

**LAKEHURST WATER AND SANITATION
DISTRICT**

Jefferson and Denver Counties, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lakehurst Water and Sanitation District (District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the 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.

Opinion

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, 2019 and 2018, 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
July 20, 2020

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018**

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, 2019 and 2018. 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, 2019 and 2018**

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					
	2017	\$ Change	2018	\$ Change	2019
Current assets	\$ 24,996,082	\$ 1,079,721	\$ 26,075,803	\$ 638,675	\$ 26,714,478
Capital assets	13,421,555	(1,677)	13,419,878	331,947	13,751,825
Total assets	38,417,637	1,078,044	39,495,681	970,622	40,466,303
Current liabilities	488,389	(27,406)	460,983	186,184	647,167
Total Liabilities	488,389	(27,406)	460,983	186,184	647,167
Net Investment in capital assets	13,421,555	(1,677)	13,419,878	331,947	13,751,825
Unrestricted	24,507,693	1,107,127	25,614,820	452,491	26,067,311
Total Net Position	\$ 37,929,248	\$ 1,105,450	\$ 39,034,698	\$ 784,438	\$ 39,819,136

2019

As can be seen from the chart above, current assets increased by \$638,675, or 2.45%. The largest portion of this increase was in cash and cash equivalents and investments, which increased by \$640,833. This increase was due to positive operating results during 2019. Capital assets increased as 2019 capital asset additions were more than the 2019 depreciation expense, see the Capital Assets and Debt Administration discussion below for more information. Current liabilities increased by \$186,184, or 40.39% from 2018 to 2019. This increase was due primarily to more capital asset activity at the end of 2019 than at 2018. Overall net position increased \$784,438 in 2019.

2018

As can be seen from the chart above, current assets increased by \$1,079,721, or 4.32%. The largest portion of this increase was in cash and cash equivalents and investments, which increased by \$1,123,355. This increase was due to positive operating results and the receipt of significant tap fees during 2018. Capital assets decreased slightly as 2018 depreciation expense was more than the 2018 capital asset additions, see the Capital Assets and Debt Administration discussion below for more information. Current liabilities decreased by \$27,406, or 5.61% from 2017 to 2018. This decrease was due primarily to the timing of payments of yearend services and less capital asset activity at the end of 2018. These decreases were partially offset by a \$52,500 increase in the District's warranty escrow deposits. Overall net position increased \$1,105,450 in 2018.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018**

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:

2019

As can be seen in the following chart for 2019, there was a \$446,149, or 6.1%, increase in operating revenue. The although water usage billed decreased by 7.7%, increases water service charges rates resulted in an increase of \$48,256, or 1.1% in overall water service charges. Sewer charges increased by \$276,315, or 9.3% due to an 8.6% increase sewer service rates and an increase in the number of single family equivalents being served by the District. Additionally, there were higher chargebacks of legal and engineering services to developers, builders, homeowners, for projects ongoing in the District's boundaries. Nonoperating revenue increased by \$136,691, or 54.1% due to higher net investment income due to the economy and the performance of the District's investment portfolio. For 2019 the District's operating expenses increased by \$170,802, or 2.3%. This increase was due primarily to \$275,777 higher sewer treatment charges from Metro Wastewater Reclamation District, which was offset by \$157,199 less in charges from Denver Water. Capital contributions decreased by \$733,050, due to \$642,250 less water and sewer tap fees collected in 2019 than in 2018. Additionally, contributed capital assets in 2019 were \$90,800 less than in 2018.

2018

As can be seen in the following chart for 2018, there was a \$131,906, or 1.8%, increase in operating revenue. The largest increase was in water service charges which increased by \$122,389, or 2.9% due to higher rates for 2018 than 2017. Sewer charges increased by \$41,291, or 1.4% due to an increase in the number of single family equivalents being served by the District. Additionally there was lower chargebacks of legal and engineering services to developers, builders, homeowners, for projects ongoing in the District's boundaries. Nonoperating revenue increased by \$186,276, or 281.0% due to higher net investment income due to the economy and the performance of the District's investment portfolio. For 2018 the District's operating expenses decreased by \$66,400, or .9%. This decrease was due primarily to \$230,683 lower sewer treatment charges from Metro Wastewater Reclamation District, which was offset by \$128,865 more in charges from Denver Water. Capital contributions increased by \$212,331, due to \$644,755 more water and sewer tap fees collected in 2018 than in 2017. However this increase was partially offset by \$432,424 less contributed capital assets in 2018 than in 2017.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018**

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position					
	<u>2017</u>	<u>\$ Change</u>	<u>2018</u>	<u>\$ Change</u>	<u>2019</u>
Operating revenue	\$ 7,247,790	\$ 131,906	\$ 7,379,696	\$ 446,149	\$ 7,825,845
Nonoperating revenue	66,295	186,276	252,571	136,691	389,262
Total revenues	<u>7,314,085</u>	<u>318,182</u>	<u>7,632,267</u>	<u>582,840</u>	<u>8,215,107</u>
Operating expenses	7,389,892	(66,400)	7,323,492	170,802	7,494,294
Total expenses	<u>7,389,892</u>	<u>(66,400)</u>	<u>7,323,492</u>	<u>170,802</u>	<u>7,494,294</u>
Income before capital contributions	<u>(75,807)</u>	<u>384,582</u>	<u>308,775</u>	<u>412,038</u>	<u>720,813</u>
Capital contributions	584,344	212,331	796,675	(733,050)	63,625
Change in net assets	508,537	596,913	1,105,450	(321,012)	784,438
Net Position - Beginning of Year	<u>37,420,711</u>	<u>508,537</u>	<u>37,929,248</u>	<u>1,105,450</u>	<u>39,034,698</u>
Net Position - End of Year	<u>\$ 37,929,248</u>	<u>\$ 1,105,450</u>	<u>\$ 39,034,698</u>	<u>\$ 784,438</u>	<u>\$ 39,819,136</u>

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 2019. A budget to actual statement is included as Supplemental Information in the audited financial statements.

For 2019, revenues were more than budgeted by \$284,915. Overall expenditures were under budget by \$616,971. The categories of expenditures were under budget as follows: Administration by \$68,536, Sewer Operations and Maintenance by \$35,317, and Capital Projects by \$131,901. Offsetting the under budget categories was Water Operations and Maintenance which was over budget by \$19,888. Additionally the District budgeted a Contingency of \$401,105 which was not utilized. Additional information regarding the District's 2018 budget to actual performance is located on pages 15 through 17 of these financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2019 and 2018, 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, 2019 and 2018**

	Capital Assets				
	2017	\$ Change	2018	\$ Change	2019
Land	\$ 20,636	\$ -	\$ 20,636	\$ -	\$ 20,636
Construction in progress	-	73,951	73,951	(59,344)	14,607
Total capital assets, not being depreciated	20,636	73,951	94,587	(59,344)	35,243
Building	210,749	(8,244)	202,505	19,140	221,645
Pump stations	6,812	(349)	6,463	(348)	6,115
Water lines	8,259,050	(244,501)	8,014,549	(40,846)	7,973,703
Sewer lines	4,830,513	188,699	5,019,212	439,451	5,458,663
Water meter reading equipment	14,718	(4,679)	10,039	(4,200)	5,839
Vehicles	79,077	(6,554)	72,523	(21,906)	50,617
Total capital assets being depreciated, net	13,400,919	(75,628)	13,325,291	391,291	13,716,582
Total capital assets, net	\$ 13,421,555	\$ (1,677)	\$ 13,419,878	\$ 331,947	\$ 13,751,825

2019

For 2019 the capital asset increases were: Teller and Hampden sewer line rehabilitation for \$6,243, 24" Sewer Rehab (Hampden frontage) \$596,493, Quincy water line design and replacement for \$227,643, fire hydrant replacements for \$34,321, and the replacement of building windows for \$28,399. The District also received contributed sewer lines with a value of \$20,000.

2018

For 2018 the capital asset increases were: Teller and Hampden sewer line rehabilitation for \$332,371, Saratoga and Union water line for \$14,607, Quincy water line replacement design for \$59,344, fire hydrant replacements for \$37,580, and the purchase of a Ford Explorer for \$16,239. The District also received contributed water and sewer lines of \$79,300 and \$31,500, respectively. Additionally, the District traded in a Chevrolet Tahoe, with a \$0 net book value, on the Ford Explorer and sold a Ford pickup, also with a \$0 net book value, recognizing a gain on the sale of the Ford pickup of \$10,800.

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

LONG-TERM DEBT

As of December 31, 2019 and 2018 the District did not have any outstanding 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 2020 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

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018**

operations of the District and in anticipation of Denver Water and Metro Wastewater rates and charges. These rate charges 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 2020 the District's Board of Directors approved a 2.85% increase in the District's water consumption rate, increasing it from \$4.91 per thousand gallons to \$5.05 per thousand gallons. The District's water base rate was increased by 4.74% from \$9.07 to \$9.50 per single family unit, and sanitary sewer service rate remained the same as 2019 at \$22.92 per single family equivalent unit. For 2019 the Metro Wastewater Reclamation District charges are \$1,880,392, which is a \$59,578, or 3.27%, increase over 2019'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, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,059,217	\$ 18,337,160
Investments	6,050,061	7,131,285
Accounts receivable:		
Customers	481,107	456,252
Willowbrook W & S District	-	7,095
Accrued interest receivable	19,220	17,574
Prepaid expense	34,141	51,640
Parts inventory	70,732	74,797
Total current assets	<u>26,714,478</u>	<u>26,075,803</u>
 CAPITAL ASSETS		
Capital assets, not being depreciated	35,243	94,587
Capital assets, being depreciated	25,698,879	24,726,436
	<u>25,734,122</u>	<u>24,821,023</u>
Less accumulated depreciation and amortization	<u>(11,982,297)</u>	<u>(11,401,145)</u>
Total capital assets	<u>13,751,825</u>	<u>13,419,878</u>
 TOTAL ASSETS	 <u><u>\$ 40,466,303</u></u>	 <u><u>\$ 39,495,681</u></u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 478,928	\$ 280,237
Warranty escrow deposit	150,750	163,830
Accrued compensated absences	17,489	16,916
Total current liabilities	<u>647,167</u>	<u>460,983</u>
 NET POSITION		
Net investment in capital assets	13,751,825	13,419,878
Unrestricted	26,067,311	25,614,820
Total net position	<u>39,819,136</u>	<u>39,034,698</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 40,466,303</u></u>	 <u><u>\$ 39,495,681</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, 2019 and 2018

	2019	2018
OPERATING REVENUE		
Water sales and service charges	\$ 4,383,076	\$ 4,334,820
Sewer service charges	3,235,703	2,959,388
Legal and engineering back charges	156,389	32,273
Meter fees	1,694	7,164
Miscellaneous	34,033	32,901
Turn off, turn on, and late charges	13,750	13,150
Inclusion fees	1,200	-
Total operating revenue	7,825,845	7,379,696
OPERATING EXPENSES		
Water operations and maintenance	3,957,138	4,069,300
Sewer operations and maintenance	2,054,537	1,807,982
Administration expense	901,467	873,592
Depreciation and amortization	581,152	572,618
Total operating expenses	7,494,294	7,323,492
OPERATING INCOME	331,551	56,204
NONOPERATING REVENUE		
Net investment income	389,262	241,771
Gain on disposal of capital assets	-	10,800
Total nonoperating revenue	389,262	252,571
INCOME BEFORE CAPITAL CONTRIBUTIONS	720,813	308,775
CAPITAL CONTRIBUTIONS		
Tap fees:		
Water tap fees	32,000	168,000
Sewer tap fees	11,625	517,875
Contributed capital assets:		
Water lines	-	79,300
Sewer lines	20,000	31,500
Total capital contributions	63,625	796,675
CHANGE IN NET POSITION	784,438	1,105,450
NET POSITION - BEGINNING OF YEAR	39,034,698	37,929,248
NET POSITION - END OF YEAR	\$ 39,819,136	\$ 39,034,698

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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 7,774,052	\$ 7,364,131
Payments to vendors	(6,289,012)	(6,140,652)
Payments to employees	(611,498)	(652,333)
Other operating receipts	34,033	32,901
Net cash provided by operating activities	907,575	604,047
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(684,903)	(483,295)
Proceeds from sale of capital asset	-	10,800
Capital contributions	43,625	685,875
Warranty escrow deposit received	(13,080)	52,500
Net cash provided (required) by capital financing activities	(654,358)	265,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(6,010,761)	(5,905,079)
Maturity of investments	7,190,000	8,453,981
Interest received	289,601	157,158
Net cash provided by investing activities	1,468,840	2,706,060
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,722,057	3,575,987
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	18,337,160	14,761,173
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,059,217	\$ 18,337,160
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income from operations	\$ 331,551	\$ 56,204
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	581,152	572,618
Effects of changes in operating assets and liabilities:		
Accounts receivable	(17,760)	17,336
Prepaid expenses	17,499	8,727
Parts inventory	4,065	5,914
Accounts payable	(9,505)	(58,687)
Accrued compensated absences	573	1,935
Net cash provided by operating activities	\$ 907,575	\$ 604,047
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES		
Contributed capital assets	\$ 20,000	\$ 110,800
Fair value increase (decrease) of investments	98,015	96,270
	\$ 118,015	\$ 207,070

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, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018

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 net asset value per share 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, 2019 and 2018

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 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.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2019, the District had cash deposits with a bank balance of \$8,667,766 and a carrying balance of \$8,633,229 and cash on hand of \$340. At December 31, 2018, the District had cash deposits with a bank balance of \$11,273,310 and a carrying balance of \$11,276,529 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)
- . Local Government Investment Pools

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); 3) a maximum of 60% in fixed income money market funds; and 4) 100% of local government investment pools.

**LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018**

At December 31, 2019, the District had the following investment portfolio:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity Less than one year</u>	<u>Percent of Investment Portfolio</u>
United States Treasury Notes	\$ 6,050,061	6,050,061	34.6%
Wells Fargo Government Money Market Fund	958,199	958,199	5.5%
COLOTRUST	10,467,449	10,467,449	59.9%
	<u>\$ 17,475,709</u>	<u>\$ 17,475,709</u>	

At December 31, 2018, the District had the following investment portfolio:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity Less than one year</u>	<u>Percent of Investment Portfolio</u>
United States Treasury Notes	\$ 5,138,825	\$ 5,138,825	36.2%
United States Treasury Bills	1,992,460	1,992,460	14.0%
BlackRock Liquid Treasury Institutional Mutual Fund	277,121	277,121	2.0%
COLOTRUST	6,783,170	6,783,170	47.8%
	<u>\$ 14,191,576</u>	<u>\$ 14,191,576</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.

Wells Fargo Government Money Market Fund

As of December 31, 2019, the District had invested in the Wells Fargo Government Money Market Fund (WF Govt MMF). The WF Govt MMF 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 US Treasury bills, notes, government agency obligations issued or guaranteed as to principal and interest by the US Treasury, and variable rate demand notes. The fund is rated AAAM by Standard & Poor's.

BlackRock Liquid Treasury Institutional Mutual Fund

As of December 31, 2018, the District had invested in the BlackRock Liquid Treasury Institutional Mutual Fund (BlackRock Fund). The BlackRock Fund is a U.S. dollar-denominated

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

money market fund that seeks to preserve the value of each share at \$1.00. The Fund invests 100% of its total assets in cash, US Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the US Treasury. The fund is rated AAAM by Standard & Poor's.

COLOTRUST

At December 31, 2019 and 2018, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and 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 and Bills 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 are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include a money market investment and COLOTRUST. The Wells Fargo Government Money Market Fund and BlackRock Liquid Treasury Institutional Mutual Fund are recorded at amortized cost. The COLOTRUST investment is measured at NAV, calculated as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments are reflected for the December 31, 2019 and 2018 statement of net position and statement of cash flows as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 20,059,217	\$ 18,337,160
Investments	6,050,061	7,131,285
	<u>\$ 26,109,278</u>	<u>\$ 25,468,445</u>

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance at December 31, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	73,951	227,643	(286,987)	14,607
Total capital assets, not being depreciated	<u>94,587</u>	<u>227,643</u>	<u>(286,987)</u>	<u>35,243</u>
Capital assets, being depreciated:				
Building	464,412	28,399	-	492,811
Pump stations	458,371	-	-	458,371
Water lines	15,058,879	321,308	-	15,380,187
Sewer lines	7,954,575	622,736	-	8,577,311
Water meter reading equipment	655,146	-	-	655,146
Office equipment	5,185	-	-	5,185
Vehicles	129,868	-	-	129,868
Total capital assets being depreciated	<u>24,726,436</u>	<u>972,443</u>	<u>-</u>	<u>25,698,879</u>
Less accumulated depreciation for:				
Building	(261,907)	(9,259)	-	(271,166)
Pump stations	(451,908)	(348)	-	(452,256)
Water lines	(7,044,330)	(362,154)	-	(7,406,484)
Sewer lines	(2,935,363)	(183,285)	-	(3,118,648)
Water meter reading equipment	(645,107)	(4,200)	-	(649,307)
Office equipment	(5,185)	-	-	(5,185)
Vehicles	(57,345)	(21,906)	-	(79,251)
Total accumulated depreciation	<u>(11,401,145)</u>	<u>(581,152)</u>	<u>-</u>	<u>(11,982,297)</u>
Total capital assets being depreciated, net	<u>13,325,291</u>	<u>391,291</u>	<u>-</u>	<u>13,716,582</u>
Total capital assets, net	<u>\$ 13,419,878</u>	<u>\$ 618,934</u>	<u>\$ (286,987)</u>	<u>\$ 13,751,825</u>

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Additions	Disposals/ Retirements	Balance at December 31, 2018
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	-	73,951	-	73,951
Total capital assets, not being depreciated	<u>20,636</u>	<u>73,951</u>	<u>-</u>	<u>94,587</u>
Capital assets, being depreciated:				
Building	464,412	-	-	464,412
Pump stations	458,371	-	-	458,371
Water lines	14,941,999	116,880	-	15,058,879
Sewer lines	7,590,704	363,871	-	7,954,575
Water meter reading equipment	655,146	-	-	655,146
Office equipment	5,185	-	-	5,185
Vehicles	171,067	16,239	(57,438)	129,868
Total capital assets being depreciated	<u>24,286,884</u>	<u>496,990</u>	<u>(57,438)</u>	<u>24,726,436</u>
Less accumulated depreciation for:				
Building	(253,663)	(8,244)	-	(261,907)
Pump stations	(451,559)	(349)	-	(451,908)
Water lines	(6,682,949)	(361,381)	-	(7,044,330)
Sewer lines	(2,760,191)	(175,172)	-	(2,935,363)
Water meter reading equipment	(640,428)	(4,679)	-	(645,107)
Office equipment	(5,185)	-	-	(5,185)
Vehicles	(91,990)	(22,793)	57,438	(57,345)
Total accumulated depreciation	<u>(10,885,965)</u>	<u>(572,618)</u>	<u>57,438</u>	<u>(11,401,145)</u>
Total capital assets being depreciated, net	<u>13,400,919</u>	<u>(75,628)</u>	<u>-</u>	<u>13,325,291</u>
Total capital assets, net	<u><u>\$ 13,421,555</u></u>	<u><u>\$ (1,677)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,419,878</u></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, 2019 and 2018, the District had a net investment in capital assets of \$13,751,825 and \$13,419,878, 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, 2019 and 2018

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, 2019 and 2018 of \$32,069 and \$40,690, respectively. The District made contributions/recognized expenses for years ended December 31, 2019 and 2018 of \$33,242 and \$33,702, 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. On October 28, 2019 the District Board of Directors approved increasing the District's maximum contribution match to 10%, effective January 1, 2019. 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, 2019 and 2018 were \$19,273 and \$17,865, respectively. Contributions made/expenses recognized by the District for the years ended December 31, 2019 and 2018 were \$19,273 and \$17,865, 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.

**LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018**

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers 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 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Estimate for current year	\$ 1,751,131	\$ 1,695,122
Preliminary adjustment for preceding year estimate	15,161	(14,880)
Adjustment for second preceding year estimate	<u>54,522</u>	<u>(105,205)</u>
Total annual charges	<u>\$ 1,820,814</u>	<u>\$ 1,575,037</u>

The 2020 sewer treatment estimate is \$1,784,806. The total annual charge is expected to be \$1,880,392 which includes an unfavorable 2018 final adjustment of \$54,956 and an unfavorable 2019 preliminary adjustment of \$40,630.

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

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

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 adopted a resolution on or about July 24, 1995 establishing and reaffirming as an “Enterprise” the business represented by the District’s water and wastewater systems. The District’s 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, 2019

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water sales and service charges	\$ 4,423,848	\$ 4,383,076	\$ (40,772)
Sewer service charges	3,259,769	3,235,703	(24,066)
Net investment income	125,000	389,262	264,262
Legal and engineering back charges	25,000	156,389	131,389
Meter fees	7,500	1,694	(5,806)
Miscellaneous	25,000	34,033	9,033
Turn off, turn on, and late charges	15,000	13,750	(1,250)
Inclusion fees	1,200	1,200	-
Water tap fees	60,000	32,000	(28,000)
Sewer tap fees	31,500	11,625	(19,875)
Total Revenues	7,973,817	8,258,732	284,915
EXPENDITURES			
Administration:			
Salaries and wages	465,418	442,680	22,738
Health insurance	135,000	101,517	33,483
Retirement contribution	61,500	54,118	7,382
Workmen's compensation insurance	8,800	6,361	2,439
FICA	6,700	6,427	273
Unemployment tax	1,500	968	532
Legal	50,000	139,216	(89,216)
Consultants	27,000	22,287	4,713
Insurance	34,000	29,575	4,425
Communication and utilities	21,300	17,854	3,446
Office operation and maintenance	17,000	20,743	(3,743)
Auditing and accounting	8,500	8,500	-
Billing system update	90,000	27,059	62,941
Office equipment and furniture	15,000	4,547	10,453
Meetings, training and books	9,785	6,477	3,308
Miscellaneous office expense	10,500	6,620	3,880
Newsletter	2,000	2,154	(154)
Publications, memberships and dues	3,500	2,545	955
Travel	500	-	500
Bank charges	2,000	1,819	181
Total Administration	970,003	901,467	68,536

(continued)

LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2019
(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	1,820,814	1,820,814	-
Sewer operation and maintenance	106,950	98,174	8,776
Sewer service - Twin Shores/DWW	94,290	94,290	-
Engineering	25,000	27,510	(2,510)
Vehicle operation and maintenance	12,000	8,889	3,111
Communications	2,000	1,697	303
Office and field supplies	500	179	321
Postage	500	172	328
Small equipment	2,000	999	1,001
Clothing and uniforms	800	565	235
Building and grounds improvements	25,000	1,248	23,752
Total Sewer Operations and Maintenance	<u>2,089,854</u>	<u>2,054,537</u>	<u>35,317</u>
Water Operations and Maintenance:			
Water purchased	3,614,625	3,628,209	(13,584)
Water systems operations and maintenance	157,550	124,462	33,088
Water meter repair and replacement	90,275	58,813	31,462
Back bill engineering	-	96,269	(96,269)
Engineering	25,000	27,510	(2,510)
Utility service	7,000	7,600	(600)
Water meters	-	1,727	(1,727)
Vehicle operation and maintenance	12,000	8,888	3,112
Communications	2,000	1,697	303
Office and field supplies	500	179	321
Small equipment	2,000	1,016	984
Postage	500	204	296
Clothing and uniforms	800	564	236
Building and grounds improvements	25,000	-	25,000
Total Water Operations and Maintenance	<u>3,937,250</u>	<u>3,957,138</u>	<u>(19,888)</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, 2019
(continued)

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
Capital Outlay:			
Sewer:			
24" Sewer rehab (Hampden frontage)	680,000	596,493	83,507
Teller and Hampden sewer rehab	-	6,243	(6,243)
Water:			
Saratoga and Union water line	-	-	-
Quincy water line design and replacement	300,000	227,643	72,357
Fire hydrant replacements	45,000	34,321	10,679
Meter reading equipment	-	-	-
Building window replacement	-	28,399	(28,399)
Total Capital Outlay	1,025,000	893,099	131,901
Contingency	401,105	-	401,105
Total expenditures	8,423,212	7,806,241	616,971
REVENUES OVER (UNDER) EXPENDITURES	(449,395)	452,491	901,886
FUNDS AVAILABLE - BEGINNING OF YEAR	26,421,666	25,614,820	(806,846)
FUNDS AVAILABLE - END OF YEAR	\$ 25,972,271	\$ 26,067,311	\$ 95,040
Funds available is computed as follows:			
Current assets		\$ 26,714,478	
Current liabilities		(647,167)	
		\$ 26,067,311	

**LAKEHURST WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2019**

Revenue (budgetary basis)	\$ 8,258,732
Contributed capital assets	<u>20,000</u>
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	<u>8,278,732</u>
Expenditures (budgetary basis)	7,806,241
Depreciation and amortization	581,152
Capital outlay	<u>(893,099)</u>
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	<u>7,494,294</u>
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	<u><u>\$ 784,438</u></u>