

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

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

Operating revenues:	
Sewer charges	<u>\$ 6,822,138</u>
Operating expenses:	
Personnel services:	
Salaries and wages	985,780
Pension - IMRF and Social Security	<u>173,278</u>
Total personnel services	<u>1,159,058</u>
Commodities:	
Office supplies and maintenance	8,404
Housekeeping supplies	2,614
Gasoline	10,219
Buildings and ground supplies	5,335
Operational supplies	288,440
Chemical supplies	110,023
Uniforms	7,405
Medical supplies	620
Noncapitalized equipment and improvements	<u>21,931</u>
Total commodities	<u>454,991</u>
Contractual:	
Insurance:	
Employees' life, health and dental	303,744
Unemployment	73,442
Miscellaneous benefits	11,717
Gas (utility)	36,447
Electricity	689,632
Telephone and telemetry	12,393
Vehicle maintenance	14,394
Buildings and equipment maintenance	100,427
Equipment rental/real estate lease	2,644
Disposal service	217,609
Miscellaneous	<u>395,915</u>
Total contractual	<u>1,858,364</u>

(Continued)

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

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

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Depreciation	<u>\$ 1,915,728</u>
Total operating expenses	<u>5,388,141</u>
<b>Operating income</b>	<u>1,433,997</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	47,952
Interest expense	<u>(137,862)</u>
Total nonoperating revenues (expenses)	<u>(89,910)</u>
<b>Income before contributions</b>	<u>1,344,087</u>
Capital contributions - connection fees	<u>1,796,740</u>
<b>Net increase to depreciation     extension and improvement reserve</b>	<u><u>\$ 3,140,827</u></u>

See accompany 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 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 Southeast 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 Southeast Wholesale Sewer System which required the schedule presented here to only report 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.