

STRATMOOR HILLS WATER DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION

With Independent Auditors' Report

December 31, 2020 and 2019

STRATMOOR HILLS WATER DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stratmoor Hills Water District

We have audited the accompanying financial statements of Stratmoor Hills Water District, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenue, expenses and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stratmoor Hills Water District, as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 comprise Stratmoor Hills Water District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
March 12, 2021

STRATMOOR HILLS WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2020

As management of Stratmoor Hills Water District (the District) we offer readers of the District’s annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The District’s assets of \$8,734,911 exceeded its liabilities at the close of the most recent fiscal year by \$5,136,216 (*net position*). Of this amount, \$1,322,430 represents unrestricted net position, which may be used to meet the District’s ongoing obligations.
- The District’s total net position increased during the year by \$1,115,192.
- Capital assets net of depreciation increased \$990,566 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of the following components: (1) Statement of Net Position, (2) Statement of Revenue, Expenses and Changes in Fund Net Position, (3) Statement of Cash Flows, and (4) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Statement of Net Position - This statement reports all financial and capital resources (assets), obligations (liabilities), and deferred inflows and outflows. The difference between assets, liabilities, and deferred inflows and outflows is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

Statement of Revenue, Expenses and Changes in Fund Net Position - All revenue and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the District’s rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, non-capital financing, capital and related financing, and investing activities.

OVERALL FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2020, the District's assets exceeded liabilities by \$5,136,216 resulting in a positive net position. The following reflects key financial information in a condensed format:

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 4,907,442	\$ 4,690,473
Capital assets, net	<u>3,827,469</u>	<u>2,836,903</u>
Total assets	<u>8,734,911</u>	<u>7,527,376</u>
Long-term liabilities	2,897,886	2,992,266
Other liabilities	<u>700,809</u>	<u>514,086</u>
Total liabilities	<u>3,598,695</u>	<u>3,506,352</u>
Net position:		
Investment in capital assets	3,813,786	2,836,903
Unrestricted	<u>1,322,430</u>	<u>1,184,121</u>
Total net position	<u>\$ 5,136,216</u>	<u>\$ 4,021,024</u>

Unrestricted net position of the District at the end of the year was \$1,322,430, a \$138,309 increase from the prior year.

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 1,969,095	\$ 1,863,128
Operating expenses	<u>(1,950,488)</u>	<u>(1,978,843)</u>
Operating income (loss)	18,607	(115,715)
Non-operating revenue and expenses, net	<u>146,021</u>	<u>231,837</u>
Income (loss) before contributions	164,628	116,122
Capital contributions	<u>950,564</u>	<u>801,077</u>
Change in net position	1,115,192	917,199
Net position, beginning	<u>4,021,024</u>	<u>3,103,825</u>
Net position, ending	<u>\$ 5,136,216</u>	<u>\$ 4,021,024</u>

BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- Water sales came in \$35,119 more than anticipated in 2020 due primarily to an increase in usage during the year.
- Operating expenses were \$387,594 less than anticipated in 2020. Most significant reasons for this were lower water conveyance and repairs and maintenance expenses than planned.
- Capital outlays were \$2,807,831 less than anticipated in 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of December 31, 2020 amounts to \$3,827,469. This investment in capital assets includes land and easements, water rights, plant, office building, equipment and vehicles, and construction in progress.

	<u>2020</u>	<u>2019</u>
Capital assets, not being depreciated	\$ 1,483,788	\$ 723,302
Capital assets, being depreciated	6,120,669	5,709,570
Less accumulated depreciation	<u>(3,776,988)</u>	<u>(3,595,969)</u>
Total capital assets, net	<u>\$ 3,827,469</u>	<u>\$ 2,836,903</u>

The improvements to the transmission and distribution lines, the installation of new meters and water treatment plant improvements increased the District's assets.

Long-Term Debt

At December 31, 2020, the District had a \$2,992,266 loan outstanding for completion of water facilities projects. The District paid debt payments during in compliance with debt agreements.

ECONOMIC FACTORS AND OUTLOOK

Budgetary Highlights – Water connection fees are projected to increase in 2021. Water assessments were at budget for 2020. Interest income was a lot lower than budget. There was a delay getting the treatment plant property replated, pushing construction into 2021. Possible rate increases for 2021. The District started paying on the SFR loan in 2020 and the payment will increase to \$54,612 in 2021.

Economic and Environmental Factors - More stringent drinking water regulations and water delivery expenses will continue to drive up the costs for providing drinking water. The District is committed to providing the necessary treatment to improve water quality and the District is moving forward with the design of a new centralized water treatment plant. The District received \$3,000,000 in funds in 2020 from a State Revolving Fund loan for the construction of the plant. These funds are expected to be spent for plant construction in 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers, creditors and other financial users with a general overview of the District's finances. If you have questions about this report or need additional financial information, please contact the District's Manager, Kevin Niles, at 719-576-0311 or 1811 B Street, Colorado Springs, CO 80906.

BASIC FINANCIAL STATEMENTS

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,150,104	\$ 1,238,994
Cash with fiscal agent	2,978,583	3,000,000
Accounts receivable, users	200,050	219,135
Accounts receivable, Air Force	331,471	-
Accounts receivable, other	12,500	-
Inventory	85,334	76,106
Prepaid water	92,456	92,456
Other prepaid expenses	56,944	63,782
Total current assets	4,907,442	4,690,473
Noncurrent assets:		
Capital assets, not being depreciated	1,483,788	723,302
Capital assets being depreciated, net	2,343,681	2,113,601
Total noncurrent assets	3,827,469	2,836,903
Total assets	8,734,911	7,527,376
LIABILITIES		
Current liabilities:		
Accounts payable, trade	373,223	13,356
Accounts payable, Stratmoor Hills Sanitation District	170,010	154,637
Accrued interest	2,494	-
Escrow deposits	4,561	4,561
Payroll taxes payable	6,592	8,718
Compensated absences	19,781	19,012
Customer deposits	27,625	27,295
Unearned revenue	2,143	278,773
Current portion, notes payable	94,380	7,734
Total current liabilities	700,809	514,086
Noncurrent liabilities:		
Notes payable, less current portion	2,897,886	2,992,266
Total liabilities	3,598,695	3,506,352
NET POSITION		
Net investment in capital assets	3,813,786	2,836,903
Unrestricted	1,322,430	1,184,121
Total net position	\$ 5,136,216	\$ 4,021,024

The accompanying notes are an integral part of these financial statements.

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUE		
Water sales	\$ 1,504,119	\$ 1,386,636
Water lease income	22,621	23,406
Maintenance contract income	240,000	240,000
Billing fees	178,844	173,952
Late fees	22,848	39,848
Other income	663	(714)
	<u>1,969,095</u>	<u>1,863,128</u>
Total operating revenue		
OPERATING EXPENSES		
Water operations	1,520,165	1,498,409
General administration	171,801	172,591
Depreciation	258,522	307,843
	<u>1,950,488</u>	<u>1,978,843</u>
Total operating expenses		
Operating income (loss)	<u>18,607</u>	<u>(115,715)</u>
NON-OPERATING REVENUE (EXPENSES)		
Investment income	6,755	18,682
Rental income	70,312	68,583
Grants	88,706	196,339
Interest expense	(3,915)	(143)
Fountain Valley Authority debt service	(15,756)	(45,618)
Gain (loss) on disposal of fixed assets	(81)	(6,006)
	<u>146,021</u>	<u>231,837</u>
Total non-operating revenue (expenses)		
Income (loss) before capital contributions	164,628	116,122
Capital contributions - tap fees	318,240	801,077
Capital contributions - Air Force	632,324	-
	<u>950,564</u>	<u>801,077</u>
Total capital contributions		
Change in net position	1,115,192	917,199
Net position-beginning	4,021,024	3,103,825
	<u>5,136,216</u>	<u>4,021,024</u>
Net position-ending	<u>\$ 5,136,216</u>	<u>\$ 4,021,024</u>

The accompanying notes are an integral part of these financial statements.

**STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,976,010	\$ 1,831,011
Cash payments to suppliers for goods and services	(1,084,241)	(1,027,192)
Cash payments to employees for services	(590,707)	(621,859)
Cash received from other governments	50,000	-
Cash received from miscellaneous income	70,312	68,658
	<u>421,374</u>	<u>250,618</u>
Net cash provided (used) by operating activities	<u>421,374</u>	<u>250,618</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from general and specific ownership tax revenues	<u>-</u>	<u>1,189</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of capital assets and insurance recoveries	-	800
Capital contributions	41,608	304,644
Loan proceeds	-	3,000,000
Capital grants	88,706	196,339
Cash received from other governments	250,853	-
Purchase of capital assets	(894,692)	(434,956)
Fountain Valley Authority debt service	(15,756)	(45,618)
Loan principal payments	(7,734)	-
Interest paid	(1,421)	(143)
	<u>(538,436)</u>	<u>3,021,066</u>
Net cash provided (used) by capital and related financing activities	<u>(538,436)</u>	<u>3,021,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>6,755</u>	<u>18,682</u>
Net increase (decrease) in cash and cash equivalents	(110,307)	3,291,555
Cash and cash equivalents at beginning of year	<u>4,238,994</u>	<u>947,439</u>
Cash and cash equivalents at ending of year	<u>\$4,128,687</u>	<u>\$4,238,994</u>

The accompanying notes are an integral part of these financial statements.

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	\$ 1,150,104	\$ 1,238,994
Cash with fiscal agent	<u>2,978,583</u>	<u>3,000,000</u>
 Total cash and cash equivalent at end of year	 <u><u>\$4,128,687</u></u>	 <u><u>\$4,238,994</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	<u>\$ 18,607</u>	<u>\$ (115,715)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	258,522	307,843
Miscellaneous income	70,312	68,583
Cash received from other governments	50,000	-
Change in assets and liabilities:		
<i>(Increase) decrease in:</i>		
Accounts receivable, users	19,085	(34,203)
Accounts receivable, other	(12,500)	-
Inventory	(9,228)	20,368
Other prepaid expenses	6,838	2,094
<i>Increase (decrease) in:</i>		
Accounts payable	20,765	12,142
Compensated absences payable	769	(11,183)
Payroll taxes payable	(2,126)	(1,471)
Customer deposits	<u>330</u>	<u>2,160</u>
 Total Adjustments	 <u>402,767</u>	 <u>366,333</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ 421,374</u></u>	 <u><u>\$ 250,618</u></u>
 Non cash investing, capital and financing activities	 None	 None

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stratmoor Hills Water District (the District) was organized under the laws of the State of Colorado to operate and maintain a special district for the purpose of transmission and distribution of water to the residents of the Stratmoor Hills subdivision located adjacent to the City of Colorado Springs, Colorado.

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments and promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies used in the preparation of these financial statements follows.

A. REPORTING ENTITY

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in fund net position) report information on all of the non-fiduciary activities of the District.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District accounts for all of its activities in a single proprietary – enterprise fund for its activities which are similar to those found in the private sector, where the determination of changes in net position is necessary or useful to sound financial administration. The business type activities of the District rely significantly upon service charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts receivable, users

The accounts receivable are due from a large number of customers for the purchase of water and for sanitation assessments. An allowance for doubtful accounts is not required as the District can place a lien on property for unpaid water sales.

Inventory

Inventory consists of materials and supplies and is valued at cost, which approximates market, using the first-in, first-out method.

Prepaid water

This account represents the conveyance service charges for water to be delivered in the next fiscal year by the Fountain Valley Authority.

Other prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

Water rights

The cost of water rights includes acquisition costs, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION
(CONTINUED)*

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method over the estimated useful lives of the depreciable property. The estimated useful lives are as follows:

Plant:	
Transmission and distribution lines	5 to 45 years
Storage facilities	10 to 60 years
Equipment	10 to 45 years
Office building:	
Building and improvements	5 to 25 years
Land improvements	5 years
Equipment and vehicles:	
Office equipment	5 to 7 years
Other equipment	5 to 12 years
Vehicles	5 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION
(CONTINUED)*

Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

E. REVENUES AND EXPENSES

Compensated Absences

Employees earn two weeks of paid time off after one year of service, three weeks after two or more years of service and four weeks after ten or more years of service. Paid time off is earned on an employee's anniversary. Employees can accrue a maximum of 110 days of paid time off and carry it over from year to year. Upon termination, employees with accrued but unused paid time off shall be paid at their current regular hourly rate for such time. A liability is recorded in the amount of the earned accumulated rights to receive paid time off benefits.

Operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the fund are water and sanitation assessments, late and reconnect charges, and inspection fees. Operating expenses include all expenses incurred to provide water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Budgets are adopted on a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences are that bond and note proceeds are treated as a budget source and capital expenditures and bond and note principal payments are treated as a budget use. Depreciation expense is not considered a budget expense. An annual appropriated budget is adopted for the proprietary fund. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenses represent the original budget adopted or as amended by the Board.

Expenditures may not legally exceed budgeted appropriations.

The District follows these procedures in establishing the budgetary data reflected in the Financial Statements.

1. Prior to October 15, administrative personnel submit to the Board of Directors a proposed operating budget for the following fiscal year (calendar) beginning January 1. The operating budget includes proposed expenses and the means for financing them.
2. The proposed budget is advertised as available for inspection and comment by the electorate of the District.
3. Prior to December 15, the Board legally adopts the budget.
4. In December, the Board certifies the mill levy to El Paso County.
5. During the year, formal budgetary integration is employed as a management control device.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash 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 financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

As of December 31, 2020 and 2019, the carrying amounts of the District’s deposits were \$996,639 and \$1,086,641, respectively and the bank balances were \$1,146,384 and \$1,155,510, respectively. Of the total bank balances, \$250,000 were covered by FDIC insurance for the year ended December 31, 2020 and 2019. The remaining balances of \$896,384 and \$905,510 at December 31, 2020 and 2019, respectively, fall under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

Investments

The District is authorized by Colorado State Statutes to invest in the following:

- ◆ Bonds and other interest-bearing obligations of the United States government.
- ◆ Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- ◆ Bonds which are a direct obligation of the State of Colorado, or of any city, county or school district therein.
- ◆ Notes or bonds issued to the “National Housing Act”.
- ◆ Repurchase agreements.
- ◆ Local government investment pools.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: The State law limits investments as described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2020, the District’s investments were rated AAA by Standard & Poor’s.

As of December 31, 2020 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
COLOTRUST	\$ 153,465	\$ 153,465	\$ -	\$ -	\$ -

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

As of December 31, 2019 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
COLOTRUST	\$ 152,353	\$ 152,353	\$ -	\$ -	\$ -

COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Reconciliation of Deposits and Investments to the Statements of Net Position

The District's restricted and unrestricted deposits and investments consist of the following at December 31, 2020:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Demand accounts	\$ 996,639	\$ -	\$ 996,639
Cash with Escrow Agent	-	2,978,583	2,978,583
COLOTRUST	153,465	-	153,465
Total deposits and investments	<u>\$ 1,150,104</u>	<u>\$ 2,978,583</u>	<u>\$ 4,128,687</u>

The District's restricted and unrestricted deposits and investments consist of the following at December 31, 2019:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Demand accounts	\$ 1,086,641	\$ -	\$ 1,086,641
Cash with Escrow Agent	-	3,000,000	3,000,000
COLOTRUST	152,353	-	152,353
Total deposits and investments	<u>\$ 1,238,994</u>	<u>\$ 3,000,000</u>	<u>\$ 4,238,994</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and easements	\$ 215,424	\$ -	\$ -	\$ 215,424
Water rights	210,863	-	-	210,863
Construction in progress	<u>297,015</u>	<u>760,486</u>	<u>-</u>	<u>1,057,501</u>
Total capital assets, not being depreciated	<u>723,302</u>	<u>760,486</u>	<u>-</u>	<u>1,483,788</u>
Capital assets, being depreciated:				
Plant	4,859,193	458,903	(13,526)	5,304,570
Office building	291,841	-	-	291,841
Equipment and vehicles	<u>558,536</u>	<u>29,780</u>	<u>(64,058)</u>	<u>524,258</u>
Total capital assets, being depreciated	5,709,570	488,683	(77,584)	6,120,669
Less accumulated depreciation	<u>(3,595,969)</u>	<u>(258,522)</u>	<u>77,503</u>	<u>(3,776,988)</u>
Total capital assets, being depreciated, net	<u>2,113,601</u>	<u>230,161</u>	<u>(81)</u>	<u>2,343,681</u>
Total capital assets, net	<u>\$ 2,836,903</u>	<u>\$ 990,647</u>	<u>\$ (81)</u>	<u>\$ 3,827,469</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and easements	\$ 94,767	\$ 120,657	\$ -	\$ 215,424
Water rights	210,893	-	-	210,863
Construction in progress	<u>61,357</u>	<u>235,658</u>	<u>-</u>	<u>297,015</u>
Total capital assets, not being depreciated	<u>366,987</u>	<u>356,315</u>	<u>-</u>	<u>723,302</u>
Capital assets, being depreciated:				
Plant	4,995,912	94,939	(231,658)	4,859,193
Office building	308,582	-	(16,741)	291,841
Equipment and vehicles	<u>602,319</u>	<u>88,750</u>	<u>(132,533)</u>	<u>558,536</u>
Total capital assets, being depreciated	5,906,813	183,689	(380,932)	5,709,570
Less accumulated depreciation	<u>(3,662,252)</u>	<u>(307,843)</u>	<u>374,126</u>	<u>(3,595,969)</u>
Total capital assets, being depreciated, net	<u>2,244,561</u>	<u>(124,154)</u>	<u>(6,806)</u>	<u>2,113,601</u>
Total capital assets, net	<u>\$ 2,611,548</u>	<u>\$ 232,161</u>	<u>\$ (6,806)</u>	<u>\$ 2,836,903</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 - WATER RIGHTS

Water rights were composed of the following as of December 31, 2020 and 2019:

Acquired from the J. Fred Abrahamson Trust in 1986:

Rights to successive use water - up to 40 acre feet annually	\$ 9,000
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Acquired from the Hassler and Bates Company:

38.7961% ownership of water rights for 5.616 cubic feet per second of Laughlin Ditch and 1.736 cubic feet per second of Laughlin Ditch Enlargement	<u>201,863</u>
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Total Water Rights	<u>\$ 210,863</u>
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NOTE 6 - OPERATING LEASE

The District has entered into an agreement to lease up to 61.2039% of water rights for 5.616 cubic feet per second of Laughlin Ditch and 1.736 cubic feet per second of Laughlin Ditch Enlargement. The lease may be terminated by either party, lessor or lessee, upon 30 days written notice to the other party. The District has the first right of refusal upon the sale of this water. The District will be assessed a lease rental of \$75 per acre-foot for water used for municipal purposes under this lease agreement. The District has no obligation to lease any water under this lease agreement.

NOTE 7 - LONG-TERM DEBT

Loan Payable

On December 3, 2019, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$3,000,000. The loan is payable semiannually with payments of \$54,612 beginning May 1, 2021 and an initial payment of \$8,984 due November 1, 2020, including interest at 0.5%. This loan is to be repaid from and secured by a pledge of net revenues.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the CWRPDA loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 94,380	\$ 14,843
2022	94,853	14,371
2023	95,327	13,896
2024	95,805	13,419
2025	96,284	12,939
2026 – 2030	488,701	57,418
2031 – 2035	501,057	45,062
2036 – 2040	513,725	32,393
2041 – 2045	526,714	19,405
2046 – 2050	<u>485,420</u>	<u>6,089</u>
Total	<u>\$ 2,992,266</u>	<u>\$ 229,835</u>

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2020:

	<u>Balance 12/31/19</u>	<u>Debt Issued And Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One year</u>
Loans	\$ 3,000,000	\$ -	\$ 7,734	\$ 2,992,266	\$ 94,380

NOTE 8 - NET POSITION

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020 and 2019, net investment in capital assets was as follows:

	<u>2020</u>	<u>2019</u>
Net investment in Capital Assets:		
Capital assets, net of depreciation	\$ 3,827,469	\$ 2,836,903
Related debt	(2,992,266)	(3,000,000)
Cash with fiscal agent	<u>2,978,583</u>	<u>3,000,000</u>
Total	<u>\$ 3,813,786</u>	<u>\$ 2,836,903</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 - NET POSITION (CONTINUED)

Net position-restricted is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). The District had no restricted balances for the years ended December 31, 2020 and 2019.

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted. The District utilizes net position-unrestricted before using net position-restricted.

NOTE 9 - TRANSACTIONS WITH RELATED DISTRICTS

The District provides substantially all maintenance operations for the Stratmoor Hills Sanitation District. In exchange for these services, the Sanitation District paid \$240,000 to the Stratmoor Hills Water District for the years ended December 31, 2020 and 2019.

The District also bills and collects the Sanitation District's user charges each month, issuing a joint billing to the customers. The District paid the Sanitation District 85% of the sanitation assessments in 2020 and 2019. For the amount remaining, the District prepares and mails the monthly bills, pays postage, and bears all losses from uncollectible amounts. The totals received by the District for 2020 and 2019 were \$178,844 and \$173,952, respectively.

The District's five-member board is the same as that of the Stratmoor Hills Sanitation District. As a matter of expedience, the Stratmoor Hills Sanitation District pays all members of the board for director's fees and related payroll taxes for both districts. The Sanitation District then bills Stratmoor Hills Water District for their share of the director's fees and related payroll taxes.

As of December 31, 2020 and 2019 the District had accounts payable to the Stratmoor Hills Sanitation District of \$170,010 and \$154,637, respectively.

NOTE 10 – JOINTLY GOVERNED ORGANIZATION

The District owns a 2.99% share in the Fountain Valley Authority (the Authority) which was established on July 10, 1979, for the primary purpose of construction and operating a water treatment plant for its five customers, each of which owns and operates a water system.

The Authority is empowered to acquire, operate, manage, and maintain all facilities required to deliver treated potable water to its customers. Customers include the City of Colorado Springs, the City of Fountain, the Security Water District, the Stratmoor Hills Water District, and the Widefield Water and Sanitation District.

The United States Department of Interior, Bureau of Reclamation (Bureau), has agreed to supply to these five customers, up to 20,100 acre-feet of water annually from the Frying Pan Arkansas Project. The District has been allocated 2.99% of this total.

In addition, the Bureau constructed a pipeline (the Fountain Valley Conduit) to transport this water from the Pueblo Reservoir, approximately 25 miles north, to the site of each system.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 10 – JOINTLY GOVERNED ORGANIZATION (CONTINUED)

The Bureau’s pipeline is operated by the Authority which pays all operating expenses plus a conveyance charge. The conveyance charge is designed to amortize the cost of the pipeline over a forty-year period. At the end of this period, title to the pipeline may be transferred by Congress to the Authority. The conveyance charge is to be allocated among the governments, based on their participation percentage and scheduled water deliveries.

The Authority has constructed an 18,000,000 gallon-per-day water treatment plant located approximately 17 miles south of the City of Colorado Springs. The purpose of this treatment plant is to treat water obtained by the customers from the Frying Pan Arkansas Project. All water transmitted through the Fountain Valley Conduit is treated at this plant. All costs incurred by the Authority will be recovered through charges to be paid by the member governments.

The water treatment and delivery charges paid by the District to the Authority are recorded as operating expenses in the accompanying financial statements while debt service charges are budgeted and recorded separately.

The following payments were made by the District to the Authority during the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Conveyance and treatment	\$ 358,605	\$ 295,665
Debt service	<u>15,756</u>	<u>45,618</u>
Total	<u>\$ 374,361</u>	<u>\$ 341,283</u>

The joint venture summary financial information as of December 31, 2019 and 2018 (most recent available) is as follows:

	<u>2019</u>	<u>2018</u>
Assets and Deferred outflows	<u>\$ 60,716,253</u>	<u>\$ 60,716,253</u>
Liabilities	22,345,871	22,345,871
Net Position (deficit)	<u>38,370,382</u>	<u>38,370,382</u>
Total Liabilities and Net Position	<u>\$ 60,716,253</u>	<u>\$ 60,716,253</u>
Revenues	\$ 16,138,867	\$ 16,138,867
Expenditures	<u>(7,669,119)</u>	<u>(7,669,119)</u>
Change in Net Position	<u>\$ 8,469,748</u>	<u>\$ 8,469,748</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 10– JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Long-term liability activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Revenue bonds	\$ 880,000	\$ -	\$ 880,000	\$ -	\$ -
Unamortized Premium	<u>31,161</u>	<u>-</u>	<u>31,161</u>	<u>-</u>	<u>-</u>
	911,161	-	911,161	-	-
Loans payable	2,072,798	-	655,806	1,416,992	694,174
Obligations under capital lease	<u>21,137,138</u>	<u>-</u>	<u>6,197,324</u>	<u>14,939,814</u>	<u>4,878,806</u>
Total	<u>\$ 24,121,097</u>	<u>\$ -</u>	<u>\$ 7,764,291</u>	<u>\$ 16,356,806</u>	<u>\$ 5,572,980</u>

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker’s compensation. No settled claims resulting from these risks exceeded commercial insurance coverage during the last three fiscal years.

NOTE 12 – EMPLOYEE IRA

The District has set up a Simple IRA for substantially all employees. Employees contribute at least 3% of compensation and the District contributes 3% of compensation. The employer’s contributions for 2020 and 2019 were \$13,700 and \$14,518, respectively.

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

Colorado’s voters passed an amendment to the State Constitution, Article X, Section 20 (“Amendment”), which has several limitations, including raising revenue, spending abilities and other specific requirements of state and local governments. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10.0% of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. The District is of the opinion that it qualifies for this exclusion. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendments’ language in order to determine its compliance.

SUPPLEMENTAL INFORMATION

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Water operations:		
Cost of water	\$ 40,254	\$ 45,392
Fountain Valley Authority - water conveyance, operations, etc.	358,605	295,665
Salaries and wages	575,650	594,687
Outside labor	13,788	23,687
Employee health insurance	139,849	121,383
FICA expense	43,867	45,778
Unemployment insurance	1,708	1,795
Workers compensation insurance	15,765	17,945
Retirement expense	13,700	14,518
Plant maintenance	175,115	203,076
Vehicle and equipment maintenance	21,303	14,095
Office building maintenance	12,753	5,328
Utilities	41,801	41,199
Engineering	6,000	4,065
Gas and oil	13,007	19,022
Supplies	17,187	13,813
Small tools	6,697	8,379
Uniforms	3,676	3,121
Testing and analysis	11,370	18,167
Equipment leases	3,934	3,506
Personnel expenses	539	555
Trash and recycling	3,597	3,233
Total water operations	\$ 1,520,165	\$ 1,498,409
General administration:		
Insurance	\$ 45,036	\$ 42,872
Billing	26,130	15,053
Postage	9,426	10,745
Meeting	8,245	7,805
Telephone	6,938	6,291
Audit	9,750	9,275
Legal	-	13,900
Office supplies	6,752	4,662
Dues and subscriptions	8,231	8,398
Training and education	2,246	6,151
Miscellaneous	1,723	755
Tax collection	-	1
Election expense	1,344	2,904
Bank/service charges	43,377	41,403
Other utilities	2,603	2,376
Total general administration	\$ 171,801	\$ 172,591

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Water sales	\$ 1,469,000	\$ 1,504,119	\$ 35,119
Water lease income	28,000	22,621	(5,379)
Maintenance contract income	240,000	240,000	-
Billing fees	170,000	178,844	8,844
Investment income	20,000	6,755	(13,245)
Rental income	75,000	70,312	(4,688)
Late charges	33,000	22,848	(10,152)
Miscellaneous income	1,300	663	(637)
Operating contributions - Air Force	50,000	50,000	-
Capital contributions - tap fees	300,000	318,240	18,240
Capital contributions - Air Force	860,000	582,324	(277,676)
Loan proceeds	3,000,000	-	(3,000,000)
Grant Funding	5,000	88,706	83,706
Beginning fund balance	-	4,184,121	4,184,121
TOTAL REVENUES	6,251,300	7,269,553	1,018,253
EXPENDITURES			
Operating expenditures:			
Cost of water	50,000	40,254	9,746
Fountain Valley Authority - water conveyance, treatment, operating, etc.	462,000	358,605	103,395
Salaries and wages	624,162	575,650	48,512
Outside labor	40,000	13,788	26,212
Employee health insurance	135,000	139,849	(4,849)
FICA expense	46,000	43,867	2,133
Unemployment insurance	2,000	1,708	292
Workers compensation insurance	14,000	15,765	(1,765)
Retirement expense	17,000	13,700	3,300
Plant maintenance	50,000	175,115	(125,115)
Vehicle and equipment maintenance	50,000	21,303	28,697
Office building maintenance	16,000	12,753	3,247
Repairs and maintenance	20,000	-	20,000
Utilities	60,000	41,801	18,199
Engineering	40,000	6,000	34,000
Gas and oil	20,000	13,007	6,993
Supplies	19,000	17,187	1,813
Small tools	12,000	6,697	5,303
Uniforms	7,000	3,676	3,324
Testing and analysis	\$ 30,000	\$ 11,370	\$ 18,630

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (continued)			
Equipment leases	\$ 5,000	\$ 3,934	\$ 1,066
Distribution system maintenance	185,000	-	185,000
Personnel expenses	-	539	(539)
Trash and recycling	-	3,597	(3,597)
TOTAL OPERATING EXPENDITURES	1,904,162	1,520,165	387,594
General and administrative expenditures:			
Insurance	45,217	45,036	181
Billing	29,000	26,130	2,870
Postage	14,000	9,426	4,574
Meeting	7,000	8,245	(1,245)
Telephone	11,000	6,938	4,062
Audit	10,000	9,750	250
Legal	10,000	-	10,000
Office supplies	10,000	6,752	3,248
Dues and subscriptions	10,000	8,231	1,769
Licenses and fees	1,500	-	1,500
Training and education	10,000	2,246	7,754
Miscellaneous	2,000	1,723	277
Grant projects (CRWA)	5,000	-	5,000
Election Expense	2,500	1,344	1,156
Bank/service charges	28,000	43,377	(15,377)
Other utilities	-	2,603	(2,603)
TOTAL GENERAL AND ADMINISTRATIVE EXPENDITURES	195,217	171,801	23,416
INTEREST EXPENSE	1,250	-	1,250
LOAN PRINCIPAL PAYMENT	7,735	7,734	1
LOAN INTEREST EXPENSE	200	3,915	(3,715)
FOUNTAIN VALLEY AUTHORITY			
DEBT SERVICE	60,000	15,756	44,244
CAPITAL EXPENDITURES	4,057,000	1,249,169	2,807,831
TOTAL EXPENDITURES	\$ 6,225,564	\$ 2,968,540	\$ 3,260,621

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2020

	<u>Actual</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 4,301,013
Less:	
Beginning fund balance	(4,184,121)
Loss on disposal of assets	(81)
Depreciation	(258,522)
Add:	
Capital expenditures	1,249,169
Loan principal payment	7,734
CHANGE IN NET POSITION	<u><u>\$ 1,115,192</u></u>

Ending fund balance is calculated as follows:

Current assets	4,907,442
Current liabilities	(700,809)
Loan payable, current portion	94,380
	<u><u>\$ 4,301,013</u></u>

See the accompanying independent auditors' report.