

## **SOUTH DURANGO SANITATION DISTRICT 2024 BUDGET MESSAGE**

The proposed budget for the South Durango Sanitation District for the 2024 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 for upgrades to the treatment plant that are anticipated in 2028 to meet new nutrient removal requirements. The 2024 budget projects total operating expenditures of \$867,635, an increase of \$101,810 over the amount of budgeted operating expenditures in 2023. The increase is primarily due to engineering fees and costs for an updated master plan. The 2024 budget projects operating income of \$1,349,000, an increase of approximately \$128,000 more than estimated operating income in 2023.

The District increased its monthly user fee from \$45 to \$50 on March 1, 2021. An increase to \$55 is projected for 2024 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 capital costs incurred to construct, improve, or expand the wastewater collection and treatment system to service for new customers. The District prepaid its WPCRF loan in 2021 and does not currently 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. The 2024 capital budget includes several large projects for improvements to the collection system. The TSC pipe upgrade project will be repaid through an impact fee from taps connected to the improvement. The Wilson Gulch access project will provide improved access for maintenance and repair of the Grandview interceptor. The budget includes proposed expenditures for a bio solids design. Other planned capital expenditures (non-operating) in 2024 include \$50,000 for a new vehicle, \$30,000 for computer upgrades and \$30,000 for an office trailer..

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  
2024 BUDGET**

		Budget	Estimated	Over	Final	Actual
		Year Ending	Year Ending	(Under)	Budget	Year Ending
		12/31/24	12/31/23		2023	12/31/22
<b>OPERATING</b>						
<b>Revenues</b>						
	Sewage Treatment	\$ 1,300,000	\$ 1,184,000	(\$26,000)	\$ 1,210,000	\$ 1,150,106
	Interest	25,000	23,500	11,500	12,000	4,598
	Inspection fees	4,000	7,100	3,350	3,750	5,400
	Sludge Processing Fees-LLSD	20,000	6,000	(19,635)	25,635	6,000
	Miscellaneous	-	40	40	-	-
	<b>Total Operating Revenues</b>	<b>1,349,000</b>	<b>1,220,640</b>	<b>(30,745)</b>	<b>1,251,385</b>	<b>1,166,104</b>
<b>Expenditures</b>						
<b>Collection and Transmission</b>						
	Power	3,000	3,050	300	2,750	2,809
	Cleaning	25,000	22,633	(2,367)	25,000	10,280
	Repairs and Supplies	15,000	-	(15,000)	15,000	-
	Salaries	46,575	49,703	(1,997)	51,700	50,033
	Operator	10,090	10,090	0	10,090	7,860
	Payroll taxes & Benefits	18,000	20,563	(2,537)	23,100	16,387
	Vehicle Expense	6,000	5,500	1,500	4,000	4,074
	<b>Total Collection and Trans.</b>	<b>123,665</b>	<b>111,539</b>	<b>(20,101)</b>	<b>131,640</b>	<b>91,443</b>
<b>Sewage Treatment</b>						
	Repairs, Maintenance & Supplies	45,000	43,000	3,000	40,000	39,999
	Equipment replacement	25,000	35,000	10,000	25,000	7,005
	Salaries	46,575	33,135	(1,325)	34,460	33,660
	Payroll taxes & Benefits	18,000	13,320	(1,680)	15,000	10,620
	Operator	32,260	31,320	(940)	32,260	31,440
	Sludge Handling	25,000	46,074	21,074	25,000	49,860
	Testing	27,500	21,500	1,500	20,000	18,073
	Utilities	75,000	63,500	(11,500)	75,000	61,844
	<b>Total Sewage Treatment</b>	<b>294,335</b>	<b>286,849</b>	<b>20,129</b>	<b>266,720</b>	<b>252,501</b>
<b>Administrative</b>						
	Accounting and Billing	56,000	53,560	0	53,560	49,350
	Auditing	13,200	12,300	300	12,000	8,200
	Directors Fees	7,750	7,750	0	7,750	6,782
	Dues & Subscriptions	1,570	1,320	(250)	1,570	1,568
	Engineering	25,000	24,115	4,115	20,000	
	Engineering-2023 Master Plan	109,680	2,060	2,060	-	20,763
	Engineering-2017 Master Plan	17,820	12,960	(17,040)	30,000	-
	Insurance	28,715	17,000	(3,585)	20,585	19,607
	Legal & Administration	72,000	65,000	(15,000)	80,000	73,941
	Management	112,000	-	(138,500)	138,500	-
	Miscellaneous	1,500	1,500	500	1,000	2,070
	Office & Postage	26,000	24,500	2,000	22,500	21,436
	Permits	1,000	976	(524)	1,500	976
	Training & Seminars	2,400	2,700	1,200	1,500	40
	<b>Total Administrative</b>	<b>449,635</b>	<b>201,626</b>	<b>(168,839)</b>	<b>370,465</b>	<b>204,733</b>
	<b>Total Operating Expend.</b>	<b>867,635</b>	<b>600,014</b>	<b>(168,811)</b>	<b>768,825</b>	<b>548,677</b>
	<b>Operating Income (Loss)</b>	<b>481,365</b>	<b>620,626</b>		<b>482,560</b>	<b>617,427</b>
	<b>Transfer to Non-operating</b>	<b>(472,150)</b>	<b>(437,895)</b>		<b>(437,985)</b>	<b>(651,200)</b>
	<b>Operating Fund Balance - Jan 1</b>	<b>412,603</b>	<b>229,872</b>		<b>229,872</b>	<b>263,645</b>
	<b>Operating Fund Balance - Dec 31</b>	<b>421,818</b>	<b>412,603</b>		<b>274,447</b>	<b>229,872</b>

**SOUTH DURANGO SANITATION DISTRICT  
2024 BUDGET**

		Budget	Estimated	Over	Final	Actual
		Year Ending	Year Ending	(Under)	Budget	Year Ending
		12/31/24	12/31/23		2023	12/31/22
<b>NON-OPERATING Revenues</b>						
	Tap Fees	675,000	501,000	2,000	499,000	448,850
	TSC impact fees	5,800				
	Interest	100,000	108,000	33,000	75,000	22,888
	<b>Total Non-operating Rev.</b>	<b>780,800</b>	<b>609,000</b>	<b>35,000</b>	<b>574,000</b>	<b>471,738</b>
<b>Expenditures</b>						
<b>Capital Outlay</b>						
	Bio Solids design	200,000	4,257			
	Equipment-New	80,000	-	(50,000)	50,000	-
	Collection system - TSC	515,000	11,105	(338,895)	350,000	36,630
	Wilson Gulch access	670,000	4,488			
	Treatment Plant - Office	50,000	32,500	32,500	-	196,604
	<b>Total Capital Outlay</b>	<b>1,515,000</b>	<b>52,350</b>	<b>(347,650)</b>	<b>400,000</b>	<b>233,234</b>
	<b>Total Non-operating Exp</b>	<b>1,515,000</b>	<b>52,350</b>	<b>(347,650)</b>	<b>400,000</b>	<b>233,234</b>
	<b>Non-operating Income (Loss)</b>	<b>(734,200)</b>	<b>556,650</b>	<b>382,650</b>	<b>174,000</b>	<b>238,504</b>
	<b>Transfer from Operating</b>	<b>472,150</b>	<b>437,895</b>		<b>437,985</b>	<b>651,200</b>
	<b>Non-operating Fund Bal - Jan 1</b>	<b>3,152,657</b>	<b>2,158,112</b>			<b>1,268,408</b>
	<b>Non-operating Fund Bal - Dec 31</b>	<b>2,890,607</b>	<b>3,152,657</b>			<b>2,158,112</b>
	<b>TOTAL FUND BALANCE - JAN 1</b>	<b>3,565,260</b>	<b>2,387,984</b>			<b>1,464,851</b>
	<b>TOTAL FUND BALANCE - DEC 31</b>	<b>3,312,425</b>	<b>3,565,260</b>			<b>2,387,984</b>
<b>Note 1:</b> No increases in user fees or tap fees						
<b>Note 2:</b> Mangement expense is 80% of \$140,000 total						
<b>Note 3:</b> Operating transfer is 35% operating revenue and any capitalized repairs						
<b>Note 4:</b> Assumes 75 new ERTs at current rate; 20 TSC impact fees						
<b>Note 5:</b> Mo. sludge equipment lease charge, Loma Linda Sanitation District \$6,545						
<b>Note 6:</b> Capital outlay equipment -pickup and computer upgrade						