

SOUTH DURANGO SANITATION DISTRICT 2021 BUDGET MESSAGE

The proposed budget for the South Durango Sanitation District for the 2021 calendar year is attached. As required by law, the budget summarizes all revenues and expenditures for the District for the prior year, the current year and the proposed budget year.

The District provides sewage collection and treatment services in the South Durango and Grandview areas. Although a substantial portion of the District service area is within the Durango city limits, a portion remains in the unincorporated area of La Plata County, Colorado. The District serves customers who are connected to the City's central water system and customers who have private wells or private water systems.

The District is supported by revenues paid by its customers and does not levy a tax. All current customers are charged a monthly user fee which covers all operating costs of the District and provides additional funds for payment of the lease purchase expense for sludge handling equipment and additions to capital reserves to pay a portion of the costs that are anticipated in 2028 to meet new nutrient removal requirements. The District budget includes funds to exercise the purchase option for the sludge handling equipment in 2021.

The District increased its monthly user fee from \$40 to \$45 on March 1, 2020. An additional increase is anticipated on March 1, 2021. Those increases were outlined in the District's Master Plan. Prior to an increase in 2019 the District had not increased its user fees since 2011.

Tap fee revenue is used to pay for debt service and other capital costs incurred to construct or expand facilities needed to provide service for new customers. Continued strong growth in the Three Springs area and new projects proposed in the south Durango, Grandview and Southfork areas within the District are likely to provide substantial tap fee revenue which will result in an increase in the capital reserves available to the District to pay for expansion of the system. Planned capital expenditures (non-operating) in 2021 include \$190,000 for treatment plant improvements, \$35,000 for equipment and \$136,500 for collection system improvements.

The 2021 budget projects total operating expenditures of \$790,865, an increase of \$16,280 over the amount of budgeted expenditures in 2020. The 2021 budget projects net operating income of \$1,045,000, an increase of a little over \$100,000 more than estimated operating income in 2020.

The District does not receive any tax revenues and has established a water activity enterprise pursuant to Colorado law. As an enterprise, the District is exempt from TABOR limitations. The District uses the cash method for budgetary accounting. Audits are prepared using the modified accrual basis and GAAP for governmental units.

**SOUTH DURANGO SANITATION DISTRICT
2021 BUDGET**

	Budget	Estimated	Over	Final	Actual
	Year Ending	Year Ending	(Under)	Budget	Year Ending
	12/31/21	12/31/20		2020	12/31/19
OPERATING					
Revenues					
Sewage Treatment	\$ 1,028,500	\$ 930,800	(\$8,590)	\$ 939,390	\$ 757,237
Interest	400	750	450	300	4,360
Inspection fees	10,000	1,300	(3,700)	5,000	2,200
Sludge Processing Fees-LLSD	6,000	6,000	0	6,000	6,000
Miscellaneous	100	-	(100)	100	-
Total Operating Revenues	1,045,000	938,850	(11,940)	950,790	769,797
Expenditures					
Collection and Transmission					
Power	3,000	2,750	(250)	3,000	2,876
Cleaning	40,000	40,500	500	40,000	39,745
Repairs and Supplies	15,000	9,500	(20,500)	30,000	8,819
Salaries	65,280	63,000	(2,000)	65,000	58,004
Operator	7,500	7,500	0	7,500	7,500
Payroll taxes & Benefits	19,750	19,300	540	18,760	14,583
Vehicle Expense	3,500	3,000	(3,000)	6,000	5,040
Total Collection and Trans.	154,030	145,550	(24,710)	170,260	136,567
Sewage Treatment					
Repairs, Maintenance & Supplies	30,000	25,000	(10,000)	35,000	34,585
Equipment replacement	25,000	6,200	(18,800)	25,000	22,898
Salaries	43,860	42,000	(1,000)	43,000	38,669
Payroll taxes & Benefits	13,250	12,850	400	12,450	9,722
Operator	30,000	30,000	0	30,000	30,000
Sludge Handling	35,000	30,500	(4,500)	35,000	36,417
Testing	14,000	13,700	1,700	12,000	12,778
Utilities	75,000	68,500	(16,500)	85,000	71,141
Total Sewage Treatment	266,110	228,750	(48,700)	277,450	256,210
Administrative					
Accounting and Billing	49,500	46,200	0	46,200	42,637
Auditing	8,200	8,200	0	8,200	8,200
Directors Fees	6,625	6,000	(625)	6,625	5,705
Dues & Subscriptions	1,350	1,201	(49)	1,250	1,085
Engineering	40,000	31,500	1,500	30,000	46,936
Engineering-Master Plan	10,000	16,875	(5,675)	22,550	30,700
Insurance	21,000	21,000	1,000	20,000	17,914
Legal & Administration	70,000	68,500	38,500	30,000	60,365
Management	138,050	-	(138,050)	138,050	-
Miscellaneous	1,000	2,050	1,050	1,000	998
Office & Postage	22,500	20,500	500	20,000	19,970
Permits	1,500	1,168	(82)	1,250	1,068
Training & Seminars	1,000	256	(1,494)	1,750	-
Total Administrative	370,725	223,450	(103,425)	326,875	235,578
Total Operating Expend.	790,865	597,750	(176,835)	774,585	628,355
Operating Income (Loss)	254,135	341,100	57.1%	176,205	141,442

**SOUTH DURANGO SANITATION DISTRICT
2021 BUDGET**

	Budget Year Ending 12/31/21	Estimated Year Ending 12/31/20	Over (Under)	Final Budget 2020	Actual Year Ending 12/31/19
OPERATING - continued					
Transfer to Non-operating	(250,000)	(150,000)		(150,000)	(89,525)
Operating Fund Balance - Jan 1	261,211	70,111			18,194
Operating Fund Balance - Dec 31	265,346	261,211			70,111
NON-OPERATING					
Revenues					
Tap Fees	400,000	127,700	(247,300)	375,000	581,537
Interest	16,500	17,250	(5,250)	22,500	24,860
Total Non-operating Rev.	416,500	144,950	(252,550)	397,500	606,397
Expenditures					
Capital Outlay					
Equipment-New	35,000	47,563	1,563	46,000	45,000
Collection system	136,500	-			
Treatment Plant	190,000	128,000	(341,200)	469,200	14,851
Total Capital Outlay	361,500	175,563	(339,637)	515,200	59,851
Debt Service					
Principal					
WPCRF	38,838	38,073	0	38,073	37,699
Sludge Handling Equip.	148,578	56,714	6	56,708	55,221
Interest					
WPCRF	10,231	10,995	0	10,995	11,307
Sludge Handling Equip.	3,400	4,930	(5)	4,935	6,360
Total Debt Service	201,047	110,712	1	110,711	110,587
Total Non-operating Exp	562,547	286,275	(339,636)	625,911	170,438
Non-operating Income (Loss)	(146,047)	(141,325)	87,086	(228,411)	435,959
Transfer from Operating	250,000	150,000		150,000	89,525
Non-operating Fund Bal - Jan 1	1,174,245	1,165,570			640,086
Non-operating Fund Bal - Dec 31	1,278,198	1,174,245			1,165,570
TOTAL FUND BALANCE - JAN 1	1,435,456	1,235,681			407,039
TOTAL FUND BALANCE - DEC 31	1,543,544	1,435,456			1,235,681
Note 1: Increase monthly fee to \$50 and tap fee to \$8,000 March 1, 2021					
Note 2: Operating transfer is sludge handling lease purchase payments, any capitalized repairs					
Note 3: Assumes 50 new ERTs					
Note 4: The Capital Outlay is detailed on the attached schedule					

**SOUTH DURANGO SANITATION DISTRICT
2021 Budget**

Supplemental Schedule – Capital Outlay

Equipment Replacement	\$ 35,000
Collection System Improvements	\$ 31,500
Lift Station SCADA	\$ 105,000
Treatment Plant	
Headworks	\$ 70,000
Basin Complex	\$ 120,000
Treatment Plant Total	\$ 190,000
Total Capital Outlay	\$361,500

Supplemental Schedule - Lease Purchase Agreements

A .	Total amount to be expended during 2021 for payments under all lease purchase agreements involving real property	\$0
B.	Total maximum payment liability under all lease purchase agreements involving real property over the entire term of the agreements	\$0
C	Total amount to be expended during 2021 for payment obligations under lease purchase agreements other than those involving real property	\$151,978
D .	Total maximum payment liability under all lease purchase agreements other than those involving real property over the entire term of the agreements	\$431,502