

SOUTH DURANGO SANITATION DISTRICT

I hereby certify that the attached is a true and accurate copy of the 2015 Budget for the South Durango Sanitation District in La Plata County, Colorado. This Budget was adopted on December 18, 2014. If there are any questions on the Budget, please contact Floyd L. Smith at 970-247-1921.

SOUTH DURANGO SANITATION DISTRICT

BY: *Clarence L. Smith*

SOUTH DURANGO SANITATION DISTRICT 2015 BUDGET MESSAGE

The proposed budget for the South Durango Sanitation District for the 2015 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. The District increased user fees on January 1, 2011. No similar increase is projected for 2015. The increase in user fee revenue shown in the 2015 budget is the result of new customers being added, primarily in the Three Springs area.

The budget projects total operating expenditures of \$404,025 in 2015, an increase of approximately \$70,000 more than the amount of estimated expenditures in 2014. Included in the 2015 budget is \$50,000 which is budgeted for sludge removal and an increase in salaries which have not been increased for several years. Those two items account for majority of the increase in expenditures in 2015. The 2015 budget projects net operating income of \$192,485.

Tap fees (plant investment fees) are charged to new customers connecting to the system and are used to pay capital expenses including the repayment of bonds or loans, the proceeds of which were used to construct capital facilities for the District. In 2014 the District analyzed its tap fee structure. The actual flows being generated by the current taps was well below the estimate that was used in setting tap fees to meet the capital needs of the District. As a result, the District lowered its tap fee but will still generate the same amount of tap fee revenue from the available capacity in the waste water treatment facility. Additional analysis will continue with an updated Capital Improvement Plan being developed. Further adjustments to fees will be made as needed.

For the ten year period from 1998-2008 the District experienced rapid growth and received substantial revenue from tap fees. No tap fee revenue from new customers was received in 2009-2010. As a result, the Threes Springs developer ("GRVP") was required to purchase taps under a Tap Guaranty Agreement to pay the district 2004 revenue bond. The bond was paid in full in 2012. GRVP is gradually bringing those prepaid taps online with the construction of new homes which provides the District with additional user fees for operating expenses but no tap fees for non operating expenses. In 2014 GRVP activated 46 taps leaving a total of 65 prepaid taps. With projects and housing starts currently projected in Three Springs, all prepaid taps will be used in 2015. In addition, a proposed apartment project in Three Springs could provide

substantial tap fee revenue. The budget projects \$247,500 in tap fee revenue. The Board has indicated it will use tap fee revenue for early retirement of the District's revenue bonds. In addition about \$100,000 in small capital improvement projects are in the 2015 budget.

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 2015 Budget

	Budget Year Ending	Estimated Year Ending	Actual Year Ending
	December 31, 2015	December 31, 2014	December 31, 2013
OPERATING			
Revenues			
Sewage Treatment	\$ 591,000	\$ 567,000	\$ 565,693
Interest	10	10	1
Inspection fees	10,000	4,500	3,500
Miscellaneous	500	2,860	-
Total Operating Revenues	601,510	574,370	569,194
Expenditures			
Collection and Transmission			
Power	2,400	2,225	2,087
Repairs, Cleaning & Supplies	30,000	20,500	6,064
Salaries	40,150	36,500	36,560
Operator	8,000	7,000	6,816
Payroll taxes & Benefits	10,000	10,300	9,734
Vehicle Expense	3,600	3,650	2,145
Total Collection and Transmission	94,150	80,175	63,406
Sewage Treatment			
Repairs, Maintenance & Supplies	20,000	22,500	28,214
Salaries	27,775	25,250	24,373
Payroll taxes & Benefits	7,000	6,700	6,489
Operator	27,500	27,500	27,264
Sludge Removal	50,000	-	34,850
Testing	6,600	6,250	5,820
Utilities	42,000	37,500	30,814
Total Sewage Treatment	180,875	125,700	157,824
Administrative			
Accounting and Billing	34,700	31,000	31,390
Auditing	7,800	7,600	7,600
Directors Fees	6,000	5,600	5,500
Dues & Subscriptions	1,200	962	883
Engineering	15,000	11,560	13,965
Insurance	14,500	13,940	12,675
Legal	30,000	34,000	30,147
Training & Seminars	900	-	-
Miscellaneous	900	875	1,168
Office & Postage	18,500	17,350	16,033
Rent Expense	-	-	4,776
Permits	2,500	2,523	2,315
Total Administrative	132,000	125,410	126,452
Total Operating Expenditures	407,025	331,285	347,682
Operating Income (Loss)	194,485	243,085	221,512
Transfer to Non-operating	(175,000)	(205,000)	(200,000)
Beginning Operating Fund Balance - January 1	162,860	124,775	103,263
Ending Operating Fund Balance - December 31	182,345	162,860	124,775

South Durango Sanitation District 2015 Budget

		Budget	Estimated	Actual
		Year Ending	Year Ending	Year Ending
		December 31,2015	December 31,2014	December 31,2013
NON-OPERATING				
Revenues				
	Tap Fees	247,500	16,800	24,000
	Interest	100	60	1
	Grant - DOLA	-	-	25,215
	Total Non-operating Revenues	247,600	16,860	49,216
Expenditures				
Capital Outlay				
	Equipment	-	7,225	7,500
	Aerators	16,000	-	-
	Sludge Dewatering Equipment	75,000	-	-
	Data Logging Equipment	10,000	-	-
	Phase 2 Engineering & Administration	-	-	9,878
	Treatment Plant	15,000	-	18,439
	Total Capital Outlay	116,000	7,225	35,817
Debt Service				
Principal				
	2006 bonds	100,000	95,000	90,000
	WPCRF	34,466	33,787	27,553
Interest				
	2006 bonds	66,000	69,800	73,400
	WPCRF	14,602	15,281	13,224
	Debt service fees	500	500	400
	Lease Purchase	-	-	-
	Total Debt Service	215,568	214,368	204,577
	Total Non-operating Expenditures	331,568	221,593	240,394
	Non-operating Income (Loss)	(83,968)	(204,733)	(191,178)
	Transfer from Operating	175,000	205,000	200,000
	Non-operating Fund Balance - January 1	9,089	8,822	-
	Non-operating Fund Balance - December 31	100,121	9,089	8,822
	TOTAL FUND BALANCE - JANUARY 1	171,949	133,597	103,263
	TOTAL FUND BALANCE - DECEMBER 31	282,466	171,949	133,597

RESOLUTION NO. 2014 - 6
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, 2015, AND ENDING ON THE LAST DAY OF DECEMBER, 2015.

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 October 23, 2014, 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	\$407,025
Non-Operating Expenses	<u>\$331,568</u>
Total Enterprise Fund Expenses	\$738,593

SECTION II

That estimated revenues for each fund are as follows:

Enterprise Fund	
From unappropriated surpluses	\$ 0
From sources other than general property tax	\$738,593
From the general property tax levy	<u>\$ 0</u>
Total Enterprise Fund Revenues	\$738,593

SECTION III

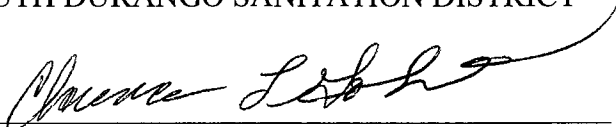
That the budget as submitted, amended and hereinabove summarized by fund, be, and the same hereby is approved and adopted as the budget of the South Durango Sanitation District for the year stated above.

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 18th day of December, 2014.

SOUTH DURANGO SANITATION DISTRICT

By 

President

ATTEST:



Secretary

RESOLUTION NO. 2014 - 7

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 2015 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 18, 2014; 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	\$ 407,025
Non-operating Expenses	\$ 331,568
Total Enterprise Fund Revenues	\$ 738,593

ADOPTED this 18th day of December, 2014.

SOUTH DURANGO SANITATION DISTRICT

ATTEST:


Secretary

By 
President