

SOUTH DURANGO SANITATION DISTRICT 2023 BUDGET MESSAGE

The proposed budget for the South Durango Sanitation District for the 2023 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 an ad valorem property tax. All current customers are charged a monthly user fee which covers all operating costs of the District and provides additional funds for additions to capital reserves to pay a portion of the costs that are anticipated in 2028 to meet new nutrient removal requirements. The 2023 budget projects total operating expenditures of \$788,825, a decrease of \$52,225 over the amount of budgeted operating expenditures in 2022 due to a reduction in staff. The 2023 budget projects operating income of \$1,251,385, an increase of \$90,585 more than estimated operating income in 2022.

The District increased its monthly user fee from \$45 to \$50 on March 1, 2021. No additional increases are projected for 2023 in the District's Master Plan. Operating revenues continue to increase each year as new customers are added. That trend is expected to continue for the foreseeable future as numerous development projects are planned in the District service area.

Tap fee revenue is used to pay for debt service and other capital costs incurred to construct or expand facilities needed to provide facilities to service for new customers. The District prepaid its WPCRF loan in 2021 and does not have any outstanding debt. 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 2023 include \$50,000 for a new vehicle and \$350,000 for collection system improvements.

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
2023 BUDGET**

		Budget	Estimated	Over	Final	Actual
		Year Ending	Year Ending	(Under)	Budget	Year Ending
		12/31/23	12/31/22		2022	12/31/21
OPERATING						
Revenues						
	Sewage Treatment	\$ 1,210,000	\$ 1,141,677	(\$7,923)	\$ 1,149,600	\$ 1,102,028
	Interest	12,000	4,000	3,900	100	214
	Inspection fees	3,750	5,250	250	5,000	5,100
	Sludge Processing Fees-LLSD	25,635	6,000	0	6,000	6,000
	Miscellaneous	-	-	(100)	100	-
	Total Operating Revenues	1,251,385	1,156,927	(3,873)	1,160,800	1,113,342
Expenditures						
Collection and Transmission						
	Power	2,750	2,750	(250)	3,000	2,398
	Cleaning	25,000	10,280	(29,720)	40,000	20,013
	Repairs and Supplies	15,000	-	(15,000)	15,000	-
	Salaries	51,700	49,703	(19,297)	69,000	71,208
	Operator	10,090	9,795	2,295	7,500	7,500
	Payroll taxes & Benefits	23,100	20,563	1,263	19,300	19,004
	Vehicle Expense	4,000	3,000	(3,000)	6,000	4,551
	Total Collection and Trans.	131,640	96,091	(63,709)	159,800	124,674
Sewage Treatment						
	Repairs, Maintenance & Supplies	40,000	39,916	(84)	40,000	38,222
	Equipment replacement	25,000	7,005	(17,995)	25,000	3,097
	Salaries	34,460	33,135	(12,865)	46,000	47,471
	Payroll taxes & Benefits	15,000	13,320	(80)	13,400	12,670
	Operator	32,260	31,320	1,320	30,000	30,000
	Sludge Handling	25,000	49,860	(10,140)	60,000	76,160
	Testing	20,000	19,000	(1,000)	20,000	13,524
	Utilities	75,000	62,500	(12,500)	75,000	72,390
	Total Sewage Treatment	266,720	256,056	(53,344)	309,400	293,534
Administrative						
	Accounting and Billing	53,560	52,000	0	52,000	51,085
	Auditing	12,000	8,200	0	8,200	8,200
	Directors Fees	7,750	6,800	175	6,625	6,028
	Dues & Subscriptions	1,570	1,570	220	1,350	1,210
	Engineering	20,000	23,175	(16,825)	40,000	17,175
	Engineering-Master Plan	30,000	-	(10,000)	10,000	9,000
	Insurance	20,585	19,607	(18)	19,625	20,732
	Legal & Administration	80,000	73,000	3,000	70,000	61,960
	Management	138,500	-	(138,050)	138,050	-
	Miscellaneous	1,500	1,725	725	1,000	735
	Office & Postage	22,500	21,500	(1,000)	22,500	19,359
	Permits	1,500	976	(524)	1,500	976
	Training & Seminars	1,000	40	(960)	1,000	232
	Total Administrative	390,465	208,593	(163,257)	371,850	196,692
	Total Operating Expend.	788,825	560,740	(280,310)	841,050	614,900
	Operating Income (Loss)	462,560	596,187		319,750	498,442

**SOUTH DURANGO SANITATION DISTRICT
2023 BUDGET**

		Budget	Estimated	Over	Final	Actual
		Year Ending	Year Ending	(Under)	Budget	Year Ending
		12/31/23	12/31/22		2022	12/31/21
OPERATING - continued						
	Transfer to Non-operating	(437,985)	(350,000)		(150,000)	(300,000)
Operating Fund Balance - Jan 1						
		531,072	284,885			86,443
Operating Fund Balance - Dec 31						
		555,647	531,072			284,885
NON-OPERATING						
Revenues						
	Tap Fees	499,000	439,000	64,000	375,000	484,750
	Interest	75,000	18,500	(4,000)	22,500	11,221
	Total Non-operating Rev.	574,000	457,500	60,000	397,500	495,971
Expenditures						
Capital Outlay						
	Equipment-New	50,000	-	(46,000)	46,000	27,608
	Collection system	350,000	36,630			70,283
	Treatment Plant		196,604	(272,596)	469,200	126,175
	Total Capital Outlay	400,000	233,234	(281,966)	515,200	224,066
Debt Service						
	Principal					
	WPCRF	-	-	(38,073)	38,073	521,187
	Sludge Handling Equip.	-	-	(56,708)	56,708	148,283
	Interest					
	WPCRF	-	-	(10,995)	10,995	10,231
	Sludge Handling Equip.	-	-	(4,935)	4,935	994
	Total Debt Service	-	-	(110,711)	110,711	680,695
	Total Non-operating Exp	400,000	233,234	(392,677)	625,911	904,761
	Non-operating Income (Loss)	174,000	224,266	452,677	(228,411)	(408,790)
	Transfer from Operating	437,985	350,000		150,000	300,000
Non-operating Fund Bal - Jan 1						
		1,841,774	1,267,508			1,376,298
Non-operating Fund Bal - Dec 31						
		2,453,759	1,841,774			1,267,508
TOTAL FUND BALANCE - JAN 1						
		2,372,846	1,552,393			1,464,851
TOTAL FUND BALANCE - DEC 31						
		3,009,406	2,372,846			1,552,393
Note 1: No increases in user fees; tap fees increase to 9,000						
Note 2: Operating transfer is 35% operating revenue and any capitalized repairs						
Note 3: Assumes 40 new ERTs, \$139,000 for PIF receivable						
Note 4: Mo. sludge equipment lease charge, Loma Linda Sanitation District \$6,545 plus prior annual fee of \$6,000						