

Lookout Mountain Water District

Annual Financial Report


December 31, 2020 and 2019


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Independent Auditor's Report

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

Opinions

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, 2020 and 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.

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, 2020 and 2019, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lookout Mountain Water District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lookout Mountain Water District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

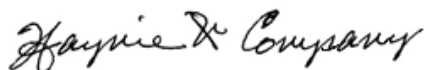
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required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

Other Information

Our audits were conducted for the purpose of forming an opinion 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 other 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.

Sincerely,



Littleton, Colorado
September 20, 2021

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, 2020. 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 \$4,875,368 (net position).
- Net position increased by \$317,469 when compared to 2019.
- The District's operating and non-operating income increased by \$203,022 when compared to 2019.
- The District's operating expenses increased by \$131,665 when compared to 2019.

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 \$4,875,368 in 2020.

Summary Statements of Net Position December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets	\$ 1,556,460	\$ 1,577,675
Other Assets	743,136	743,136
Capital Assets, net	<u>6,041,320</u>	<u>5,970,320</u>
Total Assets	8,340,916	8,291,131
Liabilities		
Current Liabilities	203,075	354,230
Long-term Liabilities	<u>2,697,827</u>	<u>2,818,386</u>
Total Liabilities	2,900,902	3,172,616
Deferred Inflows of Resources		
Deferred Property Taxes	<u>564,646</u>	<u>560,616</u>
Total Deferred Inflows of Resources	564,646	560,616
Net Position		
Invested in Capital Assets, Net of Related Debt	3,282,015	3,036,164
Restricted Subdistrict A	21,898	21,802
Restricted for Emergencies	39,500	37,691
Unrestricted	<u>1,531,955</u>	<u>1,462,242</u>
Total Net Position	<u>\$ 4,875,368</u>	<u>\$ 4,557,899</u>

Results of Operations

During 2020, the District's net position increased by \$317,469. Key elements of this increase are as follows:

	For the Year Ended December 31,	
	2020	2019
Revenue		
Operating Revenue	\$ 725,387	\$ 704,341
Non-operating Revenue	777,356	595,380
Total Revenue	1,502,743	1,299,721
Expenses		
Operating Expenses		
Operations, Maintenance and Administrative	(798,797)	(599,182)
Depreciation	(281,876)	(275,988)
Non-operating Expenses	(104,601)	(111,022)
Total expenses	(1,185,274)	(986,192)
Change in Net Position	317,469	313,529
Net Position - Beginning of Year	4,557,899	4,244,370
Net Position - End of Year	<u>\$ 4,875,368</u>	<u>\$ 4,557,899</u>

Overall revenue increased by \$203,022. Significant contributing factors for the revenue increase were an increase in Real Property Taxes and the receipt of Grants.

Overall expenses increased by \$199,082. Significant contributing factors for the expense increase were increases 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, 2020 amounts to \$6,041,320 (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, 2020	Balance December 31, 2019	Percentage Change
Infrastructure	\$ 6,706,631	\$ 6,706,631	0.00%
Treatment Facility	2,466,987	2,443,143	0.98%
Tank and Pump Stations	611,567	611,567	0.00%
Equipment	63,879	58,289	9.59%
Construction in Progress	452,378	128,936	250.85%
Land	<u>13,055</u>	<u>13,055</u>	0.00%
Total Capital Assets	<u>10,314,497</u>	<u>9,961,621</u>	3.54%
Less Accumulated Depreciation:	<u>(4,273,177)</u>	<u>(3,991,301)</u>	7.06%
Net Capital Assets	<u>\$ 6,041,320</u>	<u>\$ 5,970,320</u>	1.19%

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, 2020, the District had total long-term debt of \$2,759,305. Current year activity is shown below:

	2020	2019	Variance	Percentage Change
Bonds Payable	\$ 72,574	\$ 106,290	\$ (33,716)	(31.72)%
Loans Payable	<u>2,686,731</u>	<u>2,827,868</u>	<u>(141,137)</u>	(4.99)%
	<u>\$2,759,305</u>	<u>\$2,934,158</u>	<u>\$ (174,853)</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 less than budgeted revenue by \$7,916. The total actual expenditures, including capital and debt expenditures, was more than budgeted by \$73,166 which can primarily be attributed to a debt service payment near year end 2020 due in 2021.

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 2021 are estimated at about \$54,000 per month, which includes a planned rate increase when compared to 2020. 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 2021 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 \$967,000 for the end of fiscal year 2021.

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, 2020 and 2019

Assets	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 335,877	\$ 399,360
Investments		
Unrestricted	526,946	524,644
Restricted		
Subdistrict A	21,898	21,802
Property Taxes Receivable	564,646	560,616
Accounts Receivable - Trade	82,139	66,601
Other Receivables	4,030	3,652
Prepaid Insurance	20,924	1,000
Total Current Assets	<u>1,556,460</u>	<u>1,577,675</u>
Capital Assets		
Land	13,055	13,055
Construction in Progress	452,378	128,936
Infrastructure	6,706,631	6,706,631
Treatment Facility	2,466,987	2,443,143
Tank and Pump Station	611,567	611,567
Equipment	63,879	58,289
	<u>10,314,497</u>	<u>9,961,621</u>
Less Accumulated Depreciation	<u>(4,273,177)</u>	<u>(3,991,301)</u>
Total Capital Assets	<u>6,041,320</u>	<u>5,970,320</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	11,025
Deposits	1,566	1,566
Total Other Assets	<u>743,136</u>	<u>743,136</u>
 Total Assets	 <u>\$ 8,340,916</u>	 <u>\$ 8,291,131</u>

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District
Statements of Net Position (continued)
December 31, 2020 and 2019

Liabilities	2020	2019
Current Liabilities:		
Accounts payable	\$ 135,339	\$ 145,352
Accrued payroll liabilities	2,003	-
Accrued interest payable	4,255	93,106
Current portion of long-term debt	61,478	115,772
Total Current Liabilities	<u>203,075</u>	<u>354,230</u>
Long-Term Liabilities		
Revenue bonds	72,574	106,290
Loan payable - Subdistrict A	112,391	137,226
CWCB Loan for UBB 2016-2017	2,574,340	2,690,642
Less, current portion	<u>(61,478)</u>	<u>(115,772)</u>
Total Long-Term Liabilities	<u>2,697,827</u>	<u>2,818,386</u>
Total Liabilities	<u>2,900,902</u>	<u>3,172,616</u>
Deferred Inflows of Resources		
Deferred Property Taxes	<u>564,646</u>	<u>560,616</u>
Total Deferred Inflows of Resources	<u>564,646</u>	<u>560,616</u>
Net Position		
Net investment in capital assets	3,282,015	3,036,164
Unrestricted	1,531,955	1,462,242
Restricted		
Subdistrict A	21,898	21,802
Emergencies	<u>39,500</u>	<u>37,691</u>
Total Net Position	<u>4,875,368</u>	<u>4,557,899</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,340,916</u>	<u>\$ 8,291,131</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, 2020 and 2019

	2020	2019
Operating Revenues		
Water Sales, net of allowances of \$0 and \$1,897	\$ 669,837	\$ 633,736
Inactive Tap Fees	47,038	47,023
Penalties	-	1,510
Miscellaneous	8,512	22,072
Total Operating Revenues	<u>725,387</u>	<u>704,341</u>
Operations and Maintenance Expenses		
Contract Operator	120,000	120,000
Water Lease Purchases	15,000	15,000
Repair and Maintenance		
Transmission Mains	67,112	25,660
Treatment, Pumping and Storage	59,568	16,232
Sludge Removal	8,017	-
Other	29,484	32,002
Testing and Analysis	3,282	4,797
Power	29,798	29,748
Chemicals	50,960	26,648
Tools and supplies	14,248	2,603
Telephone	5,696	3,773
Water Rights and Maintenance	23,147	24,071
Depreciation	281,876	275,989
Total Operations and Maintenance expenses	<u>708,188</u>	<u>576,523</u>
Gross Income From Operations	<u>17,199</u>	<u>127,818</u>
General and Administrative Expenses		
Accounting and audit	23,476	25,504
Director's fees	9,300	8,827
Consulting - water rights	70,990	25,017
Legal	118,984	72,092
Contract administrator	85,959	107,003
Insurance	17,184	17,399
Travel and meals	247	1,038
Seminars and meetings	100	5,205
Dues and subscriptions	2,663	1,815
Telephone	4,765	2,993
Postage	3,770	3,282
Election expense	4,192	-
Rent - storage space	12,680	6,328
Office supplies and miscellaneous	18,175	22,144
Total Administrative Expenses	<u>372,485</u>	<u>298,647</u>
Net Income (Loss) from Operations	<u>(355,286)</u>	<u>(170,829)</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, 2020 and 2019

	2020	2019
Nonoperating Revenues/(Expenses)		
Real property taxes	549,378	507,925
Specific ownership taxes	41,900	44,094
Subdistrict A receipts	31,790	31,695
Grants	136,674	-
Miscellaneous non-operating income	9,004	1,040
Inclusion fees	5,800	-
Interest earnings	2,810	10,626
Interest expense	(96,357)	(103,390)
County treasurer's fee	(8,244)	(7,632.00)
Total Nonoperating Revenues/(Expenses)	672,755	484,358
Change in Net Position	317,469	313,529
Net Position—Beginning of Year	4,557,899	4,244,370
Net Position—End of Year	\$ 4,875,368	\$ 4,557,899

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from customers	\$ 709,471	\$ 714,035
Cash payments to suppliers for goods and services	(769,165)	(332,899)
Cash payments to contract personnel	(145,263)	(227,003)
Net Cash from Operating Activities	<u>(204,957)</u>	<u>154,133</u>
Cash Flows from Non-capital Financing Activities		
Property taxes received	549,378	507,925
Specific ownership taxes received	41,900	44,094
Miscellaneous non-operating income received	9,005	1,040
Treasurer's fees paid	(8,244)	(7,632)
Net Cash from Non-capital Financing Activities	<u>592,039</u>	<u>545,427</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(265,180)	(115,916)
Sale of property, plant and equipment	-	2,561
Subdistrict A income received	31,790	32,146
Acquisition of taps	-	(2,967)
Deposits paid	-	(1,056)
Grants received	136,674	-
Debt principal paid	(174,853)	(182,810)
Interest paid	(185,208)	(20,617)
Net Cash from Capital and Related Financing Activities	<u>(456,777)</u>	<u>(288,659)</u>
Cash Flows from Investing Activities:		
Investments purchased	(2,398)	(229,766)
Net investment earnings	8,610	10,626
Net Cash from Investing Activities	<u>6,212</u>	<u>(219,140)</u>
Net Change in Cash and Cash Equivalents	(63,483)	191,761
Cash and cash equivalents—beginning of year	<u>399,360</u>	<u>207,599</u>
Cash and cash equivalents—end of year	<u>\$ 335,877</u>	<u>\$ 399,360</u>
Reconciliation of operating (loss) to net cash from operating activities		
Income (Loss) from operations	\$ (355,286)	\$ (170,829)
Adjustments to reconcile (loss) from operations to net cash provided (required) by operating activities		
Depreciation	281,876	275,989
Effects of changes in operating assets and liabilities:		
Receivables	(19,943)	(41,052)
Prepaid expenses	(19,924)	16,969
Deferred revenue	4,030	50,749
Accounts payable	(97,713)	22,307
Accrued payroll	2,003	-
Net cash from operating activities	<u>\$ (204,957)</u>	<u>\$ 154,133</u>

The accompanying notes are an integral part of these statements.

Lookout Mountain Water District

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019. Property taxes levied on December 31, 2020 and 2019 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, 2020 and 2019.

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 for reporting in this category.

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, 2020 and 2019

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.

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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.

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.

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2020 and 2019

3. Stewardship, Compliance and Accountability (continued)

In 2020, the District's expenditures exceeded total budgeted amounts as the result of a 2021 debt payment due January 1st that was processed prior to December 31, 2020. Although this caused actual expenditures to exceed budgeted expenditures for the year, the District does not believe this to be a violation of state statutes.

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.

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 \$39,500 and \$37,691 as of December 31, 2020 and 2019, 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.

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

4. Cash Deposits and Investments

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

	2020	2019
Deposits - insured	\$ 250,000	\$ 250,000
Deposits – PDPA collateralized	85,877	149,360
Investments - investment pool	<u>548,844</u>	<u>546,446</u>
Total	<u>\$ 884,721</u>	<u>\$ 945,806</u>

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

	2020	2019
Cash	\$ 335,877	\$ 399,360
Investments - Unrestricted	526,946	524,644
Investments – Restricted – Subdistrict A	<u>21,898</u>	<u>21,802</u>
Total	<u>\$ 884,721</u>	<u>\$ 945,806</u>

At December 31, 2020 and 2019, the District’s cash deposits had bank balances of \$393,585 and \$400,125 and carrying balances of \$335,877 and \$399,360, 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, 2020 and 2019 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

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

4. Cash Deposits and Investments (continued)

- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

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, 2020, the District had the following investments:

<u>Investment</u>	<u>Rating</u>	Investment Maturities (in Years)		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Money Market and Investment Pools	AAAm	\$ 548,844	-	\$ 548,844
		<u>\$ 548,844</u>	<u>\$ -</u>	<u>\$ 548,844</u>

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

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

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2020 and 2019

4. Cash Deposits and Investments (continued)

Local Government Investment Pools — As of December 31, 2020 and 2019, the District had \$548,844 and \$546,446, 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 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.

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

5. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 13,055	\$ -	\$ -	\$ 13,055
Construction in progress	<u>128,936</u>	<u>347,286</u>	<u>(23,844)</u>	<u>452,378</u>
Total capital assets, not being depreciated	<u>141,991</u>	<u>347,286</u>	<u>(23,844)</u>	<u>465,433</u>
Capital assets, being depreciated:				
Infrastructure	6,706,631	-	-	6,706,631
Treatment Facility	2,443,143	23,844	-	2,466,987
Tank and Pump Stations	611,567	-	-	611,567
Equipment	<u>58,289</u>	<u>5,590</u>	<u>-</u>	<u>63,879</u>
Total capital assets, being depreciated	<u>9,819,630</u>	<u>29,434</u>	<u>-</u>	<u>9,849,064</u>
Less accumulated depreciation	<u>(3,991,301)</u>	<u>(281,876)</u>	<u>-</u>	<u>(4,273,177)</u>
Total capital assets, being depreciated, net	<u>5,828,329</u>	<u>(252,442)</u>	<u>-</u>	<u>5,575,887</u>
Capital assets, net	<u>\$ 5,970,320</u>	<u>\$ 94,844</u>	<u>\$ (23,844)</u>	<u>\$ 6,041,320</u>

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

5. Capital Assets (continued)

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

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 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, 2020 and 2019

6. Long-Term Liabilities

The District's long-term debt as of December 31, 2020 and its debt transactions are as follows:

	Balance at December 31, 2019	Additions	Payment	Balance at December 31, 2020	Due Within One Year
<u>Bonds Payable</u>					
1992 Water Revenue Bonds	\$ 106,290	\$ -	\$ (33,716)	\$ 72,574	\$ 35,402
Current Portion	\$ (33,716)			\$ (35,402)	
Long-term portion	<u>\$ 72,574</u>			<u>\$ 37,172</u>	
<u>Loan Payable</u>					
CWCB for UBB 2016-2017	\$2,690,642	\$ -	\$ (116,302)	\$2,574,340	\$ -
Subdistrict A	137,226	-	(24,835)	112,391	26,076
	<u>2,827,868</u>	<u>-</u>	<u>(141,137)</u>	<u>2,686,731</u>	<u>26,076</u>
Current Portion	\$ (82,506)			\$ (26,076)	
Long-term portion	<u>\$2,745,362</u>			<u>\$2,660,655</u>	

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

6. Long-Term Liabilities (continued)

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	\$ (32,110)			\$ (33,716)	
Long-term portion	\$ 106,290			\$ 72,574	
<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)			\$ (82,506)	
Long-term portion	\$ 2,827,868			\$ 2,745,362	
<u>Lease Payable</u>					
Membrane Filtration Project	\$ 127,047	\$ -	\$ (127,047)	\$ -	\$ -
	<u>127,047</u>	<u>-</u>	<u>(127,047)</u>	<u>-</u>	<u>-</u>
Current Portion	\$ (127,047)			\$ -	
Long-term portion	\$ -			\$ -	

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, 2020 and 2019

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, 2020 and 2019, the balance attributable to long-term financing loan is \$2,574,340 and \$2,690,642, respectively. 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 payment due January 2021 was paid and received in December 2020. The next payment is due January 2022.

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 paid in full on September 5, 2019.

Lookout Mountain Water District
Notes to Financial Statements (continued)
December 31, 2020 and 2019

6. Long-Term Liabilities (continued)

The following tables summarize debt service requirements for debt outstanding as of December 31, 2020:

Bonds Payable – 1992 Water Revenue

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2021	\$ 35,402	\$ 3,629	\$ 39,031
2022	37,172	1,859	39,031
	<u>\$ 72,574</u>	<u>\$ 5,488</u>	<u>\$ 78,062</u>

Loan Payable – Sub District A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
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>\$ 112,391</u>	<u>\$ 14,392</u>	<u>\$ 126,783</u>

Loan Payable – CWCB for UBB 2016-2017

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2021	\$ -	\$ -	\$ -
2022	61,001	83,666	144,667
2023	62,984	81,683	144,667
2024	65,031	79,637	144,668
2025	67,144	77,523	144,667
2026-2030	369,908	353,429	723,337
2031-2035	434,054	289,283	723,337
2036-2040	509,323	214,013	723,336
2041-2045	597,646	125,690	723,336
2046-2049	407,249	26,756	434,005
	<u>\$ 2,574,340</u>	<u>\$ 1,331,680</u>	<u>\$ 3,906,020</u>

Lookout Mountain Water District

Notes to Financial Statements (continued)

December 31, 2020 and 2019

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. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the District's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. However, the District believes it will be able to continue operations under current governmental guidelines while mitigating the impact as much as possible to minimize losses.

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, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues				
Water sales	\$ 626,390	\$ 626,390	\$ 669,837	\$ 43,447
Late payment fees	300	300	-	(300)
Inspection fees	500	500	-	(500)
Transfer fees	1,000	1,000	-	(1,000)
Inactive tap fees	42,000	42,000	47,038	5,038
Miscellaneous operating income and fees	5,000	5,000	8,512	3,512
Subdistrict A - collections for debt service	31,696	31,696	31,790	94
Special fees/funding & transfer from Gen Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Operating Revenues	<u>756,886</u>	<u>756,886</u>	<u>757,177</u>	<u>291</u>
Operations and Maintenance Expenses				
Contract operator	120,000	120,000	120,000	-
Testing and analysis, supplies	2,400	2,400	918	1,482
Testing and analysis lab fees	5,100	5,100	2,364	2,736
Locator service	36,000	36,000	10,015	25,985
Sludge removal & extra backwashes	3,000	3,000	8,017	(5,017)
Trash removal	2,100	2,100	1,828	272
Snow removal and road maintenance	11,000	11,000	4,400	6,600
Repairs & Maintenance				
Treatment plant & sludge bldg.	24,000	24,000	56,924	(32,924)
Storage tank	2,500	2,500	563	1,937
Pump station	2,500	2,500	2,081	419
Meters & valves	9,600	9,600	8,716	884
Equipment	2,500	2,500	-	2,500
Upper BB Dam	5,000	5,000	27,985	(22,985)
Lower BB Dam	2,500	2,500	910	1,590
LM Dam	2,500	2,500	-	2,500
Main distribution line	60,000	60,000	33,901	26,099
Laterals & hydrants	6,000	6,000	3,941	2,059
Backflow & cross connection	-	-	375	(375)
Electricity				
Treatment plant	24,000	24,000	22,587	1,413
Tank	200	200	-	200
Pump Station	6,000	6,000	5,060	940
LM Dam	360	360	141	219
Gas, Treatment plant	2,400	2,400	2,010	390
Fuel, emergency generator	800	800	-	800
Chemicals	51,600	51,600	50,960	640
Other maintenance supplies	1,500	1,500	14,248	(12,748)
Tools	1,000	1,000	-	1,000
Equipment rental	1,000	1,000	-	1,000
Telephone/Broadband	1,980	1,980	5,696	(3,716)
Telemetry - wireless service	1,980	1,980	-	1,980
Security service	4,800	4,800	4,525	275
Other operation and maintenance	2,000	2,000	8,410	(6,410)
Water purchases or leases	20,000	20,000	15,000	5,000
Maintenance, watershed	2,000	2,000	-	2,000
Water rights maintenance & operations	23,100	23,100	14,737	8,363
Contingency	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Operations and Maintenance expenses	<u>461,420</u>	<u>461,420</u>	<u>426,312</u>	<u>35,108</u>
Gross Income from Operations	<u>295,466</u>	<u>295,466</u>	<u>330,865</u>	<u>35,399</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, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General and Administrative Expenses				
Accounting	16,200	16,200	16,476	(276)
Audit	8,000	8,000	7,000	1,000
Director's fees	7,000	7,000	9,300	(2,300)
Office manager salary	-	-	49,018	(49,018)
Employee retirement distribution	-	-	5,076	(5,076)
Payroll taxes	9,420	9,420	4,599	4,821
Consulting, water rights	38,400	38,400	70,990	(32,590)
Legal, water rights	4,800	4,800	9,999	(5,199)
Legal, general	72,000	72,000	108,985	(36,985)
Contract services, administration & billing	90,260	90,260	27,266	62,994
Rent, storage, office, P.O. box	15,600	15,600	12,680	2,920
Insurance, general liability	4,500	4,500	2,520	1,980
Insurance, auto liability	200	200	197	3
Insurance, property	13,000	13,000	13,980	(980)
Insurance, public officials	800	800	487	313
Travel and meals	1,000	1,000	247	753
Seminars and meetings	2,000	2,000	100	1,900
Dues and subscriptions	2,000	2,000	2,663	(663)
Election expenses	30,000	30,000	4,192	25,808
Telephone/communications	2,400	2,400	4,765	(2,365)
Postage	4,200	4,200	3,770	430
Printing, billing stock, multifunction	4,800	4,800	3,938	862
Office supplies	1,000	1,000	1,077	(77)
Information tech, website, billing software	9,600	9,600	4,494	5,106
Other Administrative (fees, permits, maps, contingency)	1,000	1,000	1,508	(508)
Bank charges, e-commerce processing	6,000	6,000	7,158	(1,158)
Special projects and transfer to Enterprise Fund	50,000	50,000	-	50,000
Total General and Administrative expenses	<u>394,180</u>	<u>394,180</u>	<u>372,485</u>	<u>21,695</u>
Net Income (Loss) from Operations	<u>(98,714)</u>	<u>(98,714)</u>	<u>(41,620)</u>	<u>57,094</u>
Non-operating Revenues/(Expenses)				
Real property taxes, net of refunds/rebates	560,316	560,316	549,378	(10,938)
Specific ownership taxes	40,000	40,000	41,900	1,900
Inclusion fees	18,500	18,500	5,800	(12,700)
Miscellaneous non-operating income	-	-	9,004	9,004
Grant income	133,363	133,363	136,674	3,311
Interest Income, including delinquent taxes	1,000	1,000	2,810	1,810
County treasurer's fees	(7,650)	(7,650)	(8,244)	(594)
Total Non-Operating Revenues/(Expenses)	<u>745,529</u>	<u>745,529</u>	<u>737,322</u>	<u>(8,207)</u>
Debt Service				
Interest	97,761	97,761	185,208	(87,447)
Principal	117,632	117,632	174,853	(57,221)
Total Debt Service	<u>215,393</u>	<u>215,393</u>	<u>360,061</u>	<u>(144,668)</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, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Projects				
JDTF improvements	20,000	20,000	8,488	11,512
Storage tank/DBP project	50,000	50,000	50,799	(799)
Meters and valves	15,000	15,000	-	15,000
Furniture and equipment	2,000	2,000	3,083	(1,083)
Lab & shop equipment	28,000	28,000	2,507	25,493
Reservoirs, dams and flumes	20,000	20,000	-	20,000
Main improvements	15,000	15,000	-	15,000
Contingency	20,000	20,000	-	20,000
Engineering and permitting	197,575	197,575	287,999	(90,424)
Total capital projects	<u>367,575</u>	<u>367,575</u>	<u>352,876</u>	<u>14,699</u>
Total Debt Service & Capital Projects expenditures	<u>582,968</u>	<u>582,968</u>	<u>712,937</u>	<u>(129,969)</u>
Net of Revenues over (under) Expenditures	63,847	63,847	(17,235)	(81,082)
Net Position—Beginning of Year	<u>610,177</u>	<u>610,177</u>	<u>4,557,899</u>	<u>3,947,722</u>
Net Position—End of Year	<u><u>674,024</u></u>	<u><u>674,024</u></u>	<u><u>4,540,664</u></u>	<u><u>3,866,640</u></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, 2020

	<u>2020</u>
Excess (Deficiency) of Revenues over Expenditures (Budgetary Basis)	\$ (17,235)
 (Deduct) items which are not expenditures:	
Depreciation	<u>(281,876)</u>
 Add items which are not GAAP expenditures:	
Capital projects	352,876
Principal portion of bond payments	174,853
Change in accrued interest payable	<u>88,851</u>
Net income (GAAP Basis)	<u>317,469</u>
Net income per statement of revenues, expenses and changes in net position	<u><u>\$ 317,469</u></u>