

**SOUTH DURANGO SANITATION DISTRICT**

I hereby certify that the attached is a true and accurate copy of the 2019 Budget for the South Durango Sanitation District in La Plata County, Colorado. This Budget was adopted on December 20, 2018. If there are any questions on the Budget, please contact Floyd L. Smith at 970-247-1921.

SOUTH DURANGO SANITATION DISTRICT

BY: Floyd L. Smith

## **SOUTH DURANGO SANITATION DISTRICT 2019 BUDGET MESSAGE**

The proposed budget for the South Durango Sanitation District for the 2019 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. As a result, the District serves customers who are connected to the City's central water system and customers who have private wells or 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. A portion of the user fee is intended for the payment of the District's 2006 Sewer Revenue Bond which made substantial improvements to the main interceptor lines serving the Grandview and South Durango areas for the benefit of both existing and future customers. A portion of the user fee is also used to pay the lease purchase expense for sludge handling equipment acquired by the District in 2015.

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. Tap fee revenue has increased substantially in the last few years. 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. Planned capital expenditures (non-operating) in 2019 include an estimated \$300,000 for improvements to the Grandview interceptor including a new access road.

The Board of Directors of the District had previously approved the preparation of a new Master Plan for the District facilities that will include an update to the capital improvement plan. That plan is now expected to be completed in 2019. That plan will help develop long term budget priorities for the District.

Tap fee revenue from large apartment projects provided sufficient funds in 2018 to redeem the final \$855,000 in the 2006 revenue bond issue. This final redemption together with earlier redemptions in 2016 and 2017 will provide interest savings of more than \$225,000 for the District. Additional sums will be transferred from operating surpluses to the capital reserve fund to reimburse those reserves for the portion of the redemption which is attributable to user fees.

The 2019 budget projects total operating expenditures of \$568,885, an increase of \$25,808 from the amount of estimated expenditures in 2018. The only significant increases included in the 2019 operating budget is an increase for legal & administration expenses which were underbudgeted in 2018 and continue to increase due to increase demands on District staff caused by rapid growth. The 2019 budget projects net operating income of \$153,215. The transfer from operating surpluses to capital reserves during the 2019 budget year will include the amounts due for sludge handling equipment payments and \$100,000 for the shortfall in 2018 bond redemption. Additional transfers from the operating reserves to the capital reserve fund will be made in future budget years until the shortfall is repaid.

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  
2019 BUDGET**

		Budget		Estimated	Over	Final	Actual
		Year Ending	Notes	Year Ending	(Under)	Budget	Year Ending
		12/31/19		12/31/18		2018	12/31/17
<b>OPERATING Revenues</b>							
	Sewage Treatment	\$ 710,000		\$ 620,000	(\$10,000)	\$ 630,000	\$ 602,526
	Interest	1,000		875	(5,925)	6,800	2,626
	Inspection fees	5,000		3,900	2,250	1,650	5,300
	Sludge Processing Fees-LLSD	6,000		-	0	-	-
	Miscellaneous	100		-	(100)	100	120
	<b>Total Operating Revenues</b>	<b>722,100</b>		<b>624,775</b>	<b>(13,775)</b>	<b>638,550</b>	<b>610,572</b>
<b>Expenditures</b>							
<b>Collection and Transmission</b>							
	Power	3,000		2,875	75	2,800	2,897
	Repairs, Cleaning & Supplies	35,000		35,000	0	35,000	31,764
	Salaries	44,560		44,900	340	44,560	42,326
	Operator	7,500		7,500	0	7,500	7,500
	Payroll taxes & Benefits	13,000		13,650	(2,350)	16,000	14,213
	Vehicle Expense	5,000		2,000	(3,000)	5,000	3,684
	<b>Total Collection and Transmissio</b>	<b>108,060</b>		<b>105,925</b>	<b>(4,935)</b>	<b>110,860</b>	<b>102,384</b>
<b>Sewage Treatment</b>							
	Repairs, Maintenance & Supplies	25,000		22,000	(3,000)	25,000	22,584
	Equipment replacement	25,000		17,500	(7,500)	25,000	9,813
	Salaries	29,750		29,950	200	29,750	28,217
	Payroll taxes & Benefits	8,500		9,100	(1,525)	10,625	9,475
	Operator	30,000		30,000	0	30,000	30,000
	Sludge Handling	30,000		30,150	(14,850)	45,000	23,229
	Testing	18,000		12,500	(1,500)	14,000	11,457
	Utilities	75,000		70,000	0	70,000	67,246
	<b>Total Sewage Treatment</b>	<b>241,250</b>		<b>221,200</b>	<b>(28,175)</b>	<b>249,375</b>	<b>202,021</b>
<b>Administrative</b>							
	Accounting and Billing	39,400		39,486	1,986	37,500	34,480
	Auditing	8,200		7,600	(200)	7,800	7,600
	Directors Fees	6,625		6,625	0	6,625	5,598
	Dues & Subscriptions	1,050		1,050	50	1,000	1,232
	Engineering	17,500		21,750	9,750	12,000	16,067
	Engineering-Master Plan	47,100		51,750	(17,250)	69,000	17,000
	Insurance	18,000		15,803	(2,197)	18,000	15,154
	Legal & Administration	60,000		52,000	12,000	40,000	40,478
	Training & Seminars	500		60	(1,440)	1,500	-
	Miscellaneous	600		700	(800)	1,500	1,066
	Office & Postage	19,000		18,000	0	18,000	16,793
	Permits	1,100		1,068	(182)	1,250	1,756
	Training & Seminars	500		60	(1,440)	1,500	-
	<b>Total Administrative</b>	<b>219,575</b>		<b>215,952</b>	<b>277</b>	<b>215,675</b>	<b>157,224</b>
	<b>Total Operating Expend.</b>	<b>568,885</b>		<b>543,077</b>	<b>(32,833)</b>	<b>575,910</b>	<b>461,629</b>
	<b>Operating Income (Loss)</b>	<b>153,215</b>	<b>26.9%</b>	<b>81,698</b>	<b>15.0%</b>	<b>62,640</b>	<b>148,943</b>

**SOUTH DURANGO SANITATION DISTRICT  
2019 BUDGET**

		Budget		Estimated	Over	Final	Actual
		Year Ending		Year Ending	(Under)	Budget	Year Ending
		12/31/19	Notes	12/31/18		2018	12/31/17
<b>OPERATING - continued</b>							
	Transfer to Non-operating	(161,643)	Note 1	(70,000)			(205,199)
	Operating Fund Balance - Jan 1	77,520		65,822			122,077
	Operating Fund Balance - Dec 31	69,092		77,520			65,822
<b>NON-OPERATING</b>							
<b>Revenues</b>							
	Tap Fees	357,500	Note 2	1,205,000	(60,500)	1,265,500	587,625
	Interest	10,000		13,000	11,000	2,000	2,533
	<b>Total Non-operating Rev.</b>	<b>367,500</b>		<b>1,218,000</b>	<b>(49,500)</b>	<b>1,267,500</b>	<b>590,158</b>
<b>Expenditures</b>							
<b>Capital Outlay</b>							
	Equipment-New	50,000		7,967	(7,033)	15,000	-
	Equipment-Storage	-		-	0	-	20,828
	Generator			3,330	(96,670)	100,000	
	GV Intereceptor access	300,000			0		
	Treatment Plant	-		26,150	(19,850)	46,000	14,101
	<b>Total Capital Outlay</b>	<b>350,000</b>		<b>37,447</b>	<b>(123,553)</b>	<b>161,000</b>	<b>34,929</b>
<b>Debt Service</b>							
<b>Principal</b>							
	2006 bonds	-		855,000	0	855,000	525,000
	WPCRF	37,322		36,587	0	36,587	35,866
	Sludge Handling Equip.	55,213		53,758	0	53,758	52,349
<b>Interest</b>							
	2006 bonds	-		17,100	(17,100)	34,200	49,450
	WPCRF	11,746		12,482	1	12,481	13,142
	Sludge Handling Equip.	6,430		7,885	0	7,885	9,237
	Debt service fees	600		568	68	500	400
	<b>Total Debt Service</b>	<b>111,311</b>		<b>983,380</b>	<b>(17,031)</b>	<b>1,000,411</b>	<b>685,444</b>
	<b>Total Non-operating Exp</b>	<b>461,311</b>		<b>1,020,827</b>	<b>(140,584)</b>	<b>1,161,411</b>	<b>720,373</b>
	<b>Non-operating Income (Loss)</b>	<b>(93,811)</b>		<b>197,173</b>	<b>91,084</b>	<b>106,089</b>	<b>(130,215)</b>
	<b>Transfer from Operating</b>	<b>161,643</b>		<b>70,000</b>			<b>205,199</b>
	<b>Non-operating Fund Bal - Jan 1</b>	<b>627,119</b>		<b>359,946</b>			<b>284,962</b>
	<b>Non-operating Fund Bal - Dec 31</b>	<b>694,951</b>		<b>627,119</b>			<b>359,946</b>
	<b>TOTAL FUND BALANCE - JAN 1</b>	<b>704,638</b>		<b>425,767</b>			<b>407,039</b>
	<b>TOTAL FUND BALANCE - DEC 31</b>	<b>764,042</b>		<b>704,638</b>			<b>425,767</b>
Note 1: Operating transfer is sludge handling lease purchase payments, any capitalized repairs and a \$100,000 payment on operating share of 2006 bond redemption made in 2018							
Note 2: Assumes 65 new ERTs (VOA 27, Three Springs 25, Hope Springs 13)							

SOUTH DURANGO SANITATION DISTRICT  
2019 Budget

Supplemental Schedule - Lease Purchase Agreements

A	Total amount to be expended during 2019 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 2019 for payment obligations under lease purchase agreements other than those involving real property	\$61,643
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

**RESOLUTION NO. 2018 - 5**  
**RESOLUTION TO ADOPT BUDGET**

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA 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 of the South Durango Sanitation District has appointed Barb Prose to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 20, 2018 and interested taxpayers were given the opportunity to file or register any objections to said proposed budget; 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.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO

**SECTION 1**

That estimated expenditures for each fund are as follows:

Enterprise fund	
Operating Expenses	\$ 568,885
Non-Operating Expenses	<u>\$ 461,311</u>
Total Enterprise Fund Expenses	\$1,030,196

**SECTION II**

That estimated revenues for each fund are as follows:

Enterprise Fund	
From unappropriated surpluses	\$ 0
From sources other than general property tax	\$1,030,196
From the general property tax levy	<u>\$ 0</u>
Total Enterprise Fund Revenues	\$1,030,196

**SECTION III**

That the budget as submitted, amended and hereinabove summarized by fund, be, and the same hereby is approved and adopted as the budget of the South Durango Sanitation District for the year stated above.

**SECTION IV**

That the budget hereby approved and adopted shall be signed by the Secretary of the District and made a part of the public records of the South Durango Sanitation District.

ADOPTED this 20th day of December 2018.

SOUTH DURANGO SANITATION DISTRICT

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary



**RESOLUTION NO. 2017 - 6**

**RESOLUTION TO APPROPRIATE SUMS OF MONEY**

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES, IN THE AMOUNTS AND FOR THE PURPOSES AS SET FORTH BELOW FOR THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO, FOR THE 2019 BUDGET YEAR.

WHEREAS, the Board of Directors of the South Durango Sanitation District has adopted the annual budget in accordance with the Local Government Budget Law on December 20, 2018; and

WHEREAS, the Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget and;

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, so as not to impair the operations of the South Durango Sanitation District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO

**SECTION I**

That the following sums are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated:

Enterprise Fund	
Current Operating Expenses	\$ 568,885
Non-operating Expenses	<u>\$ 461,311</u>
Total Enterprise Fund Revenues	\$1,030,196

ADOPTED this 20th day of December 2018.

SOUTH DURANGO SANITATION DISTRICT

ATTEST:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President