

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

An Enterprise Fund of Lake County, Illinois

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended November 30, 2012 and 2011

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

An Enterprise Fund of Lake County, Illinois

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As of and for the Years Ended November 30, 2012 and 2011

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Lake County Public Works Department, Waterworks and Sewerage Systems Fund, an enterprise fund of Lake County, Illinois, as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statements, as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Lake County Public Works Department, Waterworks and Sewerage Systems Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lake County Public Works Department, Waterworks and Sewerage Systems Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Public Works Committee  
Lake County Public Works Department

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lake County Public Works Department, Waterworks and Sewerage Systems Fund as of November 30, 2012 and 2011, 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.

**Emphasis of Matters**

As discussed in Note 1, the financial statements present only the Lake County Public Works Department, Waterworks and Sewerage Systems Fund enterprise fund and do not purport to, and do not, present fairly the financial position of the County of Lake, Illinois, as of November 30, 2012 and 2011 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. Our opinion is not modified with respect to this matter.

**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Funding Progress information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The Capital Assets, Accumulated Depreciation, Combining Schedule of Cash Receipts and Disbursements, Schedule of Cash Receipts and Disbursements – Operation Account, Schedule of Cash Receipts – Restricted Accounts, Statement of Changes in Net Assets, Revenue Bonds Payable, Summary of Revenue Bond Debt Service Requirements to Maturity – Principal and Summary of Revenue Bond Debt Service Requirements to Maturity – Interest schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Assets, Accumulated Depreciation, Combining Schedule of Cash Receipts and Disbursements, Schedule of Cash Receipts and Disbursements – Operation Account, Schedule of Cash Receipts – Restricted Accounts, Statement of Changes in Net Assets, Revenue Bonds Payable, Summary of Revenue Bond Debt Service Requirements to Maturity – Principal and Summary of Revenue Bond Debt Service Requirements to Maturity – Interest schedules are fairly stated in all material respects in relation to the financial statements as a whole.



Madison, Wisconsin  
May 14, 2013

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ended November 30, 2012 and 2011 (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, 2012 and 2011. 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 operations provided funds sufficient to meet the required reserve transfers for fiscal year 2012 and also allowed an additional transfer of \$6.5 million to the Depreciation, Extension and Improvement Account. Total funds transferred in accordance with the bond ordinance during fiscal year 2012 were \$7.1 million.
- > In 2012 the department invested \$11.9 million in property, plant and equipment in addition to \$2.4 million of contributed funds. The additions were primarily for continuing expansions and improvements of potable water systems, wastewater treatment plants, replacement of water mains, rehabilitation of sanitary sewer lines and improvement of lift stations.
- > The department's operating revenues increased by \$1.3 million or 3.4% to \$38.8 million for fiscal year 2012, compared to \$37.6 for fiscal year 2011. At the same time the operating expenses excluding depreciation expense, increased slightly by \$0.7 million dollars or 2.4%. The revenues generated from new permits were higher by \$1.1 million or 119% compared to fiscal year 2011. It is mainly due to a rebound in construction spending, led by both residential and commercial sectors.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual report consists of a series of financial statements. The Statements of Net Assets and the Statements of Revenues, Expenses, and Changes in Net Assets provide information about the department's financial performance for the fiscal years ended November 30, 2012 and 2011.

The 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 department. Accounting records are maintained in accordance with the Governmental Accounting Standards Board.

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. The following Table 1 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  
For the Years Ended November 30, 2012 and 2011  
(UNAUDITED)

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

**Table 1  
Condensed Statement of Net Assets**

	2012	2011	2010	Amount Change	% Change
Current and Other Assets	\$ 100,442,362	\$ 104,597,840	\$ 107,872,004	\$ (4,155,478)	-3.97%
Capital Assets	222,164,026	215,324,130	211,588,438	6,839,896	3.18%
Total Assets	<u>322,606,388</u>	<u>319,921,970</u>	<u>319,460,442</u>	2,684,418	0.84%
Long-term Debt Outstanding	62,035,092	64,339,109	67,269,471	(2,304,017)	-3.58%
Other Liabilities	7,092,707	7,555,255	7,680,200	(462,548)	-6.12%
Total Liabilities	<u>69,127,799</u>	<u>71,894,364</u>	<u>74,949,671</u>	(2,766,565)	-3.85%
Invested in Capital Assets, Net of Related Debt	184,815,490	180,513,597	181,722,143	4,301,893	2.38%
- Restricted Net Assets	46,551,128	45,623,377	42,538,776	927,751	2.03%
- Unrestricted	22,111,971	21,890,632	20,249,852	221,339	1.01%
Total Net Assets	<u>\$ 253,478,589</u>	<u>\$ 248,027,606</u>	<u>\$ 244,510,771</u>	<u>\$ 5,450,983</u>	<u>2.20%</u>

The department's total net assets are \$253,478,589 as of November 30, 2012, and represent the amount of assets exceeding liabilities. The largest portion of the net assets total, \$184,815,490 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 \$46,551,128 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 \$22,111,971 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 \$4.3 million in 2012. Major factors contributing to this change were the following:

In 2012 the department has invested \$14.3 million in property, plant and equipment, primarily for continuing expansions and improvements of potable water systems, treatment plants, replacement of water mains, and rehabilitation of sanitary sewer lines and improvement of lift stations. This investment was an increase from the previous year of \$4.0 million. The department anticipates that the same or an increased level of capital spending will be continuing over the next few years as management is committed to the fiscal responsibility of managing the department's capital needs and to assure preservation of the long-term viability of the existing capital assets. The depreciation expense increased by \$250,000 or 3.8%. This trend is expected to continue in the future due to the department's continuing efforts to improve the sewer systems and infrastructure.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended November 30, 2012 and 2011  
(UNAUDITED)

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

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During the current year, the department's long-term capital related debt decreased by \$3.2 million to \$54.3 million compared to \$57.5 million for the prior year. This is the result of paying off a portion of the existing debt. The remaining balance of 2010A Bond Proceeds of \$5.8 million from the prior year has been used as a part of funding sources to fund this year's capital improvement program.

The increase in restricted net assets of \$0.9 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 \$1.2 million in 2012 as a net result of fund transfers and grants of \$7.2 million and the capital expenditures of \$6.0 million.

Unrestricted net assets slightly increased by \$0.2 million or 1.01%. The increase occurred in the unrestricted net assets during fiscal year 2012 was attributable to the operating income that was generated and the transfer of funds made to Depreciation, Extension and Improvement Account.

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 2012 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  
For the Years Ended November 30, 2012 and 2011  
(UNAUDITED)

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

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

	2012	2011	2010	Change	Change
Operating Revenues:					
Water and sewer charges	\$ 38,386,455	\$ 37,265,684	\$ 38,097,557	\$ 1,120,771	3.01%
Miscellaneous	448,099	292,037	354,948	156,062	53.44%
<b>Total Operating Revenues</b>	<b>38,834,554</b>	<b>37,557,721</b>	<b>38,452,505</b>	<b>1,276,833</b>	<b>3.40%</b>
Operating Expenses:					
Personnel services	7,205,792	7,093,223	7,112,482	112,569	1.59%
Commodities	2,864,948	2,301,426	2,146,835	563,522	24.49%
Contractual	19,389,957	19,370,083	18,474,063	19,874	0.10%
<b>Total Expenses</b>	<b>29,460,697</b>	<b>28,764,732</b>	<b>27,733,380</b>	<b>695,965</b>	<b>2.42%</b>
<b>Operating income before depreciation</b>	<b>9,373,857</b>	<b>8,792,989</b>	<b>10,719,125</b>	<b>580,868</b>	<b>6.61%</b>
Depreciation expense	6,887,290	6,637,264	6,356,679	250,026	3.77%
<b>Operating income</b>	<b>2,486,567</b>	<b>2,155,725</b>	<b>4,362,446</b>	<b>330,842</b>	<b>15.35%</b>
Non-operating income (expense):					
Property tax revenue	815,521	859,567	876,326	(44,046)	-5.12%
Interest earned	1,082,314	1,307,352	1,620,011	(225,038)	-17.21%
Miscellaneous	577,121	1,212,056	50,915	(634,935)	-52.38%
Interest expense	(3,065,764)	(3,213,132)	(2,467,113)	147,368	-4.59%
<b>Income before contributions</b>	<b>1,895,759</b>	<b>2,321,568</b>	<b>4,442,585</b>	<b>(425,809)</b>	<b>-18.34%</b>
Capital contributions, special & extraordinary items:					
Connection fees	2,018,693	920,267	3,136,304	1,098,426	119.36%
Developer contributions	1,536,531	275,000	5,668,842	1,261,531	458.74%
<b>Change in net assets</b>	<b>5,450,983</b>	<b>3,516,835</b>	<b>13,247,731</b>	<b>1,934,148</b>	<b>55.00%</b>
Beginning Net Assets	\$ 248,027,606	\$ 244,510,771	\$ 231,263,040	\$ 3,516,835	1.44%
<b>Total Net Assets - Ending</b>	<b>\$ 253,478,589</b>	<b>\$ 248,027,606</b>	<b>\$ 244,510,771</b>	<b>\$ 5,450,983</b>	<b>2.20%</b>



# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended November 30, 2012 and 2011  
(UNAUDITED)

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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Operating revenues totaled \$38,834,554 in fiscal year 2012, up \$1.3 million from the prior year. The 3.4% increase in revenue is mainly due to an increase in water sale, which is the result of a dry summer season. Revenues from Connection Fees totaled \$2,018,693, an increase from the prior year of \$1,098,426. This significant increase was mainly due to a rebound in the construction spending led by both the residential and the commercial developments in fiscal year 2012. In addition, interest earnings on investments continued to decrease by \$225,038 or 17.2% in the current year from previous year due to continuing declining interest rates.

Total operating expenses before depreciation during fiscal year 2012 were \$29,460,697. The total operating expenses represent a slight increase of \$695,965 or 2.4% from fiscal year 2011. Factors contributing to this change are the following.

Personnel services costs, which include wages and contributions to retirement and health insurance benefits, increased slightly by \$112,569 or 1.59%, which is mostly the result of a 2.5% wage increase approved by the County Board for fiscal year 2012 and lower cost of employees' H/L/D benefits cost.

- > Commodities costs, which include non-capitalized improvements, small equipment and furniture costs, increased by \$563,522 over results reported for fiscal year 2011. This change is mostly the result of the following factors: in fiscal year 2012, the department implemented the prior year audit recommendation, the exclusion of minuscule items from the inventory carrying value, which amounted to \$265,998; increased spending of \$144,290 on electrical parts, plumbing and building supplies; and \$42,470 on chemicals.
- > The Department's contractual costs, which include the wholesale purchase of water and sewage treatment services, totaled \$19,389,957. Though the total contractual expenses were flat from the prior year, the electric cost was lower by \$342,000 or 19% compared to prior year due to the department's efforts to implement energy saving measures; the cost of water purchased was higher by \$203,000 or 5% as expected due to higher water sales.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended November 30, 2012 and 2011  
(UNAUDITED)

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

**Table 3  
Capital Assets**

	2012	2011	2010	Change	Change
Land	\$ 2,577,013	\$ 2,577,013	\$ 2,577,013	\$ -	0.00%
Intangible Assets	430,200	-	-	430,200	100.00%
Buildings and Improvements	75,232,164	72,400,974	72,138,881	\$ 2,831,190	3.91%
Improvements other than buildings					
Water facility					
Transmission and distribution mains	65,323,580	57,878,007	57,878,007	7,445,573	12.86%
Elevated water storage tanks	10,072,249	9,754,696	9,754,696	317,553	3.26%
Land improvements	2,118,368	2,118,368	1,720,385	-	0.00%
Wells	6,740,533	6,979,922	6,979,922	(239,389)	-3.43%
Total water facility	84,254,730	76,730,993	76,333,010	7,523,737	9.81%
Sewer facility					
Trunk and lateral sewers	66,787,333	66,207,284	63,932,831	580,049	0.88%
Lift station	13,370,163	13,370,163	13,370,163	-	0.00%
Retention lagoon	499,890	499,890	499,890	-	0.00%
Treatment equipment	42,015,998	31,471,030	31,471,030	10,544,968	33.51%
Interceptor sewers	39,378,462	39,378,462	39,378,462	-	0.00%
Total sewer facility	162,051,846	150,926,829	148,652,376	11,125,017	7.37%
Total improvements other than building	246,306,576	227,657,822	224,985,386	18,648,754	8.19%
Machinery and equipment	10,150,644	9,562,563	9,332,435	588,081	6.15%
Construction in progress	11,526,460	20,643,118	13,638,252	(9,116,658)	-44.16%
Total Capital Assets	346,223,057	332,841,490	322,671,967	13,381,567	4.02%
Less: Accumulated depreciation	(124,059,031)	(117,517,360)	(111,083,529)	\$ (6,541,671)	5.57%
Net Capital Assets	\$ 222,164,026	\$ 215,324,130	\$ 211,588,438	\$ 6,839,896	3.18%

In 2012 the net capital assets were \$ 222 million. This amount represents a net increase of \$6.8 million or 3.2%, over prior year. The major factors that contributed to this increase are the expansion and improvement of Mill Creek and Des Plaines water reclamation facilities, the replacement and the installation of the water mains and the sewer lines and the improvement of lift stations.

# LAKE COUNTY PUBLIC WORKS DEPARTMENT WATERWORKS AND SEWERAGE SYSTEMS FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended November 30, 2012 and 2011  
(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 improvements, interceptor improvements and replacement of infrastructure to meet EPA's guidelines and mandates for potable water and wastewater while increasing the 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, surcharges 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 5/1/2012, the department approved and established new water rates effective immediately and new sewer rates effective 10/1/12 which were applicable to some rate classes. Currently, the department is conducting a rate study to determine whether the water and sewer rates are sufficient to support the O&M and the replacement costs.

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## **LONG-TERM DEBT**

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As of November 30, 2012, the department has a total revenue bond debt of \$62,035,092 including \$17,170,000 of crossover refunding bonds. In 2012 the department has issued no new debt and at the same time the department has reduced the outstanding principal by paying out a portion of \$3.2 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, please 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  
As of November 30, 2012 and 2011

<b>ASSETS</b>	2012	2011
<b>CURRENT ASSETS</b>		
Operation account		
Cash	\$ 244,075	\$ 680,383
Investments	26,429,220	24,940,935
Tax receivable	593,777	686,599
Grant receivable	152,997	-
Customer accounts receivable		
Billed	5,258,386	5,313,633
Unbilled	2,017,528	1,951,598
Allowance for uncollectible accounts	(105,000)	(85,000)
Accrued interest receivable	224,150	291,637
Restricted Assets		
Bond interest account		
Cash	5,550	5,458
Investments	792,475	976,238
Bond fund account		
Cash	860	5,346
Investments	2,436,655	2,569,827
Materials and supplies	339,040	555,229
Total Current Assets	38,389,713	37,891,883
<b>NONCURRENT ASSETS</b>		
Accrued interest receivable	17,396	6,557
Restricted Assets		
Bond reserve account		
Cash	2,203	391,203
Investments	5,269,000	4,880,000
Depreciation, extension and improvement account		
Cash	50,513	3,497
Investments	38,294,000	37,120,000
Construction account		
Cash	273,791	201,284
Investments	-	5,800,000
Subordinated ordinance - bond reserve account		
Cash	882	9,882
Investments	289,000	280,000
Crossover refunding escrow account		
Cash	500	500
Investments	16,994,605	17,024,723
Other Assets		
Prepaid connection fees	67,165	110,356
Unamortized bond issuance costs	793,594	877,955
Capital Assets		
Capital assets	334,696,597	312,198,372
Accumulated depreciation	(124,059,031)	(117,517,360)
Construction work in progress	11,526,460	20,643,118
Total Noncurrent Assets	284,216,675	282,030,087
Total Assets	322,606,388	319,921,970

<b>LIABILITIES</b>		
	<u>2012</u>	<u>2011</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,024,581	\$ 3,223,994
Due to other funds	53,548	21,812
Accrued wages	256,619	218,918
Accrued payroll taxes	58,610	58,748
Accrued vacation	413,635	439,742
Construction deposit	-	30,000
Accrued IMRF liability	87,876	88,084
Current Liabilities Payable from Restricted Assets		
Current portion of revenue bonds	2,498,150	3,230,000
Various construction accounts - accounts payable	590,010	618,074
Total Current Liabilities	<u>6,983,029</u>	<u>7,929,372</u>
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds payable	59,536,942	61,109,109
Unamortized bond premium	258,209	292,816
Accrued sick leave	352,506	328,207
Other postemployment benefit obligation	533,793	515,004
Unearned revenue	1,463,320	1,719,856
Total Noncurrent Liabilities	<u>62,144,770</u>	<u>63,964,992</u>
 Total Liabilities	 <u>69,127,799</u>	 <u>71,894,364</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	184,815,490	180,513,597
Restricted	46,551,128	45,623,377
Unrestricted	22,111,971	21,890,632
 <b>TOTAL NET ASSETS</b>	 <u>\$ 253,478,589</u>	 <u>\$ 248,027,606</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Years Ended November 30, 2012 and 2011

	2012	2011
<b>OPERATING REVENUES</b>		
Water and sewer charges	\$ 38,386,455	\$ 37,265,684
Miscellaneous	448,099	292,037
Total Operating Revenues	38,834,554	37,557,721
 <b>OPERATING EXPENSES</b>		
Personnel services		
Salaries and wages	6,075,488	5,980,398
Pension - IMRF and social security	1,130,304	1,112,825
Total Personnel Services	7,205,792	7,093,223
Commodities		
Office supplies and maintenance	42,127	52,640
Postage	73,325	73,547
Housekeeping supplies	28,180	33,330
Gasoline	221,246	192,100
Buildings and ground supplies	168,244	122,048
Operational supplies	1,264,563	971,935
Chemical supplies	306,126	263,656
Uniforms	29,553	27,960
Laboratory supplies	89,676	100,352
Medical supplies	6,246	6,452
Non capitalized equipment and improvements	629,484	449,329
Miscellaneous	6,178	8,077
Total Commodities	2,864,948	2,301,426
Contractual		
Insurance		
Employees' life, health and dental	1,319,795	1,359,318
Unemployment	12,960	12,960
Self insurance - liability and worker's compensation	467,136	467,136
Miscellaneous benefits	72,509	49,328
Gas (utility)	198,119	260,332
Electricity	1,437,259	1,778,766
Telephone and telemetry	166,818	153,180
Wholesale purchase of water	4,380,111	4,176,863
Wholesale sewage treatment	7,914,371	7,821,591
Vehicle maintenance	122,066	120,060
Buildings and equipment maintenance	761,919	667,581
Equipment rental/real estate lease	183,153	182,013

	<u>2012</u>	<u>2011</u>
<b>OPERATING EXPENSES (cont.)</b>		
Disposal service	\$ 460,570	\$ 397,319
Miscellaneous	<u>1,893,171</u>	<u>1,923,636</u>
Total Contractual	<u>19,389,957</u>	<u>19,370,083</u>
Depreciation	<u>6,887,290</u>	<u>6,637,264</u>
Total Operating Expenses	<u>36,347,987</u>	<u>35,401,996</u>
<b>OPERATING INCOME</b>	<u>2,486,567</u>	<u>2,155,725</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Property tax revenue	815,521	859,567
Investment income	1,082,314	1,307,352
Interest rate subsidy	368,898	423,644
Proceeds from sale of capital assets	34,201	38,689
Interest expense	(3,065,764)	(3,213,132)
Interest charged to construction	223,777	584,853
Amortization of bond issuance costs	(84,361)	(106,254)
Amortization of bond premium	<u>34,606</u>	<u>34,606</u>
Total Non-Operating Revenues	<u>(590,808)</u>	<u>(70,675)</u>
Income Before Contributions	1,895,759	2,085,050
<b>CAPITAL CONTRIBUTIONS</b>	1,536,531	511,518
<b>CAPITAL CONTRIBUTIONS - CONNECTION FEES</b>	<u>2,018,693</u>	<u>920,267</u>
<b>CHANGE IN NET ASSETS</b>	5,450,983	3,516,835
NET ASSETS - Beginning of Year	<u>248,027,606</u>	<u>244,510,771</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 253,478,589</u>	<u>\$ 248,027,606</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
For the Years Ended November 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 38,680,157	\$ 37,866,528
Customer deposits returned	(30,000)	-
Paid to suppliers	(23,492,179)	(22,258,456)
Paid to employees	(6,079,883)	(6,002,978)
Net Cash Flows From Operating Activities	9,078,095	9,605,094
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Property tax revenue	815,521	859,567
Capital contributions to other governments	(673,843)	-
Net Cash Flows From Noncapital and Related Financing Activities	141,678	859,567
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(13,274,069)	(10,746,494)
Proceeds from sale of capital assets	34,201	38,689
Debt retired	(3,230,000)	(3,810,000)
Interest paid	(2,139,782)	(2,489,236)
Capital contributions	2,057,377	511,518
Interest rate subsidy	368,898	423,644
Connection charges	2,018,693	920,267
Net Cash Flows From Capital and Related Financing Activities	(14,164,682)	(15,151,612)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Marketable securities purchased	(52,510,350)	(76,567,000)
Marketable securities sold	55,597,118	80,095,885
Investment income	1,138,962	1,334,667
Net Cash Flows From Investing Activities	4,225,730	4,863,552
<b>Net Change in Cash and Cash Equivalents</b>	(719,179)	176,601
CASH AND CASH EQUIVALENTS - Beginning of Year	1,297,553	1,120,952
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 578,374	\$ 1,297,553
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Accretion of Series C of 2003 debt issue	\$ 925,983	\$ 879,638
Interest charged to construction	\$ 223,777	\$ 584,853



	<u>2012</u>	<u>2011</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 2,486,567	\$ 2,155,725
Noncash items in operating income		
Depreciation	6,887,290	6,637,264
Unearned revenue	(256,536)	570,480
Accrued other postemployment benefit liability	18,789	128,751
Accrued accelerated retirement obligation	-	(60,000)
Changes in assets and liabilities		
Customer accounts receivable	9,317	410,620
Other accounts receivable	92,822	(672,293)
Due from/to general fund	31,736	(18,456)
Materials and supplies	216,189	(2,558)
Prepaid connection fees	43,191	52,542
Accrued vacation and sick leave	(1,808)	69,369
Accrued IMRF liability	(208)	8,166
Accounts payable	(456,817)	287,912
Customer deposits	(30,000)	-
Accrued wages and payroll taxes	37,563	37,572
	<u>37,563</u>	<u>37,572</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 9,078,095</u>	<u>\$ 9,605,094</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS ACCOUNTS</b>		
Operation account	\$ 26,673,295	\$ 25,621,318
Bond interest account	798,025	981,696
Bond fund account	2,437,515	2,575,173
Bond reserve account	5,271,203	5,271,203
Depreciation, extension and improvement account	38,344,513	37,123,497
Construction account	273,791	6,001,284
Subordinated ordinance - bond reserve account	289,882	289,882
Crossover refunding escrow account	16,995,105	17,025,223
Total Cash and Investments	91,083,329	94,889,276
Less: Noncash equivalents	(90,504,955)	(93,591,723)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 578,374</u>	<u>\$ 1,297,553</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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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.

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

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

***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.

***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.

***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 both tangible and intangible used in operations are either depreciated or amortized using the straight-line method over the following useful lives unless they are inexhaustible:

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

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

**Capital Assets (cont.)**

	Years
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.

Vacation time shall not exceed 330 hours unless carryover approval by the public works 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.

**Accelerated Retirement Obligation**

This represents the amount of accrued funding the department owed for employees who participate in the county's accelerated retirement option.

**Unearned Revenues**

Unearned revenues consist of prepaid property taxes and taxes levied for fiscal year 2013. 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, 2011 and 2010, the balance of prepaid property taxes was \$869,543 and \$1,042,804, respectively. At November 30, 2012, the balance of taxes levied for fiscal year 2013 was \$593,777. At November 30, 2011, the balance of taxes levied for fiscal year 2012 was \$677,052.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

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

***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 non-operating 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 non-operating revenues and expenses.

***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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial reporting for Pensions - an amendment of GASB Statement No. 27*. 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 time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013 the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest bearing and noninterest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

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.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

**Deposits (cont.)**

The following is a summary of the department's total deposit balances at these institutions.

	2012		2011	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Fifth Third Bank	\$ 378,618	\$ 411,059	\$ 860,622	\$ 1,052,994
Associated Bank	1,532,150	1,532,150	1,500,000	1,500,000
First Midwest Bank	2,166,315	2,166,315	8,243,559	8,243,559
Inland Bank	3,000,000	3,000,000	3,000,000	3,000,000
MB Financial	13,067,000	13,067,000	18,067,000	18,067,000
Northern Trust	47,911,200	47,911,200	33,500,000	33,500,000
Private Bank	5,000,000	5,000,000	7,000,000	7,000,000
State Bank of the Lakes	-	-	1,000,000	1,000,000
Harris Bank	-	-	3,500,000	3,500,000
Other Banks	1,000,000	1,000,000	1,000,000	1,000,000
<b>Totals</b>	<b>\$ 74,055,283</b>	<b>\$ 74,087,724</b>	<b>\$ 77,671,181</b>	<b>\$ 77,863,553</b>

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 institutions 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, 2012 and 2011, 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  
As of and for the Years Ended November 30, 2012 and 2011

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

***Interest Rate Risk***

As of November 30, 2012, the department's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 5	6 - 10
U.S. Treasury SLGS	\$ 16,995,105	\$ 16,627,869	\$ 367,236	\$ -

As of November 30, 2011, the department's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 5	6 - 10
U.S. Treasury SLGS	\$ 17,025,223	\$ 15,402	\$ 17,009,821	\$ -

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.

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

The following is a schedule of interfund balances as of November 30, 2012 and 2011:

Due To	Due From	2012		2011	
		Amount	Principal Purpose	Amount	Principal Purpose
General Fund	Waterworks and Sewerage Fund	\$ 53,548	Operations	\$ 21,812	Operations



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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**NOTE 4 – RESTRICTED ASSETS**

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***SERIES B AND C OF 2003 AND A AND B OF 2006 AND A OF 2010:***

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
7. Crossover refunding 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.
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. \$1,804,000 and \$3,110,000 in deposits were made to this account in fiscal years 2012 and 2011, 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.
Crossover refunding account	All monies deposited in the crossover refunding account shall be held to provide for future debt service payments on callable debt until the crossover date, June 1, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

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***SERIES B AND C OF 2003 AND A AND B OF 2006 AND A OF 2010: (cont.)***

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:

- |                              |  |
|------------------------------|--|
| 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: <ol style="list-style-type: none"><li>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</li><li>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.</li></ol> |

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

***RESTRICTED NET ASSETS***

The following calculation supports the amount of restricted net assets:

	<u>2012</u>	<u>2011</u>
Restricted Assets		
Bond interest	\$ 798,025	\$ 981,696
Bond fund	2,437,515	2,575,173
Bond reserves	5,561,085	5,561,085
Depreciation, extension, and improvement	38,344,513	37,123,497
Construction	273,791	6,001,284
Crossover refunding escrow	<u>16,995,105</u>	<u>17,025,223</u>
Total Restricted Assets	64,410,034	69,267,958
 Less: Restricted Assets Not Funded by Revenues		
Construction	(273,791)	(6,001,284)
Crossover refunding escrow	(16,995,105)	(17,025,223)
 Current Liabilities Payable From Restricted Assets	<u>(590,010)</u>	<u>(618,074)</u>
 Total Restricted Net Assets as Calculated	<u>\$ 46,551,128</u>	<u>\$ 45,623,377</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

**NOTE 5 – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,577,013	\$ -	\$ -	\$ 2,577,013
Intangible assets	-	430,200	-	430,200
Construction in progress	20,643,118	7,874,176	(16,990,834)	11,526,460
Total Capital Assets Not Being Depreciated	<u>23,220,131</u>	<u>8,304,376</u>	<u>(16,990,834)</u>	<u>14,533,673</u>
Capital assets being depreciated				
Buildings and other improvements	72,400,974	2,831,190	-	75,232,164
Improvements other than buildings				
Water facilities	76,730,993	7,763,126	(239,389)	84,254,730
Sewer facilities	150,926,829	11,125,017	-	162,051,846
Machinery and equipment	9,562,563	694,310	(106,229)	10,150,644
Total Capital Assets Being Depreciated	<u>309,621,359</u>	<u>22,413,643</u>	<u>(345,618)</u>	<u>331,689,384</u>
Total Capital Assets	<u>332,841,490</u>	<u>30,718,019</u>	<u>(17,336,452)</u>	<u>346,223,057</u>
Less: Accumulated depreciation for				
buildings and other improvements	(30,419,876)	(1,908,467)	-	(32,328,343)
Improvements other than buildings				
Water facilities	(24,971,137)	(1,260,747)	229,245	(26,002,639)
Sewer facilities	(54,277,776)	(3,283,348)	-	(57,561,124)
Machinery and equipment	(7,848,571)	(424,583)	106,229	(8,166,925)
Total Accumulated Depreciation	<u>(117,517,360)</u>	<u>(6,877,145)</u>	<u>335,474</u>	<u>(124,059,031)</u>
Net Capital Assets	<u>\$ 215,324,130</u>			<u>\$ 222,164,026</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

Capital asset activity for the year ended November 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,577,013	\$ -	\$ -	\$ 2,577,013
Construction in progress	13,638,252	9,062,105	(2,057,239)	20,643,118
Total Capital Assets Not Being Depreciated	<u>16,215,265</u>	<u>9,062,105</u>	<u>(2,057,239)</u>	<u>23,220,131</u>
Capital assets being depreciated				
Buildings and other improvements	72,138,881	262,093	-	72,400,974
Improvements other than buildings				
Water facilities	76,333,010	397,983	-	76,730,993
Sewer facilities	148,652,376	2,434,324	(159,871)	150,926,829
Machinery and equipment	9,332,435	273,690	(43,562)	9,562,563
Total Capital Assets Being Depreciated	<u>306,456,702</u>	<u>3,368,090</u>	<u>(203,433)</u>	<u>309,621,359</u>
Total Capital Assets	<u>322,671,967</u>	<u>12,430,195</u>	<u>(2,260,672)</u>	<u>332,841,490</u>
Less: Accumulated depreciation for				
buildings and other improvements	(28,569,836)	(1,850,040)	-	(30,419,876)
Improvements other than buildings				
Water facilities	(23,788,784)	(1,182,353)	-	(24,971,137)
Sewer facilities	(51,199,264)	(3,159,247)	80,735	(54,277,776)
Machinery and equipment	(7,525,645)	(366,488)	43,562	(7,848,571)
Total Accumulated Depreciation	<u>(111,083,529)</u>	<u>(6,558,128)</u>	<u>124,297</u>	<u>(117,517,360)</u>
Net Capital Assets	<u>\$ 211,588,438</u>			<u>\$ 215,324,130</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

**NOTE 6 – LONG-TERM OBLIGATIONS**

***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 11/30/12</u>
2003 B	Vernon Hills New Century Town WWTP	2012	2.25 - 4.125%	\$ 3,405,000	\$ -
2003 C	Vernon Hills New Century Town WWTP	2021	4.55 - 5.65%	18,575,092	18,575,092
2005 S-1	Connection charges to Central Lake County JAWA	2024	3.75 - 4.50%	1,000,000	695,000
2005 S-2	Refund the outstanding Series A97S bonds	2017	5.20 - 5.50%	1,000,000	485,000
2006 A	Water and Sewer System revenue refunding bonds	2017	4.00%	6,700,000	3,940,000
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	1,170,000
2010A	Various Capital Improvement Water/Sewer Projects	2035	2.00 – 5.45%	20,000,000	20,000,000

Outstanding revenue bonds at November 30, 2012 consist of \$59,685,092 of series ordinance revenue bonds due serially December 1, 2012 through 2035 and \$2,350,000 of subordinate revenue bonds due serially December 1, 2012 through 2039. Annual interest rates vary between 2.00% 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  
As of and for the Years Ended November 30, 2012 and 2011

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

**REVENUE BONDS PAYABLE (cont.)**

Aggregate principal payments applicable to the bonds outstanding are:

Year Ending November 30	Principal	Interest	Total
2013	\$ 2,498,150	\$ 2,930,028	\$ 5,428,178
2014	4,028,848	2,977,883	7,006,731
2015	4,060,368	2,946,618	7,006,986
2016	4,107,976	2,913,845	7,021,821
2017	4,084,888	2,875,853	6,960,741
2018 - 2022	25,254,862	13,495,179	38,750,041
2023 - 2027	5,335,000	4,176,795	9,511,795
2028 - 2032	6,485,000	2,790,225	9,275,225
2033 - 2037	6,045,000	744,820	6,789,820
2038 - 2039	135,000	13,530	148,530
Totals	<u>\$ 62,035,092</u>	<u>\$ 35,864,776</u>	<u>\$ 97,899,868</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 \$925,983 and \$879,638 at November 30, 2012 and 2011, respectively. This brought the total accretion of the certificates to \$6,980,868 and \$6,054,885 at November 30, 2012 and 2011, respectively.

The Series A 2010 Various Capital Projects debt was issued under the taxable municipal debt Build America Bond Program (BABs). The department's annual interest expense for these bonds is shown gross and will be reduced by a 35% federal interest subsidy provided by the federal government.

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  
As of and for the Years Ended November 30, 2012 and 2011

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

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended November 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Revenue Bonds					
Series ordinance	\$ 61,834,109	\$ 925,983	\$ 3,075,000	\$ 59,685,092	\$ 2,338,150
Subordinated series	2,505,000	-	155,000	2,350,000	160,000
Unamortized					
Bond premium	292,816	-	34,607	258,209	34,606
Total Bonds Payable	<u>64,631,925</u>	<u>925,983</u>	<u>3,264,607</u>	<u>62,293,301</u>	<u>2,532,756</u>
Accrued sick leave	328,207	45,258	20,959	352,506	-
OPEB obligation	515,004	18,789	-	533,793	-
Unearned revenues	<u>1,719,856</u>	<u>593,777</u>	<u>850,313</u>	<u>1,463,320</u>	<u>767,578</u>
Long-Term Liabilities	<u>\$ 67,194,992</u>	<u>\$ 1,583,807</u>	<u>\$ 4,135,879</u>	<u>\$ 64,642,920</u>	<u>\$ 3,300,334</u>

Long-term liability activity for the year ended November 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Revenue Bonds					
Series ordinance	\$ 64,614,471	\$ 879,638	\$ 3,660,000	\$ 61,834,109	\$ 3,075,000
Subordinated series	2,655,000	-	150,000	2,505,000	155,000
Unamortized					
Bond premium	327,422	-	34,606	292,816	34,606
Total Bonds Payable	<u>67,596,893</u>	<u>879,638</u>	<u>3,844,606</u>	<u>64,631,925</u>	<u>3,264,606</u>
Accrued sick leave	290,178	42,803	4,774	328,207	-
OPEB obligation	386,253	128,751	-	515,004	-
Unearned revenues	<u>1,149,376</u>	<u>744,280</u>	<u>173,800</u>	<u>1,719,856</u>	<u>173,800</u>
Long-Term Liabilities	<u>\$ 69,422,700</u>	<u>\$ 1,795,472</u>	<u>\$ 4,023,180</u>	<u>\$ 67,194,992</u>	<u>\$ 3,438,406</u>



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

**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 non-operating revenues, tax levy, and interest income. The 2012 and 2011 debt coverage is as follows:

	2012	2011
Operating revenues	\$ 38,834,554	\$ 37,557,721
Connection fees	2,018,693	920,267
Non-operating income – interest earned	1,082,314	1,307,352
– interest rate subsidy	368,898	423,644
– property taxes	815,521	859,567
Revenue as defined by ordinance	43,119,980	41,068,551
Expenses (less depreciation)	(29,460,697)	(28,764,732)
Net Revenue Available Before Debt Service (as Defined in the Series Bond Ordinance)	\$ 13,659,283	\$ 12,303,819
Debt Service Requirements – current year		
Serial bond deposits	\$ 3,230,000	\$ 3,810,000
Interest	2,139,782	2,333,494
Total Debt Service Requirements	\$ 5,369,782	\$ 6,143,494
Revenue Bond Coverage as Calculated	2.54	2.00
Revenue Bond Coverage Required by Bond Ordinance	1.50	1.50

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 2012 and 2011, this ratio was 2.17 and 1.85, respectively. Hence, for fiscal years 2012 and 2011, the coverage was met.

Annual principal and interest payments on the bonds are expected to require 12% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$97.9 million. Principal and interest paid for 2012 and 2011 were \$5,369,782 and \$6,143,494, 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 principal balance was paid during 2012.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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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  
As of and for the Years Ended November 30, 2012 and 2011

**NOTE 7 – NET ASSETS (cont.)**

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

	2012	2011
Capital assets	\$ 334,696,597	\$ 312,198,372
Accumulated depreciation	(124,059,031)	(117,517,360)
Construction work in progress	11,526,460	20,643,118
Sub-Totals	222,164,026	215,324,130
Less: Capital Related Debt		
Current portion of capital related long-term debt	2,453,150	3,185,000
Long-term portion of capital related long-term debt	51,906,073	54,359,224
Unamortized bond premium	258,209	292,816
Sub-Totals	54,617,432	57,837,040
Add: Unspent Debt Proceeds		
Construction account	273,791	6,001,284
Crossover refunding escrow account	16,995,105	17,025,223
Sub-Totals	17,268,896	23,026,507
Total Net Assets Invested in Capital Assets, Net of Related Debt	\$ 184,815,490	\$ 180,513,597

**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 2012, 2011, and 2010. The employer rate for calendar years 2012, 2011, and 2010 were 11.47%, 11.44%, and 10.96%, 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  
As of and for the Years Ended November 30, 2012 and 2011

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

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		
	2012	2011	2010
Total covered payroll	\$ 6,075,488	\$ 5,980,398	\$ 6,046,199
Total required contributions	696,858	684,158	662,663
Total required contributions	11.47%	11.44%	10.96%

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

***LONG-TERM CONTRACTS – GENERAL***

At November 30, 2012, the department had commitments under long-term contracts for the following:

On July 15, 2010, the department entered into a 20 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.

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.

On May 12, 2009, the department entered into a 20 year agreement with the Village of Hawthorn Woods and Aqua Illinois, Inc. to provide and deliver potable water to the Hawthorn Woods – Glennshire Subdivision. On June 14, 2011, the department entered into a 20 year agreement with the Village of Hawthorn Woods and Aqua Illinois, Inc. to provide and deliver potable water to the department's Forest Lake Water System.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

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

***CLAIMS AND JUDGMENTS***

Village of Round Lake et al. v. County of Lake and Village of Fox Lake, 09 MR 1770, pending in the Circuit Court of Lake County. Three municipalities have sued the County under multiple theories. Plaintiffs assert that the County is attempting to include unlawful provisions in a proposed contract with the plaintiffs for continuing sewage transport services and that the County, as a de facto public utility in the provision of sewer services, is unlawfully using its alleged superior bargaining position to exact unlawful concessions from plaintiffs with respect to the same proposed sewage transport services contracts. Plaintiffs also assert that the County's sewer rates have been and are unreasonable and excessive and that the County has unlawfully used monies collected from one sewer subsystem to subsidize or pay costs attributable to other County sewer subsystems. Plaintiffs seek declaratory, injunctive relief, an accounting of monies received from customers in the Northwest Lake Facilities Planning Area, unspecified damages, and a credit or refund for allegedly excessive sewer user rates collected by the County. In July 2011, the case settled in principle, with the parties memorializing the final agreement by way of a new water and sewer contract. The parties continue to work towards negotiating the language of the contract. The settlement between the County and the Plaintiffs does not include any monetary damages

***OPEN CONTRACTS***

The department has active construction projects as of November 30, 2012. 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	\$ 558,231	\$ 1,422,950
Interceptor sewer improvements	452,109	581,920
Wastewater reclamation facilities improvements	18,332,732	4,084,056
Water and sewer main replacement	<u>9,355,198</u>	<u>1,099,746</u>
Totals	<u>\$ 28,698,270</u>	<u>\$ 7,188,672</u>

**NOTE 10 – SELF INSURANCE**

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB)**

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 2009, 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 2009, 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 each fiscal year.

**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 county's net OPEB obligation to the Retiree Health Plan:

Annual required contribution (ARC)	\$	2,935,000
Interest on net OPEB obligation		482,000
Adjustment to ARC		<u>(483,000)</u>
Annual OPEB cost		2,934,000
Contributions made		<u>(888,000)</u>
Increase in net OPEB obligation		2,046,000
Net OPEB Obligation – Beginning of Year		<u>11,982,000</u>
Net OPEB Obligation – End of Year	\$	<u><u>14,028,000</u></u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended November 30, 2012 and 2011

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (cont.)**

**COUNTY EMPLOYEES (cont.)**

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contribution	Net OPEB Obligation
11/30/2012	\$ 2,871,000	30.9%	\$ 14,028,000
11/30/2011	2,665,000	32.6%	11,982,000
11/30/2010	4,266,507	27.4%	10,192,507

The funded status of the plan as of December 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 29,659,000
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 29,659,000</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 119,608,000
UAAL as a percentage of covered payroll	24.8%

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, 2011 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 9% initially, reduced by decrements to an ultimate rate of 5% after 9 years. Both rates include a 3% 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 pay, including interest on an open basis. The amortization period at November 30, 2011, was 30 years.

**REQUIRED  
SUPPLEMENTAL INFORMATION**



**LAKE COUNTY, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
 For the Year Ended November 30, 2012

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)	
11/30/2012	\$	-	\$ 29,659,000	\$ 29,659,000	0.00%	\$ 119,608,000	24.80%
11/30/2011		-	27,362,000	27,362,000	0.00%	132,341,000	20.70%
11/30/2010		-	46,157,000	46,157,000	0.00%	153,979,000	30.00%
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%

**LAKE COUNTY, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS - ILLINOIS MUNICIPAL RETIREMENT FUND  
 For the Year Ended November 30, 2012

**County Employees Other Than SLEP**

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)
12/31/11	\$ 267,433,938	\$ 341,889,802	\$ 74,455,864	78.22%	\$ 130,887,864	56.89%
12/31/10	256,764,977	334,235,293	77,470,316	76.82%	136,179,461	56.89%
12/31/09	263,196,054	325,310,094	62,114,040	80.91%	140,461,693	44.22%
12/31/08	271,037,907	334,084,750	63,046,843	81.13%	137,194,593	45.95%
12/31/07	311,454,612	318,067,885	6,613,273	97.92%	131,020,386	5.05%
12/31/06	284,386,212	299,653,467	15,237,255	94.91%	124,578,781	12.26%
12/31/05	256,109,452	280,035,012	23,925,560	91.46%	121,134,521	19.75%
12/31/04	235,470,636	270,653,482	35,182,846	87.00%	121,751,974	28.90%
12/31/03	224,061,150	243,811,860	19,750,710	91.90%	114,211,803	17.29%
12/31/02	226,358,860	226,370,502	11,642	99.99%	108,270,084	0.01%
12/31/01	228,026,014	203,936,449	(24,089,565)	111.81%	102,614,418	0.00%

**SUPPLEMENTAL INFORMATION**

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

CAPITAL ASSETS  
As of November 30, 2012

	Balance 11/30/2011	Additions	Retirements	Balance 11/30/2012
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>				
Land	\$ 2,577,013	\$ -	\$ -	\$ 2,577,013
Intangible Assets	-	430,200	-	430,200
Total Capital Assets not being Depreciated	<u>2,577,013</u>	<u>430,200</u>	<u>-</u>	<u>3,007,213</u>
<b>BUILDINGS AND IMPROVEMENTS</b>	<u>72,400,974</u>	<u>2,831,190</u>	<u>-</u>	<u>75,232,164</u>
<b>IMPROVEMENTS OTHER THAN BUILDINGS</b>				
Water Facilities				
Transmission and distribution mains	57,878,007	7,445,573	-	65,323,580
Elevated water storage tanks	9,754,696	317,553	-	10,072,249
Land improvements	2,118,368	-	-	2,118,368
Wells	6,979,922	-	(239,389)	6,740,533
Total Water Facilities	<u>76,730,993</u>	<u>7,763,126</u>	<u>(239,389)</u>	<u>84,254,730</u>
Sewer Facilities				
Trunk and lateral sewers	66,207,284	580,049	-	66,787,333
Lift stations	13,370,163	-	-	13,370,163
Retention lagoon	499,890	-	-	499,890
Treatment equipment	31,471,030	10,544,968	-	42,015,998
Interceptor sewers	39,378,462	-	-	39,378,462
Total Sewer Facilities	<u>150,926,829</u>	<u>11,125,017</u>	<u>-</u>	<u>162,051,846</u>
Total Improvements Other Than Buildings	<u>227,657,822</u>	<u>18,888,143</u>	<u>(239,389)</u>	<u>246,306,576</u>
<b>MACHINERY AND EQUIPMENT</b>				
Fire hydrants	99,231	-	-	99,231
Pumping equipment	3,364,526	-	-	3,364,526
Laboratory equipment	613,156	27,159	-	640,315
Trucks and trailers	2,808,550	200,440	(89,549)	2,919,441
Other	2,677,100	466,711	(16,680)	3,127,131
Total Machinery and Equipment	<u>9,562,563</u>	<u>694,310</u>	<u>(106,229)</u>	<u>10,150,644</u>
<b>TOTAL PLANT IN SERVICE</b>	<u>\$ 312,198,372</u>	<u>\$ 22,843,843</u>	<u>\$ (345,618)</u>	<u>\$ 334,696,597</u>

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

ACCUMULATED DEPRECIATION  
As of Ended November 30, 2012

	Balance 11/30/2011	Additions	Retirements	Balance 11/30/2012
<b>LAND</b>	\$ -	\$ -	\$ -	\$ -
<b>BUILDINGS AND IMPROVEMENTS</b>	(30,419,876)	(1,908,467)	-	(32,328,343)
<b>IMPROVEMENTS OTHER THAN BUILDINGS</b>				
Water Facilities				
Transmission and distribution mains	(15,475,306)	(784,797)	-	(16,260,103)
Elevated water storage tanks	(5,126,808)	(217,167)	-	(5,343,975)
Land improvements	(215,075)	(37,761)	-	(252,836)
Wells	(4,153,948)	(221,022)	229,245	(4,145,725)
Total Water Facilities	(24,971,137)	(1,260,747)	229,245	(26,002,639)
Sewer Facilities				
Trunk and lateral sewers	(20,447,044)	(928,726)	-	(21,375,770)
Lift station	(6,224,216)	(504,012)	-	(6,728,228)
Retention lagoon	(325,653)	(15,169)	-	(340,822)
Treatment equipment	(16,184,029)	(1,310,395)	-	(17,494,424)
Interceptor sewers	(11,096,834)	(525,046)	-	(11,621,880)
Total Sewer Facilities	(54,277,776)	(3,283,348)	-	(57,561,124)
Total Improvements Other Than Buildings	(79,248,913)	(4,544,095)	229,245	(83,563,763)
<b>MACHINERY AND EQUIPMENT</b>				
Fire hydrants	(75,402)	(1,807)	-	(77,209)
Pumping equipment	(3,318,319)	(30,805)	-	(3,349,124)
Laboratory equipment	(406,573)	(43,462)	-	(450,035)
Trucks and trailers	(2,037,008)	(178,355)	89,549	(2,125,814)
Other	(2,011,269)	(170,154)	16,680	(2,164,743)
Total Machinery and Equipment	(7,848,571)	(424,583)	106,229	(8,166,925)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>\$ (117,517,360)</b>	<b>\$ (6,877,145)</b>	<b>\$ 335,474</b>	<b>\$ (124,059,031)</b>

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

SERIES ORDINANCE SYSTEM  
COMBINING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
For the Year Ended November 30, 2012

	Operation Account	Reserved for Restricted Accounts			Combined Total
		Series Ordinance	Subordinate Ordinance	Construction	
Cash balance, December 1, 2011	\$ 680,382	\$ 405,504	\$ 9,882	\$ 201,284	\$ 1,297,052
<b>Receipts</b>					
Bond proceeds	-	-	-	-	-
Water and sewer charges	41,461,121	-	-	-	41,461,121
Interest	400,159	-	-	19,314	419,473
Sale or redemption of investments	3,927,608	45,559,392	280,000	5,800,000	55,567,000
Contributions - Special Service Area #9 & 14	-	651,267	-	-	651,267
Contributions - Capital Improvements	-	-	-	3,018,950	3,018,950
Grants/Subsidies	368,898	192,616	-	-	561,514
Other	34,201	-	-	-	34,201
<b>Total Receipts</b>	<b>46,191,987</b>	<b>46,403,275</b>	<b>280,000</b>	<b>8,838,264</b>	<b>101,713,526</b>
<b>Disbursements</b>					
Operating expenses	30,350,621	-	-	-	30,350,621
Purchase of investments	5,415,893	46,805,459	289,000	-	52,510,352
Principal due December 1, 2012	-	3,075,000	155,000	-	3,230,000
Interest	-	1,267,110	123,065	-	1,390,175
Transfers pursuant to bond ordinances	10,761,505	(10,483,440)	(278,065)	-	-
Other	100,275	-	-	514,952	615,227
Capital outlay expenditures	-	6,085,525	-	8,250,805	14,336,330
<b>Total Disbursements</b>	<b>46,628,294</b>	<b>46,749,654</b>	<b>289,000</b>	<b>8,765,757</b>	<b>102,432,705</b>
<b>Cash Balance, November 30, 2012</b>	<b>\$ 244,075</b>	<b>\$ 59,125</b>	<b>\$ 882</b>	<b>\$ 273,791</b>	<b>\$ 577,873</b>

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

SERIES ORDINANCE SYSTEM OPERATION ACCOUNT  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
For the Year Ended November 30, 2012

	Operation Account		
	Revenue Account	Operation Account	Combined Total
Cash balance, December 1, 2011	\$ -	\$ 680,383	\$ 680,383
Receipts			
Water and sewer charges	41,461,121	-	41,461,121
Interest	400,159	-	400,159
Bond Proceeds	-	-	-
Grants/Subsidies	368,898	-	368,898
Other	34,201	-	34,201
Sale or redemption of investments	-	3,927,608	3,927,608
Total Receipts	<u>42,264,379</u>	<u>3,927,608</u>	<u>46,191,987</u>
Disbursements			
Operating expenses	-	30,350,622	30,350,622
Purchase of investments	-	5,415,893	5,415,893
Transfers pursuant to bond ordinances	42,264,379	(31,502,874)	10,761,505
Other	-	100,275	100,275
Total Disbursements	<u>42,264,379</u>	<u>4,363,916</u>	<u>46,628,295</u>
<b>Cash Balance, November 30, 2012</b>	<u>\$ -</u>	<u>\$ 244,075</u>	<u>\$ 244,075</u>

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

SERIES ORDINANCE SYSTEM RESERVED FOR RESTRICTED ACCOUNTS  
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 For the Year Ended November 30, 2012

	Restricted Accounts								
	Series Ordinance				Subordinate Ordinance				
	Interest Account	Bond Fund Accounts	Bond Reserve Account	Depreciation, Extension and Improvement Account	Combined Total	Subordinate Interest Account	Subordinate Bond Account	Subordinate Reserve Account	Combined Total
Cash balance, December 1, 2011	\$ 5,458	\$ 5,346	\$ 391,203	\$ 3,497	\$ 405,504	\$ -	\$ -	\$ 9,882	\$ 9,882
Receipts									
Bond Proceeds	-				-				-
Sale or redemption of investments	976,238	2,583,154	4,880,000	37,120,000	45,559,392	-	-	280,000	280,000
Contributions - Special Service Area #9 & 14	-	637,342	-	13,925	651,267	-	-	-	-
Transfers pursuant to bond ordinances	1,083,440	2,300,000	-	7,100,000	10,483,440	123,065	155,000	-	278,065
Grants/Subsidies	-	-	-	192,616	192,616	-	-	-	-
Total receipts	<u>2,059,678</u>	<u>5,520,496</u>	<u>4,880,000</u>	<u>44,426,541</u>	<u>56,886,715</u>	<u>123,065</u>	<u>155,000</u>	<u>280,000</u>	<u>558,065</u>
Disbursements									
Purchase of investments	792,476	2,449,982	5,269,000	38,294,000	46,805,458	-	-	289,000	289,000
Principal due December 1, 2012	-	3,075,000	-	-	3,075,000	-	155,000	-	155,000
Interest	1,267,110	-	-	-	1,267,110	123,065	-	-	123,065
Capital outlay expenditures	-	-	-	6,085,525	6,085,525	-	-	-	-
Total disbursements	<u>2,059,586</u>	<u>5,524,982</u>	<u>5,269,000</u>	<u>44,379,525</u>	<u>57,233,093</u>	<u>123,065</u>	<u>155,000</u>	<u>289,000</u>	<u>567,065</u>
Cash balance, November 30, 2012	<u>\$ 5,550</u>	<u>\$ 860</u>	<u>\$ 2,203</u>	<u>\$ 50,513</u>	<u>\$ 59,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882</u>	<u>\$ 882</u>



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

SERIES ORDINANCE SYSTEM  
 STATEMENT OF CHANGES IN NET ASSETS - RESTRICTED  
 For the Year Ended November 30, 2012

Business-type Activities-Enterprise Fund Accounts

	Series Ordinance System							Net Assets
	Interest Account	Bond Fund Account	Bond Reserve Account	Depreciation, Extension, and Improvement Account	Reserve for Construction Accounts	Subordinate Ordinance Total	Crossover Refunding Escrow Account	
Balance, December 1, 2011	\$ 981,696	\$ 2,575,173	\$ 5,271,203	\$ 37,123,497	\$ 6,001,284	\$ 289,882	\$ 17,025,223	\$ 69,267,958
Add (deduct)								
Transfers pursuant to bond ordinances	1,083,439	2,300,000	-	7,100,000	-	278,065	-	10,761,504
Property tax	-	637,342	-	13,925	-	-	-	651,267
Interest Income	-	-	-	-	19,314	-	719,488	738,802
Bond Proceeds	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-
Bond discount/issuance cost	-	-	-	-	-	-	-	-
Capital Improvement Contribution	-	-	-	-	3,018,950	-	-	3,018,950
Grants	-	-	-	192,616	-	-	-	192,616
Other	-	-	-	-	(514,952)	-	-	(514,952)
Interest paid on bonds	(1,267,110)	-	-	-	-	(123,065)	(749,606)	(2,139,781)
Bond principal due December 1, 2012	-	(3,075,000)	-	-	-	(155,000)	-	(3,230,000)
Capital outlay expenditures	-	-	-	(6,085,525)	(8,250,805)	-	-	(14,336,330)
<b>Balance, November 30, 2012</b>	<u>\$ 798,025</u>	<u>\$ 2,437,515</u>	<u>\$ 5,271,203</u>	<u>\$ 38,344,513</u>	<u>\$ 273,791</u>	<u>\$ 289,882</u>	<u>\$ 16,995,105</u>	<u>\$ 64,410,034</u>
						Less: Restricted assets not funded by revenues		
						Construction Account		\$ (273,791)
						Escrow Account		(16,995,105)
						Current liabilities payable from restricted assets		<u>(590,010)</u>
						Total Restricted Assets		<u>\$ 46,551,128</u>

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

REVENUE BONDS PAYABLE  
For the Year Ended November 30, 2012

	Interest Rates (Percent)	Amount of Original Issue	Redemptions Through November 30, 2012	Bonds Outstanding November 30, 2012
Series B of 2003	2.25 - 4.125	\$ 3,405,000	\$ 3,405,000	\$ -
Series C of 2003	4.55 - 5.65	18,575,092	-	18,575,092
Series 2005S-1	3.75 - 4.50	1,000,000	305,000	695,000
Series 2005S-2	5.20 - 5.50	1,000,000	515,000	485,000
2006A Refunding bonds	4.00	6,700,000	2,760,000	3,940,000
2006B Crossover refunding bonds	4.25 - 4.50	17,170,000	-	17,170,000
Series S of 2009	2.70 - 6.60	1,220,000	50,000	1,170,000
Series A of 2010	2.00 - 5.45	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>
<b>TOTAL REVENUE BONDS</b>		<u>\$ 69,070,092</u>	<u>\$ 7,035,000</u>	<u>\$ 62,035,092</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 Year Ended November 30, 2012

Maturing as follows	Series C of 2003	Series S-2 of 2005	Series S-1 of 2005	Series 2006A	Series 2006B	Series S of 2009	Series A of 2010	Total
<u>Year Ending November 30,</u>								
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	160,000	4,028,848
2015	1,315,368	95,000	50,000	790,000	1,615,000	30,000	165,000	4,060,368
2016	1,232,976	105,000	50,000	830,000	1,690,000	30,000	170,000	4,107,976
2017	1,149,888	105,000	55,000	805,000	1,765,000	30,000	175,000	4,084,888
2018	1,419,035	-	55,000	-	2,615,000	30,000	200,000	4,319,035
2019	1,251,810	-	60,000	-	2,555,000	30,000	300,000	4,196,810
2020	1,166,430	-	60,000	-	2,665,000	35,000	350,000	4,276,430
2021	8,067,587	-	65,000	-	2,715,000	35,000	400,000	11,282,587
2022	-	-	65,000	-	-	35,000	1,080,000	1,180,000
2023	-	-	70,000	-	-	35,000	1,000,000	1,105,000
2024	-	-	70,000	-	-	40,000	1,000,000	1,110,000
2025	-	-	-	-	-	40,000	1,000,000	1,040,000
2026	-	-	-	-	-	40,000	1,000,000	1,040,000
2027	-	-	-	-	-	40,000	1,000,000	1,040,000
2028	-	-	-	-	-	45,000	1,000,000	1,045,000
2029	-	-	-	-	-	45,000	1,250,000	1,295,000
2030	-	-	-	-	-	45,000	1,250,000	1,295,000
2031	-	-	-	-	-	50,000	1,250,000	1,300,000
2032	-	-	-	-	-	50,000	1,500,000	1,550,000
2033	-	-	-	-	-	55,000	1,750,000	1,805,000
2034	-	-	-	-	-	55,000	2,000,000	2,055,000
2035	-	-	-	-	-	60,000	2,000,000	2,060,000
2036	-	-	-	-	-	60,000	-	60,000
2037	-	-	-	-	-	65,000	-	65,000
2038	-	-	-	-	-	65,000	-	65,000
2039	-	-	-	-	-	70,000	-	70,000
<b>TOTALS</b>	<u>\$ 18,575,092</u>	<u>\$ 485,000</u>	<u>\$ 695,000</u>	<u>\$ 3,940,000</u>	<u>\$ 17,170,000</u>	<u>\$ 1,170,000</u>	<u>\$ 20,000,000</u>	<u>\$ 62,035,092</u>

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

SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS TO MATURITY - INTEREST  
For the Year Ended November 30, 2012

Maturing as follows	Series C of 2003	Series S-2 of 2005	Series S-1 of 2005	2006A Bonds	2006B Bonds (A)	Series S of 2009	Series A of 2010	Total
<u>Year Ending November 30,</u>								
2013	\$ 921,850	\$ 18,850	\$ 28,938	\$ 157,600	\$ 749,607	\$ 69,548	\$ 983,635	\$ 2,930,028
2014	1,006,152	15,430	27,250	127,200	749,606	68,610	983,635	2,977,883
2015	1,084,632	12,010	25,350	97,000	679,856	67,335	980,435	2,946,618
2016	1,167,024	8,400	23,350	65,400	607,181	66,015	976,475	2,913,845
2017	1,250,112	4,200	21,350	32,200	531,131	64,635	972,225	2,875,853
2018	1,755,965	-	19,122	-	451,706	63,195	966,975	3,256,963
2019	1,748,190	-	16,865	-	340,569	61,695	960,375	3,127,694
2020	1,833,570	-	14,377	-	231,981	60,120	949,575	3,089,623
2021	1,913,280	-	11,858	-	115,388	58,283	936,275	3,035,084
2022	-	-	9,095	-	-	56,445	920,275	985,815
2023	-	-	6,300	-	-	54,450	874,375	935,125
2024	-	-	3,150	-	-	52,455	830,375	885,980
2025	-	-	-	-	-	50,175	784,875	835,050
2026	-	-	-	-	-	47,895	737,875	785,770
2027	-	-	-	-	-	45,495	689,375	734,870
2028	-	-	-	-	-	43,095	639,375	682,470
2029	-	-	-	-	-	40,395	587,875	628,270
2030	-	-	-	-	-	37,695	523,500	561,195
2031	-	-	-	-	-	34,770	459,125	493,895
2032	-	-	-	-	-	31,520	392,875	424,395
2033	-	-	-	-	-	28,270	313,375	341,645
2034	-	-	-	-	-	24,695	218,000	242,695
2035	-	-	-	-	-	21,120	109,000	130,120
2036	-	-	-	-	-	17,160	-	17,160
2037	-	-	-	-	-	13,200	-	13,200
2038	-	-	-	-	-	8,910	-	8,910
2039	-	-	-	-	-	4,620	-	4,620
<b>TOTALS</b>	<b>\$ 12,680,775</b>	<b>\$ 58,890</b>	<b>\$ 207,005</b>	<b>\$ 479,400</b>	<b>\$ 4,457,025</b>	<b>\$ 1,191,801</b>	<b>\$ 16,789,880</b>	<b>\$ 35,864,776</b>

(A) Crossover bonds with interest paid from escrow.