

**LAKEHURST WATER AND SANITATION
DISTRICT**

Jefferson and Denver Counties, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023**

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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 accompanying financial statements of the Lakehurst Water and Sanitation District (District) as of and for the years ended December 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Lakehurst Water and Sanitation District, as of December 31, 2024 and 2023, and the changes in its 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
July 21, 2025

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023**

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, 2024 and 2023. 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

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023**

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					
	2022	\$ Change	2023	\$ Change	2024
Current assets	\$ 29,151,392	\$ 1,838,320	\$ 30,989,712	\$ 1,070,903	\$ 32,060,615
Capital assets	17,605,616	336,868	17,942,484	(197,757)	17,744,727
Total assets	46,757,008	2,175,188	48,932,196	873,146	49,805,342
Current liabilities	354,346	(54,901)	299,445	142,353	441,798
Total Liabilities	354,346	(54,901)	299,445	142,353	441,798
Net investment in capital assets	17,605,616	336,868	17,942,484	(197,757)	17,744,727
Unrestricted	28,797,046	1,893,221	30,690,267	928,550	31,618,817
Total Net Position	\$ 46,402,662	\$ 2,230,089	\$ 48,632,751	\$ 730,793	\$ 49,363,544

2024

For 2024, current assets increased by \$1,070,903, or 3.5%. The largest portion of this increase was in cash and cash equivalents and investments, which increased by \$969,226 mostly due to positive operating results and limited capital asset activity in 2024. Capital assets and the District net investment in capital assets decreased as the District's capital asset additions for 2024, were less than the current year depreciation expense, see the Capital Assets Administration discussion below for more information. Current liabilities increased by \$142,353, or 47.5% from 2023 to 2024. This increase was due primarily higher capital asset activity at the end of 2024.

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 less 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.

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, 2024 and 2023**

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

	2022	\$ Change	2023	\$ Change	2024
Operating revenue	\$ 8,583,278	\$ (529,415)	\$ 8,053,863	\$ 1,305,111	\$ 9,358,974
Nonoperating revenue	92,411	812,021	904,432	22,696	927,128
Total revenues	<u>8,675,689</u>	<u>282,606</u>	<u>8,958,295</u>	<u>1,327,807</u>	<u>10,286,102</u>
Operating expenses	8,338,763	(702,737)	7,636,026	2,118,024	9,754,050
Total expenses	<u>8,338,763</u>	<u>(702,737)</u>	<u>7,636,026</u>	<u>2,118,024</u>	<u>9,754,050</u>
Income before capital contributions	336,926	985,343	1,322,269	(790,217)	532,052
Capital contributions	940,575	(32,755)	907,820	(709,079)	198,741
Change in net position	1,277,501	952,588	2,230,089	(1,499,296)	730,793
Net Position -					
Beginning of Year	45,125,161	1,277,501	46,402,662	2,230,089	48,632,751
Net Position - End					
of Year	<u>\$ 46,402,662</u>	<u>\$ 2,230,089</u>	<u>\$ 48,632,751</u>	<u>\$ 730,793</u>	<u>\$ 49,363,544</u>

2024

For 2024 there was a \$1,305,111, or 16.2% increase in operating revenue, mostly as a result of higher water service revenue due to higher water usage than in 2023 as well as increased water rates for 2024. Capital contributions for 2024 decreased by \$709,079, or 78.1% due to primarily fewer contributed water and sewer lines, as well as lower tap fee receipts. For 2024 the District's operating expenses increased by \$2,118,024, or 27.7%. The largest portion of this increase was for water operations expenses which increased by \$1,038,716, due primarily to more water purchased from Denver Water as a result of higher water usage by the District's customers. Sewer operations expense increased by \$851,438 due to higher Metro Water Recovery sewer treatments costs for 2024.

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.

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 2024. A budget to actual statement is included as supplementary information in the audited financial statements.

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023**

For 2024, revenues were more than budgeted by \$441,731, primarily due net investment income being \$627,128 more than budgeted. Net water and sewer service fees being \$113,327 less than budgeted, which was partially offset by net investment earnings variance. Overall expenditures were under budget by \$2,675,210. The budget category of Water Operations expenditures exceeded budget by \$269,473 due to more water purchased from Denver Water than had been anticipated. The Sewer Operations, Administration and Capital Outlay expenditures were all under budget for 2024, with the largest being Capital Outlay which was \$2,148,571 less than budgeted. The District had anticipated higher capital outlay than actually occurred. Additionally, the District budgeted a Contingency of \$575,561 which was not utilized. Additional information regarding the District's 2024 budget to actual performance is located on pages 15 through 16 of these financial statements.

CAPITAL ASSETS ADMINISTRATION

Capital Assets

As of December 31, 2024 and 2023, the District had investments 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				
	2022	\$ Change	2023	\$ Change	2024
Land	\$ 20,636	\$ -	\$ 20,636	\$ -	\$ 20,636
Construction in progress	15,818	16,084	31,902	361,544	393,446
Total capital assets, not being depreciated	36,454	16,084	52,538	361,544	414,082
Building	203,844	(16,627)	187,217	(15,714)	171,503
Pump stations	5,069	(349)	4,720	87	4,807
Water lines	10,769,812	51,230	10,821,042	(355,359)	10,465,683
Sewer lines	6,452,478	309,289	6,761,767	(192,863)	6,568,904
Water meter reading equipment	61,220	(3,197)	58,023	(6,437)	51,586
Office equipment	20,448	(499)	19,949	(5,486)	14,463
Vehicles	56,291	(19,063)	37,228	16,471	53,699
Total capital assets being depreciated, net	17,569,162	320,784	17,889,946	(559,301)	17,330,645
Total capital assets, net	\$ 17,605,616	\$ 336,868	\$ 17,942,484	\$ (197,757)	\$ 17,744,727

2024

For 2024 the capital asset increases were: 2024 Sewer rehabilitation \$347,091, Fire Hydrant replacement \$49,000, Zone 3 Emergency Connection \$14,453, Meter Reading Software & Equipment \$6,540, and purchased field use pickup truck for \$30,345. The District also received contributed water lines with a value of \$90,958 and sewer lines with a value of \$53,758.

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

**LAKEHURST WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023**

\$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.

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

Long-Term Debt

As of December 31, 2024 and 2023, 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 2025 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 2025 the District's Board of Directors approved a 4% increase in the District's water consumption rate, increasing from \$5.73 per thousand gallons to \$5.96 per thousand gallons. The District's water base rate increased by 2% from \$11.55 to \$11.78 per single family residential equivalent tap. The sanitary sewer service rate was not increased and remains at \$23.92 per single family equivalent tap. For 2025 the Metro Water Recovery District charges are expected to be \$2,225,043, which is a decrease of \$177,714, or 7.4%, from 2024'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, 2024 and 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,749,276	\$ 24,780,050
Investments	5,589,421	5,459,188
Accounts receivable:		
Customers	513,733	551,361
Accrued interest receivable	53,889	35,262
Prepaid expense	56,891	52,721
Parts inventory	97,405	111,130
Total current assets	32,060,615	30,989,712
CAPITAL ASSETS		
Capital assets, not being depreciated	414,082	52,538
Capital assets, being depreciated	32,738,271	32,618,429
	33,152,353	32,670,967
Less accumulated depreciation and amortization	(15,407,626)	(14,728,483)
Total capital assets	17,744,727	17,942,484
TOTAL ASSETS	\$ 49,805,342	\$ 48,932,196
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 379,148	\$ 206,418
Due to Willowbrook W & S District	-	48,539
Warranty escrow deposit	8,000	26,000
Accrued compensated absences	54,650	18,488
Total current liabilities	441,798	299,445
NET POSITION		
Net investment in capital assets	17,744,727	17,942,484
Unrestricted	31,618,817	30,690,267
Total net position	49,363,544	48,632,751
TOTAL LIABILITIES AND NET POSITION	\$ 49,805,342	\$ 48,932,196

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, 2024 and 2023

	2024	2023
OPERATING REVENUE		
Water sales and service charges	\$ 5,491,347	\$ 4,563,382
Sewer service charges	3,746,787	3,367,904
Legal and engineering back charges	51,069	39,699
Meter fees	3,024	12,820
Miscellaneous	55,997	56,878
Turn off, turn on, and late charges	10,350	11,980
Inclusion fees	400	1,200
Total operating revenue	9,358,974	8,053,863
 OPERATING EXPENSES		
Water operations and maintenance	5,074,063	4,035,347
Sewer operations and maintenance	2,644,740	1,793,302
Administration expense	1,245,345	1,106,586
Depreciation and amortization	788,875	700,791
Total operating expenses	9,753,023	7,636,026
 OPERATING INCOME	(394,049)	417,837
 NONOPERATING REVENUE (EXPENSE)		
Net investment income	927,128	904,432
Loss on disposal of capital assets	(1,027)	-
Total nonoperating revenue (expense)	926,101	904,432
 INCOME BEFORE CAPITAL CONTRIBUTIONS	532,052	1,322,269
 CAPITAL CONTRIBUTIONS		
Tap fees:		
Water tap fees	44,000	180,000
Sewer tap fees	10,025	81,350
Contributed capital assets:		
Water lines	90,958	404,973
Sewer lines	53,758	241,497
Total capital contributions	198,741	907,820
 CHANGE IN NET POSITION	730,793	2,230,089
 NET POSITION - BEGINNING OF YEAR	48,632,751	46,402,662
 NET POSITION - END OF YEAR	\$ 49,363,544	\$ 48,632,751

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, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 9,292,066	\$ 8,063,740
Payments to vendors	(7,924,793)	(6,138,412)
Payments to employees	(932,201)	(872,588)
Other operating receipts	55,997	56,878
Net cash provided by operating activities	491,069	1,109,618
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(336,136)	(395,734)
Capital contributions	54,025	261,350
Warranty escrow deposit received	(18,000)	(31,000)
Net cash required by capital financing activities	(300,111)	(165,384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,260,813)	(3,201,584)
Maturity of investments	3,180,000	3,070,000
Interest received	859,081	737,089
Net cash provided by investing activities	778,268	605,505
NET INCREASE IN CASH AND CASH EQUIVALENTS	969,226	1,549,739
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	24,780,050	23,230,311
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 25,749,276	\$ 24,780,050
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income/(loss) from operations	\$ (394,049)	\$ 417,837
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	788,875	700,791
Effects of changes in operating assets and liabilities:		
Accounts receivable	37,628	48,881
Prepaid expenses	(4,170)	(5,121)
Parts inventory	13,725	(33,414)
Accounts payable	61,437	(36,336)
Due to other Willowbrook W & S District	(48,539)	17,874
Accrued compensated absences	36,162	(894)
Net cash provided by operating activities	\$ 491,069	\$ 1,109,618
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES		
Contributed capital assets	\$ 144,716	\$ 646,470
Fair value increase (decrease) of investments	49,420	157,081
	\$ 194,136	\$ 803,551

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, 2024 and 2023

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, 2024, 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 for enterprise funds include the cost of sales and services, administrative expenses, and

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

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, 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.

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

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

Water lines	15-40 years
Sewer lines	39-40 years
Pump stations	25-40 years
Building	7-40 years
Communication and test equipment	5-40 years
Office equipment	7-10 years
Vehicles	5-7 years

Vacation, Sick Leave, and Other Compensated Absences

Vacation leave is accrued as an expense when earned by employees. Employees may carry unused vacation time into the following year; provided, however, that an employee may never have in total more than 120 hours of unused vacation time that has been carried forward from any prior year. Upon termination of employment, any accrued unused vacation is paid out to the employee.

Sick leave benefits are accrued as an expense when earned by employees. Unused sick leave accruals may be carried over into the following year; however, an employee may accumulate only a maximum of 160 hours of sick leave per year. After the maximum sick leave accrual has accrued, employees will not accrue any additional sick leave until some of the accumulated sick leave hours have been used. Sick leave is not payable upon termination.

Other compensated absence benefits provided by the District do not accumulate and are not allowed to be carried over to a subsequent year, and therefore no accrual is made for other compensated absences.

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.

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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.

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, 2024, the District had cash deposits with a bank balance of \$11,982,937 and a carrying balance of \$11,966,096 and cash on hand of \$340. 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.

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

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

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.

As of December 31, 2024, the District had the following investment portfolio:

Investment Type	Carrying Value	Maturity		Percent of Investment Portfolio
		Less than one year	One to three years	
United States Treasury Notes	\$ 5,589,421	\$ 2,368,639	\$ 3,220,782	28.85%
Wells Fargo Government Money Market Fund	74,831	74,831	-	0.39%
COLOTRUST Plus+	13,708,009	13,708,009	-	70.76%
	<u>\$ 19,372,261</u>	<u>\$ 16,151,479</u>	<u>\$ 3,220,782</u>	

As of December 31, 2023, the District had the following investment portfolio:

Investment Type	Carrying Value	Maturity	Maturity	Percent of Investment Portfolio
		Less than one year	One to two years	
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>	

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, 2024 and 2023, 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.

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COLOTRUST

As of December 31, 2024 and 2023, 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 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 AA Af/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 District's 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, 2024 and 2023, cash and cash equivalents and investments are reflected in the statement of net position and statement of cash flows as follows:

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	2024	2023
Cash and cash equivalents	\$ 25,749,276	\$ 24,780,050
Investments	5,589,421	5,459,188
	\$ 31,338,697	\$ 30,239,238

NOTE 4 - CAPITAL ASSETS

Following is an analysis of the changes in capital assets for the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Disposals/ Reductions	Balance December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 20,636	\$ -	\$ -	\$ 20,636
Construction in progress	31,902	361,544	-	393,446
Total capital assets, not being depreciated	52,538	361,544	-	414,082
Capital assets, being depreciated:				
Building	523,088	-	-	523,088
Pump stations	458,371	-	-	458,371
Water lines	19,842,079	139,958	(795)	19,981,242
Sewer lines	10,843,709	53,758	-	10,897,467
Water meter reading equipment	729,840	6,540	(26,683)	709,697
Office equipment	26,132	-	-	26,132
Vehicles	195,210	30,345	(83,281)	142,274
Total capital assets being depreciated	32,618,429	230,601	(110,759)	32,738,271
Less accumulated depreciation for:				
Building	(335,871)	(15,714)	-	(351,585)
Pump stations	(453,651)	87	-	(453,564)
Water lines	(9,021,037)	(494,522)	-	(9,515,559)
Sewer lines	(4,081,942)	(246,621)	-	(4,328,563)
Water meter reading equipment	(671,817)	(12,977)	26,683	(658,111)
Office equipment	(6,183)	(5,486)	-	(11,669)
Vehicles	(157,982)	(13,642)	83,049	(88,575)
Total accumulated depreciation	(14,728,483)	(788,875)	109,732	(15,407,626)
Total capital assets being depreciated, net	17,889,946	(558,274)	(1,027)	17,330,645
Total capital assets, net	\$ 17,942,484	\$ (196,730)	\$ (1,027)	\$ 17,744,727

LAKEHURST WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

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

	Balance December 31, 2022	Additions	Disposals/ Reductions	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>

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, 2024 and 2023, the District had a net investment in capital assets of \$17,744,727 and \$17,942,484, 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 AND OTHER EMPLOYEE BENEFIT 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 MissionSquare Retirement. 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, 2024 and 2023, of \$21,227 and \$20,999, respectively. The District made contributions/recognized expenses for years ended December 31, 2024 and 2023 of \$45,981 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 MissionSquare Retirement. 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, 2024 were \$49,718 and \$49,711, respectively. Contributions made by the District and the plan members for the year ended December 31, 2023 were \$46,810 and \$46,796, 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, 2024. 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
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December 31, 2024 and 2023**

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 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Estimate for current year	\$ 1,997,347	\$ 1,680,681
Preliminary adjustment for preceding year estimate	208,198	(121,064)
Adjustment for second preceding year estimate	197,212	(44,730)
Total annual charges	<u>\$ 2,402,757</u>	<u>\$ 1,514,887</u>

The total 2025 annual charge is expected to be \$2,225,043, which is comprised of the 2025 sewer treatment estimate of \$2,176,569, an unfavorable 2023 final adjustment of \$19,494 and an unfavorable 2024 preliminary adjustment of \$28,980.

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" the business represented by the District's water and wastewater systems. The District's annual

LAKEHURST WATER AND SANITATION DISTRICT
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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, 2024

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Water sales and service charges	\$ 5,276,246	\$ 5,491,347	\$ 215,101
Sewer service charges	4,075,215	3,746,787	(328,428)
Net investment income	300,000	927,128	627,128
Legal and engineering back charges	50,000	51,069	1,069
Meter fees	12,000	3,024	(8,976)
Miscellaneous	50,000	55,997	5,997
Turn off, turn on, and late charges	15,360	10,350	(5,010)
Inclusion fees	1,200	400	(800)
Water tap fees	80,000	44,000	(36,000)
Sewer tap fees	30,375	10,025	(20,350)
Proceeds from disposal of capital assets	8,000	-	(8,000)
Total Revenues	<u>9,898,396</u>	<u>10,340,127</u>	<u>441,731</u>
EXPENDITURES			
Administration:			
Salaries and wages	618,818	660,296	(41,478)
Health insurance	205,000	194,788	10,212
Retirement contribution	111,682	95,698	15,984
Workmen's compensation insurance	8,000	7,773	227
FICA	8,900	8,889	11
Unemployment tax	4,100	919	3,181
Legal	70,000	68,193	1,807
Consultants	50,000	50,096	(96)
Insurance	36,000	36,467	(467)
Communication and utilities	30,800	23,786	7,014
Office operation and maintenance	18,000	15,178	2,822
Auditing and accounting	9,800	9,400	400
Billing system update	50,500	39,530	10,970
Office equipment, furniture and contracts	14,000	5,116	8,884
Meetings, training and books	18,828	9,796	9,032
Miscellaneous office expense	4,000	10,943	(6,943)
Newsletter	2,500	1,285	1,215
Publications, memberships and dues	4,250	1,801	2,449
Travel	300	97	203
Bank charges	6,000	5,294	706
Total Administration	<u>1,271,478</u>	<u>1,245,345</u>	<u>26,133</u>
Sewer Operations:			
Metro Wastewater Reclamation District			
Treatment and Distribution	2,402,757	2,402,757	-
Sewer operation and maintenance	148,751	59,072	89,679
Sewer service - Twin Shores/DWW	146,190	118,180	28,010
Engineering	50,000	27,669	22,331
Vehicle operation and maintenance	15,000	8,482	6,518
Communications	3,500	1,703	1,797
Office and field supplies	600	435	165
Postage	500	500	-
Small equipment	8,000	-	8,000

(continued)

LAKEHURST WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2024
(continued)

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Clothing and uniforms	1,000	385	615
Building and grounds improvements	10,000	3,538	6,462
Outsource billing/online payment services	19,500	18,239	1,261
File/scanning system	8,880	-	8,880
Billing system	24,480	3,780	20,700
Total Sewer Operations	2,839,158	2,644,740	194,418
Water Operations:			
Water purchased	4,207,250	4,630,539	(423,289)
Water systems operations and maintenance	304,800	228,696	76,104
Water meter repair and replacement	114,480	87,895	26,585
Back bill engineering	-	40,082	(40,082)
Engineering	66,600	33,513	33,087
Utility service	12,000	7,066	4,934
Water meters	-	12,748	(12,748)
Vehicle operation and maintenance	15,000	8,482	6,518
Communications	3,500	1,703	1,797
Office and field supplies	600	435	165
Small equipment	8,000	-	8,000
Postage	500	500	-
Clothing and uniforms	1,000	385	615
Building and grounds improvements	10,000	-	10,000
Outsource billing/online payment services	19,500	18,239	1,261
Equipment-meter reading device	8,000	-	8,000
File/scanning system	8,880	-	8,880
Billing system	24,480	3,780	20,700
Total Water Operations	4,804,590	5,074,063	(269,473)
Capital Outlay:			
Sewer:			
2024 Sewer rehabilitation project	550,000	347,091	202,909
Water:			
Quincy water line	1,200,000	-	1,200,000
Fire hydrant replacements	65,000	49,000	16,000
Zone 3 emergency connection	726,000	14,453	711,547
Communication and test equipment	-	6,540	(6,540)
Vehicles	55,000	30,345	24,655
Total Capital Outlay	2,596,000	447,429	2,148,571
Contingency	575,561	-	575,561
Total expenditures	12,086,787	9,411,577	2,675,210
REVENUES OVER (UNDER) EXPENDITURES	(2,188,391)	928,550	3,116,941
FUNDS AVAILABLE - BEGINNING OF YEAR	29,034,131	30,690,267	1,656,136
FUNDS AVAILABLE - END OF YEAR	\$ 26,845,740	\$ 31,618,817	\$ 4,773,077
Funds available is computed as follows:			
Current assets		\$ 32,060,615	
Current liabilities		(441,798)	
		\$ 31,618,817	

**LAKEHURST WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2024**

Revenue (budgetary basis)	\$10,340,127
Contributed capital assets	144,716
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	10,484,843
Expenditures (budgetary basis)	9,411,577
Depreciation and amortization	788,875
Capital outlay	(447,429)
Loss on disposal of capital assets	1,027
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	9,754,050
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 730,793