

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

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

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**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  
Southeast Wholesale Sewer System**

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

Operating revenues:	
Sewer charges	<u>\$ 6,377,569</u>
Operating expenses:	
Personnel services:	
Salaries and wages	1,039,527
Pension - IMRF and Social Security	<u>181,748</u>
Total personnel services	<u>1,221,275</u>
Commodities:	
Office supplies and maintenance	5,016
Housekeeping supplies	4,798
Gasoline	25,479
Buildings and ground supplies	8,405
Operational supplies	240,620
Chemical supplies	168,051
Uniforms	5,758
Medical supplies	896
Noncapitalized equipment and improvements	31,005
Miscellaneous	<u>36</u>
Total commodities	<u>490,064</u>
Contractual:	
Insurance:	
Employees' life, health and dental	263,313
Unemployment	73,287
Miscellaneous benefits	14,622
Gas (utility)	49,870
Electricity	595,311
Telephone and telemetry	15,346
Vehicle maintenance	8,503
Buildings and equipment maintenance	107,418
Equipment rental/real estate lease	2,291
Disposal service	226,161
Miscellaneous	<u>391,143</u>
Total contractual	<u>1,747,265</u>

(Continued)

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

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

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Depreciation	<u>\$ 1,705,012</u>
Total operating expenses	<u>5,163,616</u>
<b>Operating income</b>	<u>1,213,953</u>
Nonoperating revenues (expenses):	
Interest rate subsidy	48,242
Interest expense	<u>(137,117)</u>
Total nonoperating revenues (expenses)	<u>(88,875)</u>
<b>Income before contributions</b>	<u>1,125,078</u>
Capital contributions - connection fees	<u>698,968</u>
<b>Net increase to depreciation     extension and improvement reserve</b>	<u><u>\$ 1,824,046</u></u>

See accompanying 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 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 Southeast 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 Southeast Wholesale Sewer System. The schedule presented here only reports 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.