

**LAKEHURST WATER AND SANITATION
DISTRICT**

Jefferson and Denver Counties, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**



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Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	III
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	1
Statements of Revenues, Expenses and Changes in Fund Net Position	2
Statements of Cash Flows	3
Notes to the Financial Statements	4
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis)	15
Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Fund Net Position	18



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Independent Auditor's Report

Board of Directors
Lakehurst Water and Sanitation District
Jefferson and Denver Counties, Colorado

We have audited the accompanying basic financial statements of Lakehurst Water and Sanitation District (District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakehurst Water and Sanitation District, as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows 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 on pages III through VIII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
May 23, 2017

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

This section of the District's annual financial report presents our analysis of the District's financial performance during the Fiscal Years ended December 31, 2016 and 2015. Please read it in conjunction with the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts:

- ◆ Management's Discussion and Analysis
- ◆ Financial Statements
- ◆ Supplementary Information

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

Statement of Net Position

The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses and Changes in Fund Net Position

This statement measures the results of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees, taxes, and other charges, profitability, and credit worthiness.

Statement of Cash Flows

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing, capital and related financing, and investing activities. It also provides answers to such questions as where did the cash come from, how cash was used, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position report information about the District's activities in a way that can help answer that question. These two

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

statements report the net position of the District and the related change in net position. The District's net position, the difference between assets and liabilities, is one way to measure financial health or financial position. Over time, increases in the District's net position are one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

NET POSITION

As part of our analysis, we provide a summary of the District's Statement of Net Position below:

Condensed Statement of Net Position					
	2014	\$ Change	2015	\$ Change	2016
Current assets	\$ 22,811,310	\$ 576,399	\$ 23,387,709	\$ 1,856,622	\$ 25,244,331
Capital assets	12,124,421	(186,354)	11,938,067	553,858	12,491,925
Total assets	34,935,731	390,045	35,325,776	2,410,480	37,736,256
Current liabilities	298,514	(35,180)	263,334	52,211	315,545
Total Liabilities	298,514	(35,180)	263,334	52,211	315,545
Net Investment in capital assets	12,124,421	(186,354)	11,938,067	553,858	12,491,925
Unrestricted	22,512,796	611,579	23,124,375	1,804,411	24,928,786
Total Net Position	\$ 34,637,217	\$ 425,225	\$ 35,062,442	\$ 2,358,269	\$ 37,420,711

2016

As can be seen from the chart above, current assets increased by \$1,856,622, or 7.9%. The largest portion of this increase is in cash and cash equivalents and investments, which increased due to positive operating results (excluding depreciation) for 2016 and the collection of \$1,507,849 of water and sewer tap fees during 2016. Capital assets increased by \$553,858, or 4.6%. This increase was due to the District spending \$694,066 on current year capital assets as well as receiving \$445,837 of contributed water and sewer lines, (see the Capital Assets and Debt Administration discussion below), which were offset by 2016 depreciation expense, resulting in the net increase in capital assets. Current liabilities increased by \$52,211, or 19.8% from 2015 to 2016. This increase was due primarily to the timing of payments of yearend services and yearend operating activity and retainage payable of \$34,995 at December 31, 2016 on the District's 2016 capital asset improvements. Overall net position increased \$2,358,269 in 2016.

2015

As can be seen from the chart above, current assets increased by \$576,399, or 2.5%. The largest portion of this increase is in cash and cash equivalents and investments, which increased due to positive operating results (excluding depreciation) for 2015. Capital assets decreased by \$186,354, or 1.5%. Although there were capital asset additions during 2015 (see the Capital Assets and Debt Administration discussion below), the additions were offset by 2015 depreciation expense, resulting in the net decrease in capital assets. Current liabilities decreased by \$35,180, or 11.8% from 2014 to 2015. This decrease was due primarily to the

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

timing of payments of yearend services and yearend operating activity. Overall net position increased \$425,225 in 2015, due to overall positive operating results for 2015.

CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As part of our analysis, we provide a summary of the District's Statement Revenues, Expenses and Changes in Fund Net Position below:

2016

As can be seen in the following chart for 2016, there was a \$628,406, or 9.6%, increase in operating revenue. The largest increase was in water service charges which increased by \$521,505, or 14.1%. This increase was due to an increase in the water usage rate by 5.4% from \$4.30 to \$4.53 per 1000 gallons of usage, an increase in the base service rate of 2.4% from \$6.35 to \$6.50 per month, and an overall increase in the amount of water usage. For 2016, the District sanitary sewer service rate remained the same as 2015, however the sewer service charges increased by \$59,657, or 2.2%. This increase due primarily to higher pass through sewer charges to Willowbrook Water & Sanitation District. For 2016 the District experienced an increase of \$597,411, or 9.2%, in operating expenses. This increase was due primarily to \$478,576 higher water purchase costs from Denver Water as a result of Denver Water rate increases and higher water usage. Capital contributions increased by \$1,874,195 due to the collection of \$1,507,849 of water and sewer tap fees, the receipt of contributed water and sewer lines for a total of \$445,837 and the receipt of \$214,429 related to a shared capital asset rehabilitation project.

2015

As can be seen in the following chart for 2015, there was a \$168,942, or 2.7%, increase in operating revenue. The largest increase was in water service charges which increased by \$170,110, or 4.8%. This increase was due to an increase in the water usage rate by 2.4% from \$4.20 to \$4.30 per 1000 gallons of usage, an increase in the base service rate of 5.8% from \$6.00 to \$6.35 per month, and an overall increase in the amount of water usage. For 2015, the District sanitary sewer service rate remained the same as 2014, however the sewer service charges decreased by \$28,431, or 1.0%. This decrease due primarily to reduced passed through sewer charges to Willowbrook Water & Sanitation District. For 2015 the District experienced a minor decrease of \$5,008, or .1%, in operating expenses. Capital contributions for 2015 were \$293,920, or 298.5% higher than 2014. This increase was due to an \$88,025, or a 119.4%, increase in combined water and sewer tap fees due to more development, as well as the District performing final acceptance of a contributed water line in the amount of \$132,145 in 2015.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position					
	2014	\$ Change	2015	\$ Change	2016
Operating revenue	\$ 6,386,072	\$ 168,942	\$ 6,555,014	\$ 628,406	\$ 7,183,420
Nonoperating revenue	89,787	(10,621)	79,166	27,854	107,020
Total revenues	6,475,859	158,321	6,634,180	656,260	7,290,440
Operating expenses	6,507,883	(5,008)	6,502,875	597,411	7,100,286
Total expenses	6,507,883	(5,008)	6,502,875	597,411	7,100,286
Income before capital contributions	(32,024)	163,329	131,305	58,849	190,154
Capital contributions	73,750	220,170	293,920	1,874,195	2,168,115
Change in net assets	41,726	383,499	425,225	1,933,044	2,358,269
Net Position - Beginning of Year	34,595,491	41,726	34,637,217	425,225	35,062,442
Net Position - End of Year	\$ 34,637,217	\$ 425,225	\$ 35,062,442	\$ 2,358,269	\$ 37,420,711

BUDGETARY HIGHLIGHTS

As required by State Law, the District adopts a budget and appropriates funds by December 15 for the following fiscal year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. There were no amendments to the budget for 2016. A budget to actual statement is included as Supplemental Information in the audited financial statements.

For 2016, revenues were more than budgeted by \$2,073,513 due to higher tap fee collections than anticipated and the receipt of the contribution to the shared capital asset rehabilitation project which was not budgeted. Overall expenditures were under budget by \$728,034. The categories of expenditures were under budget as follows: Administration by \$72,875, Sewer Operations and Maintenance by \$38,624, and Capital Projects by \$669,934. Offsetting the under budget categories was Water Operations and Maintenance which was over budget by \$431,320. Additionally the District budgeted a Contingency of \$377,921 which was not utilized. Additional information regarding the District's 2016 budget to actual performance is located on pages 14 through 16 of these financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2016 and 2015, the District had invested in a broad range of infrastructure including water lines, maintenance and administration facilities, vehicles and equipment charges as shown in the following chart:

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

	Capital Assets				
	2014	\$ Change	2015	\$ Change	2016
Land	\$ 20,636	\$ -	\$ 20,636	\$ -	\$ 20,636
Construction in progress	-	5,080	5,080	(5,080)	-
Total capital assets, not being depreciated	20,636	5,080	25,716	(5,080)	20,636
Building	235,483	(8,245)	227,238	(8,244)	218,994
Pump stations	7,858	(349)	7,509	(349)	7,160
Water lines	8,029,397	(197,651)	7,831,746	(165,061)	7,666,685
Sewer lines	3,651,005	67,951	3,718,956	765,008	4,483,964
Water meter reading equipment	129,761	(63,439)	66,322	(44,530)	21,792
Office equipment	647	(518)	129	(129)	-
Vehicles	49,634	10,817	60,451	12,243	72,694
Total capital assets being depreciated, net	12,103,785	(191,434)	11,912,351	558,938	12,471,289
Total capital assets, net	\$ 12,124,421	\$ (186,354)	\$ 11,938,067	\$ 553,858	\$ 12,491,925

2016

For 2016 the capital asset increases were: Weaver Gulch outfall sewer line rehabilitation for \$648,438, contributed water lines of \$171,648, contributed sewer lines for \$274,189, \$21,000 for a new meter reading laptop and related software and hardware, and the purchase of a joint water and sewer use pickup for \$29,708.

2015

For 2015 the capital asset increases were: Quincy Avenue 12" sewer line rehabilitation for \$206,792; air vac assemblies for \$18,080; water line replacement \$5,080, and the purchase of a joint water and sewer use pickup for \$27,792. Additionally, the District performed final acceptance on a contributed water line in the amount of \$132,145.

For additional information on the District's capital assets please refer to Note 4.

LONG-TERM DEBT

At year-end, the District does not have any long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The District's Board of Directors and management consider many factors when setting the 2017 budget, including user fees, rates, charges and any anticipated capital improvement projects. Considerations are taken for increased costs of goods and services for the day-to-day operations of the District and in anticipation of Denver Water and Metro Wastewater rate increases. These rate increases plus operation and maintenance costs of the water and sewer systems are the main driving factors in setting the District rates for the following year. For 2017

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

the District's Board of Directors approved a 3.1% increase in the District's water consumption rate, increasing it from \$4.53 per thousand gallons to \$4.67 per thousand gallons. The District's water base rate is to remain unchanged at \$6.50 per single family unit, and sanitary sewer service rate will remain unchanged at \$21.10 per single family equivalent unit. For 2017 the Metro Wastewater Reclamation District charges are \$1,805,720, which is a \$363,223 or 25.2% increase over 2016's charges.

REQUESTS FOR INFORMATION

If you have questions about this report, please contact the District Manager, at 7995 W. Quincy Ave. Littleton, CO 80232.

BASIC FINANCIAL STATEMENTS

LAKEHURST WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,987,760	\$ 12,288,970
Investments	10,565,842	10,435,509
Accounts receivable:		
Customers	499,463	519,183
Willowbrook W & S District	38,609	-
Accrued interest receivable	29,231	25,846
Prepaid expense	49,036	41,711
Parts inventory	74,390	76,490
Total current assets	<u>25,244,331</u>	<u>23,387,709</u>
 CAPITAL ASSETS		
Capital assets, not being depreciated	20,636	25,716
Capital assets, being depreciated	22,809,155	21,702,631
	<u>22,829,791</u>	<u>21,728,347</u>
Less accumulated depreciation and amortization	<u>(10,337,866)</u>	<u>(9,790,280)</u>
Total capital assets	<u>12,491,925</u>	<u>11,938,067</u>
 TOTAL ASSETS	 <u><u>\$ 37,736,256</u></u>	 <u><u>\$ 35,325,776</u></u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 298,636	\$ 248,195
Accrued compensated absences	16,909	15,139
Total current liabilities	<u>315,545</u>	<u>263,334</u>
 NET POSITION		
Net investment in capital assets	12,491,925	11,938,067
Unrestricted	24,928,786	23,124,375
Total net position	<u>37,420,711</u>	<u>35,062,442</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 37,736,256</u></u>	 <u><u>\$ 35,325,776</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LAKEHURST WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUE		
Water sales and service charges	\$ 4,219,089	\$ 3,697,584
Sewer service charges	2,795,097	2,735,440
Legal and engineering back charges	73,697	62,620
Meter fees	43,523	9,807
Miscellaneous	35,814	35,363
Turn off, turn on, and late charges	16,200	14,200
Total operating revenue	7,183,420	6,555,014
OPERATING EXPENSES		
Water operations and maintenance	4,075,970	3,501,167
Sewer operations and maintenance	1,702,083	1,695,976
Administration expense	736,188	729,489
Depreciation and amortization	586,045	576,243
Total operating expenses	7,100,286	6,502,875
OPERATING INCOME	83,134	52,139
NONOPERATING REVENUE		
Net investment income	96,890	79,166
Gain on disposal of capital assets	10,130	-
Total nonoperating revenue	107,020	79,166
INCOME BEFORE CAPITAL CONTRIBUTIONS	190,154	131,305
CAPITAL CONTRIBUTIONS		
Tap fees:		
Water tap fees	688,000	104,000
Sewer tap fees	819,849	57,775
Contributed capital assets:		
Water lines	171,648	132,145
Sewer lines	274,189	-
Contribution for shared rehabilitation project	214,429	-
Total capital contributions	2,168,115	293,920
CHANGE IN NET POSITION	2,358,269	425,225
NET POSITION - BEGINNING OF YEAR	35,062,442	34,637,217
NET POSITION - END OF YEAR	\$ 37,420,711	\$ 35,062,442

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LAKEHURST WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 7,128,717	\$ 6,498,520
Payments to vendors	(5,943,887)	(5,458,533)
Payments to employees	(558,363)	(521,523)
Other operating receipts	35,814	35,363
Net cash provided by operating activities	662,281	553,827
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(659,071)	(257,744)
Proceeds from sale of capital asset	10,130	-
Capital contributions	1,722,278	161,775
Net cash provided (required) by capital financing activities	1,073,337	(95,969)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,199,448)	(9,401,536)
Maturity of investments	1,065,800	7,317,082
Interest received	96,820	83,189
Net cash required by investing activities	(36,828)	(2,001,265)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,698,790	(1,543,407)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,288,970	13,832,377
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,987,760	\$ 12,288,970
 RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net Income from operations	\$ 83,134	\$ 52,139
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	586,045	576,243
Effects of changes in operating assets and liabilities:		
Accounts receivable	(18,889)	(21,131)
Prepaid expenses	(7,325)	(9,400)
Parts inventory	2,100	(8,844)
Accounts payable	15,446	(35,943)
Accrued compensated absences	1,770	763
Net cash provided by operating activities	\$ 662,281	\$ 553,827
 NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES		
Contributed capital assets	\$ 445,837	\$ 132,145
Fair value decrease of investments	(3,315)	(24,585)
	\$ 442,522	\$ 107,560

These financial statements should be read only in connection with the accompanying notes to financial statements.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – DEFINITION OF REPORTING ENTITY

Lakehurst Water and Sanitation District (District), was created on September 7, 1962, as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson and Denver Counties, Colorado. The District's purpose is to provide public water and sanitary sewer services to the citizens of the District. The District is governed by an elected Board of Directors and managed by a full-time District Manager.

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 financial 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.

As of December 31, 2016 and 2015, the District had no authorized but unissued debt.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets, and redemption of bonds and loans are recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Restricted resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Prepaid Expenses

Certain payments to vendors for goods or services reflect costs applicable to future accounting periods are recorded as prepaid items in the financial statements.

Investments

Investments are stated at fair value except for certain investments which are stated at amortized cost as allowed generally accepted accounting principles.

Inventory

Inventory is valued at the lower of cost using the first-in, first-out method or market.

Capital Assets

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Capital asset purchases and improvements exceeding \$5,000 are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The District has recorded purchased capacity,

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

which is capacity in water lines and facilities that are property of the Denver Water Board, for which the District was required to pay Denver Water Board.

Depreciation and amortization expense has been computed using the straight-line method over the estimated economic useful lives:

Water lines	35-40 years
Sewer lines	39-40 years
Pump stations	25-40 years
Building	15-40 years
Communication and test equipment	5-40 years
Office equipment	5-10 years
Vehicles	4-5 years

Vacation, Sick Leave, and Other Compensated Absences

Vacation leave is accrued as an expense when earned by employees. Employees may carryover vacation time into the following year; provided that an employee may never have more than 120 hours of unused vacation time that has been carried forward from any prior years. Sick leave benefits and other compensated absences are not accrued in the financial statements because they do not vest or accumulate.

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.

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

NOTE 3 - CASH AND INVESTMENTS

Cash 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 regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is 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

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District had cash deposits with a bank balance of \$13,973,032 and a carrying balance of \$13,968,301, certificates of deposit with a bank and book balance of \$3,377,056, and cash on hand of \$340. At December 31, 2015, the District had cash deposits with a bank balance of \$12,451,809 and a carrying balance of \$12,226,078, certificates of deposit with a bank and book balance of \$4,427,829, and cash on hand of \$340.

Investments

The District has adopted an investment policy, which is more restrictive than Colorado State Statutes, that specifies investment instruments meeting defined rating and risk criteria in which the District may invest which include:

- . United States Government Securities – Treasury Bills and Treasury Notes
- . Interest Bearing Time Certificates
- . Money Market Mutual Funds (No-load Fixed Income)

Interest Rate Risk

The District's investment policy specifies that investment maturities shall not exceed the following limits and that no maturity shall exceed three and a quarter (3 1/4) years: 1) United States Government Securities are limited to maturities not to exceed three and a quarter (3 1/4) years, however at no point in time shall more than 50% of the District's investment portfolio be invested in direct obligations of the United States Government having a maturity of three (3) years or more; 2) Interest Bearing Time Certificates are limited to maturities not to exceed three (3) years; and 3) Money Market Funds are limited to average weighted maturities not to exceed 90 days or less.

Credit Risk

The District's investment policy specifies that the approved investments above shall have a credit rating at least equal to that specified in Section 24-75-601 of the Colorado Revised Statutes.

Concentration of Credit Risk

The District's policy specifies that the District's investment portfolio may be comprised of the following concentrations: 1) 100% of United States Treasury Bills and Notes; 2) a maximum of 70% in certificates of deposit and savings accounts (individual certificates of deposits and total investment in certificates of deposit at any single institution, including all branches of one institution shall be limited to \$250,000 or the current level of FDIC insurance); and 3) a maximum of 60% in fixed income money market funds.

**LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

At December 31, 2016, the District had the following investment portfolio:

Investment Type	Carrying Value	Maturity		Percent of Investment Portfolio
		Less than one year	One to two years	
United States Treasury Notes	\$ 7,188,786	\$ -	\$ 7,188,786	67.9%
Morgan Stanley Institutional Liquidity Funds - Government Portfolio	19,119	19,119	-	0.2%
Certificates of Deposit	3,377,056	3,377,056	-	31.9%
	<u>\$ 10,584,961</u>	<u>\$ 3,396,175</u>	<u>\$ 7,188,786</u>	

At December 31, 2015, the District had the following investment portfolio:

Investment Type	Carrying Value	Maturity		Percent of Investment Portfolio
		Less than one year	One to two years	
United States Treasury Notes	\$ 6,007,680	\$ -	\$ 6,007,680	57.2%
Morgan Stanley Institutional Liquidity Funds - Money Market Portfolio	62,552	62,552	-	0.6%
Certificates of Deposit	4,427,829	1,063,275	3,364,554	42.2%
	<u>\$ 10,498,061</u>	<u>\$ 1,125,827</u>	<u>\$ 9,372,234</u>	

Overall Portfolio Limitations

Notwithstanding any other provision contained in this Investment Policy, the District's investment portfolio shall at all times be subject to the following limitations: (i) the average weighted maturity of the District's investment portfolio shall never exceed 18 months, and (ii) the District shall at all times have available in a demand bank deposit account or authorized money market account at least \$500,000; and (iii) in addition, each calendar quarter the District shall have investments mature in an aggregate amount that approximates as best as possible in the anticipated District expenditures for the quarter.

Morgan Stanley Institutional Liquidity Funds Government Portfolio

As of December 31, 2016, the District had invested in the Morgan Stanley Institutional Liquidity Funds Government Portfolio (MS Gov't. Fund). The MS Gov't. Fund is a U.S. dollar-denominated money market fund that seeks to preserve the value of each share at \$1.00. The Fund invests in repurchase agreements, US Government Agency debt, and US Treasury debt. The weighted average maturity is 22 days. The fund is rated AAAM by Standard & Poor's.

Morgan Stanley Institutional Liquidity Funds Money Market Portfolio

As of December 31, 2015, the District had invested in the Morgan Stanley Institutional Liquidity Funds Money Market Portfolio (MS Fund). The MS Fund is a U.S. dollar-denominated money

**LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

market fund that seeks to preserve the value of each share at \$1.00. The Fund invests in repurchase agreements, certificates of deposit, commercial paper, corporate notes, and time deposits. The weighted average maturity is 33 days. The fund is rated AAAm by Standard & Poor's.

Investment Valuation

The District has certain investments which are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments in United States Treasury Notes are valued using Level 1 inputs.

The District also has investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include a money market investment (Morgan Stanley Institutional Liquidity Funds Government Portfolio). These investments are recorded at amortized cost. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments are reflected for the December 31, 2016 and 2015 statement of net position and statement of cash flows as follows:

	2016	2015
Cash and cash equivalents	\$ 13,987,760	\$ 12,288,970
Investments	10,565,842	10,435,509
	\$ 24,553,602	\$ 22,724,479

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LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance at December 31, 2015	Additions	Disposals/ Retirements	Balance at December 31, 2016
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	5,080	643,358	(648,438)	-
Total capital assets, not being depreciated	<u>25,716</u>	<u>643,358</u>	<u>(648,438)</u>	<u>20,636</u>
Capital assets, being depreciated:				
Building	464,412	-	-	464,412
Pump stations	458,371	-	-	458,371
Water lines	13,836,028	171,648	-	14,007,676
Sewer lines	6,155,019	922,627	-	7,077,646
Water meter reading equipment	634,146	21,000	-	655,146
Office equipment	5,185	-	-	5,185
Vehicles	149,470	29,708	(38,459)	140,719
Total capital assets being depreciated	<u>21,702,631</u>	<u>1,144,983</u>	<u>(38,459)</u>	<u>22,809,155</u>
Less accumulated depreciation for:				
Building	(237,174)	(8,244)	-	(245,418)
Pump stations	(450,862)	(349)	-	(451,211)
Water lines	(6,004,282)	(336,709)	-	(6,340,991)
Sewer lines	(2,436,063)	(157,619)	-	(2,593,682)
Water meter reading equipment	(567,824)	(65,530)	-	(633,354)
Office equipment	(5,056)	(129)	-	(5,185)
Vehicles	(89,019)	(17,465)	38,459	(68,025)
Total accumulated depreciation	<u>(9,790,280)</u>	<u>(586,045)</u>	<u>38,459</u>	<u>(10,337,866)</u>
Total capital assets being depreciated, net	<u>11,912,351</u>	<u>558,938</u>	<u>-</u>	<u>12,471,289</u>
Total capital assets, net	<u>\$ 11,938,067</u>	<u>\$ 1,202,296</u>	<u>\$ (648,438)</u>	<u>\$ 12,491,925</u>

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LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

An analysis of the changes in capital assets for the year ended December 31, 2015 follows:

	Balance at December 31, 2014	Additions	Disposals/ Retirements	Balance at December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	-	5,080	-	5,080
Total capital assets, not being depreciated	<u>20,636</u>	<u>5,080</u>	<u>-</u>	<u>25,716</u>
Capital assets, being depreciated:				
Building	464,412	-	-	464,412
Pump stations	458,371	-	-	458,371
Water lines	13,685,803	150,225	-	13,836,028
Sewer lines	5,948,227	206,792	-	6,155,019
Water meter reading equipment	634,146	-	-	634,146
Office equipment	5,185	-	-	5,185
Vehicles	121,678	27,792	-	149,470
Total capital assets being depreciated	<u>21,317,822</u>	<u>384,809</u>	<u>-</u>	<u>21,702,631</u>
Less accumulated depreciation for:				
Building	(228,929)	(8,245)	-	(237,174)
Pump stations	(450,513)	(349)	-	(450,862)
Water lines	(5,656,406)	(347,876)	-	(6,004,282)
Sewer lines	(2,297,222)	(138,841)	-	(2,436,063)
Water meter reading equipment	(504,385)	(63,439)	-	(567,824)
Office equipment	(4,538)	(518)	-	(5,056)
Vehicles	(72,044)	(16,975)	-	(89,019)
Total accumulated depreciation	<u>(9,214,037)</u>	<u>(576,243)</u>	<u>-</u>	<u>(9,790,280)</u>
Total capital assets being depreciated, net	<u>12,103,785</u>	<u>(191,434)</u>	<u>-</u>	<u>11,912,351</u>
Total capital assets, net	<u>\$ 12,124,421</u>	<u>\$ (186,354)</u>	<u>\$ -</u>	<u>\$ 11,938,067</u>

NOTE 5 - NET POSITION

The District has net position consisting of two components – net investment in capital assets and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016 and 2015, the District had a net investment in capital assets of \$12,491,925 and \$11,938,067, respectively, equal to its net capital assets as the District has no outstanding debt.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 6 – PENSION PLANS

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by the ICMA Retirement Corporation. The plan is optional for all employees and allows for the employees to defer a portion of their compensation until future years.

Under this plan, the employees may elect to defer up to 25% of the plan members' compensation which is withheld and remitted to the plan administrator along with a matching payment of up to 7.5% from the District. The plan members made contributions for the years ended December 31, 2016 and 2015 of \$40,258 and \$38,103, respectively. The District made contributions/recognized expenses for years ended December 31, 2016 and 2015 of \$30,676 and \$29,068, respectively.

All amounts deferred for the plan members are held in trust for the exclusive benefit of the participating employees and not be accessible by the District or its creditors.

Defined Contribution Plan

The employees of the District may participate in Governmental Profit-Sharing Plan created in accordance with Internal Revenue Section 401(a), which is a defined contribution plan established by the District and is maintained and administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees may become plan members after twelve months of employment. Under this plan, plan members may elect to contribute a percentage of the plan members' compensation, which is withheld and remitted to the Plan Administrator along with a matching payment equal to the plan members' contribution up to a maximum contribution of 5% of the plan members' compensation from the District. The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for plan members who leave employment before they are fully vested are used to reduce the District's current period contribution requirement. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors. Contributions made by plan members for the years ended December 31, 2016 and 2015 were \$15,734 and \$15,394, respectively. Contributions made/expenses recognized by the District for the years ended December 31, 2016 and 2015 were \$15,734 and \$15,394, respectively.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers

**LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, liability, public officials' liability, boiler and machinery, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Service Contract - Metro Wastewater Reclamation District (MWRD)

The District has an agreement with MWRD for final treatment and disposal of the District's sewage. The agreement provides for annual estimated charges that are assessed through the application of a predetermined formula. Adjustments to the estimated charge will be based on meter flows, content, and actual costs. The adjustments are billed or credited to the District during the two succeeding years. The District retains responsibility for the maintenance and future construction costs of all public sanitary sewer lines and retains title to all public sanitary sewer lines in the District.

The composition of the charges for 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Estimate for current year	\$ 1,592,138	\$ 1,616,255
Preliminary adjustment for preceding year estimate	(74,324)	10,509
Adjustment for second preceding year estimate	(75,317)	(178,144)
Total annual charges	<u>\$ 1,442,497</u>	<u>\$ 1,448,620</u>

The 2017 sewer treatment estimate is \$1,639,274. The total annual charge is expected to be \$1,805,720 which includes an unfavorable 2015 final adjustment of \$62,626 and an unfavorable 2016 preliminary adjustment of \$103,820.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that its water and sewer operations, and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45.;1-01, et seq. The District's

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

annual budget and financial statements are deemed by the District to be the annual budget and financial statements of the Enterprise.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water sales and service charges	\$ 3,910,070	\$ 4,219,089	\$ 309,019
Sewer service charges	2,720,560	2,795,097	74,537
Net investment income	80,000	96,890	16,890
Legal and engineering back charges	22,000	73,697	51,697
Meter fees	10,000	43,523	33,523
Miscellaneous	25,000	35,814	10,814
Turn off, turn on, and late charges	15,000	16,200	1,200
Inclusion fees	1,200	-	(1,200)
Water tap fees	100,000	688,000	588,000
Sewer tap fees	50,375	819,849	769,474
Contributions for shared rehabilitation project	-	214,429	214,429
Proceeds from disposal of capital assets	5,000	10,130	5,130
Total Revenues	6,939,205	9,012,718	2,073,513
EXPENDITURES			
Administration:			
Salaries and wages	412,600	409,633	2,967
Health insurance	78,400	91,421	(13,021)
Retirement contribution	54,000	46,626	7,374
Workmen's compensation insurance	6,500	5,925	575
FICA	5,900	5,073	827
Unemployment tax	1,500	1,455	45
Legal	50,000	52,165	(2,165)
Consultants	30,000	16,989	13,011
Insurance	30,000	29,924	76
Communication and utilities	26,700	14,549	12,151
Office operation and maintenance	16,850	13,865	2,985
Auditing and accounting	8,000	7,900	100
Billing system update	26,500	18,309	8,191
Office equipment and furniture	32,000	5,984	26,016
Meetings, training and books	11,363	4,422	6,941
Miscellaneous office expense	11,000	5,118	5,882
Newsletter	2,600	2,340	260
Publications, memberships and dues	3,000	2,583	417
Travel	650	428	222
Bank charges	1,500	1,479	21
Total Administration	809,063	736,188	72,875

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LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016
(continued)

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
Sewer Operations and Maintenance:			
Metro Wastewater Reclamation District			
Treatment and Distribution	1,442,497	1,442,497	-
Sewer operation and maintenance	164,630	146,378	18,252
Sewer service - Twin Shores/DWW	79,080	81,055	(1,975)
Engineering and mapping	20,000	22,935	(2,935)
Vehicle operation and maintenance	15,000	5,080	9,920
Communications	2,500	1,792	708
Office and field supplies	500	449	51
Postage	1,500	36	1,464
Small equipment	2,500	428	2,072
Clothing and uniforms	500	323	177
Building and grounds improvements	12,000	1,110	10,890
Total Sewer Operations and Maintenance	<u>1,740,707</u>	<u>1,702,083</u>	<u>38,624</u>
Water Operations and Maintenance:			
Water purchased	3,361,150	3,728,454	(367,304)
Water systems operations and maintenance	153,000	184,770	(31,770)
Water meter repair and replacement	59,500	55,117	4,383
Back bill engineering	-	63,217	(63,217)
Engineering and mapping	28,000	22,779	5,221
Utility service	8,500	6,110	2,390
Water meters	-	6,833	(6,833)
Vehicle operation and maintenance	15,000	5,080	9,920
Communications	2,500	1,792	708
Office and field supplies	500	449	51
Small equipment	2,500	999	1,501
Postage	1,500	47	1,453
Clothing and uniforms	500	323	177
Building and grounds improvements	12,000	-	12,000
Total Water Operations and Maintenance	<u>3,644,650</u>	<u>4,075,970</u>	<u>(431,320)</u>

(continued)

LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016
(continued)

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
Capital Outlay:			
Sewer:			
Weaver Gulch outfall - 15" rehabilitation	850,000	643,358	206,642
Miscellaneous point repairs	50,000	-	50,000
Water:			
Emergency connection	70,000	-	70,000
Non-specified water line replacement	300,000	-	300,000
Air vac assembly replacements	60,000	-	60,000
Meter reading equipment	-	21,000	(21,000)
Vehicle	34,000	29,708	4,292
Total Capital Outlay	1,364,000	694,066	669,934
Contingency	377,921	-	377,921
Total expenditures	7,936,341	7,208,307	728,034
REVENUES OVER (UNDER) EXPENDITURES	(997,136)	1,804,411	2,801,547
FUNDS AVAILABLE - BEGINNING OF YEAR	23,011,533	23,124,375	112,842
FUNDS AVAILABLE - END OF YEAR	\$ 22,014,397	\$ 24,928,786	\$ 2,914,389
Funds available is computed as follows:			
Current assets		\$ 25,244,331	
Current liabilities		(315,545)	
		\$ 24,928,786	

**LAKEHURST WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2016**

Revenue (budgetary basis)	\$ 9,012,718
Contributed capital assets	445,837
Proceeds from disposal of capital assets	(10,130)
Gain on disposal of capital assets	10,130
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	9,458,555
Expenditures (budgetary basis)	7,208,307
Depreciation	586,045
Capital outlay	(694,066)
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	7,100,286
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 2,358,269