

MORAIN | BAKARICH  
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Holly Hills Water & Sanitation District  
13131 W. Alameda Pkwy., Suite 200  
Lakewood, CO 80228

Management is responsible for the accompanying budgets of revenues, expenditures, and fund balances for the general fund, sanitation enterprise fund, and capital projects fund of Holly Hills Water and Sanitation District for the year ending December 31, 2023, including estimated comparative information for the year ending December 31, 2022, and the actual comparative information for the year ending December 31, 2021, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budgets, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budgets.

The budgeted results may not be achieved as there will generally be differences between the budgeted and actual results. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying budgets and this report were prepared for the purpose of determining the mill levy and estimating revenues, expenditures and fund balances as required by governmental entities within the State of Colorado in accordance with C.R.S. 29-1-105, and should not be used for any other purpose. The accompanying budgets are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Holly Hills Water and Sanitation District.

*Morain Bakarich, CPAs*

**MORAIN BAKARICH CPAs**  
November 16, 2022

# HOLLY HILLS WATER AND SANITATION DISTRICT

## Assessed Valuation, Taxes and Mill Levy Information

<b>PROPERTY TAXES</b>	<b>2021 ACTUAL</b>	<b>2022 ADOPTED</b>	<b>2023 ADOPTED</b>
<b>Assessed Valuation</b>			
Denver County	\$ 35,355,790	\$ 37,282,150	\$ 36,402,580
Arapahoe County	29,458,543	30,368,086	29,655,632
<b>Mill Levy</b>			
Denver County	2.716	2.716	2.716
Abatements - Denver County	0.000	0.003	0.000
Total Mill Levy - Denver County	<b>2.716</b>	<b>2.719</b>	<b>2.716</b>
Arapahoe County	2.716	2.716	2.716
Abatements - Arapahoe County	0.000	0.000	0.000
Total Mill Levy - Denver County	<b>2.716</b>	<b>2.716</b>	<b>2.716</b>
<b>Property Tax</b>			
Denver County	\$ 95,750	\$ 101,258	\$ 98,869
Arapahoe County	80,009	82,480	80,545
Abatements	-	112	-
Total Property Tax	<b>\$ 175,759</b>	<b>\$ 183,850</b>	<b>\$ 179,414</b>
<b>Specific Ownership Taxes</b>			
Denver County	\$ 5,470	\$ 5,500	\$ 5,500
Arapahoe County	5,514	4,500	4,900
Total Specific Ownership Taxes	<b>\$ 10,984</b>	<b>\$ 10,000</b>	<b>\$ 10,400</b>
<b>Treasurer's Fee</b> (@ 1.5% statutory fee)	<b>\$ 2,195</b>	<b>\$ 2,758</b>	<b>\$ 2,691</b>

**HOLLY HILLS WATER AND SANITATION DISTRICT**  
**GENERAL FUND**  
**2023 ADOPTED BUDGET**

	2021	2022	2022	2022	2023
	ACTUAL	ADOPTED BUDGET	YTD ACTUAL (1/1/22 - 10/31/22)	ESTIMATED	ADOPTED BUDGET
<b>Beginning Fund Balance</b>	\$ 27,154	\$ 94,117	\$ 90,163	\$ 90,163	\$ 126,877
<b>REVENUES:</b>					
Property Tax - Arapahoe	\$ 80,009	\$ 82,480	\$ 82,077	\$ 82,480	\$ 80,545
Property Tax - Denver	95,750	101,370	99,799	101,370	98,869
Specific Ownership Tax - Arapahoe	5,514	4,500	3,920	4,900	4,900
Specific Ownership Tax - Denver	5,470	5,500	3,750	5,500	5,500
Interest Income	190	300	4,998	5,000	6,500
Miscellaneous Income	-	100	-	-	-
<b>Total Revenues</b>	186,933	194,250	194,544	199,250	196,314
<b>Total Funds Available</b>	\$ 214,087	\$ 288,367	\$ 284,707	\$ 289,413	\$ 323,191
<b>EXPENDITURES:</b>					
Accounting and Billing	\$ 18,377	\$ 18,000	\$ 42,384	\$ 50,000	\$ 40,000
Bank Fees	200	250	259	250	250
Management	43,977	44,000	34,338	40,000	40,000
Audit	5,184	1,000	-	1,000	7,500
Director's Fees	3,900	6,000	3,200	6,000	6,000
Dues and Memberships	683	1,300	453	1,400	1,500
Election Expense	-	15,000	583	600	5,000
Insurance and Bonds	2,491	2,750	2,423	2,500	3,000
Legal	26,931	30,000	22,369	30,000	35,000
Miscellaneous	456	1,000	-	1,000	1,000
Office/Duplicating/Postage	2,058	2,400	361	700	2,500
Locates	15,438	15,000	11,036	15,000	20,000
Payroll Taxes	298	460	245	300	500
Printing/Publication	-	150	-	50	100
Treasurer's Fees	2,195	2,758	2,230	2,758	2,691
Website	1,736	1,800	-	5,000	2,000
Contingency	-	65,000	-	-	20,000
Emergency Reserve	-	5,828	-	5,978	5,889
<b>Total Expenditures</b>	\$ 123,924	\$ 212,695	\$ 119,880	\$ 162,536	\$ 192,930
<b>TRANSFERS AND OTHER USES</b>					
Transfer to Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures Requiring Appropriation</b>	\$ 123,924	\$ 212,695	\$ 119,880	\$ 162,536	\$ 192,930
<b>Ending Fund Balance</b>	\$ 90,163	\$ 75,672	\$ 164,827	\$ 126,877	\$ 130,261
<b>Estimated Change in Fund Balance</b>	\$ 63,009	\$ (18,445)	\$ 74,664	\$ 36,714	\$ 3,384

**HOLLY HILLS SANITATION DISTRICT  
ENTERPRISE FUND  
2023 ADOPTED BUDGET**

	2021	2022	2022	2022	2023
	ACTUAL	ADOPTED BUDGET	YTD ACTUAL (1/1/22 - 10/31/22)	ESTIMATED	ADOPTED BUDGET
<b>Beginning Fund Balance</b>	\$ 1,477,778	\$ 139,304	\$ 1,647,968	\$ 1,647,968	\$ 1,918,353
<b>REVENUES:</b>					
Sewer Service Fees	\$ 427,898	\$ 425,000	\$ 388,941	\$ 420,750	\$ 441,375
Facilities Renovation Fees	86,115	172,230	161,100	170,385	170,385
Inspection Fees	1,500	1,800	450	1,000	1,500
Investment Income (Colo trust and other)	1	100	121	100	200
Transfer Fees	-	-	1,300	2,000	6,000
Other Income (C & C Denver)	414	500	-	500	500
<b>Total Revenues</b>	<u>515,928</u>	<u>599,630</u>	<u>551,912</u>	<u>594,735</u>	<u>619,960</u>
<b>Total Funds Available</b>	<u>1,993,706</u>	<u>738,934</u>	<u>2,199,880</u>	<u>2,242,703</u>	<u>2,538,313</u>
<b>EXPENDITURES:</b>					
Miscellaneous Expense	-	500	-	500	500
Treasurer's Fees	-	50	24	50	50
Engineering	11,462	12,000	5,454	9,000	10,000
GIS System	6,325	4,200	1,350	3,800	4,500
Billing Service	7,843	6,000	19,485	20,000	15,000
Maintenance/Cleaning	33,612	50,000	40,486	50,000	55,000
Metro Sewage Treatment	200,364	200,289	150,217	201,000	270,000
Depreciation Expense	38,290	-	-	40,000	-
Treatment Charges Reserve	-	50,000	-	-	50,000
<b>Total Expenditures</b>	<u>297,896</u>	<u>323,039</u>	<u>217,016</u>	<u>324,350</u>	<u>405,050</u>
<b>TRANSFERS AND OTHER USES</b>					
Transfer to Capital Projects	\$ 47,842	\$ 110,000	\$ -	\$ -	\$ 150,000
<b>Total Expenditures Requiring Appropriation</b>	<u>\$ 345,738</u>	<u>\$ 433,039</u>	<u>\$ 217,016</u>	<u>\$ 324,350</u>	<u>\$ 555,050</u>
<b>Ending Fund Balance</b>	<u>\$ 1,647,968</u>	<u>\$ 305,895</u>	<u>\$ 1,982,864</u>	<u>\$ 1,918,353</u>	<u>\$ 1,983,263</u>
<b>Estimated Change in Fund Balance</b>	<u>\$ 170,190</u>	<u>\$ 166,591</u>	<u>\$ 334,896</u>	<u>\$ 270,385</u>	<u>\$ 64,910</u>

**HOLLY HILLS WATER AND SANITATION DISTRICT  
CAPITAL PROJECTS FUND  
2023 ADOPTED BUDGET**

	2021 ACTUAL	2022 ADOPTED BUDGET	2022 YTD ACTUAL (1/1/22 - 10/31/22)	2022 ESTIMATED	2023 ADOPTED BUDGET
<b>Beginning Fund Balance</b>	\$ (47,422)	\$ -	\$ -	\$ -	\$ -
<b>REVENUES:</b>					
Transfer from Enterprise Fund	47,842	110,000	-	-	150,000
Transfers from General Fund	-	-	-	-	-
<b>Total Revenue</b>	47,842	110,000	-	-	150,000
<b>Total Funds Available</b>	420	110,000	-	-	150,000
<b>EXPENDITURES:</b>					
Project Management	-	-	-	-	5,000
Engineering Services	420	10,000	-	-	20,000
Major Repairs	-	100,000	-	-	125,000
Developer Advances	-	-	-	-	-
<b>Total Expenditures</b>	420	110,000	-	-	150,000
<b>Total Expenditures Requiring Appropriation</b>	\$ 420	\$ 110,000	\$ -	\$ -	\$ 150,000
<b>Ending Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Estimated Change in Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -

**HOLLY HILLS WATER AND SANITATION DISTRICT**  
**2023 BUDGET MESSAGE**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by the Directors, are those that are believed to be significant to the accompanying budgets but are not intended to be all-inclusive. The disclosures are intended to describe assumptions used during the preparation of the 2023 annual budgets. Actual results may differ from the prospective and budgeted figures contained in the budgets.

**DISTRICT SERVICES**

The District is a quasi-municipal organization created on April 10, 1952, for the purpose of providing water and sanitation services to residents within the District.

On May 2, 2000, qualified electors of the District approved the District to be authorized to collect, retain, and spend all revenues and other funds received from any source, including the existing property tax levy of 2.716 mills annually, without limitations imposed by 29-1-301 or Article X, Section 20 of the Colorado Constitution; and approved the waiver of limitation on the terms of office of the Board of Directors.

**BUDGETARY ACCOUNTING METHODS**

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S 29-1-105. The District's 2023 budget includes projected revenues and expenditures for the District's general fund, enterprise fund, and capital projects fund.

**GENERAL FUND**

The general fund provides for normal administrative and operating expenses related to the statutory operations of a local government. The general fund's primary sources of revenue are property taxes and specific ownership taxes.

The District has property included within its boundaries residing within the County of Denver, Colorado with an assessed valuation of \$36,402,580, and property included within its boundaries residing in the County of Arapahoe, Colorado with an assessed valuation of \$29,655,632. The District's combined 2022 assessed valuation is \$66,058,212 and has certified a mill levy of 2.716 mills in 2022, for 2023 collection. The District's total mill levy is expected to generate property tax revenues of approximately \$179,414 and specific ownership taxes of \$10,400 in 2023.

The District believes all budgeted revenue and expenditures for 2023 are within the limitations imposed by law.

**SANITATION ENTERPRISE FUND**

The enterprise fund accounts for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing services to the public on a continuing basis be financed primarily through user fees and charges.

The primary sources of revenue are sewer service fees and facility renovation fees. The District anticipates receiving \$441,375 of sewer service charges and \$170,385 of facility renovation fees in 2023. The District has also budgeted \$270,000 for Metro Water Recovery treatment expenditures and \$150,000 of transfers out to the capital projects fund in 2023.

**HOLLY HILLS WATER AND SANITATION DISTRICT**  
**2023 BUDGET MESSAGE**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**CAPITAL PROJECTS FUND**

The capital projects fund is used to account for revenues and expenditures relating to capital projects such as new improvements and upgrades to existing sanitary sewer infrastructure. The primary revenue sources of the capital projects funds are transfers from the general fund and the sanitation enterprise fund. The District has budgeted \$150,000 of transfers in from the enterprise fund and anticipates spending equal amounts on capital improvements in 2023.

**DEBT SERVICE**

The District does not currently have any outstanding indebtedness and does not currently anticipate any borrowings during 2023.

**LEASE PURCHASE TRANSACTIONS**

The District is not a party to any lease purchase agreements, nor does it contemplate entering any lease purchase transactions in 2023.

**EMERGENCY RESERVES**

As required by Section 20 of Article X of the Colorado Constitution ("TABOR"), the District has provided for an emergency reserve equal to 3% of the total fiscal year revenues of the general fund.