



Lake County Public Works Northeast Central Wholesale Sewer System

Schedule of Income and Expenses
For the Year Ended November 30, 2018

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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 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, 2018, and have issued our report thereon, dated June 14, 2019, which contained an unmodified opinion on those financial statements. Our audits were 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 June 14, 2019.

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 audits 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
September 18, 2019

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

**Schedule of Income and Expenses
For the Year Ended November 30, 2018**

Operating revenues:	
Sewer charges	\$ 4,186,539
Operating expenses:	
Personnel services	
Salaries and wages	163,717
Pension - IMRF and Social Security	28,556
Total personnel services	192,273
Commodities:	
Office supplies and maintenance	1,288
Housekeeping supplies	409
Gasoline	8,717
Buildings and ground supplies	1,199
Operational supplies	4,954
Uniforms	1,661
Medical supplies	204
Noncapitalized equipment and improvements	94,274
Miscellaneous	14
Total commodities	112,720
Contractual:	
Insurance:	
Employees' life, health and dental	48,206
Unemployment	28,459
Miscellaneous benefits	5,226
Gas (utility)	1,745
Electricity	37,430
Telephone and telemetry	9,658
Wholesale sewage treatment	3,615,757
Vehicle maintenance	3,455
Buildings and equipment maintenance	13,683
Equipment rental/real estate lease	675
Disposal service	114
Miscellaneous	104,404
Total contractual	3,868,812

(Continued)

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

**Schedule of Income and Expenses
For the Year Ended November 30, 2018**

Depreciation	<u>\$ 288,124</u>
Total operating expenses	<u>4,461,929</u>
Operating loss	<u>(275,390)</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	14,391
Interest expense	<u>(40,903)</u>
Total nonoperating revenues (expenses)	<u>(26,512)</u>
Loss before contributions	(301,902)
Contributions:	
Capital contributions - connection fees	<u>89,388</u>
Net decrease to depreciation extension and improvement reserve	<u><u>\$ (212,514)</u></u>

See accompanying notes to schedule.

**Lake County Public Works
Northeast Central 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 Northeast Central Wholesale Sewer System from the Public Works' fiscal year 2018 audited financial statements dated June 14, 2019.

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 Northeast Central Wholesale Sewer System's operations and does not include all revenue and expense categories as shown in the Public Works' fiscal year 2018 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. The schedule presented here only reports 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.