

SOUTH DURANGO SANITATION DISTRICT

I hereby certify that the attached is a true and accurate copy of the 2017 Budget for the South Durango Sanitation District in La Plata County, Colorado. This Budget was adopted on December 15, 2016. 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 2017 BUDGET MESSAGE

The proposed budget for the South Durango Sanitation District for the 2017 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 still 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 user fee which covers all operating costs of the District. A portion of the user fee is also used 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 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 for service for new customers. Tap fee revenue has increased substantially in the last few years. Continued strong growth in the Three Springs area, new commercial projects in the Southfork area and new projects proposed in the south Durango are likely to provide substantial tap fee revenue projected at more than 3 times the 2015 level. The District is reviewing its capital improvement plan to be certain that adequate capacity and capital reserves will be available to meet the demands for service from the projected growth.

The 2017 budget projects total operating expenditures of \$459,610, an increase of approximately \$63,000 more than the amount of estimated expenditures in 2016. Included in the 2017 operating budget is \$25,000 for sludge handling and \$25,000 for equipment replacement, a total of \$40,000 more than was expended for these items in 2016. Without those new expenditures, the projected increase in operating expenses in 2017 is about 6% above 2016 expenditures. The 2017 budget projects net operating income of \$115,490, of which \$106,693 will be transferred to non-operating for the existing customers' share of the debt service and for the lease purchase payment for sludge handling equipment.

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 2017 Budget

	Budget	Notes	Estimated	Actual	
	Year Ending		Year Ending	Year Ending	
	December 31, 2017		December 31 2016	December 31, 2015	
OPERATING					
Revenues					
Sewage Treatment	\$ 570,000		\$ 560,000	\$ 562,840	
Interest	2,000		1,600	1,163	
Inspection fees	3,000		4,000	3,400	
Miscellaneous	100		175	-	
Total Operating Revenues	575,100		565,775	567,403	
Expenditures					
Collection and Transmission					
Power	2,750		2,800	2,502	
Repairs, Cleaning & Supplies	35,000		21,500	26,160	
Salaries	43,260	3% incr.	43,000	39,367	
Operator	7,500		7,445	6,816	
Payroll taxes & Benefits	15,500		14,450	13,919	
Vehicle Expense	4,500		4,000	7,029	
Total Collection and Transmission	108,510		93,195	95,793	
Sewage Treatment					
Repairs, Maintenance & Supplies	20,000		20,000	21,757	
Equipment replacement	25,000		10,000	-	
Salaries	28,875		28,500	27,260	
Payroll taxes & Benefits	10,300		9,750	8,264	
Operator	30,000		29,700	27,264	
Sludge Handling	25,000		-	-	
Testing	14,000		11,500	6,615	
Utilities	60,000	10% incr	55,500	47,742	
Total Sewage Treatment	213,175		164,950	138,902	
Administrative					
Accounting and Billing	35,000		34,000	34,140	
Auditing	7,800		7,600	7,600	
Directors Fees	6,625		6,000	6,459	
Dues & Subscriptions	1,000		923	919	
Engineering	7,500		20,000	10,888	
Insurance	16,500		14,620	13,992	
Legal	40,000		40,000	32,214	
Training & Seminars	1,500		-	56	
Miscellaneous	1,500		1,400	949	
Office & Postage	18,000		17,500	17,500	
Permits	2,500		2,315	2,315	
Total Administrative	137,925		144,358	127,032	
Total Operating Expenditures	459,610		402,503	361,727	
Operating Income (Loss)	115,490	25.1%	163,272	205,676	56.9%
Transfer to Non-operating	(106,693)	Note 1	(112,955)	(200,000)	
Beginning Operating Fund Balance - January 1	182,905		132,588	126,912	
Ending Operating Fund Balance - December 31	191,702		182,905	132,588	

South Durango Sanitation District 2017 Budget

	Budget Year Ending December 31,2017		Estimated Year Ending December 31,2016	Actual Year Ending December 31,2015
NON-OPERATING Revenues				
Tap Fees	385,000	Note 2	298,375	170,500
Interest	125		100	134
Total Non-operating Revenues	385,125		298,475	170,634
Expenditures				
Capital Outlay				
Equipment-New	-		22,000	9,971
Liner Repairs	-		24,825	14,340
Aerators	-		-	5,790
Treatment Plant	20,000		22,240	-
Total Capital Outlay	20,000		69,065	30,101
Debt Service				
Principal				
2006 bonds	125,000		110,000	160,000
WPCRF	35,866		35,139	34,466
Sludge Handling Equip.	52,341		25,651	-
Interest				
2006 bonds	55,200		59,600	64,467
WPCRF	13,202		13,909	14,544
Sludge Handling Equip.	9,302		5,771	-
Debt service fees	500		400	400
Total Debt Service	291,411		250,470	273,877
Total Non-operating Expenditures	311,411		319,535	303,978
Non-operating Income (Loss)	73,714		(21,060)	(133,344)
Transfer from Operating	106,693		112,955	200,000
Non-operating Fund Balance - January 1	158,551		66,656	-
Non-operating Fund Balance - December 31	338,958		158,551	66,656
TOTAL FUND BALANCE - JANUARY 1	341,456		199,244	125,597
TOTAL FUND BALANCE - DECEMBER 31	530,660		341,456	199,244
Note 1: Operating transfer is 1/4 2006 bond payment, sludge handling lease purchase payments and any capitalized repairs				
Note 2: Assumes 30 Three Springs taps and 40 south Durango area (Rocket Apartments, Goodwill)				

SOUTH DURANGO SANITATION DISTRICT
2017 Budget

Supplemental Schedule - Lease Purchase Agreements

A	Total amount to be expended during 2017 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 2017 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. 2016 - 3
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, 2017, AND ENDING ON THE LAST DAY OF DECEMBER, 2017.

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, Barb Prose has submitted a proposed budget to this governing body for its consideration; 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 15, 2016, 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 I

That estimated expenditures for each fund are as follows:

Enterprise fund	
Operating Expenses	\$459,610
Non-Operating Expenses	<u>\$311,411</u>
Total Enterprise Fund Expenses	\$771,021

SECTION II

That estimated revenues for each fund are as follows:

Enterprise Fund	
From unappropriated surpluses	\$ 0
From sources other than general property tax	\$960,225
From the general property tax levy	<u>\$ 0</u>
Total Enterprise Fund Revenues	\$960,225

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 15th day of December, 2016.

SOUTH DURANGO SANITATION DISTRICT

By Curt Piccoli
President

ATTEST:

Patricia Masssey
Secretary

RESOLUTION NO. 2016 - 4

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 2017 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 15, 2016; 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

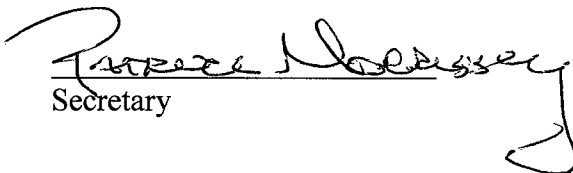
That the following sums are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated:

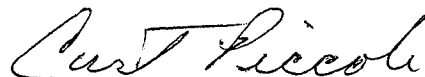
Enterprise Fund	
Current Operating Expenses	\$459,610
Non-operating Expenses	<u>\$311,411</u>
Total Enterprise Fund Revenues	\$771,021

ADOPTED this 15th day of December, 2016.

SOUTH DURANGO SANITATION DISTRICT

ATTEST:


Secretary

By 
President