

**SOLID WASTE AGENCY OF
LAKE COUNTY, ILLINOIS**
Gurnee, Illinois

FINANCIAL STATEMENT
Including Independent Auditors' Report
Years Ended November 30, 2009 and 2008

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

Gurnee, Illinois

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Solid Waste Agency of Lake County, Illinois
Gurnee, Illinois

We have audited the accompanying statements of net assets of the Solid Waste Agency of Lake County, Illinois (SWALCO), as of and for the years ended November 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of SWALCO's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

SWALCO has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the financial statements.

The budgetary comparison information (pages 13 – 14) and schedule of funding progress (page 15) is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause LLP

Madison, Wisconsin
June 10, 2010

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF NET ASSETS

November 30, 2009 and 2008

ASSETS		
	2009	2008
CURRENT ASSETS		
Cash	\$ 239,288	\$ 264,521
Affected area compensation fees receivable	271,178	215,914
Other receivables, net of allowance for uncollectible accounts	177,242	309,282
Prepaid insurance	30,669	41,771
Total Current Assets	<u>718,377</u>	<u>831,488</u>
NON-CURRENT ASSETS		
Restricted assets		
Equipment replacement fund	120,000	-
Capital Assets		
Plant in service	2,154,946	2,154,946
Accumulated depreciation	<u>(657,430)</u>	<u>(565,806)</u>
Total Non-Current Assets	<u>1,617,516</u>	<u>1,589,140</u>
TOTAL ASSETS	<u>2,335,893</u>	<u>2,420,628</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	62,221	35,137
Affected area compensation expense payable	297,037	312,592
Accrued payroll	2,663	1,149
Compensated absences	-	4,809
Total Current Liabilities	<u>361,921</u>	<u>353,687</u>
Total Liabilities	<u>361,921</u>	<u>353,687</u>
NET ASSETS		
Invested in capital assets	1,497,516	1,589,140
Restricted	120,000	-
Unrestricted	<u>356,456</u>	<u>477,801</u>
TOTAL NET ASSETS	<u>\$ 1,973,972</u>	<u>\$ 2,066,941</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

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

	2009	2008
OPERATING REVENUES		
County surcharge	\$ 803,986	\$ 873,632
Affected area compensation fees	1,563,269	1,760,810
Member fees	220,576	220,015
Other miscellaneous	6,550	1,975
Allowance for uncollectible accounts	(58,384)	-
Total Operating Revenues	<u>2,535,997</u>	<u>2,856,432</u>
OPERATING EXPENSES		
Personnel services	392,009	382,337
Operational services	34,195	34,147
Contractual services	2,094,268	2,327,443
Capital outlay	18,945	2,073
Depreciation	91,624	97,564
Total Operating Expenses	<u>2,631,041</u>	<u>2,843,564</u>
OPERATING INCOME (LOSS)	<u>(95,044)</u>	<u>12,868</u>
NON-OPERATING INCOME		
Investment income	<u>2,075</u>	<u>4,047</u>
CHANGE IN NET ASSETS	(92,969)	16,915
NET ASSETS - Beginning of Year	<u>2,066,941</u>	<u>2,050,026</u>
NET ASSETS - END OF YEAR	<u>\$ 1,973,972</u>	<u>\$ 2,066,941</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,612,773	\$ 2,810,871
Paid to suppliers for goods and services	(2,132,397)	(2,535,144)
Paid to employees for services	(387,684)	(377,528)
Net Cash Flows From Operating Activities	<u>92,692</u>	<u>(101,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>2,075</u>	<u>4,047</u>
Net Change in Cash and Cash Equivalents	94,767	(97,754)
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>264,521</u>	<u>362,275</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 359,288</u>	<u>\$ 264,521</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (95,044)	\$ 12,868
Non-cash items included in operating income (loss)		
Depreciation	91,624	97,564
Changes in assets and liabilities		
Affected area compensation fees receivable	(55,264)	61,421
Other receivables	132,040	(106,982)
Prepaid insurance	11,102	(15,973)
Accounts payable	27,084	11,171
Affected area compensation expense payable	(15,555)	(163,965)
Accrued payroll and compensated absences	(3,295)	2,095
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 92,692</u>	<u>\$ (101,801)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET ACCOUNTS		
Cash	\$ 239,288	\$ 264,521
Equipment replacement fund	<u>120,000</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 359,288</u>	<u>\$ 264,521</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Solid Waste Agency of Lake County, Illinois (SWALCO), 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 SWALCO are described below:

REPORTING ENTITY

SWALCO is a municipal corporation formed by Lake County and 41 municipalities within Lake County for the purpose of implementing the Lake County Solid Waste Management Plan. SWALCO has a Board of Directors made up from these members, an Executive Committee (three at large and six elected members), a Legislative Committee and five staff members. SWALCO is established pursuant to the Intergovernmental Cooperation Act of the State of Illinois, the Illinois Local Solid Waste Disposal Act, the Illinois Planning and Recycling Act and Lake County Board Resolution #38 of September 12, 1989. Operations began on February 21, 1991. Following criteria established by GASB, SWALCO is not considered a component unit of the county.

MISSION STATEMENT AND OBJECTIVES

SWALCO implements a regional approach to solid waste management by addressing the economic, political and environmental issues in Lake County, and by meeting the following objectives:

- > Implement and update the Lake County Solid Waste Management Plan.
- > Facilitate an efficient, reliable and environmentally sound waste disposal system.
- > Advise and assist SWALCO members regarding solid waste management issues.
- > Educate the public regarding the implications of solid waste management options.
- > Identify and disseminate information regarding techniques to reduce, reuse and recycle solid waste.

The entity generally does not dispose of solid waste for its members.

FUNDING

The agency is funded from a surcharge imposed at sanitary landfills. The surcharge also funds the Health Department's enforcement program. In addition, the agency receives host fees from the landfills and transfers those fees to Lake County.

Starting in 2008, the agency implemented a yearly operations and maintenance fee to its members based on the number of households in each member community.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2009 and 2008

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

SWALCO is presented following enterprise fund accounting. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in SWALCO's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Entities also have the option of following subsequent private-sector guidance subject to this same limitation. SWALCO has elected not to follow subsequent private-sector guidance.

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 statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition. SWALCO's deposits and investments are maintained by the Treasurer of Lake County in pooled deposit and investment accounts. The county's policy is to maintain collateral for all deposits.

Receivables/Payables

Other receivables consist of membership fees being paid over a number of years from member communities and other miscellaneous amounts due to SWALCO, net of an allowance for doubtful accounts. Accounts payable consists of amounts due from SWALCO to outside parties for goods and services received.

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. During fiscal year 2009, the Agency authorized a replacement account to fund any future replacement of capital items.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Affected Area Compensation Fees Receivable / Expense Payable

Affected area compensation fees receivable consists of a per ton solid waste fee due to SWALCO from in county landfill owners. Affected area compensation expense payable consists of amounts due to Lake County from the per ton solid waste fee.

Prepaid Insurance

Prepaid insurance represents insurance premiums which benefit subsequent periods.

Capital Assets

Capital assets are generally defined by SWALCO as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year.

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

	<u>Years</u>
Land improvements	5 – 10
Buildings	30
Office furniture and equipment	2 – 10

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from SWALCO's general operating revenues.

REVENUES AND EXPENSES

SWALCO distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with SWALCO's principal ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2009 and 2008

NOTE 2 – DEPOSITS AND INVESTMENTS

Generally accepted accounting principles require the disclosure of SWALCO's cash and investment balances and their applicable risks. SWALCO's cash and investments are commingled with the Treasurer of Lake County, Illinois; therefore, individual fund bank balances cannot be determined. Please refer to Lake County's statements for further information.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2009 follows:

	Balance 12/1/08	Increases	Decreases	Balance 11/30/09
Capital assets, not being depreciated				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Total Capital Assets Not Being Depreciated	166,217	-	-	166,217
Capital assets being depreciated				
Land improvements	96,352	-	-	96,352
Buildings	1,678,340	-	-	1,678,340
Office furniture and equipment	214,037	-	-	214,037
Total Capital Assets Being Depreciated	1,988,729	-	-	1,988,729
Total Capital Assets	2,154,946	-	-	2,154,946
Less: Accumulated depreciation	(565,806)	(91,624)	-	(657,430)
Net Capital Assets	<u>\$ 1,589,140</u>			<u>\$ 1,497,516</u>

A summary of changes in capital assets for 2008 follows:

	Balance 12/1/07	Increases	Decreases	Balance 11/30/08
Capital assets, not being depreciated				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Total Capital Assets Not Being Depreciated	166,217	-	-	166,217
Capital assets being depreciated				
Land improvements	96,352	-	-	96,352
Buildings	1,678,340	-	-	1,678,340
Office furniture and equipment	214,037	-	-	214,037
Total Capital Assets Being Depreciated	1,988,729	-	-	1,988,729
Total Capital Assets	2,154,946	-	-	2,154,946
Less: Accumulated depreciation	(468,242)	(97,564)	-	(565,806)
Net Capital Assets	<u>\$ 1,686,704</u>			<u>\$ 1,589,140</u>

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

NOTE 4 – NET ASSETS

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 - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The following calculation supports the net assets invested in capital assets, net of related debt as of November 30, 2009 and 2008:

	2009	2008
Plant in service	\$ 2,154,946	\$ 2,154,946
Accumulated depreciation	(657,430)	(565,806)
Sub-Totals	<u>1,497,516</u>	<u>1,589,140</u>
Less: Capital related debt	<u>-</u>	<u>-</u>
Total Net Assets Invested in Capital Assets	<u>\$ 1,497,516</u>	<u>\$ 1,589,140</u>

NOTE 5 – CONTINGENCIES AND COMMITMENTS

CONTINGENT LIABILITIES

Due to the nature of SWALCO's operations, claims and legal actions against hazardous waste disposal may be incurred. No amount has been recorded as a loss because the probability, or amount, cannot be reasonably estimated.

LANDFILL CONTRACTS

SWALCO has executed waste disposal capacity agreements with seven landfills. The agreements were executed to provide guaranteed disposal capacity to the participating communities over their agreed to terms. The agreements further call for monthly payments to SWALCO based on the tonnage received from the members. Complete terms and conditions of the agreement are available from SWALCO offices.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

NOTE 6 – RISK MANAGEMENT

SWALCO 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. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 7 – EMPLOYEES RETIREMENT SYSTEM

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

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

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

All full-time employees participate in a single-employer self-insured health care plan administered through Lake 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 actuarial valuation of the plan is computed for the county as a whole. The Agency's portion of the liability is not considered material to the financial statements.

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

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS November 30, 2009 and 2008

NOTE 9 – RELATED PARTIES

SWALCO is a stand-alone government as determined by criteria established by GASB. Lake County does provide certain services including, but not limited to, banking, general ledger, payroll and other data processing.

NOTE 10 – POTENTIAL COUNTY TRANSFER

Lake County had collected a surcharge fee under Section 22.15 of the Environmental Protection Act. All fees, taxes and surcharges collected under this section are required to be utilized for solid waste management purposes, including long-term monitoring and maintenance of landfills, planning, implementation, inspection, enforcement and other activities consistent with the Solid Waste Management Act and the Local Solid Waste Disposal Act. SWALCO is currently under negotiations with Lake County to transfer at least a portion of these funds. The timing and amount to be transferred, if any, is undetermined.

REQUIRED SUPPLEMENTARY INFORMATION

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL Year Ended November 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
County surcharge	\$ 941,715	\$ 803,986	\$ (137,729)
Affected area compensation fees	1,717,825	1,563,269	(154,556)
Member fees	170,000	220,576	50,576
Other miscellaneous	4,500	6,550	2,050
Allowance for uncollectible accounts	-	(58,384)	(58,384)
Total Operating Revenues	<u>2,834,040</u>	<u>2,535,997</u>	<u>(298,043)</u>
OPERATING EXPENSES			
Personnel services	388,290	392,009	(3,719)
Operational services	44,050	34,195	9,855
Contractual services	2,374,235	2,094,268	279,967
Capital outlay	43,300	18,945	24,355
Depreciation	-	91,624	(91,624)
Total Operating Expenses	<u>2,849,875</u>	<u>2,631,041</u>	<u>218,834</u>
OPERATING INCOME	<u>(15,835)</u>	<u>(95,044)</u>	<u>(79,209)</u>
NON-OPERATING INCOME			
Investment income	-	2,075	2,075
CHANGE IN NET ASSETS	(15,835)	(92,969)	\$ (77,134)
NET ASSETS - Beginning of Year	<u>2,066,941</u>	<u>2,066,941</u>	
NET ASSETS - END OF YEAR	<u>\$ 2,051,106</u>	<u>\$ 1,973,972</u>	

See independent auditors' report and accompanying notes.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

Year Ended November 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
County surcharge	\$ 1,038,010	\$ 873,632	\$ (164,378)
Affected area compensation fees	1,717,825	1,760,810	42,985
Member fees	200,000	220,015	20,015
Other miscellaneous	5,000	1,975	(3,025)
Total Operating Revenues	<u>2,960,835</u>	<u>2,856,432</u>	<u>(104,403)</u>
OPERATING EXPENSES			
Personnel services	373,530	382,337	(8,807)
Operational services	38,000	34,147	3,853
Contractual services	2,412,455	2,327,443	85,012
Capital outlay	76,000	2,073	73,927
Depreciation	-	97,564	(97,564)
Total Operating Expenses	<u>2,899,985</u>	<u>2,843,564</u>	<u>56,421</u>
OPERATING INCOME	<u>60,850</u>	<u>12,868</u>	<u>(47,982)</u>
NON-OPERATING INCOME			
Investment income	<u>-</u>	<u>4,047</u>	<u>4,047</u>
CHANGE IN NET ASSETS	60,850	16,915	<u>\$ (43,935)</u>
NET ASSETS - Beginning of Year	<u>2,050,026</u>	<u>2,050,026</u>	
NET ASSETS - END OF YEAR	<u>\$ 2,110,876</u>	<u>\$ 2,066,941</u>	

See independent auditors' report and accompanying notes.

LAKE COUNTY PUBLIC WORKS DEPARTMENT

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

The schedule of funding progress, presented as required supplementary information, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule below represents Lake County as a whole, and does not separate SWALCO's proportionate share.

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

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