

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lake County Public Water District
Zion, Illinois

We have submitted under separate cover the financial statements of the Lake County Public Water District for the years ended April 30, 2019 and 2018. Our report thereon dated June 18, 2019 follows:

We have audited the accompanying financial statements of the Lake County Public Water District as of and for the years ended April 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Public Water District of the City of Zion, Illinois, as of April 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake County Public Water District's basic financial statements. The statistical tables and graphs are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake County Public Water District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole

The supplementary information submitted herewith is as follows:

1. Computation of revenue delivery requirement and refund or billing for District customers for the year ended April 30, 2019.
2. Computations of availability and repair and replacement charges for the year ended April 30, 2019.
3. Computation of and rates for delivery of water for District customers for the year ending April 30, 2019.

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

Gurnee, Illinois
June 18, 2019

LAKE COUNTY PUBLIC WATER DISTRICT
 COMPUTATION OF REVENUE DELIVERY REQUIREMENT
 FOR DISTRICT CUSTOMERS
 YEAR ENDED APRIL 30, 2019

Revenue Requirement	
Operation and Maintenance Expenses	\$ 1,735,321
Less - Depreciation on Plant and Equipment	
Financed by Bond Proceeds	(354,023)
Less - Depreciation on Plant and Equipment	
Financed by Renewal and Replacement	(75,523)
Plus - Amortization of Post-Employment Benefits	<u>4,267</u>
Revenue Delivery Requirement for District Customers	<u><u>\$ 1,310,042</u></u>

Customer	%	Delivered Gallons of Water (000)	Computed Revenue Delivery Requirement	Revenues Billed for Period	Amount Due or (Refund)
City of Zion	79.53%	\$ 702,847	\$ 1,041,884	\$ 1,161,243	\$ (119,359)
Village of Winthrop Harbor	18.66%	164,893	244,434	272,688	(28,254)
State of Illinois					
Marina	0.66%	5,835	8,650	10,723	(2,073)
Illinois Beach State Park	1.15%	<u>10,169</u>	<u>15,074</u>	<u>17,603</u>	<u>(2,529)</u>
	<u>100.00%</u>	<u>\$ 883,744</u>	<u>\$ 1,310,042</u>	<u>\$ 1,462,257</u>	<u>\$ (152,215)</u>

LAKE COUNTY PUBLIC WATER DISTRICT
COMPUTATION OF AVAILABILITY AND REPAIR AND REPLACEMENT CHARGES
YEAR ENDING APRIL 30, 2019

COMPUTATION OF AVAILABILITY CHARGE
FOR THE YEAR ENDED APRIL 30, 2019

<u>Availability</u>	
Interest - November 1, 2019 and May 1, 2020	\$ 141,609
Principal - Due May 1, 2020	802,000
Total	<u>\$ 943,609</u>
Additional Debt Service Coverage - 10%	<u>94,361</u>
 Totals	 <u><u>\$ 1,037,970</u></u>

Allocation	<u>Allocation Percentage</u>	
City of Zion	69.2308%	\$ 718,595
Village of Winthrop Harbor	23.0769%	239,532
State of Illinois:		
Illinois Beach State Park	3.0769%	31,938
North Point Marina	4.6154%	<u>47,905</u>
Totals	<u>100.0000%</u>	<u>\$ 1,037,970</u>

COMPUTATION OF A MONTHLY REPAIR
AND REPLACEMENT CONTRIBUTION
FOR THE YEAR ENDED APRIL 30, 2019

Amount Required for Full Funding	\$ 1,978,200
Balance Available in Reserve	<u>(1,687,067)</u>
Amount Needed to Fully Fund the Reserve	\$ 291,133
Credit for Additional Debt Service Coverage	(94,361)
Credit for Fiscal Year 2019 Contributions to be Paid in Fiscal Year 2020	<u>(37,538)</u>
Net Amount to be Contributed by Customers	<u><u>\$ 159,234</u></u>

Amount to be Contributed by Each Customer	<u>%</u>	<u>Total</u>	<u>Funding Period</u>	<u>Monthly Contribution (1)</u>
City of Zion	69.2308	\$ 110,239	12 Months	\$ 9,187
Village of Winthrop Harbor	23.0769	36,746	12 Months	3,062
State of Illinois:				
Illinois Beach State Park	3.0769	4,899	12 Months	408
North Point Marina	4.6154	7,349	12 Months	612
Totals	<u>100.0000</u>	<u>\$ 159,233</u>		<u>\$ 13,269</u>

(1) Monthly contribution amounts are in addition to any previous monthly contribution amounts which remain unpaid.

LAKE COUNTY PUBLIC WATER DISTRICT
COMPUTATION OF RATE FOR DELIVERY OF WATER
FOR THE YEAR ENDED APRIL 30, 2019

COMPUTATION OF RATE PER THOUSAND
GALLONS FOR THE DELIVERY OF WATER

Total Operating Expenses Before Depreciation	\$ 1,201,465
Add - Depreciation on Plant and Equipment Financed By Operations and Maintenance	<u>104,310</u>
Fiscal 2019 Qualified Operations and Maintenance Costs	\$ 1,305,775
Additional Operations and Maintenance Coverage, 10% of Above	<u>130,578</u>
Total	<u><u>\$ 1,436,353</u></u>
Fiscal 2019 Water Sales in Thousands of Gallons	<u><u>\$ 883,990</u></u>
Computed Rate per Thousand Gallons for 2020	<u><u>\$ 1.625</u></u>