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MATTHEWS
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LINDSAY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District
MADISON, MISSISSIPPI

FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

*Ridgeland, Clinton, and Yazoo City,
Mississippi*

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

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LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2020

6. ELECTED OFFICIALS – (Continued)

Commissioner	Jimmie L. King
3/1/17 - 2/28/22	110 Moss Ridge Drive, Madison, MS 39110

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2020

5. INSURANCE COVERAGE

Lake Lorman Utility District had the following insurance policies at October 31, 2020:

Type	Coverage	Dates		Policy Number
		From	To	
Fidelity Bond	\$50,000	02/28/20	02/28/21	104796141
Commercial Package	\$1,000,000	10/01/20	10/01/21	5105016407
Fidelity Bond	\$50,000	03/01/20	03/01/21	106115766
Fidelity Bond	\$50,000	02/28/20	02/28/21	104879526
Fidelity Bond	\$50,000	03/01/20	03/01/21	106280959
Fidelity Bond	\$50,000	02/28/20	02/28/21	400TC3931
Fidelity Bond	\$40,000	04/20/20	04/20/21	106040222
Fidelity Bond	\$10,000	10/08/20	10/08/21	104879511

6. ELECTED OFFICIALS

The following officials are nominated by the customers of the Organization and approved by the Madison County Board of Supervisors for five year terms. The commissioners elect officers annually.

President 3/1/16 - 2/28/21	Don Seagrove 118 Northshore Drive, Madison, MS 39110
Vice President 3/1/18 - 2/28/23	Woody Holt 120 Moss Ridge Drive, Madison, MS 39110
Secretary 3/1/19 - 2/28/24	Linda McCraw 141 Lakeshore Drive, Madison, MS 39110
Treasurer 3/1/20 - 2/28/25	Mary Ann Sones 3910 Coker Road, Madison, MS 39110

599 C Steed Road
Ridgeland, MS 39157
601.898.8875
Fax: 601.898.2983

690 Towne Center Boulevard
Ridgeland, MS 39157
601.956.2374
Fax: 601.956.9232

541 B Highway 80 West
Clinton, MS 39056
601.924.6842
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200 South Main Street
Yazoo City, MS 39194
662.746.4581
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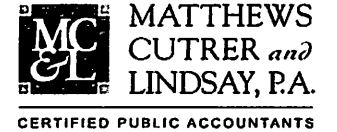
Mississippi Society of
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CPAmerica, Inc.

J. Raleigh Cutrer, CPA/PFS/ABV
Charles R. Lindsay, CPA
Matthew E. Freeland, CPA
Ken L. Guthrie, CPA
Joe Tommasini, CPA
Matthew A. Turnage, CPA
Kimberly L. Hardy, CPA/CFP
William (Bill) McCoy, CPA
Michelle R. Stonestreet, CPA
Chris B. Savell, CPA
Judy W. Shannon, CPA

H. Kenneth Lefoldt Jr., CPA
M. Larry Lefoldt, CPA

Shannon L. Adams, CPA
Donna F. Cox, CPA
Lisa H. Hammarstrom, CPA
Samantha G. Hughes, CPA
Kristel P. Hunt, CPA
Teresa F. Lusk, CPA
Tolliver C. McMullen, CPA
J. Ryan Ratcliff, CPA
Tammy Burney Ray, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lake Lorman Utility Corporation
d/b/a Lake Lorman Utility District
Madison, Mississippi

We have audited the accompanying financial statements of Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District (a nonprofit organization), which comprise the statements of financial position as of October 31, 2020 and 2019, and the related statements of activities, functional expenses, 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.

Auditor's 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 from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District as of October 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental data on pages 17 through 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Ridgeland, Mississippi
February 8, 2021

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2020

1. EXISTING SYSTEM

As of October 31, 2020, the number of users are as follows:

Residential	217
Non-residential	<u>1</u>
	<u>218</u>

All users are located in Madison County, Mississippi.

2. WATER AND SEWAGE USAGE

Average monthly gallons used in the Lake Lorman Utility Corporation for the year ended October 31, 2020 are as follows:

All users	885,129
Residential	883,524

3. WATER AND SEWER RATES

The water rates during the year ended October 31, 2020 were:

Water

\$45.00	monthly minimum up to 2,000 gallons
7.00	per 1,000 gallons for the next 2,000 gallons
7.00	per subsequent 1,000 gallons

Sewer

\$55.00	monthly minimum up to 2,000 gallons
7.00	per 1,000 gallons for next 2,000 gallons
7.00	per 1,000 gallons exceeding 4,000 gallons

4. ETHNICITY

The current users in the Lake Lorman Utility Corporation are primarily Caucasian.

SUPPLEMENTAL INFORMATION

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LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF FINANCIAL POSITION
AT OCTOBER 31, 2020 AND 2019

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 352,658	\$ 306,170
Accounts receivable, net of allowance for uncollectible accounts of \$764 and \$1,148 for 2020 and 2019, respectively	29,967	29,980
Accounts receivable-other	29,720	18,485
Prepaid expenses	<u>7,571</u>	<u>6,942</u>
	<u>419,916</u>	<u>361,577</u>
CASH RESTRICTED (Note 2)	<u>65,649</u>	<u>64,380</u>
PROPERTY AND EQUIPMENT		
Land	64,440	64,440
Water facilities and equipment	2,734,035	2,704,319
Software	<u>8,357</u>	<u>8,357</u>
	2,806,832	2,777,116
Less: accumulated depreciation	<u>(2,480,209)</u>	<u>(2,381,680)</u>
	<u>326,623</u>	<u>395,436</u>
OTHER ASSETS		
Deposit	<u>150</u>	<u>150</u>
	<u>\$ 812,338</u>	<u>\$ 821,543</u>

See Notes to Financial Statements.

7. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events through February 8, 2021, which is the date the financial statements are available to be issued, and concluded that no additional disclosures are required.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Bond cushion	\$ 21,400	\$ 21,400
Depreciation	10,650	10,650
Contingent	<u>10,650</u>	<u>10,650</u>
	<u>\$ 42,700</u>	<u>\$ 42,700</u>

6. LIQUIDITY

The following reflects the Organization's financial assets as of October 31, 2020 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 352,658
Less those unavailable for general expenditures within one year to:	
Subject to expenditure for specified purpose	<u>42,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 309,958</u>

The Organization does not maintain an operating reserve account to cover the average monthly operating costs, excluding noncash expenses. However, the average monthly costs were approximately \$18,000 for the year ended October 31, 2020. The Organization had approximately seventeen months of financial assets available to meet its average monthly operating costs for the year ended October 31, 2020. The Organization does not have a policy regarding the investment of cash in excess of daily requirements.

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF FINANCIAL POSITION
AT OCTOBER 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 34,574
Current installments of long-term debt	62,716	69,248
Accrued interest payable	485	987
Meter deposits	<u>22,949</u>	<u>21,680</u>
	86,150	126,489
LONG-TERM DEBT, net of current portion (Note 4)	<u>408,456</u>	<u>489,132</u>
	<u>494,606</u>	<u>615,621</u>
NET ASSETS		
Without donor restrictions	275,032	163,222
With donor restrictions (Note 5)	<u>42,700</u>	<u>42,700</u>
	<u>317,732</u>	<u>205,922</u>
	<u>\$ 812,338</u>	<u>\$ 821,543</u>

See Notes to Financial Statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT RESTRICTIONS		
REVENUES AND OTHER SUPPORT		
Water revenue	\$ 198,591	\$ 197,278
Sewer revenue	217,048	212,086
Tap and trench - new meters	2,825	830
Interest income	1,984	2,436
Late fees	2,833	2,555
Other income	<u>4,156</u>	<u>6,806</u>
	<u>427,437</u>	<u>421,991</u>
EXPENSES		
Program	268,424	330,001
Management and general	<u>47,203</u>	<u>46,874</u>
	<u>315,627</u>	<u>376,875</u>
CHANGE IN NET ASSETS	111,810	45,116
NET ASSETS AT BEGINNING OF YEAR	<u>205,922</u>	<u>160,806</u>
NET ASSETS AT END OF YEAR	<u>\$ 317,732</u>	<u>\$ 205,922</u>

See Notes to Financial Statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

3. MANAGEMENT AGREEMENT

The operations of the Organization are managed by North Hinds Water Association. Amounts incurred for management fees for the years ended October 31, 2020 and 2019 totaled \$11,700 and \$11,275, respectively.

4. LONG-TERM DEBT

The details of long-term debt are as follows:

	<u>2020</u>	<u>2019</u>
Bond payable to the U.S. Department of Agriculture – Rural Development in monthly installments of \$2,108, including interest of 7.375% maturing April, 2029 (Subsequently paid off. Collateralized by a lien, junior and subordinate to the corporation's 1979 revenue bond, on the combined revenues of the corporation.	\$ 6,340	\$ 38,563
State of Mississippi Department of Health, Drinking Water System Improvement payable in monthly installments of \$5,613 including interest at 2.5% maturing May, 2028.	<u>464,832</u>	<u>519,817</u>
Total long-term debt	471,172	558,380
Less current installments	<u>(62,716)</u>	<u>((69,248)</u>
	<u>\$ 408,456</u>	<u>\$ 489,132</u>

At October 31, 2020, maturities of long-term debt are as follows:

Year Ending October 31,	
2020	\$ 62,716
2021	57,802
2022	59,263
2023	60,762
2024	62,299
Thereafter	<u>168,330</u>
	<u>\$ 471,172</u>

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Adoption of Accounting Pronouncement - Continued

In June 2018, FASB issues ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounting for as contributions or exchange transactions and determining whether a contribution is conditional. We have reviewed the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements and no changes were required to be made. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

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2. RESTRICTED CASH

Restricted cash is as follows:

	<u>2020</u>	<u>2019</u>
Bond cushion funds	\$ 21,400	\$ 21,400
Contingent fund	10,650	10,650
Depreciation funds	10,650	10,650
Customer meter deposits	<u>22,949</u>	<u>21,680</u>
	<u>\$ 65,649</u>	<u>\$ 64,380</u>

Agency Funds

The organization has accepted certificates of deposits from the Madison County Board of Supervisors and has agreed to use those assets along with the return of investment from those assets to benefit the Lake Lorman Fire District, now merged with the Southwest Madison County Fire Protection District. During the year ended October 31, 2020, these agency funds were returned for use in the construction of a new fire station.

Rural Development

The terms of the Rural Department bond indentures require monthly deposits to restricted accounts which are segregated from the unrestricted net assets. Meter deposits received from customers are held in a restricted cash account.

LAKE LORMAN UTILITY CORPORATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED OCTOBER 31, 2020

LAKE LORMAN UTILITY CORPORATION
 d/b/a Lake Lorman Utility District
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	2020			
	Program	Management & General	Fundraising	Total
Audit, engineer, and legal	\$ -	\$ 10,378	\$ -	\$ 10,378
Bank service charges	-	1,808	-	1,808
Depreciation	97,544	985	-	98,529
Insurance	4,341	1,226	-	5,567
Interest	-	14,388	-	14,388
Management fees (Note 3)	-	11,700	-	11,700
Miscellaneous	4,413	4,413	-	8,826
Per diem	-	1,715	-	1,715
Postage	591	590	-	1,181
Repairs and maintenance	136,182	-	-	136,182
Utilities - water and sewer	25,353	-	-	25,353
	<u>\$ 268,424</u>	<u>\$ 47,203</u>	<u>\$ -</u>	<u>\$ 315,627</u>
Percentage of allocations	<u>85%</u>	<u>15%</u>	<u>0%</u>	<u>100%</u>

See Notes to Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Concentrations of Credit Risk

The Organization provides services on credit to its customers, all of whom are located within the boundaries of the utility district in Madison County, Mississippi. The Organization performs ongoing credit evaluations of its customers. The Organization has adjusted accounts receivable for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary at year-end.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two - net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard was effective for the Organization's year ending October 31, 2019 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective November 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have reviewed provisions of Topic 606 and no changes were required in the presentation of the organization's financial statements. Accordingly, there is no effect on net assets in connection with our implementation of Topic 606.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Use of Estimates

Lake Lorman Utility Corporation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require that management make estimates and assumptions that affect the reported amounts and disclosures. Actual amounts could differ from those results.

Cash and cash equivalents

For financial statement purposes, the Organization considers all investments with original maturity of twelve months or less to be cash equivalents.

Accounts Receivable

Revenue from water and sewer services is recognized when earned. An account will be written off as a bad debt when it has been determined to be uncollectible. A valuation allowance has been established, based on an evaluation of each account. The valuation allowance for the years ended October 31, 2020 and 2019 totaled \$764 and \$1,148, respectively.

Property and Equipment

Property and equipment are valued at cost. Maintenance, repairs and minor replacements are expensed as incurred, significant renewals and betterments are capitalized. Depreciation is provided using the straight line method over the estimated useful life of the asset as follows:

Water facilities and equipment – 5 to 30 years
Software – 3 years

Income Taxes

Lake Lorman Utility Corporation is a tax-exempt organization as described in Section 501(c)(12) of the Internal Revenue Code and is generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization believes it has no uncertain tax positions. Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

LAKE LORMAN UTILITY CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2019

	2019			Total
	Programming	Management & General	Fundraising	
Audit, engineer, and legal	-	9,961	-	9,961
Bank service charges	-	2,393	-	2,393
Depreciation and amortization	96,955	979	-	97,934
Insurance	3,553	1,003	-	4,556
Interest	-	18,469	-	18,469
Management fees (Note 3)	-	11,275	-	11,275
Miscellaneous	177	177	-	354
Per diem	-	1,995	-	1,995
Postage	622	622	-	1,244
Repairs and maintenance	207,718	-	-	207,718
Utilities - water and sewer	20,976	-	-	20,976
	<u>\$ 330,001</u>	<u>\$ 46,874</u>	<u>\$ -</u>	<u>\$ 376,875</u>
Percentage of allocations	<u>88%</u>	<u>12%</u>	<u>0%</u>	<u>100%</u>

See Notes to Financial Statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 111,810	\$ 45,116
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	98,529	97,934
Decrease in		
Accounts receivable	(11,222)	(22,066)
Prepaid expenses	(629)	(725)
Increase (decrease) in		
Accounts payable	(34,574)	32,331
Accrued interest	(502)	(293)
Meter deposits and agency funds payable	<u>1,269</u>	<u>1,250</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>164,681</u>	<u>153,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(29,716)	(37,477)
Decrease (increase) in restricted cash	<u>(1,269)</u>	<u>(1,250)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(30,985)</u>	<u>(38,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term debt	<u>(87,208)</u>	<u>(95,546)</u>
NET INCREASE IN CASH	46,488	19,274
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>306,170</u>	<u>286,896</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 352,658</u>	<u>\$ 306,170</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 14,890</u>	<u>\$ 18,762</u>

See Notes to Financial Statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Lake Lorman Utility Corporation provides water and sewer services to both residential and non-residential entities in Madison County, Mississippi.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis. Revenues are recognized in the period in which they are earned and become measurable. This method allows matching of revenues earned during a period with the expenditures incurred.

Financial Statement Presentation

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.