

# **Lake County Public Works Southeast Wholesale Sewer System**

Schedule of Income and Expenses  
For the Year Ended November 30, 2020

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RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Public Work Committee  
Lake County Public Works  
Waterworks and Sewerage Systems Fund  
Libertyville, Illinois

We have audited the financial statements of Lake County Public Works, Waterworks and Sewerage Systems Fund (Public Works), an enterprise fund of Lake County, Illinois, as of and for the year ended November 30, 2020, and have issued our report thereon, dated September 14, 2021, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to September 14, 2021.

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 on the basis of accounting described in Note 2.

*RSM US LLP*

Chicago, Illinois  
October 15, 2021

**Lake County Public Works  
Southeast Wholesale Sewer System**

**Schedule of Income and Expenses  
For the Year Ended November 30, 2020**

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Operating revenues:	
Sewer charges	\$ 6,666,349
Operating expenses:	
Personnel services:	
Salaries and wages	1,214,255
Pension - IMRF and Social Security	199,888
Total personnel services	<u>1,414,143</u>
Commodities:	
Office supplies and maintenance	27,065
Housekeeping supplies	4,257
Gasoline	20,309
Buildings and ground supplies	8,154
Operational supplies	317,878
Chemical supplies	164,217
Uniforms	6,429
Medical supplies	989
Noncapitalized equipment and improvements	36,210
Total commodities	<u>585,508</u>
Contractual:	
Insurance:	
Employees' life, health and dental	286,177
Unemployment	70,575
Miscellaneous benefits	24,823
Gas (utility)	62,754
Electricity	610,872
Telephone and telemetry	33,014
Wholesale sewage treatment	324
Vehicle maintenance	11,938
Buildings and equipment maintenance	108,636
Equipment rental/real estate lease	6,582
Disposal service	162,144
Miscellaneous	657,959
Total contractual	<u>2,035,798</u>

(Continued)

**Lake County Public Works  
Southeast Wholesale Sewer System**

**Schedule of Income and Expenses  
For the Year Ended November 30, 2020**

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Depreciation	<u>\$ 1,405,590</u>
Total operating expenses	<u>5,441,039</u>
<b>Operating income</b>	<u>1,225,310</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	22,347
Interest expense	<u>(134,649)</u>
Total nonoperating revenues (expenses)	<u>(112,302)</u>
<b>Income before contributions</b>	1,113,008
Capital contributions - connection fees	<u>570,941</u>
<b>Revenues over expenses</b>	<u><u>\$ 1,683,949</u></u>

See accompanying notes to schedule.

**Lake County Public Works  
Southeast Wholesale Sewer System**

**Notes to Schedule**

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**Note 1. Nature of Statements of Income and Expenses**

The Schedule of Income and Expenses (schedule) is 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 Southeast Wholesale Sewer System from the Public Works' fiscal year 2020 audited financial statements dated September 14, 2021.

**Note 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 Southeast Wholesale Sewer System's operations and does not include all revenue and expense categories as shown in the Public Works' fiscal year 2020 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 Southeast Wholesale Sewer System. The schedule presented here only reports similar revenues and expenses as used in designing Public Works' current rate structure during the most recent rate study.

**Note 3. Items Specific to the Southeast Wholesale Sewer System**

**Interest expense, issuance costs, interest charged to construction and interest rate subsidy:** The Build America Bond Series of 2010A was issued to complete various water and sewer capital projects. The associated interest expense, issuance costs, interest charged to construction and interest rate subsidy were allocated to the Southeast Wholesale Sewer System based on the actual projects funded through this debt that were directly related to the Southeast Wholesale Sewer System customers. Principal payments are not included in the schedule as the related capital improvement charges are recovered through depreciation.