

**Lake County Public Works Department**  
**Northwest Wholesale Sewer System**

Schedule of Income and Expenses

For the Year Ended November 30, 2023

**Lake County Public Works Department  
Northwest Wholesale Sewer System**

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## **Independent Accountants' Report on Supplementary Information**

To the Public Works and Transportation Committee  
Lake County Public Works Department

We have audited the financial statements of the Lake County Public Works Department (Department), an enterprise fund of Lake County, Illinois, as of and for the year ended November 30, 2023, and the related notes to the financial statements. We issued our report thereon, dated May 20, 2024. Our report contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to May 20, 2024.

The accompanying Schedule of Income and Expenses is presented for purposes of additional analysis and is 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 13, 2024

**Lake County Public Works Department  
Northwest Wholesale Sewer Department**

Schedule of Income and Expenses

For the Year Ended November 30, 2023

**Operating Revenues**

Sewer charges	\$ 4,062,612
NW I&I excess flow surcharge	378,090
	<u>4,440,702</u>
Total operating revenues	<u>4,440,702</u>

**Operating Expenses**

Personnel services:	
Salaries and wages	453,541
Pension, IMRF and Social Security	58,168
	<u>511,709</u>
Total personnel services	<u>511,709</u>

**Commodities**

Office supplies and maintenance	3,275
Housekeeping supplies	1,374
Gasoline	17,708
Buildings and ground supplies	2,667
Operational supplies	68,915
Chemical supplies	-
Uniforms	5,072
Medical supplies	1,736
Noncapitalized equipment and improvements	212,966
Miscellaneous	-
	<u>313,713</u>
Total commodities	<u>313,713</u>

**Contractual**

Insurance:	
Employees' life, health and dental	107,164
Unemployment	643
Self insurance, liability and worker's compensation	48,418
Professional services	106,725
Miscellaneous benefits	11,827
Gas (utility)	26,377
Electricity	110,644
Telephone and telemetry	36,601
Wholesale sewage treatment	2,354,556
Vehicle maintenance	15,323
Buildings and equipment maintenance	27,904
Equipment rental/real estate lease	8,284
Disposal service	4,202
Miscellaneous	173,520
	<u>3,032,188</u>
Total contractual	<u>3,032,188</u>

Depreciation	<u>632,438</u>
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Total operating expenses	<u>4,490,048</u>
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Operating income (loss)	<u>(49,346)</u>
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See notes to schedule

**Lake County Public Works Department  
Northwest Wholesale Sewer Department**

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Schedule of Income and Expenses

For the Year Ended November 30, 2023

**Nonoperating Revenues (Expenses)**

Interest expense	\$ (2,186)
Interest rate subsidy	<u>69</u>
Total nonoperating revenues (expenses)	<u>(2,117)</u>
Income (loss) before contributions and transfers	<u>(51,463)</u>
Capital contributions, connection fees	2,618
Transfer to debt service reserve	<u>(378,090)</u>
Net increase (decrease) to depreciation extension and improvement reserve	<u>\$ (426,935)</u>

*See notes to schedule*

# Lake County Public Works Department

## Northwest Wholesale Sewer System

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Notes to Schedule

For the Year Ended November 30, 2023

### 1. Nature of Schedule of Income and Expenses

The Schedule of Income and Expenses (Schedule) are reported using 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. The revenues and expenses presented here are allocated to the Northwest Wholesale Sewer System from the Department's fiscal year 2023 audited financial statements dated May 20, 2024.

### 2. Reconciling Items

The attached Schedule was not prepared in accordance with accounting principles generally accepted in the United States of America and only represents revenues and expenses associated with the Northwest Wholesale Sewer System's operations and does not include all revenue and expense categories as shown in the Department's fiscal year 2023 audited financial statements. Items not presented in the attached Schedule include:

- Noncash capital contributions
- Proceeds from sale of capital assets
- Investment income

The above items were not allocated to the Northwest Wholesale Sewer System. The Schedule presented here only reports similar revenues and expenses as used in designing the Department's current rate structure during the most recent rate study.

### 3. Items Specific to the Northwest Wholesale Sewer System

#### Interest Expense, Issuance Costs and Interest Rate Subsidy

The Build America Bond Series of 2020 was issued to complete various water and sewer capital projects. The associated interest expense, issuance costs and interest rate subsidy were allocated to the Northwest Wholesale Sewer System based on the actual projects funded through this debt that were directly related to the Northwest Wholesale Sewer System customers. Principal payments are not included in the Schedule as the related capital improvement charges are recovered through depreciation.

#### I&I Excess Flow Surcharge Revenue

The Department implemented an excess flow surcharge \$1.50 per month per Residential Customer Equivalent in 2014 to cover the costs of the I&I Lagoon Improvement project. The revenues from the surcharges are included in the operating revenues on the Schedule on page 2. Due to the fact that these revenues are required to be spent on the I&I Lagoon Improvement project and are not available to cover operating expenses, the revenues were backed out accordingly and shown as a transfer to the debt service reserve on the Schedule on pages 2-3.