

Lake County Public Works Northwest 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
Northwest Wholesale Sewer System**

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

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Operating revenues:	
Sewer charges	\$ 4,491,394
NW I&I excess flow surcharge	456,234
Total operating revenues	<u>4,947,628</u>
Operating expenses:	
Personnel services:	
Salaries and wages	398,055
Pension - IMRF and Social Security	62,802
Total personnel services	<u>460,857</u>
Commodities:	
Office supplies and maintenance	17,807
Housekeeping supplies	2,044
Gasoline	10,653
Buildings and ground supplies	2,506
Operational supplies	82,209
Uniforms	3,220
Medical supplies	558
Noncapitalized equipment and improvements	25,264
Total commodities	<u>144,261</u>
Contractual:	
Insurance:	
Employees' life, health and dental	111,094
Unemployment	53,157
Miscellaneous benefits	10,378
Gas (utility)	16,412
Electricity	89,160
Telephone and telemetry	22,662
Wholesale sewage treatment	2,351,696
Vehicle maintenance	8,555
Buildings and equipment maintenance	50,164
Equipment rental/real estate lease	997
Disposal service	709
Miscellaneous	214,889
Total contractual	<u>2,929,873</u>

(Continued)

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

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

Depreciation	\$ 618,965
Total operating expenses	<u>4,153,956</u>
Operating income	<u>793,672</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	390
Interest expense	<u>(2,350)</u>
Total nonoperating revenues (expenses)	<u>(1,960)</u>
Income before contributions and other items	791,712
Capital contributions - connection fees	42,048
Transfer to debt service reserve	<u>(456,234)</u>
Revenues over expenses	<u><u>\$ 377,526</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 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 Northwest 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 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.