

Lookout Mountain Water District

Annual Financial Report

December 31, 2019 and 2018

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Independent Auditor's Report

Members of the Board of Directors
Lookout Mountain Water District
Jefferson County, Colorado

We have audited the accompanying financial statements of the business-type activities of Lookout Mountain Water District as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic 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 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 of 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Lookout Mountain Water District, as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Lookout Mountain Water District as of December 31, 2018, were audited by other auditors whose report dated July 8, 2019, expressed an unmodified opinion on those statements.

Other-Matters

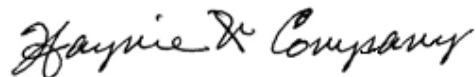
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lookout Mountain Water District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates 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 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.



Littleton, Colorado
September 28, 2020

Lookout Mountain Water District Management's Discussion and Analysis

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, 2019. Since this discussion is designed to focus on the current year's 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 \$4,558,350 (net position).
- Net position increased by \$313,980 when compared to 2018.
- The District's operating and non-operating income increased by \$40,874 when compared to 2018.
- The District's operating expenses decreased by \$124,406 when compared to 2018.

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 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 position, in a manner similar to private-sector business.

The Statements of Net Position 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.

Statements of Cash Flows report the District's cash flows from operating, non-capital financing, capital and related financing, 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 6-19 of this report.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which can be found on pages III-IX and 20-23 of this report.

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 exceed liabilities by \$4,558,350 in 2019.

Summary Statements of Net Position December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets	\$ 1,017,510	\$ 622,647
Other Assets	743,136	739,113
Capital Assets, net	<u>5,970,320</u>	<u>6,094,020</u>
Total Assets	7,730,966	7,455,780
Deferred Outflows of Resources		
Property Taxes Receivable	<u>560,616</u>	<u>509,867</u>
Total Deferred Outflows of Resources	560,616	509,867
Liabilities		
Current Liabilities	354,230	277,251
Long-term Liabilities	<u>2,818,386</u>	<u>2,934,159</u>
Total Liabilities	3,172,616	3,211,410
Deferred Inflows of Resources		
Deferred Property Taxes	<u>560,616</u>	<u>509,867</u>
Total Deferred Inflows of Resources	560,616	509,867
Net Position		
Invested in Capital Assets, Net of Related Debt	3,036,164	2,977,054
Restricted Subdistrict A	21,802	21,351
Restricted for Emergencies	37,691	33,794
Unrestricted	<u>1,462,693</u>	<u>1,212,171</u>
Total Net Position	<u>\$ 4,558,350</u>	<u>\$ 4,244,370</u>

Results of Operations

During 2019, the District's net position increased by \$313,980. Key elements of this increase are as follows:

	For the Year Ended December 31,	
	2019	2018
Revenue		
Operating Revenue	\$ 704,341	\$ 663,126
Non-operating Revenue	595,831	596,172
Total Revenue	<u>1,300,172</u>	<u>1,259,298</u>
Expenses		
Operating Expenses		
Operations, Maintenance and Administrative	(599,182)	(732,624)
Depreciation	(275,988)	(271,218)
Non-operating Expenses	<u>(111,022)</u>	<u>(122,636)</u>
Total expenses	(986,192)	(1,126,478)
Change in Net Position	313,980	132,820
Net Position - Beginning of Year	<u>4,244,370</u>	<u>4,111,550</u>
Net Position - End of Year	<u>\$ 4,558,350</u>	<u>\$ 4,244,370</u>

Overall revenue increased by \$40,874. Significant contributing factor for the revenue increase was an increase in Water Sales, Miscellaneous Fees.

Overall expenses decreased by \$140,286. Significant contributing factors for the expense decrease were decreases in repairs and maintenance to the main distribution system, water rights consulting fees and legal fees.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets at December 31, 2019 amounts to \$5,970,320 (net of accumulated depreciation). This investment in capital assets includes infrastructure (dams, reservoirs, pipelines and metering equipment), treatment facility, storage tank, pump station, equipment, construction in progress and land. An analysis of changes in capital assets is as follows:

	Balance December 31, 2019	Balance December 31, 2018	Percentage Change
Infrastructure	\$ 6,706,631	\$ 6,706,631	0.00%
Treatment Facility	2,443,143	2,369,448	3.11%
Tank and Pump Stations	611,567	611,567	0.00%
Equipment	58,289	50,203	16.11%
Construction in Progress	128,936	58,428	120.68%
Land	<u>13,055</u>	<u>13,055</u>	0.00%
Total Capital Assets	<u>9,961,621</u>	<u>9,809,332</u>	1.55%
Less Accumulated Depreciation:	<u>(3,991,301)</u>	<u>(3,715,312)</u>	7.43%
Net Capital Assets	<u>\$ 5,970,320</u>	<u>\$ 6,094,020</u>	-2.03%

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

- Improvements to Infrastructure
- TTHM & DOVE Compliance Project

Additional information on the District's capital assets can be found in Note 5 of this report.

Debt. As of December 31, 2019, the District had total long-term debt of \$2,934,158. Current year activity is shown below:

	2019	2018	Variance	Percentage Change
Bonds Payable	\$ 106,290	\$ 138,400	\$ (32,110)	23.20%
Loans Payable	<u>2,827,868</u>	<u>2,978,568</u>	<u>(150,700)</u>	5.06%
	<u>\$2,934,158</u>	<u>\$3,116,968</u>	<u>\$ (182,810)</u>	

Additional detail on the District's long-term debt is in Note 6 to the 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.

The total actual revenue was more than budgeted revenue by \$53,143. The total actual expenditures, including capital and debt expenditures, was less than budgeted by \$122,919 which can primarily be attributed to the capital projects contingency not being used and lower than budgeted spending on repairs and maintenance in the current year

Additional information on the District's detailed budget can be found on pages 20-22 of this report.

Economic Factors and Next Year 's Budget

Water revenue from usage charges for 2020 are estimated at about \$53,000 per month, which includes a planned rate increase when compared to 2019. The water rates and other water-related fees are structured to encourage conservation and to provide for ongoing expenses and the need for increases in reserves to fund capital improvement projects due to aging infrastructure.

Operation expenses are for normal operations, relatively small capital projects, and debt service to include the bond payments for the Upper Beaver Brook Capacity, Spillway Improvements projects, and Lower Beaver Brook Dam project.

Subdistrict A revenue and debt service expense is budgeted at \$31,696.

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

Results of Operations are estimated to have a deficiency of revenue over expenses for 2020 and the Non-Operating activity is estimated to have an excess of revenue over expenses. The changes in net position will be applied to the existing or beginning net position. Combined ending fund reserves are estimated at \$674,000 for the end of fiscal year 2020.

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 Nickie Holder, Administrator, 10200 West 44th Avenue, Suite 130, Wheat Ridge, CO 80033

Basic Financial Statements

Lookout Mountain Water District
Statements of Net Position
December 31, 2019 and 2018

Assets	2019	2018
Current Assets:		
Cash and Cash Equivalents	\$ 399,360	\$ 207,599
Investments		
Unrestricted	524,644	295,330
Restricted		
Subdistrict A	21,802	21,351
Accounts Receivable - Trade	66,601	74,754
Other Receivables	3,652	5,644
Prepaid Insurance	1,000	17,969
Total Current Assets	<u>1,017,059</u>	<u>622,647</u>
Capital Assets		
Land	13,055	13,055
Construction in Progress	128,936	58,428
Infrastructure	6,706,631	6,706,631
Treatment Facility	2,443,143	2,369,448
Tank and Pump Station	611,567	611,567
Equipment	58,289	50,203
	<u>9,961,621</u>	<u>9,809,332</u>
Less Accumulated Depreciation	<u>(3,991,301)</u>	<u>(3,715,312)</u>
Total Capital Assets	<u>5,970,320</u>	<u>6,094,020</u>
Other Assets		
Water Rights and Acquisition Costs	724,545	724,545
Taps - Buybacks Held by LMWD	6,000	6,000
Taps - Revocations	11,025	8,058
Deposits	1,566	510
Total Other Assets	<u>743,136</u>	<u>739,113</u>
Deferred Outflows of Resources		
Property Taxes Receivable	<u>560,616</u>	<u>509,867</u>
Total Deferred Outflows of Resources	560,616	509,867
Total Assets and Deferred Outflows of Resources	<u>\$ 8,291,131</u>	<u>\$ 7,965,647</u>

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District
Statements of Net Position (continued)
December 31, 2019 and 2018

Liabilities	2019	2018
Current Liabilities:		
Accounts payable	\$ 145,352	\$ 84,109
Accrued interest payable	93,106	10,333
Current portion of long-term debt	<u>115,772</u>	<u>182,809</u>
Total Current Liabilities	<u>354,230</u>	<u>277,251</u>
Long-Term Liabilities		
Revenue bonds	106,290	138,400
Loan payable - Subdistrict A	137,226	160,879
Lease payable - Membrane Filtration Improvements Project	-	127,047
CWCB Loan for UBB 2016-2017	2,690,642	2,690,642
Less, current portion	<u>(115,772)</u>	<u>(182,809)</u>
Total Long-Term Liabilities	<u>2,818,386</u>	<u>2,934,159</u>
Total Liabilities	<u>3,172,616</u>	<u>3,211,410</u>
Deferred Inflows of Resources		
Deferred Property Taxes	<u>560,616</u>	<u>509,867</u>
Total Deferred Inflows of Resources	<u>560,616</u>	<u>509,867</u>
Net Position		
Net investment in capital assets	3,036,164	2,977,054
Unrestricted	1,462,242	1,212,171
Restricted		
Subdistrict A	21,802	21,351
Emergencies	<u>37,691</u>	<u>33,794</u>
Total Net Position	<u>4,557,899</u>	<u>4,244,370</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,291,131</u>	<u>\$ 7,965,647</u>

The accompanying notes 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, 2019 and 2018

Operating Revenues	2019	2018
Water Sales, net of allowances of \$658 and \$1,897	\$ 633,736	\$ 606,945
Inactive Tap Fees	47,023	50,046
Penalties	1,510	1,325
Miscellaneous	22,072	4,810
Total Operating Revenues	704,341	663,126
Operations and Maintenance Expenses		
Contract Operator	120,000	125,401
Water Lease Purchases	15,000	19,179
Repair and Maintenance		
Transmission Mains	25,660	117,196
Treatment, Pumping and Storage	16,232	23,912
Sludge Removal	-	2,890
Other	32,002	19,876
Testing and Analysis	4,797	9,037
Power	29,748	31,848
Chemicals	26,648	51,079
Tools and supplies	2,603	1,901
Telephone	3,773	5,224
Water Rights and Maintenance	24,071	22,167
Depreciation	275,989	271,218
Total Operations and Maintenance expenses	576,523	700,928
Gross Income (Loss) From Operations	127,818	(37,802)
 General and Administrative Expenses		
Accounting and audit	25,504	23,586
Director's fees	8,827	6,567
Consulting - water rights	25,017	41,814
Legal	72,092	92,652
Contract administrator	107,003	92,203
Insurance	17,399	15,763
Travel and meals	1,038	873
Seminars and meetings	5,205	1,715
Dues and subscriptions	1,815	990
Telephone	2,993	1,658
Postage	3,282	3,781
Election expense	-	1,734
Rent - storage space	6,328	2,280
Office supplies and miscellaneous	22,144	17,298
Total Administrative Expenses	298,647	302,914
 Net Income (Loss) from Operations	(170,829)	(340,716)

The accompanying notes 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, 2019 and 2018

Nonoperating Revenues/(Expenses)		
Real property taxes	507,925	508,024
Specific ownership taxes	44,094	46,382
Subdistrict A receipts	31,695	31,695
Miscellaneous non-operating income	1,040	815
Interest earnings	10,626	9,256
Interest expense	(103,390)	(114,968)
County treasurer's fee	(7,632)	(7,668)
Total Nonoperating Revenues/(Expenses)	<u>484,358</u>	<u>473,536</u>
Change in Net Position	<u>313,529</u>	<u>132,820</u>
Net Position—Beginning of Year	<u>4,244,370</u>	<u>4,111,550</u>
Net Position—End of Year	<u>\$ 4,557,899</u>	<u>\$ 4,244,370</u>

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Cash received from customers	\$ 714,035	\$ 646,132
Cash payments to suppliers for goods and services	(332,899)	(495,486)
Cash payments to contract personnel	(227,003)	(217,604)
Net Cash from Operating Activities	<u>154,133</u>	<u>(66,958)</u>
Cash Flows from Non-capital Financing Activities		
Property taxes received	507,925	508,024
Specific ownership taxes received	44,094	46,382
Miscellaneous non-operating income received	1,040	815
Treasurer's fees paid	(7,632)	(7,668)
Net Cash from Non-capital Financing Activities	<u>545,427</u>	<u>547,553</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(115,916)	(211,586)
Sale of property, plant and equipment	2,561	-
Subdistrict A income received	32,146	31,695
Acquisition of taps	(2,967)	-
Deposits paid	(1,056)	-
Debt principal paid	(182,810)	(268,742)
Interest paid	(20,617)	(118,421)
Net Cash from Capital and Related Financing Activities	<u>(288,659)</u>	<u>(567,054)</u>
Cash Flows from Investing Activities:		
Investments purchased	(229,766)	(49,328)
Net investment earnings	10,626	9,256
Net Cash from Investing Activities	<u>(219,140)</u>	<u>(40,072)</u>
Net Change in Cash and Cash Equivalents	191,761	(126,531)
Cash and cash equivalents—beginning of year	<u>207,599</u>	<u>334,130</u>
Cash and cash equivalents—end of year	<u>\$ 399,360</u>	<u>\$ 207,599</u>
Reconciliation of operating (loss) to net cash from operating activities		
Income (Loss) from operations	\$ (170,829)	\$ (340,716)
Adjustments to reconcile (loss) from operations to net cash provided (required) by operating activities		
Depreciation	275,989	271,218
Effects of changes in operating assets and liabilities:		
Receivables	(41,052)	(16,995)
Prepaid expenses	16,969	(1,982)
Other assets	-	(11,058)
Deferred revenue	50,749	-
Accounts payable	22,307	32,575
Net cash from operating activities	<u>\$ 154,133</u>	<u>\$ (66,958)</u>

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District

Notes to Financial Statements

December 31, 2019 and 2018

1. Definition of Reporting Entity

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.

2. Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the reporting entity. 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.

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

Basis of Accounting

Enterprise fund accounting is utilized in accordance with generally accepted accounting principles. The financial statements are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenues received in advance are recorded as a liability for deferred revenue and the liability is removed when earned.

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.

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 the Subdistrict A loan debt service payment annually.

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Significant Accounting Policies (continued)

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, 2019 and 2018. Property taxes levied on December 31, 2019 and 2018 are identified as property taxes receivable and deferred inflows of resources.

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 imputed 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 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, 2019 and 2018.

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 outflow 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 of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, *deferred 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 (continued)

December 31, 2019 and 2018

2. Significant Accounting Policies (continued)

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- Unrestricted – The component of net position that does not meet the definition above.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

The District distinguishes between *operating* revenues and expenses and *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering 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.

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.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

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.

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 appropriated each year.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Stewardship, Compliance and Accountability

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. Non-cash expenses such as depreciation are not budgeted.

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.

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

3. Stewardship, Compliance and Accountability (continued)

TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

TABOR was established in 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 \$37,691 and \$33,794 as of December 31, 2019 and 2018, respectively, 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.

4. Cash Deposits and Investments

At December 31, the District had the following cash and investments:

	2019	2018
Deposits - insured	\$ 250,000	\$ 207,599
Deposits – PDPA collateralized	149,360	-
Investments - investment pool	<u>546,446</u>	<u>316,682</u>
Total	<u>\$ 945,806</u>	<u>\$ 524,281</u>

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

4. Cash Deposits and Investments (continued)

Cash deposits and investments are reflected on the December 31 Statement of Net Position as follows:

	2019	2018
Cash	\$ 399,360	\$ 207,599
Investments - Unrestricted	524,644	295,331
Investments – Restricted – Subdistrict A	<u>21,802</u>	<u>21,351</u>
Total	<u>\$ 945,806</u>	<u>\$ 524,281</u>

At December 31, 2019 and 2018, the District’s cash deposits had bank balances of \$400,125 and \$524,807 and carrying balances of \$399,360 and \$207,599, respectively.

Cash Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and collateralized with securities held by the pledging financial institution where the fair value

of the collateral pool equals or exceeds all uninsured public deposits. The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Accordingly, none of the District’s cash deposits as of December 31, 2019 and 2018 are deemed to be exposed to custodial credit risk.

Investments

Colorado statutes specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

4. Cash Deposits and Investments (continued)

The investment policy adopted by the Board of Directors of the District establishes additional restrictions to the requirements specified by state statutes.

At December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Investment Maturities (in Years)</u>		<u>Total</u>
		<u>Less than 1</u>	<u>1 to 5</u>	
Money Market and Investment Pools	AAAm	\$ 546,446	-	\$ 546,446
		<u>\$ 546,446</u>	<u>\$ -</u>	<u>\$ 546,446</u>

At December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Investment Maturities (in Years)</u>		<u>Total</u>
		<u>Less than 1</u>	<u>1 to 5</u>	
Money Market and Investment Pools	AAAm	\$ 316,682	-	\$ 316,682
		<u>\$ 316,682</u>	<u>\$ -</u>	<u>\$ 316,682</u>

Interest Rate Risk — In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting investments in U.S. Treasuries and Certificates of Deposit to an original maturity of five years or less.

Credit Risk — The District's investment policy limits investments to U.S. Treasury obligations, Certificates of Deposit, corporate bonds, other investment instruments and local government investment pools approved by the Board of Directors.

Concentration of Credit Risk — It is the policy of the District to diversify its investment portfolio to eliminate risk of loss resulting from over concentration of assets in a specific maturity, a specific class, and specific issuer of securities.

Local Government Investment Pools — As of December 31, 2019 and 2018, the District had \$546,446 and \$316,682, respectively, invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colotrust is rated AAAm by Standard and Poor's. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. The District funds are only invested in Colotrust Prime. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

4. Cash Deposits and Investments (continued)

owned by Colotrust. Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice paid.

5. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance			Balance
	December 31,			December 31,
	2018	Additions	Retirements	2019
Capital assets, not being depreciated:				
Land	\$ 13,055	\$ -	\$ -	\$ 13,055
Construction in progress	<u>58,428</u>	<u>73,068</u>	<u>(2,560)</u>	<u>128,936</u>
Total capital assets, not being depreciated	<u>71,483</u>	<u>73,068</u>	<u>(2,560)</u>	<u>141,991</u>
Capital assets, being depreciated:				
Infrastructure	6,706,631	-	-	6,706,631
Treatment Facility	2,369,448	73,695	-	2,443,143
Tank and Pump Stations	611,567	-	-	611,567
Equipment	<u>50,203</u>	<u>8,086</u>	<u>-</u>	<u>58,289</u>
Total capital assets, being depreciated	<u>9,737,849</u>	<u>81,781</u>	<u>-</u>	<u>9,819,630</u>
Less accumulated depreciation	<u>(3,715,312)</u>	<u>(275,989)</u>	<u>-</u>	<u>(3,991,301)</u>
Total capital assets, being depreciated, net	<u>6,022,537</u>	<u>(194,208)</u>	<u>-</u>	<u>5,828,329</u>
Capital assets, net	<u>\$ 6,094,020</u>	<u>\$ (121,140)</u>	<u>\$ (2,560)</u>	<u>\$ 5,970,320</u>

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

5. Capital Assets (continued)

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

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018
Capital assets, not being depreciated:				
Land	\$ 13,055	\$ -	\$ -	\$ 13,055
Construction in progress	<u>97,072</u>	<u>2,560</u>	<u>(41,204)</u>	<u>58,428</u>
Total capital assets, not being depreciated	<u>110,127</u>	<u>2,560</u>	<u>(41,204)</u>	<u>71,483</u>
Capital assets, being depreciated:				
Infrastructure	6,570,565	136,066	-	6,706,631
Treatment Facility	2,306,537	62,911	-	2,369,448
Tank and Pump Stations	611,567	-	-	611,567
Equipment	<u>54,814</u>	<u>2,388</u>	<u>(6,999)</u>	<u>50,203</u>
Total capital assets, being depreciated	<u>9,543,483</u>	<u>201,365</u>	<u>(6,999)</u>	<u>9,737,849</u>
Less accumulated depreciation	<u>(3,444,094)</u>	<u>(271,218)</u>	<u>-</u>	<u>(3,715,312)</u>
Total capital assets, being depreciated, net	<u>6,099,389</u>	<u>(69,853)</u>	<u>(6,999)</u>	<u>6,022,537</u>
Capital assets, net	<u>\$ 6,209,516</u>	<u>\$ (67,293)</u>	<u>\$ (48,203)</u>	<u>\$ 6,094,020</u>

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

6. Long-Term Liabilities

The District's long-term debt as of December 31, 2019 and its debt transactions are as follows:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Payment</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
<u>Bonds Payable</u>					
1992 Water Revenue Bonds	\$ 138,400	\$ -	\$ (32,110)	\$ 106,290	\$ 33,716
Current Portion	\$ (32,109)			\$ (33,716)	
Long-term portion	<u>\$ 106,291</u>			<u>\$ 72,574</u>	
<u>Loan Payable</u>					
CWCB for UBB 2016-2017	\$2,690,642	\$ -	\$ -	\$2,690,642	\$ 57,221
Subdistrict A	160,879	-	(23,653)	137,226	24,835
	<u>2,851,521</u>	<u>-</u>	<u>(23,653)</u>	<u>2,827,868</u>	<u>82,056</u>
Current Portion	\$ (23,653)			\$ (82,056)	
Long-term portion	<u>\$2,827,868</u>			<u>\$2,745,812</u>	
<u>Lease Payable</u>					
Membrane Filtration Project	127,047	-	(127,047)	-	\$ -
	<u>127,047</u>	<u>-</u>	<u>(127,047)</u>	<u>-</u>	
Current Portion	\$ (127,047)			\$ -	
Long-term portion	<u>\$ -</u>			<u>\$ -</u>	

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

6. Long-Term Liabilities (continued)

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

	<u>Balance at December 31, 2017</u>	<u>Additions</u>	<u>Payment</u>	<u>Balance at December 31, 2018</u>	<u>Due Within One Year</u>
<u>Bonds Payable</u>					
1992 Water Revenue Bonds	\$ 168,982	\$ -	\$ (30,582)	\$ 138,400	\$ 32,109
Current Portion	\$ (30,582)			\$ (32,109)	
Long-term portion	<u>\$ 138,400</u>			<u>\$ 106,291</u>	
<u>Loan Payable</u>					
CWCB for UBB 2016-2017	\$ 2,746,062	\$ -	\$ (55,420)	\$ 2,690,642	\$ -
Subdistrict A	183,403	-	(22,524)	160,879	23,653
	<u>2,929,465</u>	<u>-</u>	<u>(77,944)</u>	<u>2,851,521</u>	<u>23,653</u>
Current Portion	\$ (77,946)			\$ (23,653)	
Long-term portion	<u>\$ 2,851,519</u>			<u>\$ 2,827,868</u>	
<u>Lease Payable</u>					
Membrane Filtration Project	\$ 248,680	\$ -	\$ (121,633)	\$ 127,047	\$ 127,047
Service Motor Upgrade Project	38,583	-	(38,583)	-	-
	<u>287,263</u>	<u>-</u>	<u>(160,216)</u>	<u>127,047</u>	<u>127,047</u>
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 (continued)
December 31, 2019 and 2018

6. Long-Term Liabilities (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 or 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.

The loan is collateralized by pledged water activity enterprise revenues and any other funds legally available in an amount sufficient to pay the annual payment due under the loan agreement.

As of December 31, 2019 and 2018, 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 was due on January 1, 2019 and was paid in December of 2018; therefore, there was no payment made in 2019 and the next payment is 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, 2019. The interest rate per the lease agreement is 4.45% per annum.

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

6. Long-Term Liabilities (continued)

The following tables summarize debt service requirements for debt outstanding as of December 31, 2019:

Bonds Payable – 1992 Water Revenue

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2020	\$ 33,716	\$ 5,315	\$ 39,031
2021	35,402	3,629	39,031
2022	37,172	1,859	39,031
	<u>\$ 106,290</u>	<u>\$ 10,803</u>	<u>\$ 117,093</u>

Loan Payable – Sub District A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
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	30,186	1,509	31,695
	<u>\$ 137,226</u>	<u>\$ 21,253</u>	<u>\$ 158,479</u>

Loan Payable – CWCB for UBB 2016-2017

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
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	144,668
2025-2029	358,264	365,073	723,337
2030-2034	420,390	302,945	723,335
2035-2039	493,291	230,045	723,336
2040-2044	578,834	144,503	723,337
2045-2049	534,545	44,128	578,673
	<u>\$ 2,690,642</u>	<u>\$ 1,504,712</u>	<u>\$ 4,195,354</u>

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

7. 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.

8. 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.

9. Subsequent Event

The District has evaluated subsequent events through September 28, 2020, the date which the financial statements were available to be issued.

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the District. Other financial impacts could occur, though such potential impact is unknown at this time.

Supplementary Information

Lookout Mountain Water District
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues				
Water sales	\$ 597,750	\$ 597,750	\$ 633,736	\$ 35,986
Late payment fees	500	500	1,510	1,010
Inspection fees	500	500	1,500	1,000
Transfer fees	1,000	1,000	1,775	775
Inactive tap fees	40,800	40,800	47,023	6,223
Miscellaneous operating income and fees	4,000	4,000	18,797	14,797
Total Operating Revenues	<u>644,550</u>	<u>644,550</u>	<u>704,341</u>	<u>59,791</u>
Operations and Maintenance Expenses				
Contract operator	120,000	120,000	120,000	-
Testing and analysis, supplies	3,600	3,600	795	2,805
Testing and analysis lab fees	6,000	6,000	4,002	1,998
Locator service	3,000	3,000	5,538	(2,538)
Sludge removal & extra backwashes	3,000	3,000	0	3,000
Trash removal	1,600	1,600	2,108	(508)
Snow removal and road maintenance	10,000	10,000	12,870	(2,870)
Repairs & Maintenance				
Treatment plant & sludge bldg.	24,000	24,000	16,001	7,999
Storage tank	3,500	3,500	113	3,387
Pump station	3,500	3,500	118	3,382
Meters & valves	7,000	7,000	8,347	(1,347)
Equipment	2,000	2,000	1,942	58
Upper BB Dam	5,000	5,000	11,043	(6,043)
Lower BB Dam	5,000	5,000	2,234	2,766
LM Dam	3,000	3,000	1,486	1,514
Main distribution line	60,000	60,000	6,460	53,540
Laterals & hydrants	6,000	6,000	2,437	3,563
Backflow & cross connection	-	-	2,000	(2,000)
Electricity				
Treatment plant	25,000	25,000	22,032	2,968
Tank	200	200	262	(62)
Pump Station	6,000	6,000	5,239	761
LM Dam	600	600	153	447
Gas, Treatment plant	2,400	2,400	2,062	338
Fuel, emergency generator	800	800	79	721
Chemicals	52,000	52,000	26,648	25,352
Other maintenance supplies	1,200	1,200	2,524	(1,324)
Tools	500	500	-	500
Equipment rental	1,000	1,000	-	1,000
Telephone/Broadband	3,000	3,000	2,333	667
Telemetry - wireless service	2,000	2,000	1,440	560
Security service	4,500	4,500	1,197	3,303
Other operation and maintenance	2,000	2,000	426	1,574
Water purchases or leases	25,000	25,000	15,000	10,000
Maintenance, watershed	2,000	2,000	-	2,000
Water rights maintenance & operations	22,000	22,000	23,645	(1,645)
Contingency	20,000	20,000	-	20,000
Total Operations and Maintenance expenses	<u>436,400</u>	<u>436,400</u>	<u>300,534</u>	<u>135,866</u>
Gross Income (Loss) from Operations	<u>208,150</u>	<u>208,150</u>	<u>403,807</u>	<u>195,657</u>

Lookout Mountain Water District
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General and Administrative Expenses				
Accounting	16,500	16,500	18,004	(1,504)
Audit	7,000	7,000	7,500	(500)
Director's fees	7,000	7,000	8,827	(1,827)
Payroll taxes	600	600	-	600
Consulting, water rights	36,000	36,000	25,017	10,983
Legal, water rights	5,000	5,000	2,258	2,742
Legal, general	72,000	72,000	69,834	2,166
Contract services, administration & billing	93,000	93,000	107,003	(14,003)
Rent, storage, office, P.O. box	3,000	3,000	6,328	(3,328)
Insurance, general liability	4,500	4,500	4,347	153
Insurance, auto liability	200	200	197	3
Insurance, property	12,000	12,000	12,235	(235)
Insurance, public officials	700	700	620	80
Travel and meals	1,200	1,200	1,038	162
Seminars and meetings	1,800	1,800	5,205	(3,405)
Dues and subscriptions	2,000	2,000	1,815	185
Telephone/communications	1,800	1,800	2,993	(1,193)
Postage	4,000	4,000	3,282	718
Printing, billing stock, multifunction	4,500	4,500	4,474	26
Office supplies	500	500	1,399	(899)
Information tech, website, billing software	8,000	8,000	5,759	2,241
Other Administrative (fees, permits, maps, contingenc	1,000	1,000	2,985	(1,985)
Bank charges, e-commerce processing	6,000	6,000	7,527	(1,527)
Total General and Administrative expenses	<u>288,300</u>	<u>288,300</u>	<u>298,647</u>	<u>(10,347)</u>
Net Income (Loss) from Operations	<u>(80,150)</u>	<u>(80,150)</u>	<u>105,160</u>	<u>185,310</u>
Non-operating Revenues/(Expenses)				
Real property taxes, net of refunds/rebates	\$ 507,283	\$ 507,283	\$ 507,925	\$ 642
Specific ownership taxes	40,000	40,000	44,094	4,094
Inclusion fees	18,500	18,500	-	(18,500)
Subdistrict A - collections for debt service	31,696	31,696	31,695	(1)
Miscellaneous non-operating income	-	-	1,040	1,040
Interest income, Subdistrict A	-	-	-	-
Interest Income, including delinquent taxes	5,000	5,000	10,626	5,626
Interest expense	-	-	(20,617)	(20,617)
County treasurer's fees	7,650	7,650	(7,632)	15,282
Total Non-Operating Revenues/(Expenses)	<u>602,479</u>	<u>602,479</u>	<u>567,131</u>	<u>(12,434)</u>
Debt Service				
Debt service	215,394	215,394	182,810	32,584

Lookout Mountain Water District
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Projects				
JDTF improvements	50,000	50,000	73,068	(23,068)
Storage tank/DBP project	30,000	30,000	73,696	(43,696)
Meters and valves	10,000	10,000	2,896	7,104
Reservoirs, dams and flumes	12,000	12,000	-	12,000
Contingency	23,000	23,000	5,190	17,810
Total capital projects	<u>125,000</u>	<u>125,000</u>	<u>154,850</u>	<u>(29,850)</u>
Total Debt Service & Capital Projects expenditures	<u>340,394</u>	<u>340,394</u>	<u>337,660</u>	<u>2,734</u>
 Net of Revenues over (under) Expenditures	 181,935	 181,935	 334,631	 152,696
 Net Position—Beginning of Year	 <u>519,749</u>	 <u>519,749</u>	 <u>4,244,370</u>	 <u>3,724,621</u>
Net Position—End of Year	<u>701,684</u>	<u>701,684</u>	<u>4,579,001</u>	<u>3,877,317</u>

Lookout Mountain Water District
Reconciliation of Budgetary Basis (Actual)
to Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

	<u>2019</u>
Excess (Deficiency) of Revenues over Expenditures (Budgetary Basis)	\$ 334,631
 (Deduct) items which are not expenditures:	
Depreciation	<u>(275,989)</u>
 Add items which are not GAAP expenditures:	
Capital projects	154,850
Principal portion of bond payments	182,810
Change in accrued interest payable	(82,773)
Net income (GAAP Basis)	<u>313,529</u>
Net income per statement of revenues, expenses and changes in net position	<u><u>\$ 313,529</u></u>