

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2019

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2019 Budget and budget message for the HAVANA WATER AND SANITATION DISTRICT in Arapahoe County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 14, 2018. If there are any questions on the budget, please contact:

CliftonLarsonAllen LLP
Attn: Matt Urkoski, District Manager
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
Telephone number: 303-779-5710
Matt.Urkoski@claconnect.com

I, Matt Urkoski, District Manager of the Havana Water and Sanitation District, hereby certify that the attached is a true and correct copy of the 2019 Budget.

By: *Matthew J. Urkoski*

Matt Urkoski, District Manager

STATE OF COLORADO
COUNTY OF ARAPAHOE
HAVANA WATER AND SANITATION DISTRICT
2019 BUDGET RESOLUTION
RESOLUTION 2018-11-03

The Board of Directors of the Havana Water and Sanitation District, Arapahoe County, Colorado held a special meeting at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Pkwy, Suite 300, Greenwood Village, CO 80111 on Wednesday, November 14, 2018 at the hour of 5:00 P.M.

The following members of the Board of Directors were present:

President:	Howard Buchalter
Assistant Secretary:	Bernard F. Gehris
Assistant Secretary:	Dan Marks

Also present were: Matt Urkoski & Gigi Pangindian; CliftonLarsonAllen LLP, Tamara Seaver; Icenogle Seaver Pogue, P.C., Greg Sekera; Kennedy Jenks Consultants

Mr. Urkoski reported that, prior to the meeting, each of the directors had been notified of the date, time and place of this meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at three places within the boundaries of the District and at the Arapahoe County Clerk and Recorder's Office in Arapahoe County, Colorado, and to the best of his knowledge, remains posted to the date of this meeting. An original publisher's Affidavit of Publication is attached hereto as Exhibit A and incorporated herein by this reference.

Thereupon, Director Buchalter introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2019 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE HAVANA WATER AND SANITATION DISTRICT, ARAPAHOE COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2019 AND ENDING ON THE LAST DAY OF DECEMBER 2019.

WHEREAS, the Board of Directors (the “Board”) of the Havana Water and Sanitation District (the “District”) has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2018; and

WHEREAS, the proposed budget is more than fifty thousand dollars (\$50,000.00), due and proper notice was published on Thursday, November 1, 2018 in *The Villager* newspaper, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District’s increased property tax revenues resulting from a request to the Division of Local Government (the “Division”) pursuant to §29-1-302(1), C.R.S.; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Wednesday, November 14, 2018 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-301, C.R.S., and Article X, § 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law; and

WHEREAS, pursuant to § 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to § 32-1-1201, the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAVANA WATER AND SANITATION DISTRICT, ARAPAHOE COUNTY, COLORADO:

Section 1. Summary of 2019 Revenues and 2019 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2019, as more specifically set forth in the budget attached hereto as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, amended and attached hereto as Exhibit B, is approved and adopted as the budget of the District for fiscal year 2019. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section shall be ratified by the Board of Directors at the next regular meeting.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Bernard Gehris, Assistant Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division.

Section 5. 2019 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$601,062 and that the 2018 valuation for assessment, as certified by the Arapahoe County Assessor, is \$142,196,038. That for the purposes of meeting all general operating expenses of the District during the 2019 budget year, there is hereby levied a tax of 4.227 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2019.

Section 6. 2019 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$0.00 and that the 2018 valuation for assessment, as certified by the Arapahoe County Assessor, is \$142,196,038. That for the purposes

of meeting all debt retirement expenses of the District during the 2019 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2019.

Section 7. 2019 Temporary General Property Tax Credit/Temporary Mill Levy Rate Reduction. That the foregoing budget indicates that the amount of money from a temporary general property tax credit/temporary mill levy rate reduction necessary to balance the budget is <\$8,816> and that the 2018 valuation for assessment, as certified by the Arapahoe County Assessor, is \$142,196,038. That for the purposes of the District during the 2019 budget year, there is hereby levied a temporary general property tax credit/temporary mill levy rate reduction of <0.062> mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2019.

Section 8. Certification to County Commissioners. That the Assistant Secretary of the District is hereby authorized and directed to immediately certify to the Board of County Commissioners of Arapahoe County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.


[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director MAZZI.


RESOLUTION APPROVED AND ADOPTED THIS 14TH DAY OF NOVEMBER, 2018.

HAVANA WATER AND SANITATION DISTRICT

By:


Howard Buchalter, President

ATTEST:


William J. Kirven, Assistant Secretary
Bernard Gehris

STATE OF COLORADO
COUNTY OF ARAPAHOE
HAVANA WATER AND SANITATION DISTRICT

I, Bernard Gehris, hereby certify that I am a director and the duly elected and qualified Asst. Secretary of the Havana Water and Sanitation District, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Havana Water and Sanitation District held on Wednesday, November 14, 2018, at 5:00 P.M., at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Pkwy, Suite 300, Greenwood Village, CO 80111, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2019; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 14th day of November, 2018.





William J. Kirven, Assistant Secretary
Bernard Gehris

EXHIBIT A

Affidavit of Publication
Notice as to Proposed 2019 Budget

LEGAL NOTICES

The VILLAGER

November 1, 2018

PUBLISHER'S AFFIDAVIT

STATE OF COLORADO,)

) SS.

COUNTY OF ARAPAHOE)

I Gerri Sweeney, do solemnly affirm that I am the Publisher of THE VILLAGER; that the same is a weekly newspaper published in Greenwood Village, County of Arapahoe, State of Colorado, and has a general circulation therein; that said newspaper has been continuously and uninterruptedly published in said County of Arapahoe for a period of at least 52 consecutive weeks prior to the first publication of the annexed notice, that said newspaper is entered in the post office at Englewood, Colorado, as periodical class mail matter and that said newspaper is a newspaper within the meaning of the Act of General Assembly of the State of Colorado, approved March 30, 1923, and entitled "Legal Notice and Advertisements," with other Acts relating to the printing and publishing of legal notice and advertisements. That the annexed notice was published in the regular and entire issue of said newspaper for a period of ONE consecutive insertions that the first publication of said notice was in the issue of said newspaper dated:

NOVEMBER 1, 2018

and the last publication of said notice, was in the issue of said newspaper dated:

NOVEMBER 1, 2018.



Publisher

Subscribed and affirmed to before me, a Notary Public.

This 1st day of November A.D., 2018



Notary Public

My Commission expires:

SPECIAL DISTRICTS

NOTICE AS TO PROPOSED 2019 BUDGET AND AMENDMENT TO 2018 BUDGET HAVANA WATER AND SANITATION DISTRICT

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the HAVANA WATER AND SANITATION DISTRICT for the ensuing year of 2019. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen, LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Havana Water and Sanitation District to be held at 5:00 P.M. on the 14th day of November, 2018. The meeting will be held at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado. Any interested elector within the Havana Water and Sanitation District may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2019 budget.

NOTICE IS FURTHER GIVEN that an amendment to the 2018 budget of the District may also be considered at a hearing at the special meeting of the Havana Water and Sanitation District to be held at 5:00 P.M. on the 14th day of November, 2018. The meeting will be held at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado. A copy of the proposed amended 2018 budget is available for public inspection at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111. Any interested elector within the District may, at any time prior to final adoption of the amended 2018 budget, file or register any objections thereto.

BY ORDER OF THE BOARD OF DIRECTORS:
HAVANA WATER AND SANITATION DISTRICT

By: /s/ CliftonLarsonAllen LLC
Manager/Accountants for the District

Published in The Villager
Published: November 1, 2018
Legal # 8598

EXHIBIT B

Budget Document
Budget Message



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Havana Water and Sanitation District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balance/funds available of the Havana Water and Sanitation District for the year ending December 31, 2019, including the estimate of comparative information for the year ended December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 budget 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 budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describes that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is 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 Havana Water and Sanitation District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 31, 2019



An independent member of Nexia International

HAVANA WATER AND SANITATION DISTRICT
SUMMARY
2019 BUDGET AS ADOPTED
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/31/2019

	ACTUAL 2017	ESTIMATED 2018	ADOPTED 2019
BEGINNING FUND BALANCES/AVAILABLE	\$ 3,042,456	\$ 2,020,727	\$ 2,283,836
REVENUES			
1 Property taxes	521,693	556,878	592,246
2 Specific ownership taxes	44,678	43,445	35,530
3 Net investment income	32,413	48,700	34,200
4 Other income	13,893	500	-
5 Lease income	15,560	16,698	18,367
6 Water tap fees	-	926	1,851
7 Sewer service fees	645,075	651,000	651,000
8 Sewer tap fees	-	2,910	5,819
9 Note proceeds	1,761,300	-	-
10 Reimbursed expenditures - Castlewood	22,022	22,022	22,022
11 Development review fees	-	-	5,000
Total revenues	<u>3,056,634</u>	<u>1,343,079</u>	<u>1,366,035</u>
TRANSFERS IN			
Total funds available	<u>66,000</u>	<u>67,000</u>	<u>68,000</u>
EXPENDITURES			
12 General and administration			
13 Accounting	18,000	18,500	19,000
14 Audit	5,780	6,000	6,300
15 County Treasurer's fees	7,833	8,353	8,884
16 Customer billing	23,835	24,700	25,400
17 Director fees	3,100	2,300	3,000
18 District management	12,042	37,400	38,500
19 Dues and membership	716	792	1,200
20 Election	-	1,485	-
21 Engineering	9,107	55,000	62,000
22 Insurance	11,376	16,622	18,131
23 Landscape maintenance	750	3,000	6,000
24 Legal	21,578	20,000	30,000
25 Miscellaneous	2,074	10,848	10,585
26 Postage/printing	3,812	5,400	5,400
27 Repair and maintenance	112,348	120,000	141,000
28 Storage rent	3,600	3,600	3,600
29 Utilities	4,768	6,000	60,000
30 Operations and maintenance			
31 Sewer treatment	263,164	364,287	433,712
32 Utilities	45,365	54,000	-
33 Debt service			
34 Bond interest	103,705	-	-
35 Bond principal	3,200,000	-	-
36 Note interest	9,593	33,083	28,865
37 Note principal	-	238,600	241,600
38 Note principal - prepayment	-	50,000	50,000
39 Note transaction costs	67,232	-	-
40 Capital projects			
41 Engineering - capital	41,483	-	30,000
42 Major repairs/capital improvements	86,599	-	415,000
43 Management - capital	20,503	-	-
Total expenditures	<u>4,078,363</u>	<u>1,079,970</u>	<u>1,638,177</u>
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	<u>66,000</u>	<u>67,000</u>	<u>68,000</u>
Total expenditures and transfers out requiring appropriation	<u>4,144,363</u>	<u>1,146,970</u>	<u>1,706,177</u>
ENDING FUND BALANCES/AVAILABLE	<u>\$ 2,020,727</u>	<u>\$ 2,283,836</u>	<u>\$ 2,011,694</u>
EMERGENCY RESERVE	\$ 18,500	\$ 19,800	\$ 20,300
RESERVE FOR FUTURE EXPENDITURES	2,002,227	2,264,036	1,991,394
TOTAL RESERVE	<u>\$ 2,020,727</u>	<u>\$ 2,283,836</u>	<u>\$ 2,011,694</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

HAVANA WATER AND SANITATION DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/31/2019

	ACTUAL 2017	ESTIMATED 2018	ADOPTED 2019
ASSESSED VALUATION - ARAPAHOE			
Residential	\$ 112,943,848	\$ 119,472,187	\$ 119,548,906
Commercial	10,706,893	14,852,771	15,644,966
Vacant Land	3,114,885	3,111,449	3,226,529
Personal Property	1,063,099	1,219,350	1,851,349
State Assessed	1,735,270	1,897,730	1,923,050
Natural Resources	-	1,238	1,238
Certified Assessed Value	<u>\$ 129,563,995</u>	<u>\$ 140,554,725</u>	<u>\$ 142,196,038</u>
MILL LEVY			
GENERAL FUND	4.227	4.227	4.227
Temporary Mill Levy reduction	(0.200)	(0.265)	(0.062)
Total Mill Levy	<u>4.027</u>	<u>3.962</u>	<u>4.165</u>
PROPERTY TAXES			
GENERAL FUND	\$ 547,667	\$ 594,125	\$ 601,062
Temporary Mill Levy reduction	(25,913)	(37,247)	(8,816)
Levied property taxes	521,754	556,878	592,246
Adjustments to actual/rounding	(61)	-	-
Budgeted Property Taxes	<u>\$ 521,693</u>	<u>\$ 556,878</u>	<u>\$ 592,246</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 521,693	\$ 556,878	\$ 592,246
	<u>\$ 521,693</u>	<u>\$ 556,878</u>	<u>\$ 592,246</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**HAVANA WATER AND SANITATION DISTRICT
GENERAL FUND
2019 BUDGET AS ADOPTED
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/2019

	ACTUAL 2017	ESTIMATED 2018	ADOPTED 2019
BEGINNING FUND BALANCES	\$ 1,541,703	\$ 1,701,766	\$ 1,953,213
REVENUES			
1 Property taxes	521,693	556,878	592,246
2 Specific ownership taxes	44,678	43,445	35,530
3 Net investment income	19,543	40,000	26,200
4 Other income	13,893	500	-
5 Lease income	15,560	16,698	18,367
6 Water tap fees	-	926	1,851
Total revenues	<u>615,367</u>	<u>658,447</u>	<u>674,194</u>
Total funds available	<u>2,157,070</u>	<u>2,360,213</u>	<u>2,627,407</u>
EXPENDITURES			
General and administration			
7 Accounting	18,000	18,500	19,000
8 Audit	5,780	6,000	6,300
9 County Treasurer's fees	7,833	8,353	8,884
10 Customer billing	23,835	24,700	25,400
11 Director fees	3,100	2,300	3,000
12 District management	12,042	37,400	38,500
13 Dues and membership	716	792	1,200
14 Election	-	1,485	-
15 Engineering	9,107	55,000	62,000
16 Insurance	11,376	16,622	18,131
17 Landscape maintenance	750	3,000	6,000
18 Legal	21,578	20,000	30,000
19 Miscellaneous/Contingency	2,074	10,848	10,585
20 Postage/printing	3,812	5,400	5,400
21 Repair and maintenance	112,348	120,000	141,000
22 Storage rent	3,600	3,600	3,600
23 Utilities	4,768	6,000	60,000
Capital projects			
24 Engineering - capital	41,483	-	30,000
25 Major repairs/capital improvements	86,599	-	415,000
26 Management - capital	20,503	-	-
Total expenditures	<u>389,304</u>	<u>340,000</u>	<u>884,000</u>
TRANSFERS OUT			
ENTERPRISE FUND	66,000	67,000	68,000
Total transfers out	<u>66,000</u>	<u>67,000</u>	<u>68,000</u>
Total expenditures and transfers out requiring appropriation	<u>455,304</u>	<u>407,000</u>	<u>952,000</u>
ENDING FUND BALANCES	<u>\$ 1,701,766</u>	<u>\$ 1,953,213</u>	<u>\$ 1,675,407</u>
EMERGENCY RESERVE	\$ 18,500	\$ 19,800	\$ 20,300
RESERVE FOR FUTURE EXPENDITURES	1,683,266	1,933,413	1,655,107
TOTAL RESERVE	<u>\$ 1,701,766</u>	<u>\$ 1,953,213</u>	<u>\$ 1,675,407</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**HAVANA WATER AND SANITATION DISTRICT
ENTERPRISE FUND
2019 BUDGET AS ADOPTED
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/2019

	ACTUAL 2017	ESTIMATED 2018	ADOPTED 2019
BEGINNING FUNDS AVAILABLE	\$ 1,500,753	\$ 318,961	\$ 330,623
REVENUES			
1 Net investment income	12,870	8,700	8,000
2 Sewer service fees	645,075	651,000	651,000
3 Sewer tap fees	-	2,910	5,819
4 Note proceeds	1,761,300	-	-
5 Reimbursed expenditures - Castlewood	22,022	22,022	22,022
6 Development review fees	-	-	5,000
Total revenues	<u>2,441,267</u>	<u>684,632</u>	<u>691,841</u>
TRANSFERS IN			
GENERAL FUND	66,000	67,000	68,000
Total transfers in	<u>66,000</u>	<u>67,000</u>	<u>68,000</u>
Total funds available	<u>4,008,020</u>	<u>1,070,593</u>	<u>1,090,464</u>
EXPENDITURES			
Operations and maintenance			
7 Sewer treatment	263,164	364,287	433,712
8 Utilities	45,365	54,000	-
Debt Service			
9 Bond interest	103,705	-	-
10 Bond principal	3,200,000	-	-
11 Note interest	9,593	33,083	28,865
12 Note principal	-	238,600	241,600
13 Note principal - prepayment	-	50,000	50,000
14 Note transaction costs	67,232	-	-
Total expenditures	<u>3,689,059</u>	<u>739,970</u>	<u>754,177</u>
Total expenditures and transfers out requiring appropriation	<u>3,689,059</u>	<u>739,970</u>	<u>754,177</u>
ENDING FUNDS AVAILABLE	<u>\$ 318,961</u>	<u>\$ 330,623</u>	<u>\$ 336,287</u>
RESERVE FOR FUTURE EXPENDITURES	<u>\$ 318,961</u>	<u>\$ 330,623</u>	<u>\$ 336,287</u>
TOTAL RESERVE	<u>\$ 318,961</u>	<u>\$ 330,623</u>	<u>\$ 336,287</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**HAVANA WATER AND SANITATION DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District provides sewer services to its residents. The City and County of Denver provide water services.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-1058 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. For financial statement reporting under generally accepted accounting principles (GAAP), the District uses the full accrual basis of accounting. Consequently the terminology of "Funds Available" is used in the budget to distinguish the difference from GAAP accounting for Fund Balance. Funds Available represents each fund's current assets less its current liabilities except for the current portion of long-term debt. In addition, the budget separates individual funds, which are included as one entity in the GAAP presentation.

Revenues

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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the mill levy adopted by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected.

Net Investment Income

Investment earned on District's available funds has been estimated based on prior year's earnings.

**HAVANA WATER AND SANITATION DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Sewer Service Fees

The District bills its customers for wastewater services at a semi-annual rate of \$121 per single-family tap equivalent. There is no rate adjustment anticipated for purposes of the District's 2019 Budget.

Lease Income

In 2019, the District will receive \$1,530.65 monthly from AT&T pursuant to a Lease Agreement.

Reimbursed Expenditures

The District anticipates collecting \$22,022 from Castlewood Water and Sanitation District for its share in the costs of sewage treatment.

Expenditures

General and Administrative

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, billing, insurance, meeting and other expenditures. Certain engineering fees and routine maintenance costs are also included in the budget.

Operations and Maintenance

The District pays Metro Wastewater Reclamation District for the treatment of sewage collected within the District.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Wastewater System Enterprise Revenue Refunding Note, Series 2017. See attached debt service schedule.

Debt and Leases

On September 27, 2007, the District issued \$5,000,000 in Wastewater System Enterprise Revenue Bonds Series 2007 ("Bonds"). The Bonds were special and limited obligations of the Enterprise, payable solely from the revenues of the wastewater system, after deduction of operation and maintenance costs. The Bonds were not payable from the proceeds of general property taxes. The Bonds were due December 1, 2027, with interest rates of 3.55% - 4.20%, paid semiannually on March 15 and September 15. Bonds maturing on and after September 15, 2018 are subject to redemption prior to maturity, at the option of the District, on September 15, 2017 or any date thereafter, in whole or in part, in integral multiples of \$5,000, from such maturities as selected by the District, at a redemption price equal to the principal amount plus accrued interest.

**HAVANA WATER AND SANITATION DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Bonds maturing September 17, 2027 were subject to mandatory sinking fund redemption at a price equal to the principal amount plus accrued interest to the redemption date. The Series 2007 Bonds were issued to finance certain improvements which benefit the District, fund the Reserve Fund and pay the costs of issuing the Bonds.

On October 2, 2017, the Bonds were fully paid by issuing the Wastewater System Enterprise Revenue Refunding Note, Series 2017 ("Note") with a principal amount of \$1,761,300. The Board has determined that it would be beneficial to the District and its residents to undertake the refunding of the Bonds and to finance such refunding with a loan from a financial institution.

The loan or Note is a special revenue obligation of the Enterprise payable solely from, and secured by an irrevocable and non-exclusive first lien on, the net revenue derived by the Enterprise from the ownership, operation and use of the wastewater system, after payment of the costs of operating and maintaining the wastewater system. The Note is not payable from the proceeds of general property taxes. The Note matures on September 15, 2024, and will bear an interest rate of 1.96% per annum to be paid semi-annually every March 15 and September 15. The Note is subject to redemption prior to maturity, at the option of the Enterprise, on September 15 of each year, in the maximum annual principal amount of \$50,000, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without redemption premium. The proceeds from Note were used to redeem the Bonds and pay for loan transaction costs.

Maintenance of Rates, Fees and Charges

In connection with the Note, the Enterprise will establish, maintain, enforce and collect rates, fees and charges for services furnished by or the use of the wastewater system to create gross revenue each fiscal year sufficient to pay operating costs and to create a net revenue in an amount equal to not less than 120% of the maximum annual debt service requirements on the Note and any outstanding parity obligations plus an amount required to make up any deficiencies in debt service reserve funds created in respect to any outstanding parity obligations. The Enterprise's 2019 budget meets this coverage requirement.

The District has no operating or capital lease.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of General Fund's fiscal year spending for 2019, as defined under TABOR.

Reserve for future expenditures

The District has also provided a reserve for future operating contingencies and improvements. Such reserve is an integral part of Ending Fund Balance/Funds Available.

This information is an integral part of the accompanying budget

**HAVANA WATER AND SANITATION DISTRICT
SCHEDULE OF ESTIMATED DEBT SERVICE REQUIREMENTS TO MATURITY**

\$1,761,300

Wastewater System Enterprise Revenue Refunding Note, Series 2017

Principal Due September 15

Interest 1.960%

Payable March 15 and September 15

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 241,600	\$ 28,865	\$ 270,465
2020	246,400	24,130	270,530
2021	251,200	19,300	270,500
2022	256,100	14,377	270,477
2023	261,100	9,357	270,457
2024	216,300	4,239	220,539
	<u>\$ 1,472,700</u>	<u>\$ 100,268</u>	<u>\$ 1,572,968</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of ARAPAHOE COUNTY, Colorado.

On behalf of the HAVANA WATER & SANITATION DISTRICT,
(taxing entity)^A

the BOARD OF DIRECTORS
(governing body)^B

of the HAVANA WATER & SANITATION DISTRICT
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 142,196,038 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 142,196,038 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57) **USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

Submitted: 12/12/2018 for budget/fiscal year 2019.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> ²	<u>REVENUE</u> ²
1. General Operating Expenses ^H	<u>4.227</u> mills	\$ <u>601,062</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< <u>0.062</u> > mills	\$ < <u>8,816</u> >
SUBTOTAL FOR GENERAL OPERATING:	<u>4.165</u> mills	\$ <u>592,246</u>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>4.165</u> mills	\$ <u>592,246</u>

Contact person: (print) Gigi Pangindian Daytime phone: (303) 779-5710
Signed: Gigi Pangindian Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's FINAL certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).

Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS¹:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS²:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Havana Water and Sanitation District of Arapahoe County, Colorado on this 14th day of November, 2018.



William J. Kirven, Assistant Secretary

Bernard Gehris

