

HAVANA WATER AND SANITATION DISTRICT

Annual Budget

For the Year Ending December 31, 2022

**HAVANA WATER & SANITATION DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES/AVAILABLE	\$ 2,260,158	\$ 2,449,833	\$ 2,453,958
REVENUE			
Property taxes	621,252	659,094	694,184
Specific ownership taxes	44,388	46,130	48,593
Interest Income	18,887	1,850	2,050
Other revenue	13,000	-	-
Lease income	21,123	21,123	21,123
Sewer service fees	763,951	763,949	763,949
Reimbursed expenditures - Castlewood W&SD	25,844	25,844	25,844
Development review fees	5,000	-	-
Total revenue	<u>1,513,445</u>	<u>1,517,990</u>	<u>1,555,743</u>
TRANSFERS IN	72,000	71,000	71,000
Total funds available	<u>3,845,603</u>	<u>4,038,823</u>	<u>4,080,701</u>
EXPENDITURES			
General Fund	473,471	751,000	1,500,000
Enterprise Fund	850,299	762,865	857,007
Total expenditures	<u>1,323,770</u>	<u>1,513,865</u>	<u>2,357,007</u>
TRANSFERS OUT	72,000	71,000	71,000
Total expenditures and transfers out requiring appropriation	<u>1,395,770</u>	<u>1,584,865</u>	<u>2,428,007</u>
ENDING FUND BALANCES/AVAILABLE	<u>\$ 2,449,833</u>	<u>\$ 2,453,958</u>	<u>\$ 1,652,694</u>

No assurance provided. See summary of significant assumptions.

**HAVANA WATER & SANITATION DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

ACTUAL	ESTIMATED	BUDGET
2020	2021	2022

ASSESSED VALUATION - Arapahoe County

Residential	\$ 131,957,624	\$ 132,429,336	\$ 138,456,558
Commercial	16,550,289	16,703,273	18,574,791
State assessed	1,020,810	2,038,630	9,650
Vacant land	3,185,400	3,013,021	3,273,641
Personal property	1,335,673	1,739,459	3,910,265
Natural resources	1,238	1,238	1,238
	154,051,034	155,924,957	164,226,143
Certified Assessed Value	\$ 154,051,034	\$ 155,924,957	\$ 164,226,143

MILL LEVY

General	4.227	4.227	4.227
Temporary Mill I	4 (0.161)	0.000	0.000
Total mill levy	4.066	4.227	4.227

PROPERTY TAXES

General	\$ 651,174	\$ 659,094	\$ 694,184
Temporary Mill Levy Reduction	(24,802)	-	-
Levied property taxes	626,372	659,094	694,184
Adjustments to actual/rounding	(5,120)	-	-
Budgeted property taxes	\$ 621,252	\$ 659,094	\$ 694,184

BUDGETED PROPERTY TAXES

General	\$ 621,252	\$ 659,094	\$ 694,184
	\$ 621,252	\$ 659,094	\$ 694,184

No assurance provided. See summary of significant assumptions.

**HAVANA WATER & SANITATION DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1,925,225	\$ 2,094,927	\$ 2,000,974
REVENUE			
Property taxes	621,252	659,094	694,184
Specific ownership taxes	44,388	46,130	48,593
Interest income	15,410	1,700	1,600
Lease income	21,123	21,123	21,123
Other revenue	13,000	-	-
Total revenue	<u>715,173</u>	<u>728,047</u>	<u>765,500</u>
Total funds available	<u>2,640,398</u>	<u>2,822,974</u>	<u>2,766,474</u>
EXPENDITURES			
General and administrative			
Accounting	19,949	20,950	23,050
Audit	6,600	6,600	7,200
County Treasurer's fee	9,324	9,885	10,413
Customer billing	24,557	27,500	29,500
Directors' fees	2,900	2,900	3,000
District management	44,258	42,400	46,640
Management - Solid Waste Disposal Study	724	10,000	11,000
Dues and membership	960	932	1,050
Election	1,228	-	25,000
Engineering	64,000	75,000	95,000
Insurance and bonds	19,116	19,735	21,700
Landscape maintenance	1,075	6,000	6,000
Legal	43,662	30,000	44,000
Miscellaneous/Contingency	6,005	9,598	12,047
Service plan amendment	-	25,000	-
Website	-	2,000	2,200
Postage/printing	3,968	9,300	10,000
Repairs and maintenance	152,001	174,000	155,000
Storage rent	3,613	4,200	4,200
Rate Study	-	25,000	-
Utilities	46,099	65,000	68,000
Capital projects			
Engineering - capital	23,432	95,000	175,000
Major repairs/capital improvements	-	90,000	750,000
Total expenditures	<u>473,471</u>	<u>751,000</u>	<u>1,500,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>72,000</u>	<u>71,000</u>	<u>71,000</u>
Total expenditures and transfers out requiring appropriation	<u>545,471</u>	<u>822,000</u>	<u>1,571,000</u>
ENDING FUND BALANCE	<u>\$ 2,094,927</u>	<u>\$ 2,000,974</u>	<u>\$ 1,195,474</u>
EMERGENCY RESERVE	\$ 21,500	\$ 21,800	\$ 23,000
RESERVE FOR FUTUERE EXPENDITURES	2,073,427	1,979,174	1,172,474
TOTAL RESERVE	<u>\$ 2,094,927</u>	<u>\$ 2,000,974</u>	<u>\$ 1,195,474</u>

No assurance provided. See summary of significant assumptions.

**HAVANA WATER & SANITATION DISTRICT
ENTERPRISE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUNDS AVAILABLE	\$ 334,933	\$ 354,906	\$ 452,984
REVENUE			
Interest income	3,477	150	450
Sewer service fees	763,951	763,949	763,949
Reimbursed expenditures - Castlewood W&SD	25,844	25,844	25,844
Development review fees	5,000	-	-
Total revenue	<u>798,272</u>	<u>789,943</u>	<u>790,243</u>
TRANSFERS IN			
Transfers from other funds	<u>72,000</u>	<u>71,000</u>	<u>71,000</u>
Total funds available	<u>1,205,205</u>	<u>1,215,849</u>	<u>1,314,227</u>
EXPENDITURES			
Operations and maintenance			
Sewer treatment	532,520	444,325	539,470
Debt Service			
Note interest	21,379	17,340	11,437
Note principal	246,400	251,200	256,100
Note principal - prepayment	50,000	50,000	50,000
Total expenditures	<u>850,299</u>	<u>762,865</u>	<u>857,007</u>
Total expenditures and transfers out requiring appropriation	<u>850,299</u>	<u>762,865</u>	<u>857,007</u>
ENDING FUNDS AVAILABLE	<u>\$ 354,906</u>	<u>\$ 452,984</u>	<u>\$ 457,220</u>
RESERVE FOR FUTURE EXPENDITURES	<u>\$ 354,906</u>	<u>\$ 452,984</u>	<u>\$ 457,220</u>
TOTAL RESERVE	<u>\$ 354,906</u>	<u>\$ 452,984</u>	<u>\$ 457,220</u>

No assurance provided. See summary of significant assumptions.

**HAVANA WATER AND SANITATION DISTRICT
2022 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.

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 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

**HAVANA WATER AND SANITATION DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Sewer Service Fees

The District bills its customers for wastewater services at a semi-annual rate of \$142 per single-family tap equivalent. There is no rate adjustment anticipated for 2022.

Lease Income

In 2022, the District will receive \$1,760.25 monthly from AT&T pursuant to a Lease Agreement.

Reimbursed Expenditures

The District anticipates collecting \$25,844 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 October 2, 2017, the District's bonds issued in 2007 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 2007 Bonds and to finance such refunding with a loan from a financial institution.

**HAVANA WATER AND SANITATION DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

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 the Note were used to redeem the 2007 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 2022 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 2022, 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 DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2022**

**\$1,761,300 Wastewater System
Enterprise Revenue Refunding Note, Series 2017
Dated October 2, 2017
Principal Due September 15
Interest Rate 1.960%
Payable March 15 and September 15**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2022	\$ 256,100	\$ 11,437	\$ 267,537
2023	261,000	6,417	267,417
2024	66,400	1,301	67,701
	<u>\$ 583,500</u>	<u>\$ 19,155</u>	<u>\$ 602,655</u>

No assurance provided. See summary of significant assumptions.