

Lake County Public Works Northwest Wholesale Sewer System

Schedule of Income and Expenses
For the Year Ended November 30, 2021

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RSM US LLP

Independent Auditor's Report on 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 Department, Waterworks and Sewerage Systems Fund (Public Works), an enterprise fund of Lake County, Illinois, as of and for the year ended November 30, 2021, and the related notes to the financial statements. We issued our report thereon, dated September 15, 2022. 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 September 15, 2022.

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.

RSM US LLP

Chicago, Illinois
October 25, 2022

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

**Schedule of Income and Expenses
For the Year Ended November 30, 2021**

Operating revenues:	
Sewer charges	\$ 4,534,526
NW I&I excess flow surcharge	490,793
Total operating revenues	<u>5,025,319</u>
Operating expenses:	
Personnel services:	
Salaries and wages	398,104
Pension - IMRF and Social Security	68,164
Total personnel services	<u>466,268</u>
Commodities:	
Office supplies and maintenance	2,109
Housekeeping supplies	2,950
Gasoline	10,870
Buildings and ground supplies	2,840
Operational supplies	45,185
Chemical supplies	1,427
Uniforms	3,228
Medical supplies	599
Noncapitalized equipment and improvements	3,215
Miscellaneous	168
Total commodities	<u>72,591</u>
Contractual:	
Insurance:	
Employees' life, health and dental	119,301
Unemployment	48,935
Miscellaneous benefits	12,973
Gas (utility)	16,801
Electricity	87,837
Telephone and telemetry	22,114
Wholesale sewage treatment	1,926,336
Vehicle maintenance	7,961
Buildings and equipment maintenance	23,221
Equipment rental/real estate lease	3,662
Disposal service	590
Miscellaneous	311,191
Total contractual	<u>2,580,922</u>

(Continued)

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

**Schedule of Income and Expenses (Continued)
For the Year Ended November 30, 2021**

Depreciation	<u>\$ 604,647</u>
Total operating expenses	<u>3,724,428</u>
Operating income	<u>1,300,891</u>
Nonoperating revenue:	
Interest rate subsidy	417
Interest expense	<u>(2,341)</u>
Total nonoperating revenues (expenses)	<u>(1,924)</u>
Income before contributions and other items	<u>1,298,967</u>
Capital contributions - connection fees	22,379
Transfer to debt service reserve	<u>(490,793)</u>
Revenues over expenses	<u><u>\$ 830,553</u></u>

See accompanying notes to schedule.

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

Notes to Schedule

Note 1. Nature of Schedule 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 Northwest Wholesale Sewer System from the Public Works' fiscal year 2021 audited financial statements dated September 15, 2022.

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 Northwest Wholesale Sewer System's operations and does not include all revenue and expense categories as shown in the Public Works' fiscal year 2021 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 Public Works' current rate structure during the most recent rate study.

Note 3. Items Specific to the Northwest 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 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 and interest charged to construction are not included in the schedule as the related capital improvement charges are recovered through depreciation.

I&I excess flow surcharge revenue: Public Works 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 page 2.