

# **Lookout Mountain Water District**

**Annual Financial Statements**

**and**

**Report of Independent Certified**

**Public Accountants**

**December 31, 2023**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Lookout Mountain Water District

### *Opinion*

We have audited the accompanying financial statements of the business-type activities of Lookout Mountain Water District (the "District"), as of and for the year ended December 31, 2023, 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 the District, as of December 31, 2023, and, the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). 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 the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *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 US GAAS 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 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.

In performing an audit in accordance with US GAAS, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures and changes in net position – budget and actual (non-GAAP budgetary basis) and reconciliation of budgetary basis (actual) to schedule of revenues, expenditures and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the schedule of revenues, expenditures and changes in net position – budget and actual (non-GAAP budgetary basis) and reconciliation of budgetary basis (actual) to schedule of revenues, expenditures and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Logan, Thomas & Johnson, LLC*

Castle Rock, Colorado

October 31, 2024

## **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, 2023. 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 \$9,840,919 (net position).
- Net position increased by \$205,726 when compared to 2022.
- The District's operating and non-operating income decreased by \$1,545,878 when compared to 2022.
- The District's operating expenses increased by \$95,097 when compared to 2022.

### **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 Statement 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 Statement 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.

The Statement 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 IV-IX and 18-21 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 \$9,840,645 in 2023.

### Summary Statements of Net Position December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets	\$ 2,301,143	\$ 3,502,150
Other Assets	743,136	743,136
Capital Assets, net	<u>13,051,071</u>	<u>11,676,936</u>
Total Assets	16,095,350	15,922,222
<b>Liabilities</b>		
Current Liabilities	123,661	163,377
Long-term Liabilities	<u>5,406,037</u>	<u>5,501,254</u>
Total Liabilities	5,529,698	5,664,631
<b>Deferred Inflows of Resources</b>		
Deferred Property Taxes	<u>725,007</u>	<u>622,672</u>
Total Deferred Inflows of Resources	725,007	622,672
<b>Net Position</b>		
Net Investment in Capital Assets	7,614,847	6,146,933
Restricted Subdistrict A	11,539	10,668
Restricted for CWCB Debt Service	23,272	23,272
Restricted for Emergencies	39,866	39,866
Unrestricted	<u>2,151,121</u>	<u>3,414,180</u>
Total Net Position	<u>\$ 9,840,645</u>	<u>\$ 9,634,919</u>

## Results of Operations

During 2023, the District's net position increased by \$205,726. Key elements of this increase are as follows:

	For the Year Ended December 31,	
	2023	2022
<b>Revenue</b>		
Operating Revenue	\$ 655,118	\$ 674,648
Non-operating Revenue	<u>824,536</u>	<u>2,414,137</u>
Total Revenue	1,479,654	3,088,785
<b>Expenses</b>		
Operating Expenses		
Operations, Maintenance and Administrative	(704,376)	(689,804)
Depreciation	(447,375)	(366,850)
Non-operating Expenses	<u>(122,177)</u>	<u>(185,430)</u>
Total expenses	(1,273,928)	(1,242,084)
<b>Change in Net Position</b>	205,726	1,846,701
<b>Net Position - Beginning of Year</b>	<u>9,634,919</u>	<u>7,788,218</u>
<b>Net Position - End of Year</b>	<u>\$ 9,840,645</u>	<u>\$ 9,634,919</u>

Overall revenue decreased by \$1,609,131. Significant contributing factors for the revenue decrease were a decrease in receipt of grants.

Overall expenses increased by \$31,844. Significant contributing factors for the expense increase were increases in depreciation expense.

## Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets at December 31, 2023 amounts to \$13,051,071 (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:

	<u>Balance</u> <u>December 31,</u> <u>2023</u>	<u>Balance</u> <u>December 31,</u> <u>2022</u>	<u>Percentage</u> <u>Change</u>
Dams and Reservoirs	\$13,056,043	\$ 11,034,113	18.32%
Pipeline and metering equip	2,041,253	2,041,253	0.00%
Treatment Facility	2,533,428	2,525,537	0.31%
Tank and Pump Stations	644,532	635,807	1.37%
Equipment	93,413	93,413	0.00%
Construction in Progress	4,185	221,221	(98.11%)
Land	<u>56,980</u>	<u>56,980</u>	0.00%
Total Capital Assets	<u>18,429,834</u>	<u>16,608,324</u>	10.97%
Less Accumulated Depreciation:	<u>(5,378,763)</u>	<u>(4,931,388)</u>	9.07%
Net Capital Assets	<u>\$13,051,071</u>	<u>\$11,676,936</u>	11.77%

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

- Completion of the Upper Beaver Brook Dam Flume and SCADA project costs, completed fall 2024.

The District is burdened by a large amount of infrastructure for the number of active and total taps. At this point in time capital spending has been focused on making the dams, reservoirs and treatment plant as safe and efficient at managing water as possible. Beyond 2024 and for the foreseeable future, the capital focus will shift to the distribution system where a combination of District owned and privately owned pipelines need to be upgraded to insure quality water to each tap and sufficient fire flow for fire protection around the District.

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

**Debt.** As of December 31, 2023, the District had total long-term debt of \$5,436,224. Current year activity is shown below:

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>Percentage Change</u>
Loans Payable	\$ 5,436,224	\$ 5,530,003	\$ (93,779)	(1.70%)
	<u>\$ 5,436,224</u>	<u>\$ 5,530,003</u>	<u>\$ (93,779)</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 \$1,870,149. The total actual expenditures, including capital and debt expenditures, was less than budgeted by \$550,105 which can primarily be attributed to lower costs than anticipated on capital projects.

Additional information on the District's detailed budget can be found on pages 18-21 of this report.

### **Currently Known Facts, Decisions, or Conditions**

Water revenue from usage charges for 2024 are estimated at about \$55,415 per month, which includes a planned rate increase when compared to 2023. 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 including a planned lease of water to meet downstream water calls (compliance with water rights). Capital expenditures have been budgeted at about 14.67% of total enterprise expenses. Debt service is budgeted at about 21.92% of total enterprise expenses for past infrastructure projects, including Subdistrict A.

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 is 16.543, including a 1.157 temporary tax revenue adjustment.

Results of Operations are estimated to have an excess of revenue over expenses for 2024 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 \$1,071,281 for the end of fiscal year 2024.

## **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, PO Box 17780, Golden, CO 80402.

# Lookout Mountain Water District

## STATEMENT OF NET POSITION

December 31, 2023

	<u>2023</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 208,280
Investments	
Unrestricted	1,257,124
Restricted	
Subdistrict A	11,539
Property Taxes Receivable	725,007
Accounts Receivable - trade	70,449
Other Receivables	2,762
Prepaid Insurance	<u>25,982</u>
 Total Current Assets	 <u>2,301,143</u>
<b>CAPITAL ASSETS</b>	
Land	56,980
Construction in Progress	4,185
Dams and Reservoirs	13,056,043
Pipeline and metering equipment	2,041,253
Treatment Facility	2,533,428
Tank and Pump Station	644,532
Equipment	<u>93,413</u>
	18,429,834
Less, Accumulated Depreciation	<u>(5,378,763)</u>
 Total Capital Assets	 <u>13,051,071</u>
<b>OTHER ASSETS</b>	
Water Rights and Acquisition Costs	724,545
Taps - Buybacks Held by LMWD	6,000
Taps - Revocations	11,025
Deposits	<u>1,566</u>
 Total Other Assets	 <u>743,136</u>
 Total Assets	 \$ <u><u>16,095,350</u></u>

The accompanying notes are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**December 31, 2023**

	<b>2023</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 76,216
Accrued Payroll Liabilities	726
Accrued Interest Payable	16,532
Current Portion of Long-Term Debt	30,187
Total current liabilities	123,661
<b>LONG-TERM DEBT</b>	
Loan Payable - Subdistrict A	30,187
CWCB Loan for UBB 2016-2017	2,385,324
CWCB Loan for Upper and Lower BB 2021	3,020,713
Less, Current Portion	(30,187)
Total Long-Term Liabilities	5,406,037
Total Liabilities	5,529,698
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Taxes	725,007
Total Deferred Inflows of Resources	725,007
<b>NET POSITION</b>	
Net Investment in Capital Assets	7,614,847
Unrestricted	2,151,121
Restricted	
Subdistrict A	11,539
CWCB Debt Service	23,272
Emergencies	39,866
Total Net Position	9,840,645
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 16,095,350

The accompanying notes are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2023**

	<b>2023</b>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 603,840
Inactive tap fees	46,309
Penalties	2,455
Miscellaneous	2,514
Total Operating Revenues	655,118
<b>OPERATIONS AND MAINTENANCE EXPENSES</b>	
Contract Operator	120,000
Water Lease Purchases	23,284
Repair and Maintenance	
Transmission Mains	29,209
Treatment, Pumping and Storage	39,394
Other	59,551
Testing and Analysis	7,109
Power	29,725
Chemicals	27,815
Tools and Supplies	3,582
Telephone	3,139
Water Rights and Maintenance	9,310
Depreciation	447,375
Total Operations and Maintenance Expenses	799,493
Gross Loss From Operations	(144,375)
<b>ADMINISTRATIVE EXPENSES</b>	
Accounting and Audit	29,200
Director's Fees	6,700
Consulting - Water Rights	33,233
Legal	51,012
Engineering	117,820
Contract Administrator/Billing/Office Manager	62,583
GIS Software and Software Updates	2,000
Insurance	21,851
Seminars and Meetings	1,651
Dues and Subscriptions	1,046
Telephone	1,922
Postage	4,126
Office Supplies and Miscellaneous	19,114
Total administrative expenses	352,258
<b>OPERATING LOSS</b>	<b>\$ (496,633)</b>

The accompanying notes are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2023**

	<b>2023</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Real Property Taxes	\$ 617,671
Specific Ownership Taxes	44,561
Subdistrict A Receipts	31,695
Miscellaneous Non-Operating Income	10,396
Interest Earnings	119,182
Unrealized Gain on Investments	1,031
Interest Expense	(112,812)
County Treasurer's Fee	(9,365)
	702,359
<b>CHANGE IN NET POSITION</b>	205,726
<b>NET POSITION, BEGINNING OF YEAR</b>	9,634,919
<b>NET POSITION, END OF YEAR</b>	\$ 9,840,645

The accompanying notes are an integral part of these statements.

**Lookout Mountain Water District**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2023**

	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 661,480
Cash payments to suppliers for goods and services	(654,442)
Cash payments to contract personnel	(78,744)
	(71,706)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Property taxes received	617,671
Specific ownership taxes received	44,561
Miscellaneous non-operating income received	10,396
Treasurer's fees paid	(9,365)
	663,263
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of property, plant and equipment	(1,821,510)
Subdistrict A income received	31,695
Debt principal paid	(93,779)
Interest paid	(113,291)
	(1,996,885)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales of Investments	1,296,676
Net investment earnings	119,182
	1,415,858
Net Change in Cash and Cash Equivalents	10,530
Cash and cash equivalents, beginning of year	197,750
Cash and cash equivalents, end of year	\$ 208,280
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (496,633)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	447,375
Effects of changes in operating assets and liabilities:	
Receivables and unearned revenue	6,362
Prepaid expenses	(1,709)
Accounts payable	(27,140)
Accrued payroll	39
	(71,706)
Net cash from operating activities	\$ (71,706)

The accompanying notes are an integral part of these statements

## **Basic Financial Statements**

# Lookout Mountain Water District

## Notes to Financial Statements

### December 31, 2023

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#### 1. Definition of Reporting Entity

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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 is considered to be a special-purpose government engaged in business-type activities.

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#### 2. Significant Accounting Policies

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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 unearned 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, 2023

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## 2. Significant Accounting Policies (continued)

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### 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, 2023. Property taxes levied on December 31, 2023 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, 2023. Prior to the issuance of GASB 89, interest on construction projects was capitalized, but is now expensed when incurred.

### 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, 2023

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## 2. Significant Accounting Policies (continued)

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### 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, 2023

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## 2. Summary of Significant Accounting Policies (continued)

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### **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.

### **Subsequent Events**

The District has evaluated subsequent events through October 31, 2024, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

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## 3. Stewardship, Compliance and Accountability

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### **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, 2023

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### 3. Stewardship, Compliance and Accountability (continued)

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#### 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 \$39,866 as of December 31, 2023, 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.

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### 4. Cash Deposits and Investments

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At December 31, 2023 the District had the following cash and investments:

Deposits – insured	\$ 208,280
Investments - investment pool	<u>1,268,663</u>
Total	<u>\$ 1,476,943</u>

# Lookout Mountain Water District

## Notes to Financial Statements (continued)

### December 31, 2023

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#### 4. Cash Deposits and Investments (continued)

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Cash deposits and investments are reflected on the December 31, 2023 Statement of Net Position as follows:

Cash	\$ 208,280
Investments - Unrestricted	1,257,124
Investments – Restricted – Subdistrict A	<u>11,539</u>
Total	<u>\$ 1,476,943</u>

At December 31, 2023, the District’s cash deposits had a bank balance of \$208,280 and a carrying balance of \$208,280.

#### **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, 2023 are deemed to be exposed to custodial credit risk since all deposits are covered by FDIC insurance.

#### **Investments**

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

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

# Lookout Mountain Water District

## Notes to Financial Statements (continued)

### December 31, 2023

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#### 4. Cash Deposits and Investments (continued)

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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, 2023, the District had the following investments:

<u>Investment</u>	<u>Rating</u>	<b>Investment Maturities</b>		
		<b>(in Years)</b>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Money Market and Investment Pools	AAAm	\$ 1,268,663	\$ -	\$ 1,268,663
		<u>\$ 1,268,663</u>	<u>\$ -</u>	<u>\$ 1,268,663</u>

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

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

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

*Local Government Investment Pools* — As of December 31, 2023, the District had \$1,268,663, 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 three portfolios, Colotrust Prime, Colotrust Plus+ and Colotrust EDGE. 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.

**Lookout Mountain Water District**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**4. Cash Deposits and Investments (continued)**

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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.

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**5. Capital Assets**

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Capital asset activity for the year ended December 31, 2023 was as follows:

	<b>Balance</b>		<b>Balance</b>
	<b>December 31,</b>		<b>December 31,</b>
	<b>2022</b>	<b>Additions</b>	<b>Retirements</b>
	<b>2023</b>		<b>2023</b>
Capital assets, not being depreciated:			
Land	\$ 56,980	\$ -	\$ -
Construction in progress	<u>221,221</u>	<u>1,804,894</u>	<u>(2,021,930)</u>
Total capital assets, not being depreciated	<u>278,201</u>	<u>1,804,894</u>	<u>(2,021,930)</u>
Capital assets, being depreciated:			
Dams and Reservoirs	11,034,113	-	2,021,930
Pipeline and Metering Equipment	2,041,253	-	-
Treatment Facility	2,525,537	7,891	-
Tank and Pump Stations	635,807	8,725	-
Equipment	<u>93,413</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	<u>16,330,123</u>	<u>16,616</u>	<u>2,021,930</u>
Less accumulated depreciation	<u>(4,931,388)</u>	<u>(447,375)</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>11,398,735</u>	<u>(430,759)</u>	<u>2,021,930</u>
Capital assets, net	<u>\$11,676,936</u>	<u>\$1,374,135</u>	<u>\$ -</u>

**Lookout Mountain Water District**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**6. Long-Term Liabilities**

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The District's long-term debt as of December 31, 2023 and its debt transactions are as follows:

	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Payment</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
<b><u>Loan Payable</u></b>					
CWCB for UBB 2016-2017	\$ 2,450,354	\$ -	\$ (65,030)	\$ 2,385,324	\$ -
CWCB for Lower BB 2021	3,020,713	-	-	3,020,713	-
Subdistrict A	58,936	-	(28,749)	30,187	30,187
	<u>\$ 5,530,003</u>	<u>-</u>	<u>(93,779)</u>	<u>5,436,224</u>	<u>\$ 30,187</u>
Current Portion	<u>\$ (28,749)</u>			<u>\$ (30,187)</u>	
Long-term portion	<u>\$ 5,501,254</u>			<u>\$ 5,406,037</u>	

**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.

Significant events of default under the loan include (i) failure to pay before September 1 of each year. Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the District shall have the right to take any action permitted or required pursuant to the loan agreement.

**2016 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.

**Lookout Mountain Water District**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**6. Long-Term Liabilities – (continued)**

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As of December 31, 2023, the balance attributable to long-term financing loan is \$2,385,324. 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 2024 was paid and received in December 2023. The next payment is due January 2025.

Significant events of default under the loan include (i) failure to meet financial or custodial agreement covenants (ii) any representation made that is false or misleading in any material respect and (iii) a petition is filed for bankruptcy or insolvency. Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the District shall have the right to take any action permitted or required pursuant to the loan agreement.

CWCB-2021 Rehabilitation Loan or Upper & Lower Beaver Brook Reservoir

In 2021 the District entered into an agreement with the Colorado Water Conservation Board for short-term and long-term financing of the Upper & Lower Beaver Brook Reservoir rehabilitation project. This project will replace the Upper Beaver Brook dam outlet works and provide reconstruction on the Lower Beaver Brook dam. The loan is secured and payable from pledged revenue consisting of ad valorem taxes collected by the District as defined by the loan agreement. The project will span multiple years and until the project is deemed substantially complete the loan will not become an authorized contract with an established maturity repayment schedule. The project was completed in fall 2024.

As of December 31, 2023, total draws on the loan were \$3,020,713 however the agreement allows for a base loan amount of up to \$3,500,000. The District anticipates paying back a portion of the current outstanding balance and does not anticipate drawing on the full loan amount. The short-term financing enabled the District to pay vendors while awaiting grant money awarded for the project. The District will try to reduce the loan balance from grant money and reserves prior to amortization being set after construction is complete. If fully drawn, the loan will be payable in annual installments of principal and interest equal to \$158,925, with an interest rate of 2.05%. Principal payments will begin one year after the final draw has occurred and the loan has become an authorized contract with an established maturity schedule.

Significant events of default under the initial loan contract include: (a) failure of a Party to perform any of its obligations; (b) a petition is filed for bankruptcy, insolvency, reorganization or similar law. Immediately upon the occurrence of an event of default, the contract may be suspended or the entire unpaid principal amount and accrued interest, if any, shall be due immediately.

Interest was paid during 2023 in the amount of \$113,291. Accrued interest is reflected in these statements has been recorded in the amount of \$16,532 for the year end December 31, 2023.

**Lookout Mountain Water District**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**6. Long-Term Liabilities (continued)**

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The following tables summarizes debt service requirements for debt outstanding as of December 31, 2023:

**Loan Payable – Sub District A**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2024	\$ 30,187	\$ 2,947	\$ 31,696

**Loan Payable – CWCB for UBB 2016-2017**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended December 31,			
2025	\$ 67,144	\$ 77,523	\$ 144,667
2026	69,326	75,341	144,667
2027	71,580	73,087	144,667
2028	73,906	70,761	144,667
2029-2033	407,158	316,178	723,336
2034-2038	477,764	245,572	723,336
2039-2043	560,614	162,722	723,336
2044-2048	657,832	65,505	723,337
	<u>\$ 2,385,324</u>	<u>\$ 1,086,689</u>	<u>\$ 3,472,013</u>

**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.

**Lookout Mountain Water District**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**8. Commitments and Contingencies**

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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.

## **Supplementary Information**

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Amended</b>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>OPERATING REVENUES</b>				
Water sales, net of allowances	\$ 695,000	\$ 695,000	\$ 603,840	\$ (91,160)
Late payment fees	500	500	2,455	1,955
Inspection fees	1,500	1,500	-	(1,500)
Transfer fees	1,000	1,000	1,725	725
Inactive tap fees	47,000	47,000	46,309	(691)
Miscellaneous operating income and fees	4,000	4,000	789	(3,211)
Grants, insurance proceeds, or other income	18,500	18,500	-	(18,500)
Subdistrict A - collections for debt service	31,696	31,696	31,695	(1)
Total Operating Revenues	799,196	799,196	686,813	(112,383)
<b>OPERATIONS AND MAINTENANCE EXPENSES</b>				
Contract operator	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Testing and analysis supplies	3,600	3,600	468	3,132
Testing and analysis lab fees	6,000	6,000	6,641	(641)
Locator service	25,000	25,000	35,774	(10,774)
Sludge removal & extra backwashes	8,000	8,000	-	8,000
Trash removal	1,600	1,600	1,570	30
Snow removal and road maintenance	13,200	13,200	4,200	9,000
Repair and maintenance				
Treatment plant & sludge bldg.	25,000	25,000	34,627	(9,627)
Storage tank	2,500	2,500	4,744	(2,244)
Pump station	1,500	1,500	23	1,477
Meters & valves	10,000	10,000	17,490	(7,490)
Equipment	2,000	2,000	-	2,000
Upper BB Dam	8,000	8,000	4,596	3,404
Lower BB Dam	2,500	2,500	5,183	(2,683)
LM Dam	4,500	4,500	1,970	2,530
Main distribution line	35,000	35,000	11,566	23,434
Laterals & hydrants	5,000	5,000	5,894	(894)
Electricity				
Treatment plant	20,100	20,100	19,975	125
Pump station	6,500	6,500	5,140	1,360
LM Dam	300	300	215	85
Gas, treatment plant	4,000	4,000	4,395	(395)
Fuel, emergency generator	1,000	1,000	-	1,000
Chemicals	50,000	50,000	27,815	22,185
Other maintenance supplies	2,500	2,500	3,582	(1,082)
Tools	2,500	2,500	-	2,500
Rental equipment	1,000	1,000	-	1,000
Telephone/Broadband	3,600	3,600	3,139	461
Computer software, SCADA updates	5,000	5,000	-	5,000
Security Service	2,500	2,500	517	1,983
Other operation and maintenance	3,600	3,600	589	3,011
Water purchases or leases	20,000	20,000	23,284	(3,284)
Maintenance, watershed	2,000	2,000	-	2,000
Water rights maintenance and operations	22,000	22,000	8,721	13,279
Contingency	20,000	20,000	-	20,000
Total operations and maintenance expenses	440,000	440,000	352,118	87,882
Gross Income from Operations	359,196	359,196	334,695	(24,501)

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>ADMINISTRATIVE EXPENSES</b>				
Accounting	16,200	16,200	16,200	-
Audit	12,000	12,000	13,000	(1,000)
Director's fees	7,000	7,000	6,700	300
Payroll taxes	4,000	4,000	3,141	859
Consulting, water rights	50,000	50,000	33,233	16,767
Legal, water rights	5,250	5,250	3,835	1,415
Legal, general	84,000	84,000	47,177	36,823
Engineering	80,000	80,000	117,820	(37,820)
Contract services, administration & billing	65,800	65,800	59,442	6,358
GIS licenses, software updates	3,600	3,600	2,000	1,600
Rent, storage, office, P.O. box	400	400	-	400
Insurance, general liability	4,166	4,166	4,061	105
Insurance, auto liability	197	197	197	-
Insurance, property	16,701	16,701	16,621	80
Insurance, public officials	487	487	487	-
Insurance, workers' compensation	520	520	485	35
Travel and meetings	1,200	1,200	-	1,200
Seminars and meetings	1,800	1,800	1,651	149
Dues and subscriptions	2,000	2,000	1,046	954
Telephone/communications	1,500	1,500	1,922	(422)
Postage	4,000	4,000	4,126	(126)
Printing, billing stock, multifunction	11,000	11,000	10,261	739
Office supplies	500	500	84	416
Information tech, website, billing software	8,000	8,000	1,878	6,122
Other administrative (fees, permits, maps, contingency)	1,000	1,000	122	878
Bank charges, e-commerce processing	6,250	6,250	6,769	(519)
Special projects and transfer to Enterprise Fund	25,000	25,000	-	25,000
Transfer to savings	100,000	100,000	-	100,000
	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
 Total general and administrative expenses	 \$ 512,571	 \$ 512,571	 \$ 352,258	 \$ 160,313
 <b>Net Income (Loss) from Operations</b>	 <u>(153,375)</u>	 <u>(153,375)</u>	 <u>(17,563)</u>	 <u>135,812</u>
<b>Non-operating Revenues/(Expenses)</b>				
Real property taxes, net of refunds/rebates	621,932	621,932	617,671	(4,261)
Specific ownership taxes	37,000	37,000	44,561	7,561
Inclusion fees	18,500	18,500	-	(18,500)
Miscellaneous non-operating income	-	-	10,396	10,396
Grant income	1,450,000	1,450,000	-	(1,450,000)
Loan proceeds	383,175	383,175	-	(383,175)
Interest income, including delinquent taxes	40,000	40,000	119,182	79,182
Unrealized Gain (Loss) on Investments	-	-	1,031	1,031
County Treasurer's fees	(7,650)	(7,650)	(9,365)	(1,715)
	<u>(7,650)</u>	<u>(7,650)</u>	<u>(9,365)</u>	<u>(1,715)</u>
 Total Non-Operating Revenues/(Expenses)	 <u>2,542,957</u>	 <u>2,542,957</u>	 <u>783,476</u>	 <u>(1,759,481)</u>

**Lookout Mountain Water District**  
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN AVAILABLE FUNDS**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2023**

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Debt Service</b>				
Interest	161,090	161,090	112,812	48,278
Principal	159,137	159,137	93,779	65,358
Total Debt Service	<u>320,227</u>	<u>320,227</u>	<u>206,591</u>	<u>113,636</u>
<b>Capital projects</b>				
JDTF Improvements	50,000	50,000	8,821	41,179
Meters, valves and mapping	15,000	15,000	-	15,000
Main improvements	90,000	90,000	3,255	86,745
Contingency	25,000	25,000	8,725	16,275
Construction Management	130,000	130,000	-	130,000
LBB, construction of dam	150,000	150,000	1,603	148,397
LBB, finish work, Hydrant, culvert, valve vault	44,000	44,000	4,500	39,500
SCADA System	125,000	125,000	-	125,000
Outlet works	1,315,000	1,315,000	1,687,206	(372,206)
WTP intake pumps and plubming	32,500	32,500	107,400	(74,900)
Closing costs	35,000	35,000	-	35,000
Total capital projects	<u>2,011,500</u>	<u>2,011,500</u>	<u>1,821,510</u>	<u>189,990</u>
Total debt service & capital projects expenditures	<u>2,331,727</u>	<u>2,331,727</u>	<u>2,028,101</u>	<u>303,626</u>
NET OF REVENUES OVER (UNDER)				
EXPENSES	57,855	57,855	(1,262,188)	(1,320,043)
FUNDS AVAILABLE BEGINNING OF YEAR	<u>1,360,665</u>	<u>1,360,665</u>	<u>6,254,156</u>	<u>4,893,491</u>
FUNDS AVAILABLE END OF YEAR	<u>\$ 1,418,520</u>	<u>\$ 1,418,520</u>	<u>\$ 4,991,968</u>	<u>\$ 3,573,448</u>

**Lookout Mountain Water District**  
**RECONCILIATION TO BUDGETARY BASIS (ACTUAL)**  
**TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2023**

		<u><b>Total</b></u>
Excess of Revenues over Expenditures (Budgetary Basis)	\$	(1,262,188)
(Deduct) items which are not expenditures:		
Depreciation		(447,375)
Add items which are not GAAP expenditures:		
Capital projects		1,821,510
Principal portion of bond payments		<u>93,779</u>
NET INCOME (GAAP BASIS)	\$	<u><u>205,726</u></u>