



# **Lake County Public Works Northeast Central Wholesale Sewer System**

Schedule of Income and Expenses  
For the Year Ended November 30, 2017

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RSM US LLP

## **Independent Auditor's Report on the Supplementary Information**

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

We have audited the basic 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, 2017, and have issued our report thereon, which contains an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended November 30, 2017, as a whole. The supplementary information 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 for the year ended November 30, 2017, 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 for the year ended November 30, 2017, is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
October 30, 2018

**Lake County Public Works**  
**Northeast Central Wholesale Sewer System**

**Schedule of Income and Expenses**  
**For the Year Ended November 30, 2017**

Operating revenues:	
Sewer charges	\$ 4,725,482
Operating expenses:	
Personnel services	
Salaries and wages	152,362
Pension - IMRF and Social Security	28,368
Total personnel services	<u>180,730</u>
Commodities:	
Office supplies and maintenance	1,471
Gasoline	3,402
Operational supplies	3,145
Uniforms	2,776
Medical supplies	86
Noncapitalized equipment and improvements	3,270
Total commodities	<u>14,150</u>
Contractual:	
Insurance:	
Employees' life, health and dental	54,835
Unemployment	28,952
Miscellaneous benefits	4,261
Gas (utility)	881
Electricity	36,773
Telephone and telemetry	8,086
Wholesale sewage treatment	3,186,487
Vehicle maintenance	6,175
Buildings and equipment maintenance	8,198
Equipment rental/real estate lease	487
Disposal service	53
Miscellaneous	113,561
Total contractual	<u>3,448,749</u>

(Continued)

**Lake County Public Works**  
**Northeast Central Wholesale Sewer System**

**Schedule of Income and Expenses**  
**For the Year Ended November 30, 2017**

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Depreciation	<u>\$ 345,266</u>
Total operating expenses	<u>3,988,895</u>
<b>Operating income (loss)</b>	<u>736,587</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	14,304
Interest expense	<u>(41,125)</u>
Total nonoperating revenues (expenses)	<u>(26,821)</u>
<b>Income (loss) before contributions</b>	709,766
Contributions:	
Capital contributions - connection fees	<u>265,512</u>
<b>Net increase (decrease) to depreciation extension and improvement reserve</b>	<u><u>\$ 975,278</u></u>

See accompany notes to schedule.

**Lake County Public Works  
Northeast Central Wholesale Sewer System**

**Notes to Schedule**

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**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 Northeast Central Wholesale Sewer System from the Public Works' fiscal year 2017 audited financial statements dated June 25, 2018.

**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 represent revenues and expenses associated with the Northeast Central Wholesale Sewer System's operations and do not include all revenue and expense categories as shown in the Public Works' fiscal year 2017 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 Northeast Central Wholesale Sewer System which required the schedule presented here to only report similar revenues and expenses as used in designing the Public Work's current rate structure during the most recent rate study.

**Note 3. Items Specific to the Northeast Central 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 Northeast Central Wholesale Sewer System based on the actual projects funded through this debt that were directly related to the Northeast Central 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.