

**LAKEHURST WATER AND SANITATION
DISTRICT**

Jefferson and Denver Counties, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022**

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Lakehurst Water and Sanitation District (District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Lakehurst Water and Sanitation District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 26, 2024

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2023 and 2022**

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, 2023 and 2022. 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 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

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2023 and 2022**

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					
	2021	\$ Change	2022	\$ Change	2023
Current assets	\$ 29,984,303	\$ (832,911)	\$ 29,151,392	\$ 1,838,320	\$ 30,989,712
Capital assets	15,732,403	1,873,213	17,605,616	336,868	17,942,484
Total assets	45,716,706	1,040,302	46,757,008	2,175,188	48,932,196
Current liabilities	591,545	(237,199)	354,346	(54,901)	299,445
Total Liabilities	591,545	(237,199)	354,346	(54,901)	299,445
Net Investment in capital assets	15,732,403	1,873,213	17,605,616	336,868	17,942,484
Unrestricted	29,392,758	(595,712)	28,797,046	1,893,221	30,690,267
Total Net Position	\$ 45,125,161	\$ 1,277,501	\$ 46,402,662	\$ 2,230,089	\$ 48,632,751

2023

For 2023, current assets increased by \$1,838,320, or 6.3%. The largest portion of this increase was in cash and cash equivalents and investments, which increased by \$1,838,404 mostly due to positive operating results and significantly capital asset activity in 2023 than during 2022. Capital assets increased as the District had capital asset additions for 2023, which exceeded the current year depreciation expense, see the Capital Assets Administration discussion below for more information. Current liabilities decreased by \$54,901, or 15.5% from 2022 to 2023. This decrease was due primarily to the District owing \$22,185 less to Denver Water at the end of 2023 than the end of 2022. Overall net position increased \$2,230,089 in 2023.

2022

For 2022, current assets decreased by \$832,911, or 2.8%. The largest portion of this decrease was in cash and cash equivalents and investments, which decreased by \$844,456 mostly due to significant capital asset additions during 2022. Capital assets increased as the District had significant capital asset additions for 2022, which exceeded the current year depreciation expense, see the Capital Assets Administration discussion below for more information. Current liabilities decreased by \$237,199, or 40.1% from 2021 to 2022. This decrease was due primarily to the District not having sewer tap fees payable to Metro Water Recovery as of the end of 2022, when there was an amount due of \$187,400 as of the end of 2021. Overall net position increased \$1,277,501 in 2022.

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:

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2023 and 2022**

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

	2021	\$ Change	2022	\$ Change	2023
Operating revenue	\$ 8,363,180	\$ 220,098	\$ 8,583,278	\$ (529,415)	\$ 8,053,863
Nonoperating revenue	(16,398)	108,809	92,411	812,021	904,432
Total revenues	<u>8,346,782</u>	<u>328,907</u>	<u>8,675,689</u>	<u>282,606</u>	<u>8,958,295</u>
Operating expenses	7,933,166	405,597	8,338,763	(702,737)	7,636,026
Total expenses	<u>7,933,166</u>	<u>405,597</u>	<u>8,338,763</u>	<u>(702,737)</u>	<u>7,636,026</u>
Income before capital contributions	413,616	(76,690)	336,926	985,343	1,322,269
Capital contributions	1,799,460	(858,885)	940,575	(32,755)	907,820
Change in net position	2,213,076	(935,575)	1,277,501	952,588	2,230,089
Net Position -					
Beginning of Year	42,912,085	2,213,076	45,125,161	1,277,501	46,402,662
Net Position - End					
of Year	<u>\$ 45,125,161</u>	<u>\$ 1,277,501</u>	<u>\$ 46,402,662</u>	<u>\$ 2,230,089</u>	<u>\$ 48,632,751</u>

2023

For 2023 there was a \$529,415, or 6.2%, decrease in operating revenue, mostly as a result of lower water service revenue. Although the District raised the water rates for 2023, the District's customers used fewer gallons of water during 2023, which offset the revenue from the increases in rates. Nonoperating revenue increased by \$812,021 due to the District recognizing higher net investment earnings in 2023 because of higher investment yield rates. For 2023 the District's operating expenses decreased by \$702,737, or 8.4%. The largest portion of this decrease was for water operations expenses which decreased by \$766,987, due primarily to less water purchased from Denver Water. Capital contributions decreased minimally by \$32,755.

2022

For 2022 there was a \$220,098, or 2.6%, increase in operating revenue, mostly due to an increase in the water service revenue. The water service revenue increased because water usage billed increased by .9% and the water rates increased by 4.4%. Nonoperating revenue increased by \$108,809 due to the District recognizing a net investment loss in 2021 but a net investment income in 2022. For 2022 the District's operating expenses increased by \$405,597, or 5.1%. Water operations expenses increased by \$382,872 due to higher Denver Water charges for water purchased and higher operations and maintenance costs. Capital contributions decreased by \$858,885, due to \$461,325 less of water and sewer tap fees collected in 2022 than in 2021 and \$507,560 less of contributed capital assets in 2022 than in 2021, with a partial offsetting \$110,000 contribution from the County for the Quincy water line project.

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 2023. A budget to actual statement is included as supplemental information in the audited financial statements.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2023 and 2022**

For 2023, revenues were less than budgeted by \$109,338, primarily due to water and sewer service fees being \$1,059,122 less than budgeted. However, this was partially offset by net investment earnings being more than budgeted by \$804,432 and the receipt of \$140,975 more water and sewer tap fees than were budgeted. Overall expenditures were under budget by \$3,277,937. The main budget categories of Water Operations, Sewer Operations, Administration and Capital Outlay expenditures were all under budget for 2023. Additionally, the District budgeted a Contingency of \$504,970 which was not utilized. Additional information regarding the District's 2023 budget to actual performance is located on pages 15 through 17 of these financial statements.

CAPITAL ASSETS ADMINISTRATION

Capital Assets

As of December 31, 2023 and 2022, 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:

	Capital Assets				
	2021	\$ Change	2022	\$ Change	2023
Land	\$ 20,636	\$ -	\$ 20,636	\$ -	\$ 20,636
Construction in progress	19,737	(3,919)	15,818	16,084	31,902
Total capital assets, not being depreciated	40,373	(3,919)	36,454	16,084	52,538
Building	220,471	(16,627)	203,844	(16,627)	187,217
Pump stations	5,418	(349)	5,069	(349)	4,720
Water lines	8,922,088	1,847,724	10,769,812	51,230	10,821,042
Sewer lines	6,496,242	(43,764)	6,452,478	309,289	6,761,767
Water meter reading equipment	5,476	55,744	61,220	(3,197)	58,023
Office equipment	-	20,448	20,448	(499)	19,949
Vehicles	42,335	13,956	56,291	(19,063)	37,228
Total capital assets being depreciated, net	15,692,030	1,877,132	17,569,162	320,784	17,889,946
Total capital assets, net	\$ 15,732,403	\$ 1,873,213	\$ 17,605,616	\$ 336,868	\$ 17,942,484

2023

For 2023 the capital asset increases were: Quincy water line \$7,468, Pierce Street outfall line rehabilitation \$294,911, Fire Hydrant replacement \$51,650, Zone 3 Emergency Connection \$31,902, and Meter Reading Software & Equipment \$5,258. The District also received contributed water lines with a value of \$404,973 and sewer lines with a value of \$241,497.

2022

For 2022 the capital asset increases were: Quincy water line design \$1,702,155, Pierce Street outfall line rehabilitation \$15,818, Billing Software for \$64,136, Ford Pickup for \$33,020 and a fire alarm panel for \$20,947. The District also received contributed water lines with a value of \$520,000 and sewer lines with a value of \$135,000.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2023 and 2022**

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

Long-Term Debt

As of December 31, 2023 and 2022, 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 2024 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 Water Recovery 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 2024 the District's Board of Directors approved a 4.5% increase in the District's water consumption rate, increasing it from \$5.48 per thousand gallons to \$5.73 per thousand gallons. The District's water base rate was increased by 5% from \$11.00 to \$11.55 per single family residential equivalent tap, and sanitary sewer service rate was increased by 4.4% from \$22.92 to \$23.92 per single family equivalent tap. For 2024 the Metro Water Recovery District charges are expected to be \$2,402,757, which is an \$887,870, or 58.6%, increase from 2023'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, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,780,050	\$ 23,230,311
Investments	5,459,188	5,170,523
Accounts receivable:		
Customers	551,361	600,242
Accrued interest receivable	35,262	25,000
Prepaid expense	52,721	47,600
Parts inventory	111,130	77,716
Total current assets	30,989,712	29,151,392
CAPITAL ASSETS		
Capital assets, not being depreciated	52,538	36,454
Capital assets, being depreciated	32,618,429	31,596,854
	32,670,967	31,633,308
Less accumulated depreciation and amortization	(14,728,483)	(14,027,692)
Total capital assets	17,942,484	17,605,616
TOTAL ASSETS	\$ 48,932,196	\$ 46,757,008
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 206,418	\$ 247,299
Due to Willowbrook W & S District	48,539	30,665
Warranty escrow deposit	26,000	57,000
Accrued compensated absences	18,488	19,382
Total current liabilities	299,445	354,346
NET POSITION		
Net investment in capital assets	17,942,484	17,605,616
Unrestricted	30,690,267	28,797,046
Total net position	48,632,751	46,402,662
TOTAL LIABILITIES AND NET POSITION	\$ 48,932,196	\$ 46,757,008

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, 2023 and 2022

	2023	2022
OPERATING REVENUE		
Water sales and service charges	\$ 4,563,382	\$ 5,043,971
Sewer service charges	3,367,904	3,367,134
Legal and engineering back charges	39,699	94,342
Meter fees	12,820	11,326
Miscellaneous	56,878	51,290
Turn off, turn on, and late charges	11,980	15,215
Inclusion fees	1,200	-
Total operating revenue	8,053,863	8,583,278
OPERATING EXPENSES		
Water operations and maintenance	4,035,347	4,802,334
Sewer operations and maintenance	1,793,302	1,902,577
Administration expense	1,106,586	1,015,989
Depreciation and amortization	700,791	617,863
Total operating expenses	7,636,026	8,338,763
OPERATING INCOME	417,837	244,515
NONOPERATING REVENUE (EXPENSE)		
Net investment income	904,432	92,411
Total nonoperating revenue (expense)	904,432	92,411
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,322,269	336,926
CAPITAL CONTRIBUTIONS		
Tap fees:		
Water tap fees	180,000	120,000
Sewer tap fees	81,350	55,575
Contributed capital assets:		
Water lines	404,973	520,000
Sewer lines	241,497	135,000
County contribution - Quincy water line project	-	110,000
Total capital contributions	907,820	940,575
CHANGE IN NET POSITION	2,230,089	1,277,501
NET POSITION - BEGINNING OF YEAR	46,402,662	45,125,161
NET POSITION - END OF YEAR	\$ 48,632,751	\$ 46,402,662

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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 8,063,740	\$ 8,550,900
Payments to vendors	(6,138,412)	(7,103,114)
Payments to employees	(872,588)	(811,167)
Other operating receipts	56,878	51,290
Net cash provided by operating activities	1,109,618	687,909
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(395,734)	(1,839,699)
Capital contributions	261,350	285,575
Warranty escrow deposit received	(31,000)	(70,652)
Net cash required by capital financing activities	(165,384)	(1,624,776)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,201,584)	(3,132,340)
Maturity of investments	3,070,000	3,100,000
Interest received	737,089	284,720
Net cash provided by investing activities	605,505	252,380
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,549,739	(684,487)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	23,230,311	23,914,798
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 24,780,050	\$ 23,230,311
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income from operations	\$ 417,837	\$ 244,515
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	700,791	617,863
Effects of changes in operating assets and liabilities:		
Accounts receivable	48,881	(11,753)
Prepaid expenses	(5,121)	2,791
Parts inventory	(33,414)	(2,583)
Accounts payable	(36,336)	(193,589)
Due to other Willowbrook W & S District	17,874	30,665
Accrued compensated absences	(894)	-
Net cash provided by operating activities	\$ 1,109,618	\$ 687,909
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES		
Contributed capital assets	\$ 646,470	\$ 655,000
Fair value increase (decrease) of investments	157,081	(192,309)
	\$ 803,551	\$ 462,691

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, 2023 and 2022

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, 2023, 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, 2023 and 2022

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 District'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 acquisition 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, 2023 and 2022

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 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
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December 31, 2023 and 2022

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.

As of December 31, 2023, the District had cash deposits with a bank balance of \$11,840,704 and a carrying balance of \$11,775,138 and cash on hand of \$340. As of December 31, 2022, the District had cash deposits with a bank balance of \$11,018,361 and a carrying balance of \$10,830,904 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
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As of December 31, 2023, the District had the following investment portfolio:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity</u>		<u>Percent of Investment Portfolio</u>
		<u>Less than one year</u>	<u>One to two years</u>	
United States Treasury Notes	\$ 5,459,188	3,134,416	2,324,772	29.57%
Wells Fargo Government Money Market Fund	2,353	2,353	-	0.01%
COLOTRUST Plus+	13,002,219	13,002,219	-	70.42%
	<u>\$ 18,463,760</u>	<u>\$ 16,138,988</u>	<u>\$ 2,324,772</u>	

As of December 31, 2022, the District had the following investment portfolio:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity</u>		<u>Percent of Investment Portfolio</u>
		<u>Less than one year</u>	<u>One to three years</u>	
United States Treasury Notes	\$ 5,170,523	\$ 3,001,332	\$ 2,169,191	29.43%
Wells Fargo Government Money Market Fund	56,433	56,433	-	0.32%
COLOTRUST Plus+	12,342,634	12,342,634	-	70.25%
	<u>\$ 17,569,590</u>	<u>\$ 15,400,399</u>	<u>\$ 2,169,191</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, 2023 and 2022, 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.

COLOTRUST

As of December 31, 2023 and 2022, 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

LAKEHURST WATER AND SANITATION DISTRICT
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Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All 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+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotruster.com.

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 Districts investments in United States Treasury Notes and Bills are valued using Level 1 inputs.

The District also has investments that 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 are recorded at amortized cost. The COLOTRUST investment is measured at NAV, calculated as follows.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Cash and Cash Equivalents and Investments

As of December 31, 2023 and 2022, cash and cash equivalents and investments are reflected in the statement of net position and statement of cash flows as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 24,780,050	\$ 23,230,311
Investments	5,459,188	5,170,523
	<u>\$ 30,239,238</u>	<u>\$ 28,400,834</u>

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4 - CAPITAL ASSETS

Following is an analysis of the changes in capital assets for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Disposals/ Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	15,818	326,813	(310,729)	31,902
Total capital assets, not being depreciated	<u>36,454</u>	<u>326,813</u>	<u>(310,729)</u>	<u>52,538</u>
Capital assets, being depreciated:				
Building	523,088	-	-	523,088
Pump stations	458,371	-	-	458,371
Water lines	19,377,988	464,091	-	19,842,079
Sewer lines	10,291,483	552,226	-	10,843,709
Water meter reading equipment	724,582	5,258	-	729,840
Office equipment	26,132	-	-	26,132
Vehicles	195,210	-	-	195,210
Total capital assets being depreciated	<u>31,596,854</u>	<u>1,021,575</u>	<u>-</u>	<u>32,618,429</u>
Less accumulated depreciation for:				
Building	(319,244)	(16,627)	-	(335,871)
Pump stations	(453,302)	(349)	-	(453,651)
Water lines	(8,608,176)	(412,861)	-	(9,021,037)
Sewer lines	(3,839,005)	(242,937)	-	(4,081,942)
Water meter reading equipment	(663,362)	(8,455)	-	(671,817)
Office equipment	(5,684)	(499)	-	(6,183)
Vehicles	(138,919)	(19,063)	-	(157,982)
Total accumulated depreciation	<u>(14,027,692)</u>	<u>(700,791)</u>	<u>-</u>	<u>(14,728,483)</u>
Total capital assets being depreciated, net	<u>17,569,162</u>	<u>320,784</u>	<u>-</u>	<u>17,889,946</u>
Total capital assets, net	<u>\$ 17,605,616</u>	<u>\$ 647,597</u>	<u>\$ (310,729)</u>	<u>\$ 17,942,484</u>

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LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

Following is an analysis of the changes in capital assets for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Disposals/ Retirements	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	19,737	1,717,973	(1,721,892)	15,818
Total capital assets, not being depreciated	<u>40,373</u>	<u>1,717,973</u>	<u>(1,721,892)</u>	<u>36,454</u>
Capital assets, being depreciated:				
Building	523,088	-	-	523,088
Pump stations	458,371	-	-	458,371
Water lines	17,136,096	2,241,892	-	19,377,988
Sewer lines	10,156,483	135,000	-	10,291,483
Water meter reading equipment	660,446	64,136	-	724,582
Office equipment	5,185	20,947	-	26,132
Vehicles	162,190	33,020	-	195,210
Total capital assets being depreciated	<u>29,101,859</u>	<u>2,494,995</u>	<u>-</u>	<u>31,596,854</u>
Less accumulated depreciation for:				
Building	(302,617)	(16,627)	-	(319,244)
Pump stations	(452,953)	(349)	-	(453,302)
Water lines	(8,214,008)	(394,168)	-	(8,608,176)
Sewer lines	(3,660,241)	(178,764)	-	(3,839,005)
Water meter reading equipment	(654,970)	(8,392)	-	(663,362)
Office equipment	(5,185)	(499)	-	(5,684)
Vehicles	(119,855)	(19,064)	-	(138,919)
Total accumulated depreciation	<u>(13,409,829)</u>	<u>(617,863)</u>	<u>-</u>	<u>(14,027,692)</u>
Total capital assets being depreciated, net	<u>15,692,030</u>	<u>1,877,132</u>	<u>-</u>	<u>17,569,162</u>
Total capital assets, net	<u>\$ 15,732,403</u>	<u>\$ 3,595,105</u>	<u>\$ (1,721,892)</u>	<u>\$ 17,605,616</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, 2023 and 2022, the District had a net investment in capital assets of \$17,942,484 and \$17,605,616, respectively, equal to its net capital assets as the District has no outstanding debt.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023 and 2022, of \$20,999 and \$13,409, respectively. The District made contributions/recognized expenses for years ended December 31, 2023 and 2022 of \$38,611 and \$43,397, 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 10% 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 the District and the plan members for the year ended December 31, 2023 were \$46,810 and \$46,796, respectively. Contributions made by the District and the plan members for the year ended December 31, 2022 were \$39,083 and \$39,083, 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, 2023. 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, 2023 and 2022**

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 Water Recovery (MWR)

The District has an agreement with MWR 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 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Estimate for current year	\$ 1,680,681	\$ 1,731,873
Preliminary adjustment for preceding year estimate	(121,064)	(70,249)
Adjustment for second preceding year estimate	(44,730)	(90,331)
Total annual charges	<u>\$ 1,514,887</u>	<u>\$ 1,571,293</u>

The 2024 sewer treatment estimate is \$1,997,347. The total annual charge is expected to be \$2,402,757 which includes an unfavorable 2022 final adjustment of \$197,212 and an unfavorable 2023 preliminary adjustment of \$208,198.

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 adopted a resolution on or about July 24, 1995 establishing and reaffirming as an "Enterprise"

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Water sales and service charges	\$ 5,309,528	\$ 4,563,382	\$ (746,146)
Sewer service charges	3,680,880	3,367,904	(312,976)
Net investment income	100,000	904,432	804,432
Legal and engineering back charges	60,000	39,699	(20,301)
Meter fees	12,000	12,820	820
Miscellaneous	30,000	56,878	26,878
Turn off, turn on, and late charges	15,000	11,980	(3,020)
Inclusion fees	1,200	1,200	-
Water tap fees	80,000	180,000	100,000
Sewer tap fees	40,375	81,350	40,975
Total Revenues	9,328,983	9,219,645	(109,338)
EXPENDITURES			
Administration:			
Salaries and wages	586,922	590,677	(3,755)
Health insurance	197,000	174,044	22,956
Retirement contribution	103,198	90,208	12,990
Workmen's compensation insurance	8,000	6,925	1,075
FICA	8,400	8,397	3
Unemployment tax	3,800	1,443	2,357
Legal	60,000	47,974	12,026
Election	25,000	-	25,000
Consultants	35,000	31,429	3,571
Insurance	34,000	32,701	1,299
Communication and utilities	27,000	27,192	(192)
Office operation and maintenance	14,900	16,049	(1,149)
Auditing and accounting	9,100	9,400	(300)
Billing system update	51,200	27,357	23,843
Office equipment, furniture and contracts	17,000	4,309	12,691
Meetings, training and books	11,760	15,657	(3,897)
Miscellaneous office expense	6,000	3,191	2,809
Newsletter	2,500	2,033	467
Publications, memberships and dues	2,900	-	2,900
Travel	500	20	480
Bank charges	2,500	5,075	(2,575)
Server migration to cloud	22,000	12,505	9,495
Total Administration	1,228,680	1,106,586	122,094
Sewer Operations:			
Metro Wastewater Reclamation District			
Treatment and Distribution	1,514,887	1,514,887	-
Sewer operation and maintenance	146,814	89,568	57,246
Sewer service - Twin Shores/DWW	146,190	112,870	33,320
Engineering	61,200	41,492	19,708
Vehicle operation and maintenance	11,000	10,417	583
Communications	3,000	2,109	891
Office and field supplies	600	381	219
Postage	500	522	(22)

(continued)

LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2023
(continued)

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Small equipment	3,000	2,254	746
Clothing and uniforms	800	515	285
Building and grounds improvements	12,000	-	12,000
Outsource billing/online payment services	16,600	17,487	(887)
File/scanning system	7,200	-	7,200
Billing system	30,840	800	30,040
Total Sewer Operations	1,954,631	1,793,302	161,329
Water Operations:			
Water purchased	4,264,640	3,686,022	578,618
Water systems operations and maintenance	272,400	122,757	149,643
Water meter repair and replacement	-	80,886	(80,886)
Back bill engineering	-	30,829	(30,829)
Engineering	61,200	42,948	18,252
Utility service	10,500	8,152	2,348
Water meters	118,800	29,159	89,641
Vehicle operation and maintenance	11,000	10,526	474
Communications	3,000	2,109	891
Office and field supplies	600	381	219
Small equipment	3,000	2,254	746
Postage	500	522	(22)
Clothing and uniforms	800	515	285
Building and grounds improvements	12,000	-	12,000
Outsource billing/online payment services	16,600	17,487	(887)
Equipment-meter reading device	8,000	-	8,000
File/scanning system	7,200	-	7,200
Billing system	30,840	800	30,040
Total Water Operations	4,821,080	4,035,347	785,733
Capital Outlay:			
Sewer:			
Pierce Street outfall line rehabilitation	450,000	294,911	155,089
Water:			
Quincy water line	1,000,000	7,468	992,532
Fire hydrant replacements	50,000	51,650	(1,650)
Emergency connection	595,000	31,902	563,098
Communication and test equipment	-	5,258	(5,258)
Total Capital Outlay	2,095,000	391,189	1,703,811
Contingency	504,970	-	504,970
Total expenditures	10,604,361	7,326,424	3,277,937
REVENUES OVER (UNDER) EXPENDITURES	(1,275,378)	1,893,221	3,168,599
FUNDS AVAILABLE - BEGINNING OF YEAR	29,745,594	28,797,046	(948,548)
FUNDS AVAILABLE - END OF YEAR	\$ 28,470,216	\$ 30,690,267	\$ 2,220,051
Funds available is computed as follows:			
Current assets		\$ 30,989,712	
Current liabilities		(299,445)	
		<u>\$ 30,690,267</u>	

**LAKEHURST WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2023**

Revenue (budgetary basis)	\$ 9,219,645
Contributed capital assets	646,470
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	9,866,115
Expenditures (budgetary basis)	7,326,424
Depreciation and amortization	700,791
Capital outlay	(391,189)
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	7,636,026
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 2,230,089