

Hi-Land Acres Water and Sanitation District

Financial Statements
with Independent Auditor's Report

December 31, 2023



Hi-Land Acres Water and Sanitation District

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December 31, 2023

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Hi-Land Acres Water and Sanitation District
Adams County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Hi-Land Acres Water and Sanitation District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic 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 respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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Auditor's Responsibilities 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 GAAS 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 GAAS, 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

The District has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Hi-land & Company, PC

Englewood, Colorado
April 8, 2026



Basic Financial Statements

Hi-Land Acres Water and Sanitation District
Statement of Net Position
December 31, 2023

	Business-Type Activities
Assets	
Cash and Cash Equivalents	\$ 143,243
Accounts Receivable, net	7,325
Prepaid Expenses	4,451
Capital Assets, <i>not Being Depreciated</i>	12,670
Capital Assets, <i>net of Accumulated Depreciation</i>	1,498,348
Patronage Capital	15,351
Total Assets	1,681,388
 Liabilities	
Accounts Payable	2,021
Accrued Interest Payable	2,422
Noncurrent Liabilities	
Due Within One Year	14,606
Due in More Than One Year	430,291
Total Liabilities	449,340
 Net Position	
Net Investment in Capital Assets	1,066,121
Unrestricted, Unreserved	165,927
Total Net Position	\$ 1,232,048

Hi-Land Acres Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities	Total
Primary Government						
Business-Type Activities						
Water Operations	\$ 204,630	\$ 96,518	\$ -	\$ -	\$ (108,112)	\$ (108,112)
Sewer Operations	33,703	86,080	-	-	52,377	52,377
Total Business-Type Activities	<u>238,333</u>	<u>182,598</u>	<u>-</u>	<u>-</u>	<u>(55,735)</u>	<u>(55,735)</u>
Total Primary Government	<u>\$ 238,333</u>	<u>\$ 182,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(55,735)</u>	<u>(55,735)</u>
General Revenues						
Taxes						
Property						
					12,171	12,171
Specific Ownership						
					821	821
Investment Income						
					1,906	1,906
Misc.						
					-	-
Total General Revenues and Transfers						
					<u>14,898</u>	<u>14,898</u>
Change in Net Position						
					<u>(40,837)</u>	<u>(40,837)</u>
Net Position, Beginning of Year, as Originally Stated						
					1,346,130	1,346,130
Restatement						
					<u>(73,245)</u>	<u>(73,245)</u>
Net Position, Beginning of Year, as Restated						
					<u>1,272,885</u>	<u>1,272,885</u>
Net Position, End of Year						
					<u>\$ 1,232,048</u>	<u>\$ 1,232,048</u>

Hi-Land Acres Water and Sanitation District
Statement of Net Position
Proprietary Fund
December 31, 2023

	Total
Current Assets	
Cash and Investments	\$ 143,243
Accounts Receivable	7,325
Prepaid Expenses	4,451
Total Current Assets	155,019
<i>Noncurrent Assets</i>	
Capital Assets, <i>Not Being Depreciated</i>	12,670
Capital Assets, <i>Net of Accumulated Depreciation</i>	1,498,348
Patronage Capital	15,351
Total Noncurrent Assets	1,526,369
Total Assets	\$ 1,681,388
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	\$ 2,021
Accrued Interest Payable	2,422
Current Portion of Noncurrent Liabilities	14,606
Total Current Liabilities	19,049
<i>Noncurrent Liabilities</i>	
Notes and Bonds Payable	430,291
Total Noncurrent Liabilities	430,291
Total Liabilities	449,340
Fund Balance	
Net Investment in Capital Assets	1,066,121
Unrestricted	165,927
Total Fund Balance	1,232,048
Total Liabilities and Fund Balance	\$ 1,681,388

See Notes to the Financial Statements.

Hi-Land Acres Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Total
Operating Revenues	
Taxes	
Property Taxes	\$ 12,171
Specific Ownership Taxes	821
Charges for Services	182,598
Miscellaneous	-
Total Operating Revenues	195,590
Operating Expenses	
Collections and Treatment Expenses	195,932
General and Administrative Expenses	33,241
Total Operating Expenses	229,173
Net Operating Income	(33,583)
Non-Operating Revenues (Expenses)	
Interest Income	1,906
Interest Expense	(9,160)
Net Income (Loss) Before Contributed Capital	(40,837)
Contributed Capital and Transfers	
System Development Fees	-
Total Capital Contributions and Transfers	-
Change in Net Position	(40,837)
Net Position, Beginning of Year, as Originally Stated	1,346,130
Restatement	(73,245)
Net Position, Beginning of Year, as Restated	1,272,885
Net Position, End of Year	\$ 1,232,048

Hi-Land Acres Water and Sanitation District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Total
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 190,580
Cash Received from Others	12,992
Cash Paid to Suppliers	(157,991)
Net Cash Provided by Operating Activities	45,581
 Cash Flows From Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(6,982)
Debt Principal Payments	(14,319)
Debt Interest Payments	(9,114)
Net Cash Used by Capital and Related Financing Activities	(30,415)
 Cash Flows From Investing Activities	
Interest Received	1,906
Net Cash Used by Capital and Related Financing Activities	1,906
 Net Change in Cash and Cash Equivalents	17,072
Cash and Cash Equivalents, <i>Beginning of Year</i>	126,171
Cash and Cash Equivalents, <i>End of Year</i>	\$ 143,243
 Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:	
Net Operating Income	\$ (33,583)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	71,182
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	7,982
Net Cash Provided by Operating Activities	\$ 45,581

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies

Hi-Land Acres Water and Sanitation District (the District) is organized under the provisions of Section 32-1-205(6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which include the power to levy taxes against property within the District. The District grants credit to its customers, all of whom are located in Adams County, Colorado. The District was formed in 1967.

Definition of Reporting Entity

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e., the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes, interest, and service fee revenue. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

- Utility Fund - The Utility Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Non-Spendable Fund Balance - The non-spendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance - The restricted fund balance includes amounts restricted for a specific purpose by external parties such as granters, bondholders, constitutional provisions or enabling legislation.

Committed Fund Balance - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance - Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance - Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported in the General Fund, and all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net positions that does not meet the definition of the above two components and is available for general use by the District.

The District has a deficit in unrestricted net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Subsequent Events

We have evaluated subsequent events through April 8, 2026, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Cash and investments as of December 31, 2023, consist of the following:

Bank Deposits	\$ 143,243
Total	\$ <u>143,243</u>

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposits 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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. The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Hi-Land Acres Water and Sanitation District
Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

Following is a summary of the capital assets for the year ended December 31, 2023

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital Assets Not Being Depreciated				
Land and Water Rights	\$ 12,670	\$ -	\$ -	\$ 12,670
Total Capital Assets Not Being Depreciated	<u>12,670</u>	<u>-</u>	<u>-</u>	<u>12,670</u>
Capital Assets Being Depreciated				
Water Distribution System	1,205,016	-	-	1,205,016
Treatment Plants	1,505,044	-	-	1,505,044
Source of Supply	201,214	-	-	201,214
Collection, Transmission and Distribution Systems	123,849	6,982	-	130,831
Total Capital Assets Being Depreciated	<u>3,035,123</u>	<u>6,982</u>	<u>-</u>	<u>3,042,105</u>
Less Accumulated Depreciation for				
Water Distribution System	(300,966)	(24,341)	-	(325,307)
Treatment Plants	(893,077)	(42,638)	-	(935,715)
Source of Supply	(190,911)	(2,149)	-	(193,060)
Collection, Transmission and Distribution Systems	(87,621)	(2,054)	-	(89,675)
Total Accumulated Depreciation	<u>(1,472,575)</u>	<u>(71,182)</u>	<u>-</u>	<u>(1,543,757)</u>
Total Capital Assets Being Depreciated, Net	<u>1,562,548</u>	<u>(64,200)</u>	<u>-</u>	<u>1,498,348</u>
Government Type Activities, Capital Assets, Net	<u>\$ 1,575,218</u>	<u>\$ (64,200)</u>	<u>\$ -</u>	<u>\$ 1,511,018</u>

Note 4: Long-Term Obligations

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2023.

	(Restated) Balance 12/31/22	Additions	Deletions	Balance 12/31/23	Due Within One Year
Business-Type Activities					
State Revolving Loan	\$ 459,216	\$ -	\$ (14,319)	\$ 444,897	\$ 14,606
Total Business-Type Activities	<u>\$ 459,216</u>	<u>\$ -</u>	<u>\$ (14,319)</u>	<u>\$ 444,897</u>	<u>\$ 14,606</u>

In 2017, the District applied for and received a Water Pollution Control Revolving Fund loan in the amount of \$650,000. The loan requires two annual payments totaling \$29,217 beginning January 2019, including interest at 2.0%.

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 4: Long-Term Obligations (Continued)

Future debt principal and interest payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$ 14,606	\$ 8,826	\$ 23,432
2025	14,900	8,532	23,432
2026	15,200	8,232	23,432
2027	15,505	7,927	23,432
2028	15,817	7,615	23,432
2029 - 2033	75,203	41,957	117,160
2034 - 2038	101,547	15,613	117,160
2039 - 2043	102,474	14,686	117,160
2044 - 2047	89,645	4,081	93,726
Total	\$ 444,897	\$ 117,469	\$ 562,366

Note 5: Patronage Capital

Patronage Capital represents funds held by United Power, Inc. in connection with utility services provided. The amount retained may be paid back by United Power, Inc. at its option or when utility services are terminated by the District.

Note 6: Metro Wastewater Reclamation District

During 2013, the District entered into an Inter-Governmental Agreement (IGA) with Metro Wastewater Reclamation District (MWRD). The IGA provides for wastewater treatment to be provided by MWRD. Each resident of the District is required to pay a connection fee of \$4,219. The connection fee paid by the District on residents' behalf were included in capital additions in fiscal year 2013. As of December 31, 2023, there were no amounts owed by the residents to the District.

In connection with the IGA, the District elected to decommission the District's existing wastewater treatment facility. This project spanned multiple years and was completed in fiscal year 2019.

Note 7: Tax, Spending and Debt Limitations

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

Hi-Land Acres Water and Sanitation District

Notes to Financial Statements

December 31, 2023

Note 7: Tax, Spending and Debt Limitations (Continued)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Required Supplementary Information

Hi-Land Acres Water and Sanitation District
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Sales	\$ 120,000	\$ 96,518	\$ (23,482)
Sewer Fees	87,000	86,080	(920)
Tap Fees	13,400	-	(13,400)
Service Charges	250	-	(250)
Property Taxes	16,500	12,171	(4,329)
Specific Ownership Taxes	1,200	821	(379)
Interest Income	130	1,906	1,776
Other	1,175	-	(1,175)
	<u>239,655</u>	<u>197,496</u>	<u>(42,159)</u>
Expenses			
Repairs and Maintenance	80,000	76,082	3,918
Utilities	10,000	8,561	1,439
Operating Fees	12,000	-	12,000
Service Fees	29,000	12,373	16,627
Chemicals, Tests and Water Samples	4,000	2,259	1,741
Metro Tap Fee	5,000	-	5,000
Metro Discharge Fee	22,000	19,067	2,933
Insurance	6,400	5,714	686
Accounting Fees	3,900	21,578	(17,678)
Legal and Engineering Fees	9,000	6,408	2,592
Website/Computer Maintenance	5,000	-	5,000
Miscellaneous	2,000	1,529	471
Office Supplies, Postage, and Bank Charges	600	20	580
Board Meeting Compensation	5,800	4,400	1,400
Telephone	330	-	330
Tax Collection, Licenses and Fees	250	-	250
Rent	400	-	400
Capital Outlays	-	6,982	(6,982)
Total Expenses	<u>195,680</u>	<u>164,973</u>	<u>30,707</u>
Net Operating Income	<u>43,975</u>	<u>32,523</u>	<u>(11,452)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(5,200)	(9,160)	(3,960)
State Loan Payments	(14,100)	(14,319)	(219)
Contingencies	(7,500)	-	7,500
Total Nonoperating Revenues (Expenses)	<u>(26,800)</u>	<u>(23,479)</u>	<u>3,321</u>
Change in Net Position, Budgetary Basis	<u>\$ 17,175</u>	<u>\$ 9,044</u>	<u>\$ (8,131)</u>
Reconciliation to GAAP Basis			
Debt Service Principal		14,319	
Capital Outlay		6,982	
Depreciation		(71,182)	
Change in Net Position, GAAP Basis		<u>\$ (40,837)</u>	

See Accompanying Independent Auditor's Report.

Hi-Land Acres Water and Sanitation District

Notes to the Required Supplementary Information

December 31, 2023

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the District. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the District Board a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the District Board.
- Budgets are legally adopted for all funds of the District. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Colorado governments may not exceed budgeted appropriations at the fund level.
- All appropriations lapse at year end.

For the year ended December 31, 2023, the District's General and Capital Projects Fund expenditure appropriations exceeded expenditures.