

LETTER OF BUDGET TRANSMITTAL

THIS FORM IS TO BE COMPLETED AND SUBMITTED WITH THE ADOPTED BUDGET NO LATER THAN JANUARY 31.

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Date: December 12, 2022

Attached is a copy of the 2023 Adopted Budget for CUCHARAS SANITATION AND WATER DISTRICT in HUERFANO County, submitted pursuant to Section 29-1-113, C.R.S. This Budget was adopted on December 9, 2022. If there are any questions on the budget, please

Contact: SHAYLEE ANDREATTA at 719-742-3108, or 16925 State Highway 12, La Veta CO 81055.

I,  Cucharas Sanitation and Water District, Business Administrator
SHAYLEE ANDREATTA

Hereby certify that the enclosed is a true and accurate copy of the 2023 Adopted Budget.

Cucharas Sanitation & Water District 2023 Budget Message

The District

The Cucharas Sanitation & Water District (“CS&WD”) is a local governmental subdivision of the State of Colorado. It is the policy of the CS&WD Board of Directors, consistent with the availability of revenues, personnel, and equipment, to use its best efforts to provide water, sewer and related services to the residents and property owners within the District. The District currently provides water and/or wastewater services to rate-paying customers. The majority of customers have both water and wastewater service. However, some customers have only water service while others have only wastewater service. The table below is a breakdown of customers:

	<i>Water Service</i>	<i>Wastewater Service</i>
Residential Customers	659	665
Commercial Customers	19	19
Total Customers	678	684

The CS&WD budget has been prepared on the accrual basis. The accounts of the District are organized and presented in accordance with generally accepted accounting principles as applied to a governmental unit operated as an Enterprise Fund. Dixon, Waller & Co., Inc. audited the District’s financial statements for 2021 and prior years.

The Budget

The CS&WD’s 2023 budget reflects the District’s governing board’s commitment to continue to provide high quality water and sewer services in a fiscally responsible manner to every property owner in the District. The Board continues to limit discretionary operating expenses again in 2023.

Government Fund Revenue and Expenditures

Government Fund revenues are derived primarily from property taxes and associated sources, including specific ownership taxes and interest on delinquent property taxes, all of which are collected and submitted to the District by the Huerfano County Treasurer. The District also collects minor revenues from space rental charges and licensing fees for contractors working within the District.

Operating expenditures from the Government Fund are typical expenses involved in governmental planning, oversight, reporting and administration.

The Board has committed to update the complete Rules & Regulations, Personnel, and By-Laws of the CS&WD in 2023. In order to do this efficiently and effectively the Board will continue to actively participate and manage this process.

In accordance with the provisions of TABOR, an Emergency Reserve is set at three percent of governmental fiscal year spending excluding bonded debt service. In addition, in order to satisfy the 2019 Drinking Water Revolving Fund loan covenant, CSWD maintains a debt reserve account with an existing balance in excess of \$183,402.

Enterprise Fund Operating Revenue and Expenditures – Water

Anticipated operating revenues for the CS&WD Enterprise water operation are those typically received from water service fees, tap fees, interest income and inspection fees. Administrative and legal fees for the District’s pond augmentation program, as well as the cost of augmentation water have been, and will continue to be, recouped by revenues received from participating pond owners in the District. The

budgeted 2023 operating expenditures are comprised primarily of the expenses directly attributable to the cost of fulfilling the District's Water Enterprise function, i.e., providing clean drinking water to District residents.

The water-related expenses are expected to increase in 2023 as compared to 2022 due to the Board's decision to maintain and improve the district's production assets and increase employee benefits. Other areas of increased cost are for repairs and maintenance, energy and the principal and interest cost of a new Drinking Water Revolving Fund loan.

In early 2019 the District applied and received a Drinking Water Revolving Fund loan from Colorado Water Resources and Power Development Authority to fund the Spanish Peaks Water System Improvement Project. The District began making payments on this new loan in 2020. The Cuchara Water Tank Project loan will continue to be paid in a timely manner.

The District anticipates minimal growth in 2023, projecting two new residences will be completed in 2023. This lack of growth in the District is a direct result of a slow rebound from the 2008-2009 Global Financial Crisis and gradual progress toward redevelopment of the defunct local ski area. Note that during new construction, water and sewer services are charged at half price for up to 6 months or until the new dwelling can be occupied.

Enterprise Fund Operating Expenditures and Revenues – Wastewater

Anticipated operating revenues for the CS&WD Enterprise wastewater operation are received from sewer service fees, tap fees, interest income, and inspection fees. The proposed 2023 operating expenditures are comprised of the operating expenses directly attributable to the cost of fulfilling the District's Wastewater Enterprise function, i.e., providing sanitation services to District residents. The District projects two new sewer hookups in 2023.

2023 wastewater expenses are expected to be decreased by about 2% compared to 2022 due to continued effort on cost containment and operational efficiency.

Enterprise Fund Capital Revenues and Expenditures

The CS&WD Board of Directors believes that the water and wastewater systems need significant investment to combat system failures, reduce lost water, and replace obsolete components and transition to more cost-effective operations. The bulk of system failures are due to the age of the water purification, distribution and wastewater treatment infrastructure. The Board has met with Operations Management several times in recent months to identify urgently-needed capital improvements.

The following is a description of the upgrades:

- \$26,250 for additional new residential water meters
- \$45,202 for fifty meter pits and curb stops
- \$20,000 for a water distribution system within the Wastewater Treatment plant
- \$175,000 for Baker Creek Site Preparation
- \$400,000 for the Baker Creek Water Plant
- \$12,500 for the GMS PER Addendum
- \$20,000 for roof repair at Baker Creek Water Treatment Plant
- \$25,000 for Waste Water Plant Digester Blower and Motor
- \$20,000 for Waste Water Plant Sludge Holding Tank Blower and Motor
- \$1,800 for new twelve inch bucket for CAT Backhoe

Funding for the aforementioned capital projects will be borne through existing capital reserves, which currently total approximately \$686,375.

2023 Master Budget_DOLA

	2021 Actual	2022 Projected	2023 Preliminary			
	2021 Actual Summary	2022 Projected - Summary	Gov't Fund	Water Fund	Sewer Fund	2023 Proposed - Summary
Beginning Fund Balances (BFB)	935,049	748,503	175,006	705,327	615,482	1,495,815
Operating Income						
Service Fees	562,388	713,265		408,000	312,000	720,000
Excess Consumption Charge	-	1,000		1,000		1,000
Pond Delivery Charge	6,704	6,546		6,534		6,534
Customer Late Fees	695	3,000		1,000	1,000	2,000
Interest Earned	93	100		80		80
Property Taxes - District Mill Levy	92,694	102,518	101,110			101,110
Property Taxes - Debt Service	-	317	150			150
Specific Ownership Taxes	9,439	11,500	12,500			12,500
Personal Property Tax Exemption	-	500	150			150
County Treasurer Interest	301	150	200			200
License Fees	150	150	225			225
Pond Augmentation Admin Fees	2,223	2,170		2,160		2,160
Misc Operating Income	14,600	15,000	8,184	1,500	1,500	11,184
Total Operating Income	692,770	856,216	122,519	420,274	314,500	857,293
Operating Expenses						
Directors' Fees	6,500	7,700	7,500			7,500
Salaries & Hourly Payroll	289,783	285,000	100,000	100,000	100,000	300,000
Medicare Contribution	4,300	4,245	1,467	1,467	1,467	4,401
Temporary Labor	-	1,500				
Employee Retirement	39,556	44,943	14,562	14,562	14,562	43,686
Employee Insurance	56,904	54,895				50,161
Workman's Comp Ins	4,280	4,960	1,640	1,640	1,640	4,920
Analytical Services	7,298	9,500		5,000	5,000	10,000
Audit Expense	8,000	8,400	8,500			8,500
DWRF Principal (Dodgeton Water Tank)	4,153	4,236		4,322		4,322
DWRF Principal (SPWSIP)	67,527	67,655		69,357		69,357
Chemicals	16,399	15,000		8,250	8,250	16,500
County Treasurer's Fees	2,790	3,075	3,035			3,035
Dues & Subscriptions	5,597	2,400	1,670	1,020	370	3,060
Election Expense	-	-	6,000			6,000
Insurance Expense P&L	21,954	23,735	22,000			22,000
Interest Expense - DWRF (Dodgeton)	1,133	1,063		978		978
DWRF loan interest (SPWSIP)	39,498	37,496		35,794		35,794
Legal Expense	34,784	45,000	15,000	30,000		45,000
Miscellaneous Exp	1,179	176				
Office Expense	18,859	21,000	20,000	500	500	21,000
Permits & Fees	3,082	5,298	3,000	1,500	1,000	5,500
Professional Services	34,279	35,000	15,000	22,500	11,000	48,500
Repairs & Maintenance	18,918	24,700	2,000	12,500	9,500	24,000
Telephone	10,487	9,888				8,595
Travel & Training	5,650	5,000	1,500	3,000	500	5,000
Electric	40,688	38,000	9,000	13,500	22,500	45,000
Propane	10,805	14,000		9,500	5,500	15,000
Trash	992	1,146	400	400	400	1,200
Vehicle Expense	8,629	9,000		5,000	5,000	10,000
Total Operating Expense	768,559	784,011	286,368	343,120	189,520	819,008
Net Operating Income(Loss)	(75,790)	72,205	(163,849)	77,154	124,980	38,285
Capital Income						
Tap Fees	52,500	15,000		15,000	15,000	30,000
Interest on Capital Funds	1,209	11,000	2,000	2,000	2,000	6,000
Misc Capital Revenue	-	11,672				
Dola Corona Virus Relief Fund Grant	1,809	-				
ARPA Grant from County	-	25,000				
Planning Grant 80/20				10,000		
EIA Grant 50/50				6,250		
Total Capital Income	55,518	62,672	2,000	17,000	17,000	36,000
Other Expenses						
Covid-19 Expense	1,313	-				
Total Other Expense	1,313	-				
Capital Expense						
All Capital Expenditures	163,414	166,534		698,952	45,900	744,852
Total Capital Expense	163,414	166,534	-	698,952	45,900	744,852
Net Capital Income(Loss)	(107,896)	(103,861)	2,000	(681,952)	(28,900)	(708,852)
Net Income	(183,686)	(31,656)	(161,849)	(604,798)	96,080	(670,566)
Ending Fund Balances	751,363	716,847	13,157	100,529	711,562	825,249

RESOLUTION OF CUCHARAS SANITATION AND WATER DISTRICT

RESOLUTION #2022-04

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE CUCHARAS SANITATION AND WATER DISTRICT, CUCHARA, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023.

WHEREAS, the Board of Directors of the Cucharas Sanitation and Water District has appointed a Budget Committee to prepare and submit a proposed 2023 budget to the Board of Directors at the proper time; and

WHEREAS, this Budget Committee has submitted a proposed budget to this governing body on or before October 7, 2022, for its consideration; and

WHEREAS, upon due and proper notice, published and 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 November 10, 2022, 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 or planned to be expended from reserves so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CUCHARAS SANITATION AND WATER DISTRICT, CUCHARA, COLORADO:

Section 1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Cucharas Sanitation and Water District for the year 2023.

Section 2. That the budget hereby approved and adopted shall be signed by the Treasurer of the Board of Directors of the Cucharas Sanitation and Water District and made a part of the public records of the District.

ADOPTED, this 9th day of December, A.D., 2022.


James T. Alt, Treasurer

ATTEST:


Steven Davis, Secretary

(seal)

RESOLUTION OF CUCHARAS SANITATION AND WATER DISTRICT
TO APPROPRIATE SUMS OF MONEY FOR THE 2023 BUDGET YEAR

RESOLUTION # 2022-05

WHEREAS, the Board of Directors of the Cucharas Sanitation and Water District has adopted the annual budget in accordance with the Local Government Budget Law on December 9, 2022; 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

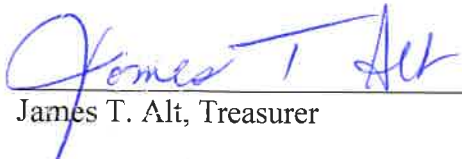
WHEREAS, it is not only required by law but also necessary to appropriate the revenues and reserves or fund balances provided in the 2023 budget to and for the purposes described below, so as not to impair the operations of the Cucharas Sanitation and Water District, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CUCHARAS SANITATION AND WATER DISTRICT, CUCHARA, COLORADO:

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

General (Government) Fund		
Current Operating Expenses	\$	286,368
Capital Outlay	\$	0
Debt Service	\$	0
Water Enterprise Fund:		
Current Operating Expenses	\$	232,669
Capital Outlay	\$	698,952
Debt Service	\$	110,451
Sewer Fund:		
Current Operating Expenses	\$	189,520
Capital Outlay	\$	45,900
Debt Service	\$	0
Total Appropriation	\$	1,563,860

ADOPTED this 9th day of December, A.D., 2022 .



James T. Alt, Treasurer

ATTEST:


Steven Davis, Secretary