount of accrued Illinois Municipal Retirement funding the department owed for its full-time employees who participate in the retirement fund as discussed in further detail in Note 8.

***Unearned Revenues***

Unearned revenues consist of prepaid property taxes. The department received property taxes related to Special Service Area No. 9 in advance from the respective property owners. The department will amortize the prepaid property taxes on a straight-line basis until 2017. At November 30, 2009 and 2008, the balance of prepaid property taxes was \$1,311,581 and \$1,459,850, respectively.

***Long-Term Obligations***

Long-term debt and other obligations are reported as department liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Gains or losses on prior refunding are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

***Construction Deposit***

A deposit was received for the installation of a cell phone antenna on a water tower. When construction is complete this will be returned to the customer.

***REVENUES AND EXPENSES***

The department distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a department's principal ongoing operations. The principal operating revenues of the department are charges to customers for sales and services. At year end, unbilled revenues are accrued based on estimates of the first billings in the subsequent year. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *REVENUES AND EXPENSES (cont.)*

##### *Capital Contributions*

Cash and capital assets are contributed to the department from customers, the county or external parties. The value of property contributed to the department is reported as revenues on the statements of revenues, expenses and changes in net assets.

##### *Capital Contributions – Connection Fees*

The department charges new customers a connection fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses and changes in net assets.

##### *Property Taxes*

Property taxes are levied and recorded as revenue as of the second Tuesday in November on property values assessed as of the same date. The tax levy is payable in two equal installments due June 1 and September 1. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

#### *EFFECT ON NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS*

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets and Statement No 53, Accounting and Financial Reporting for Derivative Instruments. Application of these standards may restate portions of these financial statements.

#### *COMPARATIVE DATA*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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### NOTE 2 – DEPOSITS AND INVESTMENTS

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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts as of December 1, 2008. As of December 1, 2009, FDIC coverage for deposits was \$250,000 for interest bearing accounts and in full if the interest rate does not exceed 0.5% under the Temporary Liquidity Guarantee Program.

The department may also maintain separate cash and investment accounts at the same financial institutions utilized by the county. Federal depository insurance applies to all county accounts, and accordingly, the amount of insured funds is not determinable for the department alone. Please refer to the county's financial statements for categorization of custodial credit risk on all county accounts.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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## NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

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### *Custodial Credit Risk*

#### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the department's deposits may not be returned to the department.

The department maintains certain deposits at the same institutions as the county. The custodial credit risk pertaining specifically to the department's resources at these institutions cannot be determined individually for those accounts. The following is a summary of the department's total deposit balances at these institutions.

	2009		2008	
	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Fifth Third Bank	\$ 1,164,546	\$ 1,187,062	\$ 539,285	\$ 539,520
First Midwest Bank	19,586,225	19,586,225	26,487,500	26,487,500
Northern Trust	4,500,000	4,500,000	2,500,000	2,500,000
Norstates Bank	4,000,000	4,000,000	-	-
State Bank of the Lakes	7,067,000	7,067,000	-	-
US Bank	7,000,000	7,000,000	18,000,000	18,000,000
Other Banks	4,000,000	4,000,000	-	-
Totals	<u>\$ 47,317,771</u>	<u>\$ 47,340,287</u>	<u>\$ 47,526,785</u>	<u>\$ 47,527,020</u>

The county's current investment policy addresses custodial credit risk. The county's investment policy states that it will not maintain funds in any financial institution that is not a member of the FDIC or National Credit Union Association Systems (NCUA). Furthermore, the county will not maintain funds in any financial institution that do not collateralize all funds in excess of the FDIC or NCUA insurance limits. Refer to the county financial statements for additional details.

#### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At November 30, 2009 and 2008, the department had no investments exposed custodial credit risk.

The county's investment policy addresses this risk by stating that U.S. Government agency obligations which have a liquid market and determinable market value are acceptable investments.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)**

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***Interest Rate Risk***

As of November 30, 2009, the department's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1 - 5	6 - 10
U.S. Treasury SLGS	\$ 17,081,810	\$ 27,701	\$ 17,054,109	\$ -
Illinois Metro Investment Fund	13,327,222	13,327,222	-	-
Totals	<u>\$ 30,409,032</u>	<u>\$ 13,354,923</u>	<u>\$ 17,054,109</u>	<u>\$ -</u>

As of November 30, 2008, the department's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1 - 5	6 - 10
U.S. Treasury SLGS	\$ 17,107,869	\$ 26,560	\$ 17,081,309	\$ -
Illinois Metro Investment Fund	3,500,000	3,500,000	-	-
Totals	<u>\$ 20,607,869</u>	<u>\$ 3,526,560</u>	<u>\$ 17,081,309</u>	<u>\$ -</u>

The county's investment policy addresses this risk by stating that U.S. Government agency obligations which have a liquid market and determinable market value are acceptable investments.

***Credit Risk***

The department held investments in the Illinois Metro Investment Fund which is an external pool that is not rated.

The county's investment policy addresses this risk by stating investments with the Illinois Funds are acceptable investments.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

### **NOTE 3 – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The following is a schedule of interfund balances as of November 30, 2009 and 2008:

Due To	Due From	2009		2008	
		Amount	Principal Purpose	Amount	Principal Purpose
Waterworks and Sewerage Fund	General Fund	\$ -	Operations	\$ 153	Operations
	Waterworks and Sewerage Fund	66,653	Operations	56,385	Operations
General Fund					

### **NOTE 4 – RESTRICTED ASSETS**

#### ***SERIES A OF 2003, B AND C OF 2003 AND A AND B OF 2006:***

All revenues of the entire combined system are reserved to meet the requirements of the bond ordinance. The ordinances authorizing the issuance of series revenue bonds require separate accounts be maintained and designated as follows:

1. Operation account
2. Bond interest account
3. Bond fund account
4. Bond reserve account
5. Depreciation, extension and improvement account
6. Reserve for construction account

Quarterly cash transfers are required on or before the 15<sup>th</sup> day of each quarter ending February, May, August and November in the following order:

- Operation account – An amount sufficient to provide (1) a sum on hand equal to one-fourth of the amount of the operating expenses as stated in the annual budget, and (2) an operating reserve in an amount certified from time to time by the consulting engineer as the reasonable amount necessary for 45 days' cost of operation, maintenance, and ordinary current repairs of the system.
- Bond interest account – An amount, together with any other monies then on deposit in the account, sufficient to pay the amount of interest becoming due on the next interest date.



**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 4 – RESTRICTED ASSETS (cont.)**

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***SERIES A OF 2003, B AND C OF 2003 AND A AND B OF 2006: (cont.)***

- |  |  |
|--|--|
| Bond fund account                                | – An amount, together with any other monies then on deposit in the account, sufficient to pay the amount of interest becoming due on the next interest date.   |
| Bond reserve account                             | – Quarterly deposits of \$40,000 until the maximum debt service is reached, or such higher amount as the County Board may designate from time to time.   |
| Depreciation, extension, and improvement account | – Quarterly deposits of \$150,000 or such higher amounts as the County Board may designate from time to time. \$3,800,000 and \$5,400,000 in deposits were made to this account in fiscal years 2009 and 2008, respectively. |
| Reserve for construction account                 | – All monies deposited in a construction account shall be applied to the cost of construction, improvements, or additions of the water and sewer systems.  |

Funds accumulated in the bond fund are comprised of the bond interest account, bond fund account, and bond reserve account and shall be used solely for the purpose of paying the principal, redemption price, and interest on the bonds, and for retiring such bonds prior to maturity.

Funds accumulated in the bond reserve account shall be used to make up any deficiency in the interest account or bond fund account. If, at any time, the amounts held in the bond reserve account exceed the aggregate debt service requirement for the bonds of all series then outstanding, such excess shall be transferred to the surplus account.

Funds accumulated in the surplus account shall be used to make up any deficiency in any reserve account. Any excess funds may be used in accordance with County Board designation.

***WATER AND SEWER SYSTEM SUBORDINATE REVENUE BONDS, SERIES S-1 AND S-2 OF 2005  
AND S OF 2009***

The ordinance authorizing the subordinate issue of bonds created separate accounts to be designated as follows:

- > Subordinate interest account
- > Subordinate bond account
- > Subordinate reserve account

Cash transfers shall be made to the subordinate accounts after the required cash transfers to accounts 1 through 6 for the series revenue bonds have been made, in the following order:

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 4 – RESTRICTED ASSETS (cont.)**

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***WATER AND SEWER SYSTEM SUBORDINATE REVENUE BONDS, SERIES S-1 AND S-2 OF 2005  
AND S OF 2009 (cont.)***

Subordinate interest account – On the 25th day of February, May, August, and November, an amount at least equal to the interest becoming due on the Series S-1, S-2 of 2005 bonds and S of 2009 on the next succeeding interest payment date. All monies in the account shall be used only for the purpose of paying interest on the Series S-1, S-2 of 2005 and S of 2009 bonds.

Subordinate reserve account – Annual deposits no later than November 25 in an amount sufficient to provide for portions of the maximum annual debt service as specified in the ordinance. All funds in the subordinate reserve account shall be retained and used for the following purposes:

1. For the payment of interest on, and principal of, Series S-1, S-2 of 2005 and S of 2009 bonds, whenever there are insufficient funds in the subordinate interest account and in the subordinate bond account for that purpose, or
2. For calling and redeeming Series S-1 and S-2 of 2005 bonds prior to their maturity, or for the purchase thereof on the open market, at not more than par and accrued interest to the date of redemption or purchase.

***RESTRICTED NET ASSETS***

The following calculation supports the amount of restricted net assets:

	2009	2008
Restricted Assets		
Bond interest	\$ 1,050,678	\$ 1,122,400
Bond fund	2,885,680	2,975,001
Bond reserves	5,236,378	5,078,573
Depreciation, extension, and improvement	27,561,837	23,709,545
Construction	2,642,415	135,992
Crossover refunding escrow	17,081,810	17,108,369
Total Restricted Assets	56,458,798	50,129,880
Less: Restricted Assets Not Funded by Revenues		
Construction	(2,642,415)	(135,992)
Crossover refunding escrow	(17,081,810)	(17,108,369)
Current Liabilities Payable From Restricted Assets	(257,839)	(305,216)
Total Restricted Net Assets as Calculated	<u>\$ 36,476,734</u>	<u>\$ 32,580,303</u>

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

**NOTE 5 – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,576,151	\$ -	\$ -	\$ 2,576,151
Construction in progress	5,388,197	-	(1,124,166)	4,264,031
Total Capital Assets Not Being Depreciated	7,964,348	-	(1,124,166)	6,840,182
Capital assets being depreciated				
Buildings and other improvements	71,461,866	10,000	-	71,471,866
Improvements other than buildings				
Water facilities	70,076,473	4,193,114	-	74,269,587
Sewer facilities	141,401,816	1,389,038	-	142,790,854
Machinery and equipment	9,394,173	203,409	(81,381)	9,516,201
Total Capital Assets Being Depreciated	292,334,328	5,795,561	(81,381)	298,048,508
Total Capital Assets	300,298,676	5,795,561	(1,205,547)	304,888,690
Less: Accumulated depreciation for				
buildings and other improvements	(24,919,328)	(1,819,051)	-	(26,738,379)
Improvements other than buildings				
Water facilities	(21,511,562)	(1,169,053)	-	(22,680,615)
Sewer facilities	(45,305,977)	(2,909,150)	-	(48,215,127)
Machinery and equipment	(7,281,652)	(386,725)	80,699	(7,587,678)
Total Accumulated Depreciation	(99,018,519)	(6,283,979)	80,699	(105,221,799)
Net Capital Assets	\$ 201,280,157			\$ 199,666,891

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

**NOTE 5 – CHANGES IN CAPITAL ASSETS (cont.)**

Capital asset activity for the year ended November 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,576,151	\$ -	\$ -	\$ 2,576,151
Construction in progress	7,926,694	-	(2,538,497)	5,388,197
Total Capital Assets Not Being Depreciated	10,502,845	-	(2,538,497)	7,964,348
Capital assets being depreciated				
Buildings and other improvements	71,159,805	302,061	-	71,461,866
Improvements other than buildings				
Water facilities	67,410,492	2,735,835	(69,854)	70,076,473
Sewer facilities	134,894,046	6,683,179	(175,409)	141,401,816
Machinery and equipment	9,074,119	365,256	(45,202)	9,394,173
Total Capital Assets Being Depreciated	282,538,462	10,086,331	(290,465)	292,334,328
Total Capital Assets	293,041,307	10,086,331	(2,828,962)	300,298,676
Less: Accumulated depreciation for				
Buildings and other improvements	(23,100,403)	(1,818,925)	-	(24,919,328)
Improvements other than buildings				
Water facilities	(20,522,727)	(1,034,815)	45,980	(21,511,562)
Sewer facilities	(42,837,510)	(2,643,876)	175,409	(45,305,977)
Machinery and equipment	(6,913,080)	(413,774)	45,202	(7,281,652)
Total Accumulated Depreciation	(93,373,720)	(5,911,390)	266,591	(99,018,519)
Net Capital Assets	\$ 199,667,587			\$ 201,280,157

**AKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

---

**NOTE 6 – LONG-TERM OBLIGATIONS**

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***REVENUE BONDS PAYABLE***

The following revenue bonds have been issued:

<u>Bond</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 11/30/09</u>
2003 A	Water and Sewer System revenue refunding bonds	2011	5.20 - 5.50%	\$ 20,790,000	\$ 5,390,000
2003 B	Vernon Hills New Century Town WWTP	2012	2.25 - 4.125%	3,405,000	2,675,000
2003 C	Vernon Hills New Century Town WWTP	2021	4.55 - 5.65%	15,933,849	15,933,849
2005 S-1	Connection charges to Central Lake County JAWA	2024	3.75 - 4.50%	1,000,000	825,000
2005 S-2	Refund the outstanding Series A97S bonds	2017	5.20 - 5.50%	1,000,000	725,000
2006 A	Water and Sewer System revenue refunding bonds	2017	4.00%	6,700,000	6,080,000
2006 B	Crossover refunding	2021	4.25 - 4.50%	17,170,000	17,170,000
2009 S	Hawthorn Woods/Glenshire Water Project	2039	2.70 - 6.60%	1,220,000	1,220,000

Outstanding revenue bonds at November 30, 2009 consist of \$47,248,849 of series ordinance revenue bonds due serially December 1, 2010 through 2021 and \$2,770,000 of subordinate revenue bonds due serially December 1, 2010 through 2039. Annual interest rates vary between 2.25% and 5.65% for the series revenue bonds and vary between 2.70% and 6.60% for the subordinate bonds.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 6 – LONG-TERM OBLIGATIONS (cont.)**

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***REVENUE BONDS PAYABLE (cont.)***

Aggregate principal payments applicable to the bonds outstanding are:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,585,000	\$ 1,537,805	\$ 5,122,805
2011	3,810,000	1,349,859	5,159,859
2012	3,230,000	1,156,145	4,386,145
2013	2,498,150	1,946,392	4,444,542
2014	3,868,848	1,994,248	5,863,096
2015-2019	19,759,076	10,264,488	30,023,564
2020-2024	12,482,775	4,420,752	16,903,527
2025-2029	210,000	227,055	437,055
2030-2034	255,000	156,950	411,950
2035-2039	320,000	65,011	385,011
Totals	<u>\$ 50,018,849</u>	<u>\$ 23,118,705</u>	<u>\$ 73,137,554</u>

The Series C 2003 Capital Appreciation Bonds are deep discount financial instruments which are issued in such denominations as will result in the total amount received by the purchaser at maturity being equal to \$5,000 or any integral multiple thereof. As such, a portion of the appreciation in value of each certificate "accretes" to each certificate annually. Accretion of the certificates recorded increased the long-term obligation payable at maturity of the certificates by \$793,816 and \$754,110 at November 30, 2009 and 2008, respectively. This brought the total accretion of the certificates to \$4,339,625 and \$3,545,809 at November 30, 2009 and 2008, respectively.

The county established Special Service Area No. 9 on November 10, 1994. The Special Service Area will finance a substantial portion of a sewage treatment facility and related system improvements in the area. Allocation of \$21 million in estimated costs was made on the basis of population equivalents. Current plans call for using property taxes generated from the area to cover debt service of future financings. The current resources have come from prepayment of the taxes by certain property holders and from the 2003 tax levy on other properties in the area.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 6 – LONG-TERM OBLIGATIONS (cont.)**

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***CHANGES IN LONG-TERM LIABILITIES***

Long-term liability activity for the year ended November 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Revenue Bonds					
Series ordinance	\$ 50,170,033	\$ 793,816	\$ 3,715,000	\$ 47,248,849	\$ 3,470,000
Subordinated series	1,665,000	1,220,000	115,000	2,770,000	115,000
Unamortized					
Bond premium	396,635	-	34,606	362,029	34,606
Total Bonds Payable	52,231,668	2,013,816	3,864,606	50,380,878	3,619,606
Accrued sick leave	390,197	95,950	102,896	383,251	-
OPEB obligation	128,751	128,751	-	257,502	-
Unearned revenues	1,459,850	13,936	162,205	1,311,581	162,205
Long-Term Liabilities	<u>\$ 54,210,466</u>	<u>\$ 2,252,453</u>	<u>\$ 4,129,707</u>	<u>\$ 52,333,212</u>	<u>\$ 3,781,811</u>

Long-term liability activity for the year ended November 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Revenue Bonds					
Series ordinance	\$ 52,935,923	\$ 754,110	\$ 3,520,000	\$ 50,170,033	\$ 3,715,000
Subordinated series	1,775,000	-	10,000	1,665,000	115,000
Unamortized					
Bond premium	431,242	-	34,607	396,635	34,606
Total Bonds Payable	55,142,165	754,110	3,664,607	52,231,668	3,864,606
Accrued sick leave	398,409	95,948	104,160	390,197	-
OPEB obligation	-	128,751	-	128,751	-
Unearned revenues	1,622,055	-	162,205	1,459,850	162,205
Long-Term Liabilities	<u>\$ 57,162,629</u>	<u>\$ 978,809</u>	<u>\$ 3,930,972</u>	<u>\$ 54,210,466</u>	<u>\$ 4,026,811</u>

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

### NOTE 6 – LONG-TERM OBLIGATIONS (cont.)

#### *DEBT COVERAGE*

Revenue, as defined by the Water and Sewer System Revenue Bond - Basic Ordinance, includes sources of operating and nonoperating revenues, tax levy, and interest income. The 2009 and 2008 debt coverage is as follows:

	2009	2008
Operating revenues	\$ 36,226,044	\$ 33,834,786
Connection fees	2,397,228	2,245,985
Non-operating income – interest earned	2,374,615	3,112,540
– property taxes	885,701	873,130
Revenue as defined by ordinance	41,883,588	40,066,441
Expenses (less depreciation)	(26,833,353)	(27,481,958)
Net Revenue Available Before Debt Service (as Defined in the Series Bond Ordinance)	<u>\$ 15,050,235</u>	<u>\$ 12,584,483</u>
Debt Service Requirements		
Serial bond deposits	\$ 3,830,000	\$ 3,630,000
Interest	1,658,099	1,095,824
Total Debt Service Requirements	<u>\$ 5,488,099</u>	<u>\$ 4,725,824</u>
Revenue Bond Coverage as Calculated	<u>2.74</u>	<u>2.66</u>
Revenue Bond Coverage Required by Bond Ordinance	<u>1.50</u>	<u>1.50</u>

In addition to the above calculation, the bond ordinance covenants state the ratio of net revenue derived from charges for services, excluding connection charges, shall be at all times not less than 1.25 of the principal and interest on all outstanding bonds payable during the year. For fiscal years 2009 and 2008, this ratio was 2.31 and 2.19, respectively. Hence, for fiscal years 2009 and 2008 the coverage was met. The department approved an annual increase of 3% in water and wastewater rates for three years beginning in 2008 in order to continue to meet this requirement in the future.

Annual principal and interest payments on the bonds are expected to require 13% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$73.1 million. Principal and interest paid for 2009 and 2008 were \$5,488,099 and \$5,475,429, respectively.

#### *REVENUE REFUNDING BOND SERIES OF 2003 A*

The county issued \$20,790,000 of Revenue Refunding Bond Series of 2003 A, on June 1, 2003, to complete a partial in-substance defeasance of the outstanding Revenue Bond Series A 1993 bonds. An irrevocable trust was established to handle the partially refunded future principal and interest payments. The partially refunded outstanding principal at November 30, 2009 and 2008 was \$5,390,000 and \$8,385,000, respectively.



**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 6 – LONG-TERM OBLIGATIONS (cont.)**

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***CROSSOVER REFUNDING***

On November 2, 2006, the public works issued \$17,170,000 in revenue bonds with interest rates between 4.25% – 4.50% to refund \$16,611,835 of callable bonds with interest rates between 4.90% - 5.65%. The proceeds were deposited in an account to provide for future debt service payments on the new bonds until the crossover date, June 1, 2013. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account is recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

The cash flow requirement on the old bonds after the crossover date, June 1, 2013, is \$22,150,000 from December 1, 2013 through 2021. The cash flow requirement on the new bonds after the crossover date is \$21,252,222 from 2013 through 2021. At the date of the crossover, this will result in an economic gain of \$897,778 with a present value savings of \$524,352 using a 4.23% factor.

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**NOTE 7 – NET ASSETS**

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GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the department's policy to use restricted resources first, then unrestricted resources as they are needed.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

### NOTE 7 – NET ASSETS (cont.)

The following calculation supports the net assets invested in capital assets, net of related debt:

	2009	2008
Capital assets	\$ 300,624,659	\$ 294,910,479
Accumulated depreciation	(105,221,799)	(99,018,519)
Construction work in progress	4,264,031	5,388,197
Sub-Totals	<u>199,666,891</u>	<u>201,280,157</u>
Less: Capital Related Debt		
Current portion of capital related long-term debt	3,545,000	3,170,000
Long-term portion of capital related long-term debt	41,309,224	44,254,224
Unamortized bond premium	362,029	396,635
Sub-Totals	<u>45,216,253</u>	<u>47,820,859</u>
Add: Unspent Debt Proceeds		
Construction account	2,642,415	135,992
Crossover refunding escrow account	17,081,810	17,108,869
Sub-Totals	<u>19,724,225</u>	<u>17,244,861</u>
Total Net Assets Invested in Capital Assets, Net of Related Debt	<u>\$ 174,174,863</u>	<u>\$ 170,704,159</u>

### NOTE 8 – EMPLOYEES RETIREMENT SYSTEM

All full-time county employees participate in the Illinois Municipal Retirement Fund (IMRF). The IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees expected to work over 600 hours a year are eligible to participate in the IMRF. Employees participating in the IMRF were required by statute to contribute 4.5% of their annual covered salary in calendar years 2009, 2008, and 2007. The employer rate for calendar years 2009, 2008, and 2007 were 8.59%, 9.02% and 9.53%, respectively. All employer contributions are made by the county with a portion of the cost being allocated to the department. The actuarial valuation of the plan is computed for the county as a whole and; therefore, it is impractical to determine the Lake County Public Works Department, Waterworks, and Sewerage Systems Fund's proportionate share.

IMRF is established under statutes adopted by the Illinois General Assembly, and is governed by a Board of eight Trustees who must also be participating members and one Trustee who must be receiving an IMRF annuity. The IMRF issues an annual financial report which may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, IL 60523-2337, or by visiting the IMRF website at <http://www.imrf.org>.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 8 – EMPLOYEES RETIREMENT SYSTEM (cont.)**

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Further details regarding the county's entire commitment to the fund can be found in the Lake County, Illinois financial statements.

	Year Ended November 30		
	2009	2008	2007
Total covered payroll	\$ 6,382,182	\$ 6,336,366	\$ 6,400,534
Total required contributions	548,229	571,540	609,971
Total required contributions	8.59%	9.02%	9.53%

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

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***LONG-TERM CONTRACTS – GENERAL***

At November 30, 2009, the department had commitments under long-term contracts for the following:

On March 8, 1977, the department entered into a 30 year contract with the Village of Fox Lake for the treatment and disposal of sanitary and industrial wastes which the county system has collected, received and transported to the Village of Fox Lake treatment plant. The department is currently in the negotiation process for the renewal of this agreement.

On March 21, 1994, the department entered into a continuous and perpetual contract with the North Shore Sanitary District (NSSD) to deliver to the NSSD's Gurnee Plant all waste that the county collects from the county's Northeast Central Service Area.

On March 22, 1989, the county entered into a 40 year agreement to become a charter member of the Central Lake County Joint Action Water Agency. The agency agreed to supply water to four county water systems and the county agreed to purchase water exclusively from the agency.

***CLAIMS AND JUDGMENTS***

From time to time, the department is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the department's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the department's financial position or results of operations.

The IEPA has cited the county for operating a public water system, the Glenshire Water System, in violation of State regulations, including the absence of full and permanently conforming chlorination of the water. At this point the parties are attempting to negotiate a consent decree that, if approved, will lead to the dismissal of the lawsuit, with the county agreeing to install a new and conforming water system and to pay a minimal fine.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES (cont.)**

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***CLAIMS AND JUDGMENTS (cont.)***

Related to the above case, the residents within the Glenshire Water System have expressed opposition to paying a surcharge to pay for the construction and installation of a new IEPA-compliant water system. The residents have retained counsel to determine if any surcharges were improperly assessed. At this point, the amount of this has not been determined.

A developer, United Land Development has sued the County, the Village of Hawthorn Woods and a public utility, Aqua Illinois claiming they constructed, own and control a water main that runs along Old McHenry Road. The developer claims the County has no right to utilize or allow connection to the water main to serve the residents of Hawthorn Woods. The County has filed a motion to dismiss the case, which is pending.

Three municipalities and a sanitary district have sued the County, alleging the County is attempting to include unlawful provisions in a proposed contract for continuing sewage transport services.

***CAPITAL CONTRIBUTION RECEIPTS***

In connection with reaching the agreement and signing the Court Order by the Millineum Maintenance Management, Inc. (Plaintiffs) and the County of Lake and the Village of Mettawa (Defendants), regarding the settlement of all issue arising from the litigation between and among them, the County of Lake agreed to enlarge the existing Lift Station and to construct the new Force Main to provide sewer services to the properties located in the village of Mettawa, as described in the Court Order. However, as per the section B of the Court Order, the total cost of these improvements will be paid as follows:

- (i) The Plaintiffs' Share (\$686,000) shall be paid upon the earlier of: (a) the thirty days after issuance of the required permit by the IEPA or (b) within 5 business days after receipt of notice from the County that the contract to construct the New Force Main has been awarded by the Lake County Board.
- (ii) Upon execution of the Agreed Order, Mettawa's Deputy Village Treasurer, without further action by the Village Board, is hereby authorized and shall pay the County the Village's total contribution of \$1,060,000 upon the earlier of: (i) thirty days after issuance of the required permit by IEPA (ii) within 5 business days after receipt of notice from the County that the contract to construct the New Force Main has been awarded by the County Board.
- (iii) The County shall bear the balance of the cost to construct and shall thereafter operate the New Force Main.

On September 08, 2009 the County Board authorized the execution of the contract with R.A. Mancini, Inc. in the amount of \$635,275 for the improvements of the Lift Station and construction of the New Force Main. Subsequently, as agreed, the Village of Mettawa paid to the County its full share of contribution, \$1,060,000, and as such the total contribution receipts are recognized and restricted the resources for the said project in the current financial reporting period.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES (cont.)**

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***OPEN CONTRACTS***

The department has active construction projects as of November 30, 2009. The projects include construction of additional wastewater treatment facilities, water main replacement, and interceptor sewer relining projects. At year end, the department's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Building and structures	\$ 536,848	\$ 316,444
Interceptor sewer improvements	500,330	1,047,269
Wastewater reclamation facilities improvements	962,879	142,195
Water and sewer main replacement	<u>2,025,497</u>	<u>4,555,956</u>
Totals	<u>\$ 4,025,554</u>	<u>\$ 6,061,864</u>

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**NOTE 10 – SELF INSURANCE**

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The department is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The county is self-insured for all of these risks. These activities are accounted for and financed by the county risk management special revenue fund and health, life, and dental internal service fund. Refer to the county statements for added details.

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**NOTE 11 – SUBSEQUENT EVENTS**

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On March 1, 2010, the department established new water and sewer rates in accordance with the Rate Ordinance, which was adopted by the County Board on November 13, 2007.

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB)**

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***IMPLEMENTATION OF GASB 45***

Being an enterprise fund of the county, the Department of Public Works is liable for its allocated share of all health insurance expenses for the employees. Prior to 2008, the department has neither contributed nor recognized the cost of OPEB in periods when the related services are received, due to not measuring the OPEB obligation. However, since fiscal year 2008, the department, as part of the county's implementation of GASB Statement No 45 is being able to recognize, measure and display OPEB expenses and related liabilities of \$128,751 for each fiscal year.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

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### NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (cont.)

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#### COUNTY EMPLOYEES

The county's group health insurance plan is a single-employer self-insured health care plan administered by the county. The Plan provides limited health care coverage at 100% of the active premium rate. The State of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health insurance benefits.

The county's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the total county's net OPEB obligation to the Retiree Health Plan:

Annual required contribution (ARC)	\$ 4,501,847
Interest on net OPEB obligation	138,000
Adjustment to ARC	<u>(120,000)</u>
Annual OPEB Cost	4,519,847
Contributions made	<u>(881,387)</u>
Increase in Net OPEB Obligation	3,638,460
Net OPEB Obligation – Beginning of Year	<u>3,457,339</u>
Net OPEB Obligation – End of Year	<u><u>\$ 7,095,799</u></u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 and 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contribution	Net OPEB Obligation
11/30/2009	\$ 4,501,847	19.4%	\$ 7,095,799
11/30/2008	4,256,000	18.9%	3,457,000

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

NOTES TO FINANCIAL STATEMENTS  
November 30, 2009 and 2008

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (cont.)**

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**COUNTY EMPLOYEES (cont.)**

The funded status of the plan as of December 1, 2008 the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 47,307,231
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>47,307,231</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0%
 Covered payroll (active plan members)	 144,383,846
 UAAL as a percentage of covered payroll	 32.8%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 6 years. Both rates include a 4% salary inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at November 30, 2009, was 28 years.

**REQUIRED  
SUPPLEMENTAL INFORMATION**



**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEM FUND**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
November 30, 2009

Total County						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
11/30/2009	\$	- \$ 47,307,231	\$ 47,307,231	0.00%	\$ 144,383,846	32.76%
11/30/2008		- 43,576,000	43,576,000	0.00%	138,830,621	31.40%

We have omitted the IMRF required supplemental information as this is shown in the county financial statements and discussed in greater detail in Note 8 of these financial statements.

## **SUPPLEMENTAL INFORMATION**

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

CAPITAL ASSETS  
November 30, 2009

	Balance 12/1/08	Additions	Retirements	Balance 11/30/09
<b>LAND</b>	\$ 2,576,151	\$ -	\$ -	\$ 2,576,151
<b>BUILDINGS AND IMPROVEMENTS</b>	71,461,866	10,000	-	71,471,866
<b>IMPROVEMENTS OTHER THAN BUILDINGS</b>				
Water Facilities				
Transmission and distribution mains	54,456,176	1,301,913	-	55,758,089
Elevated water storage tanks	8,612,921	1,198,271	-	9,811,192
Land improvements	1,608,596	111,789	-	1,720,385
Wells	5,398,780	1,581,142	-	6,979,922
Total Water Facilities	70,076,473	4,193,114	-	74,269,587
Sewer Facilities				
Trunk and lateral sewers	58,512,173	1,097	-	58,513,270
Lift stations	12,931,147	(983)	-	12,930,163
Retention lagoon	499,890	-	-	499,890
Treatment equipment	30,080,145	1,388,924	-	31,469,069
Interceptor sewers	39,378,462	-	-	39,378,462
Total Sewer Facilities	141,401,816	1,389,038	-	142,790,854
Total Improvements Other Than Buildings	211,478,289	5,582,152	-	217,060,441
<b>MACHINERY AND EQUIPMENT</b>				
Fire hydrants	99,231	-	-	99,231
Pumping equipment	3,364,526	-	-	3,364,526
Laboratory equipment	516,790	42,760	-	559,550
Trucks and trailers	2,680,024	120,239	(63,303)	2,736,960
Other	2,733,602	40,410	(18,078)	2,755,934
Total Machinery and Equipment	9,394,173	203,409	(81,381)	9,516,201
<b>TOTAL PLANT IN SERVICE</b>	\$ 294,910,479	\$ 5,795,561	\$ (81,381)	\$ 300,624,659

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

ACCUMULATED DEPRECIATION  
November 30, 2009

	Balance 11/30/08	Additions	Retirements	Balance 11/30/09
<b>LAND</b>	\$ -	\$ -	\$ -	\$ -
<b>BUILDINGS AND IMPROVEMENTS</b>	(24,919,328)	(1,819,050)	-	(26,738,379)
<b>IMPROVEMENTS OTHER THAN BUILDINGS</b>				
Water Facilities				
Transmission and distribution mains	(13,321,283)	(698,030)	-	(14,019,313)
Elevated water storage tanks	(4,630,675)	(216,643)	-	(4,847,317)
Land improvements	(104,586)	(34,967)	-	(139,553)
Wells	(3,455,018)	(219,415)	-	(3,674,433)
Total Water Facilities	(21,511,562)	(1,169,054)	-	(22,680,615)
Sewer Facilities				
Trunk and lateral sewers	(17,966,180)	(813,037)	-	(18,779,217)
Lift station	(4,624,560)	(484,258)	-	(5,108,818)
Retention lagoon	(280,147)	(15,169)	-	(295,315)
Treatment equipment	(12,913,395)	(1,071,640)	-	(13,985,035)
Interceptor sewers	(9,521,695)	(525,046)	-	(10,046,742)
Total Sewer Facilities	(45,305,977)	(2,909,150)	-	(48,215,127)
Total Improvements Other Than Buildings	(66,817,539)	(4,078,204)	-	(70,895,742)
<b>MACHINERY AND EQUIPMENT</b>				
Fire hydrants	(69,981)	(1,807)	-	(71,788)
Pumping equipment	(3,216,809)	(36,407)	-	(3,253,215)
Laboratory equipment	(298,161)	(33,537)	-	(331,698)
Trucks and trailers	(1,758,782)	(181,462)	63,303	(1,876,940)
Other	(1,937,919)	(133,513)	17,396	(2,054,036)
Total Machinery and Equipment	(7,281,652)	(386,725)	80,699	(7,587,678)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>\$ (99,018,519)</b>	<b>\$ (6,283,979)</b>	<b>\$ 80,699</b>	<b>\$ (105,221,799)</b>

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

SERIES ORDINANCE SYSTEM  
COMBINING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
Year ended November 30, 2009

	Operation Account	Reserved for Restricted Accounts			Combined Total
		Series Ordinance	Subordinate Ordinance	Construction	
Cash Balance, December 1, 2008	\$ 1,189,009	\$ 94,246	\$ 41,273	\$ 135,992	\$ 1,460,520
Receipts					
Bond proceeds		-	133,792	1,074,013	1,207,805
Water and sewer charges	39,175,617	-	-	-	39,175,617
Interest	2,268,130	-	-	-	2,268,130
Sale or redemption of investments	-	29,417,000	150,000	-	29,567,000
Contributions - Capital Improvements	-	1,800,882	-	1,568,402	3,369,284
Other	17,790	-	-	-	17,790
Total Receipts	41,461,537	31,217,882	283,792	2,642,415	75,605,626
Disbursements					
Operating expenses	26,765,453	-	-	-	26,765,453
Purchase of investments	3,586,314	32,917,000	-	2,574,013	39,077,327
Principal due December 1, 2009	-	3,715,000	115,000	-	3,830,000
Interest	-	842,550	65,943	-	908,493
Transfers pursuant to bond ordinances	11,374,505	(11,169,550)	(204,956)	-	(1)
Other	36,567	-	-	-	36,567
Capital outlay expenditures	-	4,721,633	-	135,992	4,857,625
Total Disbursements	41,762,839	31,026,633	(24,013)	2,710,005	75,475,464
Cash Balance, November 30, 2009	\$ 887,707	\$ 285,495	\$ 349,078	\$ 68,402	\$ 1,590,682

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

SERIES ORDINANCE SYSTEM OPERATION ACCOUNT  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
Year ended November 30, 2009

	Operation Account		
	Revenue Account	Operation Account	Combined Total
Cash Balance, December 1, 2008	\$ -	\$ 1,189,009	\$ 1,189,009
Receipts			
Water and sewer charges	39,175,617	-	39,175,617
Interest	2,268,130	-	2,268,130
Other	17,790	-	17,790
Total Receipts	<u>41,461,537</u>	<u>-</u>	<u>41,461,537</u>
Disbursements			
Operating expenses	-	26,765,453	26,765,453
Purchase of investments	-	3,586,314	3,586,314
Transfers pursuant to bond ordinances	41,461,537	(30,087,032)	11,374,505
Other	-	36,567	36,567
Total Disbursements	<u>41,461,537</u>	<u>301,302</u>	<u>41,762,839</u>
Cash Balance, November 30, 2009	\$ -	\$ 887,707	\$ 887,707

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

SERIES ORDINANCE SYSTEM RESERVED FOR RESTRICTED ACCOUNTS  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
Year ended November 30, 2009

	Reserved for Restricted Accounts									
	Series Ordinance					Subordinate Ordinance				
	Interest Account	Bond Fund Accounts	Bond Reserve Account	Depreciation, Extension and Improvement Account	Sinking Fund Account	Combined Total	Subordinate Interest Account	Subordinate Bond Account	Subordinate Reserve Account	Combined Total
Cash Balance, December 1, 2008	\$ 22,400	\$ 25,001	\$ 37,300	\$ 9,545	\$ -	\$ 94,246	\$ -	\$ -	\$ 41,273	\$ 41,273
Receipts	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	59,195	-	74,597	133,792
Grant	-	-	-	-	-	-	-	-	-	-
Sale or redemption of investments	1,100,000	2,950,000	2,350,000	23,017,000	-	29,417,000	-	-	150,000	150,000
Contributions - Special Service Areas	196,278	530,679	-	1,073,925	-	1,800,882	-	-	-	-
Transfers pursuant to bond ordinances	574,550	3,095,000	-	7,500,000	-	11,169,550	65,943	115,000	24,013	204,956
Total Receipts	1,870,828	6,575,679	2,350,000	31,590,925	-	42,387,432	125,138	115,000	248,610	488,748
Disbursements	-	-	-	-	-	-	-	-	-	-
Purchase of investments	1,000,000	2,800,000	2,300,000	26,817,000	-	32,917,000	-	-	-	-
Principal due December 1, 2009	-	3,715,000	-	-	-	3,715,000	-	115,000	-	115,000
Interest	842,550	-	-	-	-	842,550	65,943	-	-	65,943
Transfers pursuant to bond ordinances	-	-	-	-	-	-	-	-	-	-
Capital outlay expenditures	-	-	-	4,721,633	-	4,721,633	-	-	-	-
Total Disbursements	1,842,550	6,515,000	2,300,000	31,538,633	-	42,196,183	65,943	115,000	-	180,943
Cash Balance, November 30, 2009	\$ 50,678	\$ 85,680	\$ 87,300	\$ 61,837	\$ -	\$ 285,495	\$ 59,195	\$ -	\$ 289,883	\$ 349,078

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

SERIES ORDINANCE SYSTEM  
STATEMENT OF CHANGES IN NET ASSETS - RESTRICTED  
Year ended November 30, 2009

	Business-type Activities-Enterprise Fund Accounts									
	Series Ordinance System					Depreciation, Extension, and Improvement Account				
	Interest Account	Bond Fund Account	Bond Reserve Account	Bond Sinking Fund Account	Bond Account	Reserve for Construction Accounts	Crossover Refunding Escrow Account	Subordinate Ordinance Total	Net Assets	
Balance, December 1, 2008	\$ 1,122,400	\$ 2,975,001	\$ 4,887,300	\$ -	\$ 23,709,545	\$ 135,992	\$ 17,108,369	\$ 191,273	\$ 50,129,880	
Add (deduct)										
Transfers pursuant to bond ordinances	515,354	3,095,000	-	-	7,500,000	-	-	264,151	11,374,505	
Property tax	196,278	530,679	-	-	13,925	-	-	-	740,882	
Interest income	-	-	-	-	-	-	723,047	-	723,047	
Bond proceeds	59,196	-	-	-	-	1,074,013	-	74,597	1,207,806	
Contributions- Capital Improvements	-	-	-	-	1,060,000	1,568,402	-	-	2,628,402	
Interest paid on bonds	(842,550)	-	-	-	-	-	(749,606)	(65,943)	(1,658,099)	
Bond principal due December 1, 2009	-	(3,715,000)	-	-	-	-	-	(115,000)	(3,830,000)	
Capital outlay expenditures	-	-	-	-	(4,721,633)	(135,992)	-	-	(4,857,625)	
Balance, November 30, 2009	\$ 1,050,678	\$ 2,885,680	\$ 4,887,300	\$ -	\$ 27,561,837	\$ 2,642,415	\$ 17,081,810	\$ 349,078	\$ 56,458,798	
Less: Restricted assets not funded by revenues										
Construction Account									\$ (2,642,415)	
Escrow account									(17,081,810)	
Current liabilities payable from restricted assets										
									(257,839)	
Total Restricted Net Assets									\$ 36,476,734	



**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

REVENUE BONDS PAYABLE  
Year Ended November 30, 2009

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	<u>Interest Rates (Percent)</u>	<u>Amount of Original Issue</u>	<u>Redemptions Through November 30, 2009</u>	<u>Bonds Outstanding November 30, 2009</u>
Series A of 2003	5.20 - 5.50 %	\$ 20,790,000	\$ 15,400,000	\$ 5,390,000
Series B of 2003	2.25 - 4.125	3,405,000	730,000	2,675,000
Series C of 2003	4.55 - 5.65	15,933,849	-	15,933,849
Series 2005S-1	3.75 - 4.50	1,000,000	175,000	825,000
Series 2005S-2	5.20 - 5.50	1,000,000	275,000	725,000
2006A Refunding bonds	4.00	6,700,000	620,000	6,080,000
2006B Crossover refunding bonds	4.25 - 4.50	17,170,000	-	17,170,000
Series S of 2009	2.70 - 6.60	<u>1,220,000</u>	<u>-</u>	<u>1,220,000</u>
 TOTAL REVENUE BONDS		 <u>\$ 67,218,849</u>	 <u>\$ 17,200,000</u>	 <u>\$ 50,018,849</u>

Note - Interest on all bonds is payable semiannually on June 1 and December 1.

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

**SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS TO MATURITY - PRINCIPAL  
For the Years 2010 Through 2039**

Maturing as follows	Series A of 2003	Series B of 2003	Series C of 2003	Series S-2 of 2005	Series S-1 of 2005	Series 2006A	Series 2006B	Series S of 2009	Total
<u>Year Ending November 30,</u>									
2010	\$ 2,610,000	\$ 175,000	\$ -	\$ 75,000	\$ 40,000	\$ 685,000	\$ -	\$ -	\$ 3,585,000
2011	2,780,000	200,000	-	80,000	45,000	680,000	-	25,000	3,810,000
2012	-	2,300,000	-	85,000	45,000	775,000	-	25,000	3,230,000
2013	-	-	1,578,150	90,000	45,000	760,000	-	25,000	2,498,150
2014	-	-	1,393,848	90,000	50,000	755,000	1,550,000	30,000	3,868,848
2015	-	-	1,315,368	95,000	50,000	790,000	1,615,000	30,000	3,895,368
2016	-	-	1,232,976	105,000	50,000	830,000	1,690,000	30,000	3,937,976
2017	-	-	1,149,888	105,000	55,000	805,000	1,765,000	30,000	3,909,888
2018	-	-	1,419,035	-	55,000	-	2,615,000	30,000	4,119,035
2019	-	-	1,251,810	-	60,000	-	2,555,000	30,000	3,896,810
2020	-	-	1,166,430	-	60,000	-	2,665,000	35,000	3,926,430
2021	-	-	5,426,344	-	65,000	-	2,715,000	35,000	8,241,344
2022	-	-	-	-	65,000	-	-	35,000	100,000
2023	-	-	-	-	70,000	-	-	35,000	105,000
2024	-	-	-	-	70,000	-	-	40,000	110,000
2025	-	-	-	-	-	-	-	40,000	40,000
2026	-	-	-	-	-	-	-	40,000	40,000
2027	-	-	-	-	-	-	-	40,000	40,000
2028	-	-	-	-	-	-	-	45,000	45,000
2029	-	-	-	-	-	-	-	45,000	45,000
2030	-	-	-	-	-	-	-	45,000	45,000
2031	-	-	-	-	-	-	-	50,000	50,000
2032	-	-	-	-	-	-	-	50,000	50,000
2033	-	-	-	-	-	-	-	55,000	55,000
2034	-	-	-	-	-	-	-	55,000	55,000
2035	-	-	-	-	-	-	-	60,000	60,000
2036	-	-	-	-	-	-	-	60,000	60,000
2037	-	-	-	-	-	-	-	65,000	65,000
2038	-	-	-	-	-	-	-	65,000	65,000
2039	-	-	-	-	-	-	-	70,000	70,000
<b>Totals</b>	<b>\$ 5,390,000</b>	<b>\$ 2,675,000</b>	<b>\$ 15,933,849</b>	<b>\$ 725,000</b>	<b>\$ 825,000</b>	<b>\$ 6,080,000</b>	<b>\$ 17,170,000</b>	<b>\$ 1,220,000</b>	<b>\$ 50,018,849</b>

**LAKE COUNTY PUBLIC WORKS DEPARTMENT  
WATERWORKS AND SEWERAGE SYSTEMS FUND**

**SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS TO MATURITY - INTEREST  
For the Years 2010 Through 2039**

Maturing as follows	Series A of 2003	Series B of 2003	Series C of 2003	Series S-2 of 2005	Series S-1 of 2005	2006A Bonds	2006B Bonds	Series S of 2009	Total
<u>Year Ending November 30,</u>									
2010	\$ 296,450	\$ 110,125	(A)	\$ 27,854	\$ 33,813	\$ 243,200	\$ 749,606	\$ 76,757	\$ 1,537,805
2011	152,900	103,125	(A)	25,080	32,313	215,800	749,606	71,035	1,349,859
2012	-	94,874	(A)	22,080	30,625	188,600	749,606	70,360	1,156,145
2013	-	-	921,850	18,850	28,938	157,600	749,607	69,548	1,946,393
2014	-	-	1,006,152	15,430	27,250	127,200	749,606	68,610	1,994,248
2015	-	-	1,084,632	12,010	25,350	97,000	679,856	67,335	1,966,183
2016	-	-	1,167,024	8,400	23,350	65,400	607,181	66,015	1,937,370
2017	-	-	1,250,112	4,200	21,350	32,200	531,131	64,635	1,903,628
2018	-	-	1,755,965	-	19,122	-	451,706	63,195	2,289,988
2019	-	-	1,748,190	-	16,865	-	340,569	61,695	2,167,319
2020	-	-	1,833,570	-	14,377	-	231,981	60,120	2,140,048
2021	-	-	1,913,280	-	11,858	-	115,388	58,283	2,098,809
2022	-	-	-	-	9,095	-	-	56,445	65,540
2023	-	-	-	-	6,300	-	-	54,450	60,750
2024	-	-	-	-	3,150	-	-	52,455	55,605
2025	-	-	-	-	-	-	-	50,175	50,175
2026	-	-	-	-	-	-	-	47,895	47,895
2027	-	-	-	-	-	-	-	45,495	45,495
2028	-	-	-	-	-	-	-	43,095	43,095
2029	-	-	-	-	-	-	-	40,395	40,395
2030	-	-	-	-	-	-	-	37,695	37,695
2031	-	-	-	-	-	-	-	34,770	34,770
2032	-	-	-	-	-	-	-	31,520	31,520
2033	-	-	-	-	-	-	-	28,270	28,270
2034	-	-	-	-	-	-	-	24,695	24,695
2035	-	-	-	-	-	-	-	21,120	21,120
2036	-	-	-	-	-	-	-	17,160	17,160
2037	-	-	-	-	-	-	-	13,200	13,200
2038	-	-	-	-	-	-	-	8,910	8,910
2039	-	-	-	-	-	-	-	4,620	4,620
<b>Totals</b>	<b>\$ 449,350</b>	<b>\$ 308,124</b>	<b>\$ 12,680,775</b>	<b>\$ 133,904</b>	<b>\$ 303,756</b>	<b>\$ 1,127,000</b>	<b>\$ 6,705,843</b>	<b>\$ 1,409,953</b>	<b>\$ 23,118,705</b>

(A) Crossover bonds with interest paid from escrow.