

**LOOKOUT MOUNTAIN WATER DISTRICT**

**REPORT ON FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

Lookout Mountain Water District  
**REPORT ON FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lookout Mountain Water District  
Golden, Colorado

We have audited the accompanying financial statements of the business-type activities of Lookout Mountain Water District (the District), as of, and for the years ended December 31, 2018 and 2017, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **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 opinions 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 includes examining, on a test basis, evidence supporting 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, and the report of other auditors provide is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the basic financial statements as listed in the table of contents present fairly, in all material respects, the financial position of the business-type activities of Lookout Mountain Water District as of December 31, 2018 and 2017 and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii - ix and budgetary comparison information on pages 21 - 24 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 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.



SEEVERS & ASSOCIATES, PC

July 8, 2019

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

In general, the purpose of financial reporting is to provide external parties who read financial statements with information that will help them to make decisions or draw conclusions about an entity. The Lookout Mountain Water District's discussion and analysis is designed to assist the various readers by providing an overview of the District's financial position and activities as of and for the year ended December 31, 2018. Since this discussion is designed to focus on the current years' activities, please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total assets exceeded its liabilities at the end of the year by \$4,244,370 (net position).
- Net position increased by \$132,820 when compared to 2017.
- The District's operating and non-operating income increased by \$46,236 when compared to 2017.
- The District's operating expenses increased by \$236,407 when compared to 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The district's basic financial statements included in this report are those of a special purpose government engaged in a business-type activity, providing water service to tap owners within its jurisdictional boundaries. The statements are comprised of two components: basic financial statements and notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Basic Financial Statements.** The basic financial statements are designed to provide readers with a broad overview of the district's financial, in a manner similar to private-sector business.

The Balance Sheets present information on all the district's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net position present information which reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows in future fiscal periods.

Statement of Cash Flows report the District's cash flows from operating, non-capital financing, capital and investing activities.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 7-19 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on pages iii-ix and 22 of this report.

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

*Fund Financial Statements.* A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The district adopts an annual appropriated budget for its enterprise fund and general fund. This report presents certain required supplementary information concerning the district's budgetary comparisons presented for legal compliance.

Unlike basic financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. The fund statements of revenues, expenditures, and changes in net position are reconciled to changes in net position to facilitate a comparison between budget-basis fund statements and the basic financial statements.

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018**

**Financial Position**

As noted earlier, net position may serve over time as a useful indicator of the district's net financial position. In the case of the District, assets exceeded liabilities by \$4,244,368 in 2018.

**Summary of Net Position  
December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Current Assets	\$ 622,646	\$ 1,190,690
Other Assets	739,113	728,055
Capital Assets, net	<u>6,094,020</u>	<u>6,153,649</u>
Total Assets	<u>7,455,780</u>	<u>8,072,394</u>
<b>Deferred Outflows of Resources</b>		
Unavailable Revenue - Property Tax	<u>509,867</u>	<u>509,810</u>
Total Deferred Outflows of Resources	509,867	509,810
<b>Liabilities</b>		
Current Liabilities	277,251	278,645
Long-term Liabilities	<u>2,934,159</u>	<u>3,172,388</u>
Total Liabilities	<u>3,211,410</u>	<u>3,451,033</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue - Property Tax	<u>509,867</u>	<u>509,810</u>
Total Deferred Inflows of Resources	509,867	509,810
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	2,977,054	2,767,938
Restricted Subdistrict A	21,351	20,985
Restricted for Emergencies	33,794	26,702
Unrestricted	<u>1,212,171</u>	<u>1,295,924</u>
Total Net Position	<u>\$ 4,244,370</u>	<u>\$ 4,111,549</u>

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018**

**Results of Operations**

During 2018, the District's net position increased by \$132,820. Key elements of this increase are as follows:

**Statement of Revenues, Expenses and  
Change in Net Position  
December 31, 2018 and 2017**

	<u>For the Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Operating Revenue	\$ 663,126	\$ 614,666
Non-operating Revenue	<u>596,173</u>	<u>598,397</u>
Total Revenue	<u>1,259,299</u>	<u>1,213,063</u>
<b>Expenses</b>		
Operating Expenses		
Operations, Maintenance and Administrative	732,623	584,253
Depreciation	271,218	184,525
Non-operating Expenses	<u>122,637</u>	<u>121,293</u>
Total Expenses	<u>1,126,478</u>	<u>890,071</u>
<b>Change in Net Position</b>	132,820	322,992
<b>Net Position - Beginning of Year</b>	<u>4,111,550</u>	<u>3,788,558</u>
<b>Net Position - End of Year - As Restated</b>	<u>\$ 4,244,370</u>	<u>\$ 4,111,550</u>

Overall revenue increased by \$46,236. Significant contributing factors for the revenue increase was an increase in Water Sales, Inactive Tap Fees, Specific Ownership Taxes and Inclusion Fees.

Overall expenses increased by \$236,407. Significant contributing factors for the expense increase were an increase in repairs and maintenance to the main distribution system, and an increase in depreciation.

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018**

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets at December 31, 2018 amounts to \$6,094,020 (net of accumulated depreciation). This investment in capital assets includes infrastructure (dams, reservoirs, pipelines and metering equipment), treatment facility, storage tank, pump station, equipment, land and capitalized costs. An analysis of changes in capital assets is as follows:

**Capital Assets  
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Percentage Change</u>
Infrastructure	\$ 6,755,499	\$ 6,570,565	3%
Treatment Facility	2,369,448	2,306,537	3%
Tank and Pump Stations	611,567	611,567	0%
Equipment	57,202	54,814	4%
Construction in Progress	-	41,204	-100%
Land	13,055	13,055	0%
Compliance Project	2,560	-	100%
Total Capital Assets	<u>9,809,331</u>	<u>9,597,742</u>	2%
Less: Accumulated Depreciation	<u>(3,715,312)</u>	<u>(3,444,094)</u>	7%
Net Capital Assets	<u>\$ 6,094,021</u>	<u>\$ 6,153,648</u>	-1%

The District's significant capital additions that were completed or continued during the year are described as follows:

- Improvements to Infrastructure
- Treatment Facility PLC and communications upgrades

Additional information on the District's capital assets can be found in Note 4 of this report.

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018**

**Debt.** As of December 31, 2018, the District had total long-term debt of \$3,116,967. Current year activity is shown below:

<b>Long-term Debt December 31, 2018 and 2017</b>				
	<b>2018</b>	<b>2017</b>	<b>Variance</b>	<b>Percentage Change</b>
Bonds Payable	138,400	168,982	(30,582)	18.10%
Loans Payable	2,978,567	3,216,728.00	(238,161)	7.40%
	<b>\$ 3,116,967</b>	<b>\$ 3,385,710</b>	<b>\$ (268,743)</b>	

Additional detail on the District's long-term debt is in Note 5 of the Notes to Financial Statements.

**BUDGETARY HIGHLIGHTS**

The District's annual budgets are prepared according to Colorado law and they are based on accounting for certain transactions on a basis of cash receipts and disbursements.

Over the course of the year, the District needed to revise the annual operating budget.

**Enterprise Fund:** The total actual revenue was more than budgeted revenue by \$18,900. The total actual expenditures, including capital expenditures, was less than budgeted by \$26,058 which can primarily be attributed to the capital projects contingency not being used. The actual expenditures exceeded the appropriated (budgeted) revenue by \$167,651.

**General Fund:** The total actual revenue was more than budgeted revenue by \$1,672, primarily due to specific ownership taxes. The total actual expenditures were more than budgeted by \$8,745.

Additional information on the District's detailed Budget for the two funds can be found in pages 21-24 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**Enterprise Fund:**

Water revenue from usage charges are estimated at about \$50,000 per month, which includes a planned rate increase when compared to 2018. The water rates and other water related fees are structured to encourage conservation and to provide for ongoing expenses and the need for increase in reserves to fund capital improvement projects due to aging infrastructure.

**LOOKOUT MOUNTAIN WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018**

Operations expense are for normal operations, relatively small capital projects, and debt service to include the first revenue bond payment for the Upper Beaver Brook Capacity and Spillway Improvements project.

Subdistrict A revenue and debt service expense is budgeted at \$31,696, which is also located within this fund.

**General Fund:**

General Fund revenues include real property taxes and specific ownership taxes. The real property tax levy remains the same as last year at 17.700.

**Combined Funds – Reserve Funds:**

Both the Enterprise Fund and the General Fund are estimated to have a deficiency of revenue over expenses for 2019. These deficits will be subtracted from the existing or beginning fund balance for each fund. Combined ending fund reserves are estimated at \$389,000 for the end of fiscal year 2019.

These factors were considered in preparing the District's budget for the 2019 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Lookout Mountain Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Christina Shea, Administrator, 1202 Bergen Parkway, Suite 200, Evergreen, CO 80439.

**Lookout Mountain Water District**  
**STATEMENTS OF NET POSITION**  
**December 31, 2018 and 2017**

	December 31,	
	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents		
Unrestricted	\$ 502,929	\$ 580,505
Restricted		
Subdistrict A	21,351	20,985
Accounts Receivable - Trade (net of Reserve for doubtful Accounts of \$0 as of December 31, 2016 and 2015)	74,754	59,948
Other Receivables	5,644	31,996
Prepaid Insurance	17,969	15,986
	<u>622,646</u>	<u>709,420</u>
<b>Capital Assets</b>		
Construction in Progress	(0)	41,204
Land	13,055	13,055
Infrastructure	6,755,499	6,570,565
Treatment Facility	2,369,448	2,306,537
Tank and Pump Station	611,567	611,567
Equipment	57,202	54,814
Capitalized Costs	2,560	-
	<u>9,809,330</u>	<u>9,597,743</u>
Less, Accumulated Depreciation	<u>(3,715,312)</u>	<u>(3,444,094)</u>
	<u>6,094,020</u>	<u>6,153,649</u>
<b>OTHER ASSETS</b>		
Water Rights and Acquisition Costs	724,545	724,545
Taps - Buybacks Held by LMWD	6,000	3,000
Tap - Revocations	8,058	-
Deposits	510	510
	<u>739,113</u>	<u>728,055</u>
Total Other Assets	<u>739,113</u>	<u>728,055</u>
<b>Deferred Outflows of Resources</b>		
Property Taxes - Ensuing Year	<u>509,867</u>	<u>481,270</u>
Total Deferred Outflows of Resources	<u>509,867</u>	<u>481,270</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,965,647</u>	<u>\$ 8,072,394</u>

The Notes to Financial Statements and Independent Auditors' Report  
are an integral part of these statements.

**Lookout Mountain Water District  
STATEMENTS OF NET POSITION  
December 31, 2018 and 2017**

	December 31,	
	2018	2017
<b>Current Liabilities</b>		
Accounts Payable	\$ 84,110	\$ 51,535
Retainage Payable	-	-
Accrued Interest Payable	10,333	13,786
Current Portion of Long-term Debt	182,809	213,324
 Total Current Liabilities	 277,251	 278,645
 <b>LONG-TERM DEBT</b>		
Revenue Bonds	138,401	168,983
Loan Payable - Subdistrict A	160,878	183,404
Lease Payable - Membrane Filtration Improvements Project	127,046	248,679
Lease Payable - Service Meter Upgrade Project	-	38,584
CWCB Loan for UBB 2016-2017	2,690,642	2,746,062
Less, Current Portion	(182,809)	(213,324)
 Total Long-term Debt	 2,934,159	 3,172,388
 <b>Deferred Inflows of Resources</b>		
Property Taxes - Ensuing Year	509,867	509,810
 Total Deferred Inflows of Resources	 509,867	 509,810
 Total Liabilities and Deferred Inflows of Resources	 3,721,277	 3,960,844
 <b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	2,977,054	2,767,938
Unrestricted	1,212,171	1,295,925
Restricted		
Subdistrict A	21,351	20,985
Emergencies	33,794	26,702
 Total Net Position	 4,244,370	 4,111,550
 Total Liabilities, Deferred Inflows and Net Position	 \$ 7,965,647	 \$ 8,072,394

The Notes to Financial Statements and Independent Auditor's Report  
are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>OPERATING REVENUES</b>		
Water Sales	\$ 606,945	\$ 552,742
Grant Income	-	18,969
Inactive Tap Fees	50,046	34,093
Penalties	1,325	715
Miscellaneous	4,810	8,148
	663,126	614,666
 <b>OPERATIONS AND MAINTENANCE</b>		
Contract Operator	125,401	125,892
Water Lease Purchases	19,179	15,000
Repair and Maintenance		
Transmission Mains	117,196	24,447
Treatment, Pumping and Storage	23,912	16,846
Sludge Removal	2,890	-
Other	19,876	25,701
Testing and Analysis	9,037	8,054
Power	31,848	27,226
Chemicals	51,079	44,724
Tools and supplies	1,901	968
Telephone	5,224	5,430
Water Rights and Maintenance	22,167	20,215
Depreciation and amortization	271,218	184,525
	700,928	499,028
 <b>ADMINISTRATIVE EXPENSES</b>		
Accounting and Audit	23,586	22,457
Director's Fees	6,567	6,890
Payroll Taxes	-	-
Consulting - Water Rights	41,814	34,783
Legal	92,652	78,634
Contract Administrator	92,203	86,027
Insurance	15,763	12,541
Travel and Meals	873	557
Seminars and Meetings	1,715	1,725
Dues and Subscriptions	990	2,425
Telephone	1,658	1,522
Postage	3,781	3,702
Election Expense	1,734	-
Rent - Storage Space	2,280	2,400
Office supplies and Miscellaneous	17,298	16,089
	302,914	269,750
 <b>OPERATING LOSS</b>		
	\$ (340,716)	\$ (154,112)

(continued)

The Notes to Financial Statements and Independent Auditor's Report are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Real Property Taxes	\$ 508,024	\$ 479,037
Specific Ownership Taxes	46,382	47,050
Subdistrict A Receipts	31,695	31,584
Inclusion Fees	-	37,000
Miscellaneous Non-operating Income	815	1,081
Interest Earnings	9,256	2,644
Interest Expense	(114,968)	(114,098)
County Treasurer's Fee	(7,668)	(7,195)
<b>NON-OPERATING INCOME</b>	473,536	477,104
<b>NET INCOME</b>	132,820	322,992
<b>NET POSITION, BEGINNING OF YEAR</b>	4,111,550	3,788,558
<b>NET POSITION, END OF YEAR</b>	\$ 4,244,370	\$ 4,111,550

The Notes to Financial Statements and Independent Auditors' Report  
are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 646,132	\$ 634,319
Cash Received from Settlement and Refunds	-	-
Cash Payments to Suppliers	(495,486)	(573,909)
Cash Payments to Contract Personnel	(217,604)	(211,919)
	<u>(66,958)</u>	<u>(151,508)</u>
Net Cash Provided (Required) by Operating Activities		
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Projects and Assets	(211,588)	(935,490)
Receipt of Subdistrict A Income	31,695	31,584
Receipt of UBB Loan Proceeds	-	931,703
Principal Payment for Revenue Bonds	(30,582)	(29,125)
Principal Payment for Loan Payable - Membrane Filtration Project	(121,633)	(116,451)
Principal Payment for Loan Payable - Subdistrict A	(22,526)	(21,453)
Principal Payment for Loan Payable - CWCB	(55,420)	-
Principal Payment for Loan Payable - Service Meter Upgrade Project	(38,584)	(41,084)
Interest Paid on Revenue Bonds and Loans	(118,422)	(126,314)
	<u>(567,059)</u>	<u>(306,631)</u>
Net Cash Flows from Capital Financing Activities		
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	508,024	479,037
Inclusion Fees Received	-	37,000
Specific Ownership Taxes	46,382	47,050
Miscellaneous Non-operating Income	815	1,081
Treasurer's Fees and Rebates Paid	(7,668)	(7,195)
	<u>(7,668)</u>	<u>(7,195)</u>
Net Cash Flows from Non-Capital Financing Activities	<u>\$ 547,552</u>	<u>\$ 556,974</u>

(continued)

The Notes to Financial Statements and Independent Auditor's Report  
are an integral part of these statements

**Lookout Mountain Water District**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income Received	\$ 9,255	\$ 2,644
Net Cash Flows from Investing Activities	9,255	2,644
<b>Net Cash Flows</b>	(77,210)	101,478
<b>Cash and Cash Equivalents - January 1</b>	601,489	500,011
<b>Cash and Cash Equivalents - December 31</b>	\$ 524,279	\$ 601,489
<b>Supplemental Disclosure of Non-cash Data:</b>		
Interest Paid	\$ 118,422	\$ 126,314
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES:</b>		
Net Loss from Operations	\$ (340,716)	\$ (154,112)
<b>Adjustments to Reconcile Net Loss To Net Cash Used by Operating Activities:</b>		
Depreciation and Amortization	271,218	184,525
Miscellaneous Income Received	-	-
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(14,806)	19,206
(Increase) Decrease in Other Receivables	(2,188)	447
(Increase) Decrease in Prepaid Insurance	(1,982)	(3,445)
(Increase) Decrease in Other Assets	(11,058)	(3,000)
(Decrease) Increase in Accounts Payable	32,575	(195,129)
Net Cash Used by Operating Activities	\$ (66,958)	\$ (151,508)

The Notes to Financial Statements and Independent Auditors' Report  
are an integral part of these statements.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 1 – Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial statements of Lookout Mountain Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. In addition, the reporting entity must include component units if it would be misleading to financial statement users to omit them. The more significant of the District's accounting policies are described below.

Lookout Mountain Water District (District) is a quasi-municipal corporation and political subdivision of the State of Colorado. It was organized on March 23, 1988, to provide treated domestic water services to inhabitants of the District. The District derives its revenue principally from water sales and property taxes, and the service area is located in Jefferson County, Colorado. The District is governed pursuant to provisions of the Colorado Special District Act, and by an elected Board of Directors.

The District has no employees and all operations and administrative functions are contracted.

The accompanying financial statements present the activities of the District.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation.**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the USA. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense; expenditures for property, plant and equipment are shown as increased in assets.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies (continued)**

The District distinguishes between *operating* revenues and expenses and *non-operating items*. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with the District's principal ongoing business of providing water services. The primary operating revenues are for charges to customers and sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the District are recognized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District has only one proprietary fund.

Proprietary Funds

Enterprise Fund – Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges.

C. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents, both restricted and unrestricted, are highly liquid investments with an original maturity three months or less.

2. Restricted Cash and Cash Equivalents

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash and cash equivalents represent amounts to be used to fund Subdistrict A loan debt service payment annually.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies (continued)**

3. Receivables

Receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2018. Property taxes levied on December 31, 2018 are identified as property taxes receivable and deferred inflows of resources.

4. Fixed Assets and Deferred Costs

Depreciation of all exhaustible fixed assets constructed and used by the Enterprise Fund is charged as an expense against operations. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets. Depreciation lives range from 5 to 40 years.

During 1988, the district acquired the existing raw water distribution system from the City of Golden in exchange for assuming the responsibility of providing water service to those users of the system. A token payment of \$100 was made to record the transfer. The district has determined that a reasonable estimate of the value of the system cannot be determined on a cost effective basis and has elected to carry the system on its books at the amount of \$100.

The carrying value of the Enterprise Fund's fixed facilities includes charges for capitalized interest. The charges are based on the borrowing rate of the district's long-term debt and the capitalizable expenditures for the period an asset is under construction, net of related interest income earned. Interest cost capitalized is charged to operations over the useful life of the project upon the project's completion. No interest was capitalized during the years ended December 31, 2018 and 2017.

5. Deferred Outflows/Inflows of Resource

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an out flow of resources (expense/expenditure) until then. The district does not have any items that qualify.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The district has only one type of item that qualifies for reporting in this category, *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies (continued)**

6. Net Position – Emergency Reserves

Reserved net position has been provided for, as required, by Article X, Section 20 of the Constitution of the State of Colorado. \$33,794 of the fund balance has been reserved in compliance with this requirement.

D. Revenue Recognition - Property Taxes

Property taxes attach to the property as of January 1. The county certifies the assessed valuation of the District in October of the preceding year and the District is obligated to certify the mill levies to the county by December 15 of the preceding year. Taxes are levied in December and are payable in the following year. Property taxes unpaid by October 1 are subject to lien.

Property taxes are payable in full by April 30, or in two equal installments due February 28, and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County.

E. Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

F. Encumbrances

Encumbrance accounting, under which commitments related to unperformed contracts for goods and services are recorded to reserve a portion of the current appropriation, is not used by the District. In the event a contract extends over two or more years, expenditures are budgeted for and reappropriated each year.

G. New Accounting Pronouncements

During 2013, the District implemented GASB Statement No. 62, "Codification of Accounting and financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in Financial Accounting Standards Board ("FASB") Statements and interpretations, Accounting Procedure, which do not conflict with or contradict GASB Pronouncements. This statement had no impact to the District's financial statements.

**Lookout Mountain Water District**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies (continued)**

During 2013, the District implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This statement incorporates deferred outflows of resources and deferred inflows of resources, as definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement had no impact to the District's financial statements.

During 2013, the District implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. Due to the implementation of this statement, the loan origination fees should be recognized as an expense in the period incurred and not over the life of the loan. Accounting changes adopted to conform to the provisions of the Statement should be applied retroactively. The result of the implementation of this standard was to decrease the net position at the beginning of the year by \$11,366, which is the amount of unamortized bond costs at December 31, 2012.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budget and Budgetary Accounting**

Annually the Board of Directors prepares proposed operating budgets for the fiscal year commencing the following January 1.

The operating budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally adopted by the Board of Directors. The District appropriates by total expenditures. All appropriations lapse at year-end per State statutes.

An annual budget resolution, appropriation resolution and mill levy resolution are adopted by the Board of Directors in accordance with the Colorado State Statutes. All funds are budgeted on a modified accrual basis of accounting. The appropriation is at the total fund expenditure level and lapses at year-end for operating and debt service expenditures. Appropriations for capital projects are continuing appropriations on a project-by-project basis until the District's Board rescinds any unexpended appropriation. Expenditures may not legally exceed appropriations as described above. using a non-GAAP basis by recognizing equipment and building acquisition and debt service payments as expenditures and non-cash expenses such as depreciation are not budgeted.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 2 - Stewardship, Compliance and Accountability (continued)**

**B. Tax, Spending and Debt Limitations**

In 1992, Colorado voters approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. Management and District Counsel is of the opinion that the District qualifies for exclusion as an Enterprise.

TABOR established 1992 as the initial base for spending and revenue limits. Thereafter spending and revenue limits can only be adjusted for inflation and local growth without voter approval. TABOR requires the establishment of Emergency Reserves that must be at least 3% of spending (excluding bonded debt service) for 1995 and thereafter. The District has reserved \$33,794 for this purpose.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

In November 2004, the voters of the District approved a referendum that authorized the District to collect, retain or expend all revenues and other funds received from any source regardless of the limitations imposed by TABOR. The referendum applies only to excess revenues and leaves all other provisions of TABOR unchanged. At that election the voters also approved exempting the District from the provisions of the statute that limits property tax revenue to the amount collected in the prior year plus 5.5%. Both provisions were effective tax year 2004 and thereafter.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions will require judicial interpretation.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 3 - Cash, Cash Equivalents, and Investments**

Cash deposits and investments held by the District as of December 31, 2018 were as follows:

	<b>Carrying Amount</b>	<b>Bank Balance</b>
Cash and Cash Equivalents		
Insured Deposits	\$ 194,708	\$ 503,457
Collateralized Deposits	34,241	21,351
Total Cash and Cash Equivalents	228,949	\$ 524,807
	<b>Fair Value</b>	
Investments		
Local Government Investment Pool	295,331	
Total Investments	295,331	
Total Cash, Cash Equivalents and Investments	\$ 524,280	
Unrestricted	\$ 502,929	
Restricted	21,351	
	\$ 524,280	

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 3 - Cash, Cash Equivalents, and Investments (continued)**

Cash Deposits

At December 31, 2018 the District's deposits had a carrying value \$524,280 and a bank balance of \$524,807. Of the bank balance 100% was covered by federal depository insurance. The District follows state statutes regarding investments. This is a formally adopted policy.

The Public Deposit Protection Acts (PDPA) of the State of Colorado controls the collateralization of public funds on deposit in state and national banks and savings and loans. Under the PDPA the District is required to make deposits only in "eligible public depositories" as defined in the statute. Under this statute, an eligible public depository is required to pledge collateral with a market value in excess of the non-federally insured portion of its aggregate public deposits, but is not required to register such collateral in the name of its individual public depositors. The institution is required to maintain subsidiary records that identify public deposits secured by a pool.

The District limits its concentration of investments to those covered by the PDPA which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements.

Investments

Colorado State Statutes define eligible investments for local governments. These include U.S. Treasury obligations, repurchase agreements, State of Colorado and local government obligations, and others. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. The State Regulatory Commission for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District had investments of \$295,331 in the Colorado Local Government Liquid Asset Trust (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury Securities and repurchase agreements collateralized by U.S. Treasury Securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. Agency Securities and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust.

At December 31, 2018, the District had investments of \$295,331 in the COLOTRUST PRIME portfolio. COLOTRUST PRIME carries an AA+ rating by Standard and Poor's. COLOTRUST PLUS+ carries an AA+ rating from Standard and Poor's and Fitch and Moody's. Separate financial statements can be obtained through their web-site at [www.colotrust.com](http://www.colotrust.com) or by calling (303) 864-7474.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 4 - Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

By Classification	Balance at December 31, 2017	Additions	Retirements	Balance at December 31, 2018
Assets not being depreciated:				
Land	\$ 13,055	\$ -	\$ -	\$ 13,055
TTHMs & DOVE Compliance Project		\$ 2,560		2,560
Construction in Progress	41,204		41,204	(0)
Total assets not being depreciated	54,259	2,560	41,204	15,615
Assets being depreciated:				
Infrastructure	6,570,565	184,934	-	6,755,499
Treatment Facility	2,306,537	62,911		2,369,448
Tank and Pump Stations	611,567			611,567
Equipment	54,814	2,388		57,202
Capitalized Costs	-	-		-
Total assets being depreciated	9,543,483	250,233	-	9,793,716
Less - Accumulated Depreciation	(3,444,094)	(271,218)		(3,715,312)
Net assets being depreciated	6,099,389	(20,985)	-	6,078,404
Total net assets	\$ 6,153,649	\$ (18,425)	\$ 41,204	\$ 6,094,020

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 5 - Long-Term Debt**

The District's long-term debt as of December 31, 2018 and 2017 and its 2018 debt transactions are as follows:

	Balance at January 1, 2018	Additions	Retirements	Balance at December 31, 2018	Current Portion
<b>Bonds Payable</b>					
(a) 1992 Water Revenue Bonds	\$ 168,982	\$ -	\$ (30,582)	\$ 138,400	\$ 32,111
Current Portion	\$ (30,582)			\$ (32,111)	
Long-term Portion	<u>\$ 138,400</u>			<u>\$ 106,289</u>	
<b>Loan Payable</b>					
(e) CWCB for UBB 2016-2017	\$ 2,746,062		\$ (55,420)	2,690,642	\$ -
(b) Subdistrict A	183,403	-	(22,526)	160,877	23,652
	<u>\$ 2,929,465</u>	\$ -	\$ (77,946)	\$2,851,519	\$ 23,652
Current Portion	\$ (77,946)			\$ (23,652)	
Long-term Portion	<u>\$ 2,851,519</u>			<u>\$2,827,867</u>	
<b>Lease Payable</b>					
(c) Membrane Filtration Project	\$ 248,680	\$ -	\$ (121,633)	\$ 127,047	\$ 127,047
(d) Service Meter Upgrade Project	38,583	-	(38,583)	-	-
	<u>\$ 287,263</u>	\$ -	\$ (160,216)	\$ 127,047	\$ 127,047
Current Portion	\$ (160,216)			\$ (127,047)	
Long-term Portion	<u>\$ 127,047</u>			<u>\$ -</u>	

**Bonds Payable**

In 1991, the District approved issuance of Water Revenue Bonds in the amount of \$600,000. The Water Revenue Bonds constitute a special obligation of the District secured solely by a lien and pledge of the net revenues of the water system. The bonds are payable in thirty equal annual installments of principal and interest, at 5% per annum, on February 28 of each year until 2027.

The revenue bonds are collateralized by the revenue of the water system and the special fund established by the bond ordinances. The bond ordinances provide that the revenue of the system is to be applied first, to pay operating and maintenance expenses of the system and second, to pay the debt service requirements on the bond. Any remaining revenues may then be used for any other lawful purpose.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 5 - Long-Term Debt (continued)**

Loans Payable

Subdistrict A

In 2004, the District entered into a loan with the State of Colorado for the use and benefit of the Department of Local Affairs in the amount of \$400,000. The funds are to be used toward the cost of the construction of replacement water main extensions.

The loan is payable in twenty equal annual installments of principal and interest, at 5% per annum, on September 1 of each year until 2024.

CWCB Construction Loan for Upper Beaver Brook Dam Improvements

In 2016 the District entered into an agreement with the Colorado Water Conservation Board and the Department of Natural Resources for short-term and long-term financing of the Upper Beaver Brook spillway improvements project.

As of 12/31/18, the balance attributable to long-term financing loan is \$2,690,642. The loan will be payable in thirty equal annual installments of principal and interest, with an interest rate of 3.25% per annum until 2048. The first payment is due on January 1, 2019 and was paid in December of 2018; therefore, there is no current portion due at the end of 2018 for the next payment due January 2020.

Leases Payable

Treatment Facility Upgrade

In 2007, the District entered into a lease with Wells Fargo Brokerage Services, LLC in order to finance the improvements and building expansion to the Treatment Facility which included the installation of the membrane filtration system. The lease amount of \$1,213,500 was repaid on September 5, 2018. The interest rate per the lease agreement is 4.45% per annum

Service Meter Upgrade Project

In 2013, the district entered into a lease with Chase Bank in order to finance the purchase and installation of new, upgraded meters throughout the district. The lease amount of \$200,000 was repaid on November 22, 2018. Principal and interest payments are due monthly on the 22<sup>nd</sup> of each month, commencing December 22, 2013. The interest rate per the lease agreement is 2.53% per annum.

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 5 - Long-Term Debt (continued)**

The following tables summarize debt service requirements for debt outstanding as of December 31, 2018.

Bonds Payable - 1992 Water Revenue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2019	32,111	6,920	39,031
2020	33,716	5,315	39,031
2021	35,402	3,629	39,031
2022	37,171	1,859	39,030
Totals	<u>\$ 138,400</u>	<u>\$ 17,723</u>	<u>\$ 156,123</u>

Loan Payable - Sub District A

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2019	23,652	8,044	31,696
2020	24,835	6,861	31,696
2021	26,076	5,620	31,696
2022	27,380	4,316	31,696
2023	28,749	2,947	31,696
2024	30,187	1,509	31,696
Totals	<u>\$ 160,879</u>	<u>\$ 29,297</u>	<u>\$ 190,176</u>

Loan Payable - CWCB for UBB 2016-2017

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2020	57,221	87,446	144,667
2021	59,081	85,586	144,667
2022	61,001	83,666	144,667
2023	62,984	81,683	144,667
2024	65,031	79,637	144,667
2025-2029	358,264	365,073	723,337
2030-2034	420,390	302,945	723,336
2035-2039	493,291	230,045	723,337
2040-2044	578,834	144,503	723,337
2045-2048	534,544	44,128	578,671
Totals	<u>\$ 2,690,641</u>	<u>\$ 1,504,712</u>	<u>\$4,195,353</u>

**Lookout Mountain Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 5 - Long-Term Debt (continued)**

Lease Payable - Membrane Filtration Improvements Project

Year	Principal	Interest	Total Annual Requirements
2019	127,047	5,653	132,700
Totals	\$ 127,047	\$ 5,653	\$ 132,700

**Note 6 - Risk Management**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; error or omissions; injuries to employees, or acts of God (including water shortages due to drought). The District maintains commercial insurance for all risks of loss which are insurable.

The District pays annual premiums to the Colorado Special Districts Property and Liability Pool (the Pool) for Workers' Compensation coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on a basis proportionate to other members.

**Note 7 - Commitments and Contingencies**

At a special election held on May 7, 2002, the voters of the District authorized the District to eliminate the limitations on terms of office imposed by Article XVIII, Section II of the Colorado Constitution.

At an election held on November 2, 2004, the voters of the District authorized the District to collect, retain and spend cash each year from any source; as an exception to and without regard to expenditure, revenue raising, debt service change requirements, or other limitation contained within Article X, Section 20 of the Colorado Constitution.

**Note 8 - Evaluation of Subsequent Events**

The District has evaluated subsequent events through June 10, 2019, the date which the financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2018**

	BUDGETED AMOUNTS		Actual	Variance
	Original	Amended		Positive (Negative)
<b>REVENUES</b>				
Water Sales, Net of Allowances	\$ 596,125	\$ 582,842	\$ 606,945	\$ 24,103
Late Payment Fees	300	1,150	1,325	175
Inspection Fees	500	500	500	-
Transfer Fees	900	1,975	2,050	75
Inactive Tap Fees	48,000	50,259	50,046	(213)
Miscellaneous Operating Income and Fees	10,000	8,016	3,103	(4,913)
Interest Income, Subdistrict A	-	326	0	(326)
Grants or Insurance Proceeds	-	-	0	-
Subdistrict A - Collections for Debt Service	31,696	31,696	31,695	(1)
CWCB Debt Issuance and Reimbursement	50,000	-	0	-
<b>Total Revenues</b>	<b>737,521</b>	<b>676,764</b>	<b>695,664</b>	<b>18,900</b>
<b>OPERATIONS AND MAINTENANCE</b>				
Contract Operator	132,000	125,892	125,401	491
Testing and Analysis, Supplies	4,000	4,000	3,742	258
Testing and Analysis, Lab Fees	4,000	5,480	5,295	165
Locator Service	3,500	2,483	2,289	194
Sludge Removal & Extra Backwashes	3,000	2,890	2,890	-
Trash Removal	1,600	1,853	1,850	3
Snow Removal and Road Maint.	15,000	5,735	4,485	1,250
R/M, Treatment Plant & Sludge Bldg.	12,000	23,944	22,862	1,082
R/M, Storage Tank	3,500	894	394	500
R/M, Pump Station	3,500	1,156	656	500
R/M, Meters	8,100	6,511	7,172	(661)
R/M, Equipment	2,500	1,294	1,290	4
R/M, Upper BB Dam	5,000	4,579	4,163	416
R/M, Lower BB Dam	5,000	3,891	3,391	500
R/M, LM Dam	4,000	1,553	1,053	500
R/M, Main Distribution Line	35,000	83,437	81,350	(7,913)
R/M, Laterals & Hydrants	3,000	11,865	17,239	(5,374)
Electricity, Treatment Plant	21,000	24,485	24,358	127
Electricity, Tank	200	140	90	50
Electricity, Pump Station	5,000	5,583	5,571	12
Electricity, LM Dam	800	175	169	6
Gas, Treatment Plant	2,500	2,101	1,659	442
Fuel, Emergency Generator	800	800	348	452
Chemicals	42,000	58,521	51,079	7,442
Other Maintenance Supplies	1,500	1,082	1,383	(301)
Tools	500	300	0	300
Equipment Rental	1,000	1,000	170	830
Telephone/DSL	3,000	2,482	2,034	448
Telemetry-Wireless Service	2,000	3,295	3,189	106
Security Service	5,000	3,490	2,790	700
Other Operation and Maintenance	2,000	1,082	582	500
Water Purchases or Leases	25,000	19,179	19,179	-
Maintenance, Watershed	2,000	500	0	500
Water Rights Maintenance & Operations	20,000	21,616	21,585	31
Contingency	5,000	2,500	0	2,500
<b>Total Operations and Maintenance Expenditures</b>	<b>384,000</b>	<b>435,768</b>	<b>429,710</b>	<b>6,058</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 353,521</b>	<b>\$ 240,996</b>	<b>\$ 695,664</b>	<b>\$ 24,958</b>

(continued)

The Notes to Financial Statements and Independent Auditors' Report are an integral part of the statements.

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>DEBT SERVICE</b>				
Debt Service	\$ 221,727	\$ 215,394	\$ 215,394	-
<b>CAPITAL PROJECTS</b>				
JDTF Improvements	55,000	60,516	62,911	2,395
Pump Station/Radio Telemetry Project		3,596	-	
Storage tank/DBP Project		5,060	2,560	
Meters and Valves	10,000	37,798	2,388	(35,410)
Reservoirs, Dams and Flumes	10,000	57,607	54,685	(2,922)
Main improvements		53,634	89,044	
Contingency	10,000	20,000	-	(20,000)
Total Capital Projects	<u>85,000</u>	<u>238,211</u>	<u>211,588</u>	<u>(26,623)</u>
Total Expenditures	<u>690,727</u>	<u>889,373</u>	<u>856,692</u>	<u>(32,681)</u>
<b>NET OF REVENUES OVER (UNDER) EXPENSES</b>	46,794	(212,609)	(161,028)	51,581
<b>NET POSITION BEGINNING OF YEAR</b>	<u>533,061</u>	<u>471,047</u>	<u>471,047</u>	<u>-</u>
<b>NET POSITION END OF YEAR</b>	<u>\$ 579,855</u>	<u>\$ 258,438</u>	<u>\$ 310,019</u>	<u>\$ 51,581</u>

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these statements.

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**For the Year Ended December 31, 2018**

	BUDGETED AMOUNTS		Actual	Variance
	Original	Amended		Positive (Negative)
<b>REVENUE</b>				
Real Property Taxes, Net of Rebates/Refunds	\$ 509,810	\$ 509,010	\$ 507,996	\$ (1,014)
Specific Ownership Taxes	35,000	44,060	46,382	2,322
Rebate/Refund of Real Property Taxes	(770)	(770)		
Proceeds From Lease Funds	-	-		
Inclusion Fees	18,500	-	-	-
Other Non-operating Income, Gain (Loss on Assets)	0	-	-	-
Interest Income, Incl. Delinquent Taxes	1,000	8,891	9,255	364
<b>Total Revenues</b>	<b>\$ 563,540</b>	<b>\$ 561,191</b>	<b>\$ 563,633</b>	<b>\$ 1,672</b>
<b>OPERATIONS AND MAINTENANCE</b>				
Accounting	16,000	16,236	16,236	-
Audit	7,000	7,350	7,350	-
Director's Fees	7,000	6,100	6,100	-
Payroll Taxes	600	600	467	(133)
Consulting, Water Rights	36,000	37,702	41,814	4,112
Legal, Water Rights	5,000	6,119	6,492	373
Legal, General	72,000	88,225	86,160	(2,065)
Contract Services, Administration & Billing	89,400	93,138	92,203	(935)
Rent, Storage, Office, PO box	3,000	2,580	2,280	(300)
Insurance, General Liability	3,653	3,653	3,652	(1)
Insurance, Auto Liability	200	200	200	(0)
Insurance, Property	11,278	11,278	11,291	13
Insurance, Public Officials	620	620	620	0
Travel and Meals	1,000	1,000	873	(127)
Seminars and Meetings	1,500	1,915	1,715	(200)
Dues and Subscriptions	2,000	2,000	990	(1,010)
Election Expenses	15,000	1,734	1,734	0
Telephone/Communications	1,600	1,600	1,658	58
Postage	4,000	3,414	3,781	367
Printing, Billing Stock, Multifunction	4,500	4,990	4,717	(274)
Office Supplies	500	630	611	(19)
Information Tech. Website, Billing Software	8,000	8,000	4,439	(3,561)
Other Administrative (Fees, Permits, Maps, Contingency)	1,000	900	900	(0)
Bank Charges, E-commerce Processing	4,500	6,646	6,631	(15)
Special projects and transfer to Enterprise Fund	62,000	5,000	0	(5,000)
County Treasurers Fees	7,647	7,698	7,668	(30)
<b>Total Operations and Maintenance Expenses</b>	<b>364,998</b>	<b>319,328</b>	<b>310,583</b>	<b>(8,745)</b>
<b>DEBT SERVICE</b>				
Debt Service	171,774	171,774	171,774	-
<b>NET OF REVENUES OVER (UNDER) EXPENSES</b>				
	26,768	70,089	81,276	11,187
<b>NET POSITION BEGINNING OF YEAR</b>				
	168,850	191,222	191,222	-
<b>NET POSITION END OF YEAR</b>				
	<b>\$ 195,618</b>	<b>\$ 261,311</b>	<b>\$ 272,498</b>	<b>\$ 11,187</b>

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these statements.

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**(Continued)**  
**For the Year Ended December 31, 2018**  
**RECONCILIATION TO NET INCOME (GAAP BASIS)**  
**For the Year Ended December 31, 2018**

	<u>Enterprise</u>	<u>General</u>	<u>Total</u>
ACTUAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	\$ (161,028)	\$ 81,276	\$ (79,752)
(Deduct) Items Which Are Not Expenditures:			
Amortization and Depreciation	(271,218)		(271,218)
Loan or Lease Proceeds	-		-
Add Items Which Are Not GAAP Expenses:			
Capital Projects	211,588		211,588
Principal Portion of Bond Payments	30,582		30,582
Principal Portion of Loans Payable	238,162		238,162
Change in Accrued Interest Payable	3,454		3,454
	<u>51,541</u>	<u>81,276</u>	<u>132,820</u>
NET INCOME (GAAP BASIS)	<u>\$ 51,541</u>	<u>\$ 81,276</u>	<u>\$ 132,820</u>

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these statements.

## OTHER SUPPLEMENTARY INFORMATION

**Lookout Mountain Water District  
SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2008	24,434,510	16.200	395,839	393,893	99.51%
2009	24,893,070	16.200	403,267	403,240	99.99%
2010	26,485,150	17.700	468,787	467,433	99.71%
2011	27,171,360	17.700	480,933	479,036	99.61%
2012	25,949,599	17.700	459,308	455,530	99.18%
2013	25,782,818	17.700	456,356	454,460	99.58%
2014	24,861,355	17.700	440,046	440,312	100.06%
2015	24,578,302	17.700	435,036	433,929	99.75%
2016	27,141,918	17.700	480,412	479,604	99.83%
2017	27,190,405	17.700	481,270	478,853	99.50%
2018	28,802,814	17.700	509,810	507,996	99.64%

Estimate for the year ended December 31, 2019:

2019	28,703,568	17.7	508,053		
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**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.