

**PURGATORY METROPOLITAN DISTRICT/  
LA PLATA SAN JUAN SUBDISTRICT  
BUDGET FOR 2020**

# CLARK, WHITE, & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

Karla K. Clark, CPA

Frankie White, CPA

Purgatory Metropolitan District  
P. O. Box 2501  
Durango, Colorado 81302

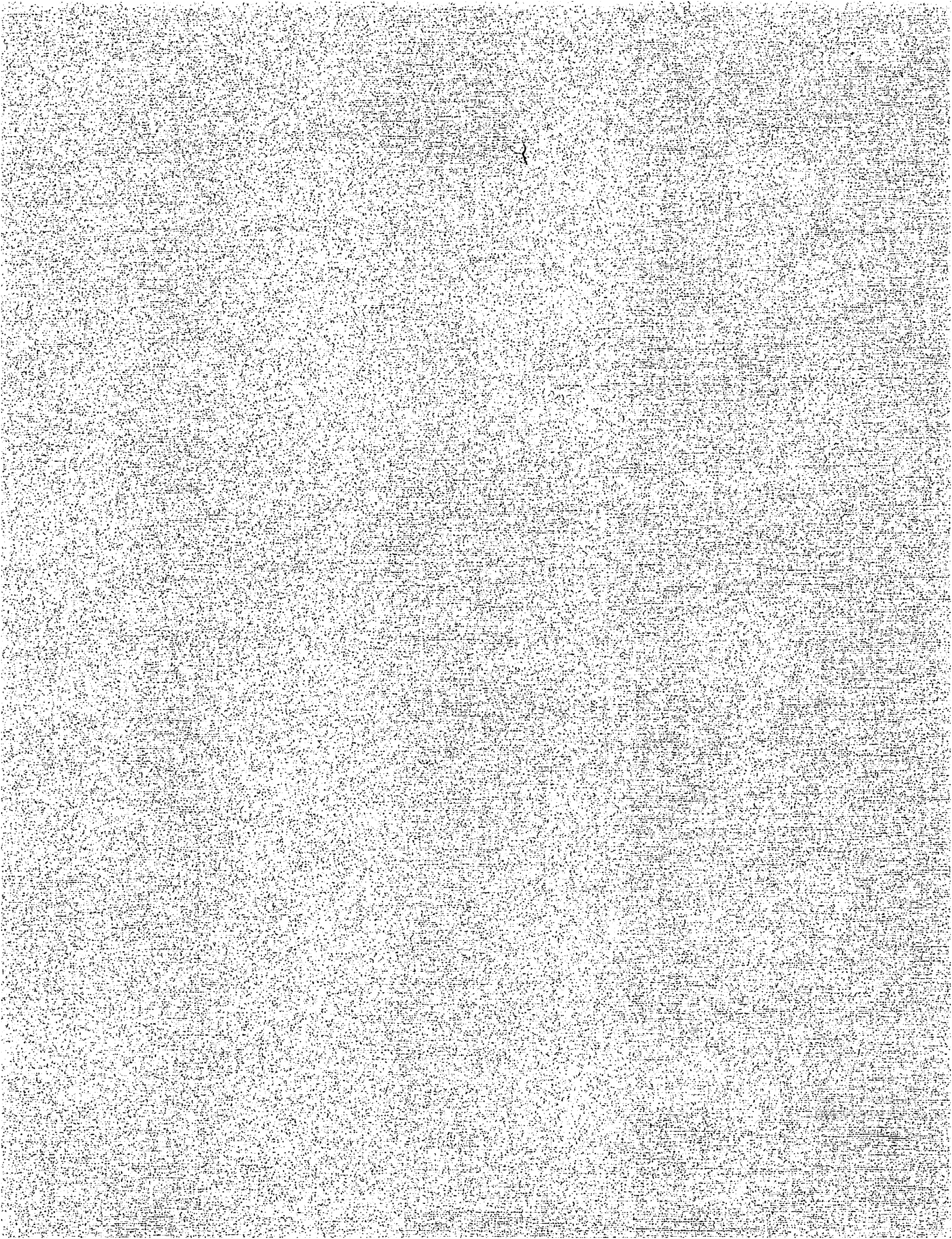
Management is responsible for the accompanying 2020 calendar year budget of Purgatory Metropolitan District/La Plata San Juan Sub District, and the related budget message and assumptions, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to Purgatory Metropolitan District/La Plata San Juan Sub District.

*Clark, White & Associates, Inc.*

Clark, White & Associates, Inc.  
December 12, 2019

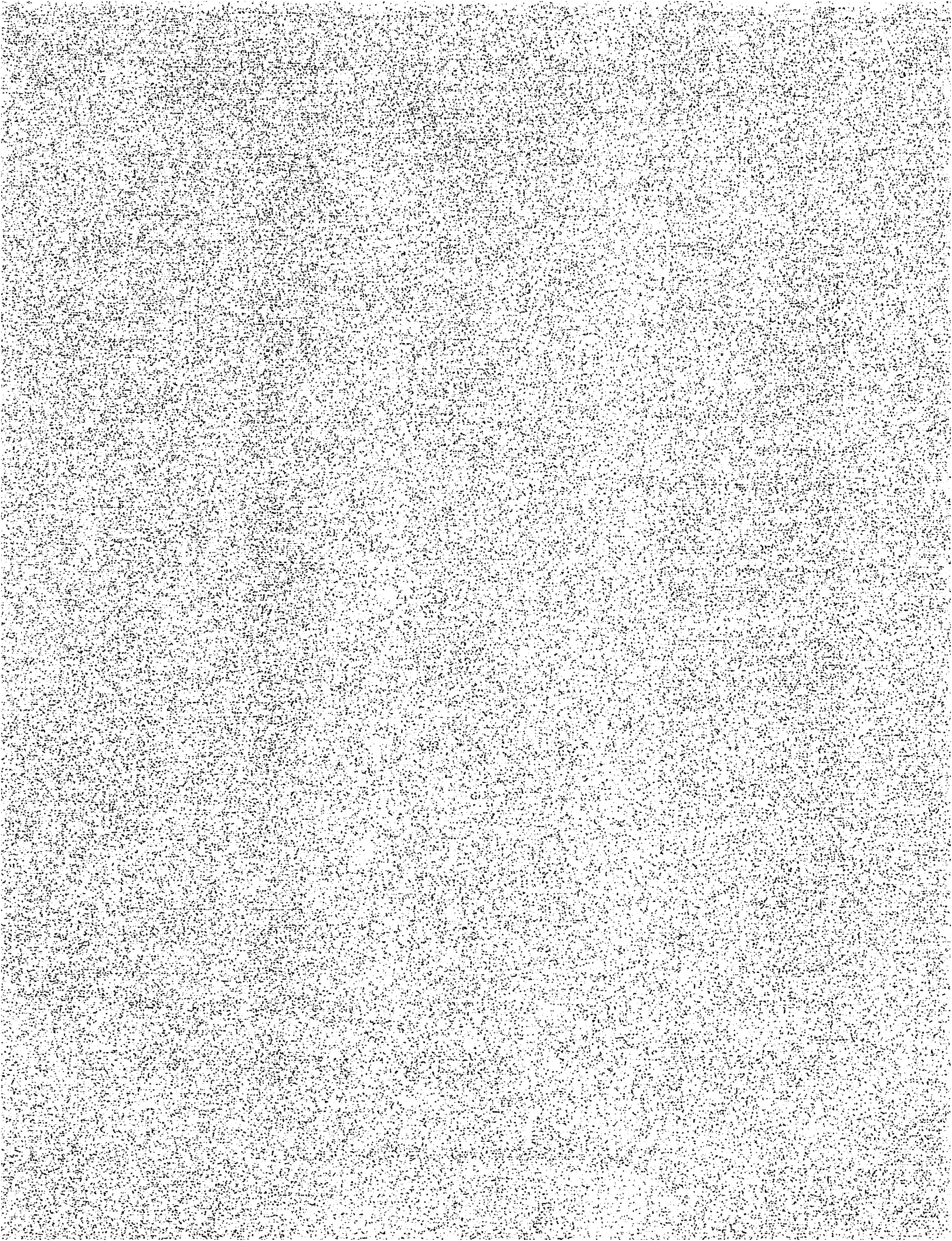




PURGATORY METROPOLITAN DISTRICT/LA PLATA SAN JUAN SUB DISTRICT  
 BUDGETED STATEMENT OF RESOURCES AND EXPENDITURES - CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2020  
 GENERAL FUND

	Actual 2018	Projected Actual For 2019	Annual Budget For 2020
Beginning Reserve Balance	\$ 1,892,558	\$ 2,526,339	\$ 2,563,012
<b>ESTIMATED RESOURCES</b>			
Property Tax Revenue	823,826	840,093	866,905
Specific Ownership taxes	86,537	83,099	60,000
Interest Income	43,407	50,311	45,000
Transfer in			
Other Revenues	10,866	6,250	6,000
Park/Rec/ Admin Impact Fee	2,608	10,744	2,686
<b>Total Available Resources</b>	<b>2,859,802</b>	<b>3,516,836</b>	<b>3,543,603</b>
<b>ESTIMATED EXPENDITURES</b>			
Park Building - R & M	14,034	3,907	3,500
Park Electric	3,854	3,466	4,000
Roads /Street Lights R & M	21,889	47,150	21,100
Snow Plowing & Removal	43,140	185,628	125,000
Other Operating Expense	6,160	9,289	9,500
Staff	71,299	74,918	105,000
Accounting Services	36,281	31,784	32,000
Legal Services	15,576	4,175	10,000
Audit Expense	12,000	12,000	12,500
Professional Services	3,382	4,350	3,500
County Treasurer Fees	24,677	24,988	25,000
Insurance	4,642	8,863	8,900
Park - other		3,034	4,500
Park Land Repairs			5,000
Office Supplies	741		1,700
Vehicle Expense	4,239	3,072	4,500
Contingency			
Capital outlay park	5,967		10,000
Capital Outlay	65,582	12,200	
<b>Total Operating Expenditures</b>	<b>333,463</b>	<b>428,824</b>	<b>385,700</b>
Transfer Out		525,000	638,000
<b>Total Expenditures</b>	<b>333,463</b>	<b>953,824</b>	<b>1,023,700</b>
<b>Excess of Revenues and Reserve Balance Over Expenditures</b>	<b>\$ 2,526,339</b>	<b>\$ 2,563,012</b>	<b>\$ 2,519,903</b>

See Accountants' Report and Budget Assumptions.

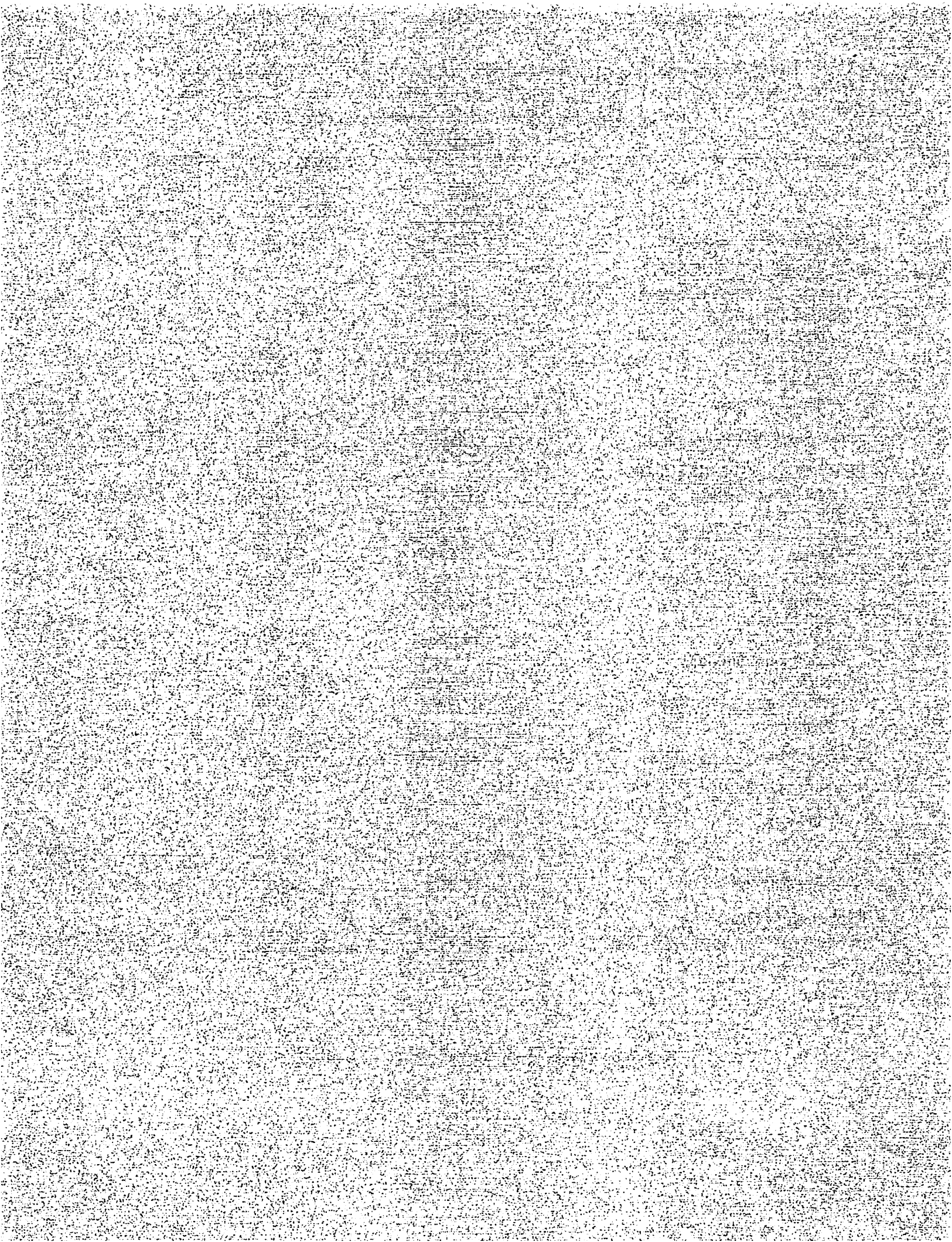


PURGATORY METROPOLITAN DISTRICT/LA PLATA SAN JUAN SUB DISTRICT  
 BUDGETED STATEMENT OF RESOURCES AND EXPENSES - CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2020  
 UTILITY FUND

	Actual 2018	Projected Actual For 2019	Annual Budget For 2020
Beginning Reserve Balance	\$333,721	\$491,358	\$720,038
<b>ESTIMATED RESOURCES</b>			
System Development Fees	15,754	63,016	15,754
Service Revenues	366,297	395,802	420,658
Interest Income	4,061	4,826	4,000
Other Income	5,018	2,261	2,000
Transfer In			
Penalty Charges			
<b>Total Available Resources</b>	<b>724,851</b>	<b>957,263</b>	<b>1,162,450</b>
<b>ESTIMATED EXPENDITURES</b>			
Inspection & Testing	11,252	11,041	13,000
Chemicals	2,372	2,040	4,500
Maintenance & Repair	15,286	20,778	175,000
Utilities	53,050	45,148	50,000
Other Operating Expense	2,645	8,869	5,000
Accounting Services	9,590	7,945	9,000
Legal Expense			
Staff	114,954	118,796	140,000
Professional Services	1,585		1,000
Insurance	15,466	15,085	15,000
Special Fees & Permits	7,293	7,523	7,500
Contingency			
<b>Total Operating Expenditures</b>	<b>233,493</b>	<b>237,225</b>	<b>420,000</b>
Interest Expense	0	0	0
Transfer Out	0	0	0
		0	0
<b>Total Expenditures</b>	<b>233,493</b>	<b>237,225</b>	<b>420,000</b>
<b>Excess of Revenues and Reserve Balance Over Expenditures</b>	<b>\$491,358</b>	<b>\$720,038</b>	<b>\$742,450</b>

See Accountants' Report and Budget Assumptions.



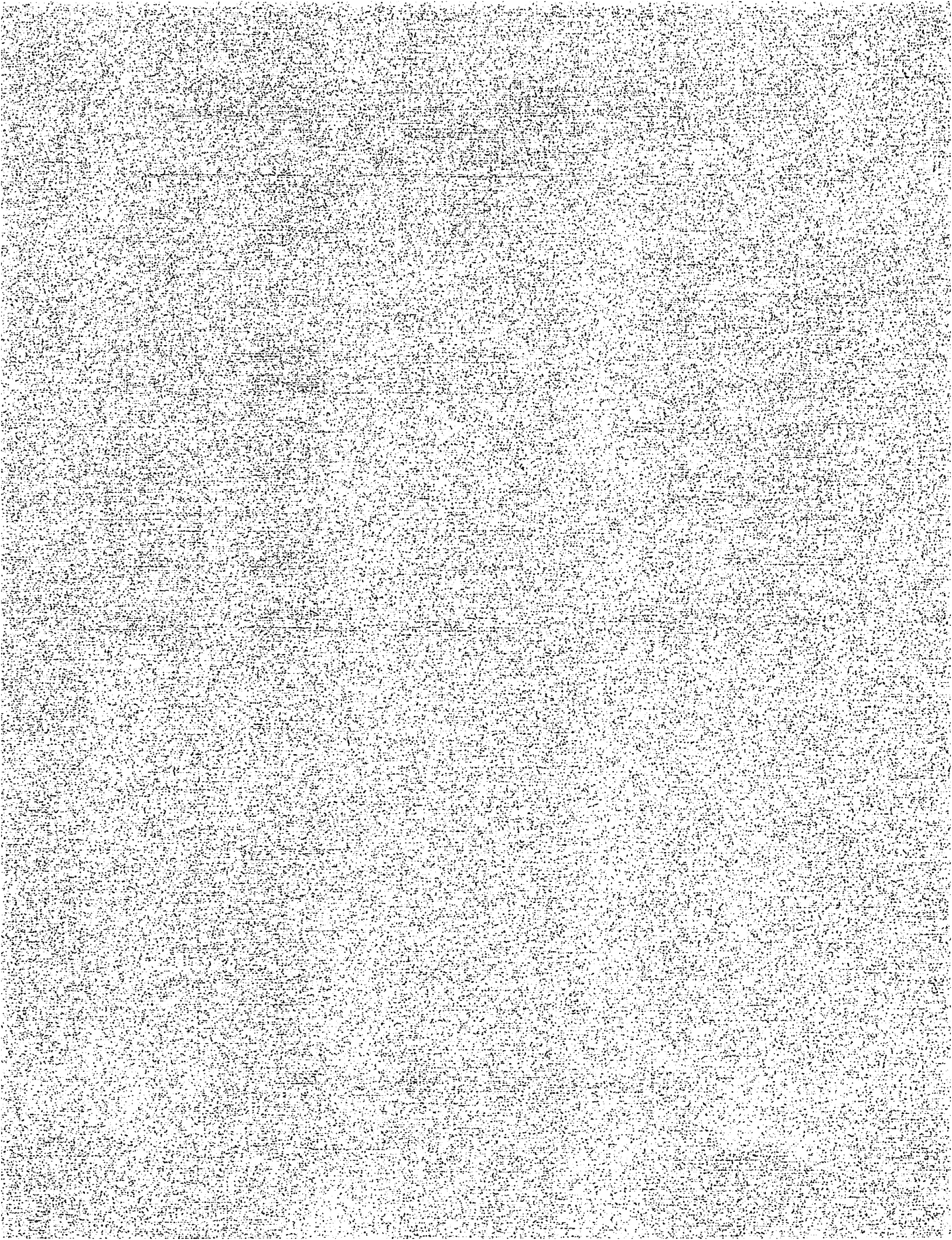


PURGATORY METROPOLITAN DISTRICT/LA PLATA SAN JUAN SUB DISTRICT  
 BUDGETED STATEMENT OF RESOURCES AND EXPENDITURES - CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2020  
 CAPITAL PROJECTS FUND

	Actual 2018	Projected Actual For 2019	Annual Budget For 2020
Beginning Reserve Balance		\$0	\$307,319
<b>ESTIMATED RESOURCES</b>			
System Development Fees			
Operating Transfer		525,000	638,000
<b>Total Available Resources</b>	<b>0</b>	<b>525,000</b>	<b>945,319</b>
<b>ESTIMATED EXPENDITURES</b>			
Water Assets	0	65,318	26,000
Wastewater plant design	0	152,363	530,000
Green Project Reserve	0		8,000
Lagoon Rehab Plan			100,000
<b>Total Expenditures</b>	<b>0</b>	<b>217,681</b>	<b>664,000</b>
<b>Excess of Revenues and Reserve Balance Over Expenditures</b>	<b>\$0</b>	<b>\$307,319</b>	<b>\$281,319</b>

See Accountants' Report and Budget Assumptions.

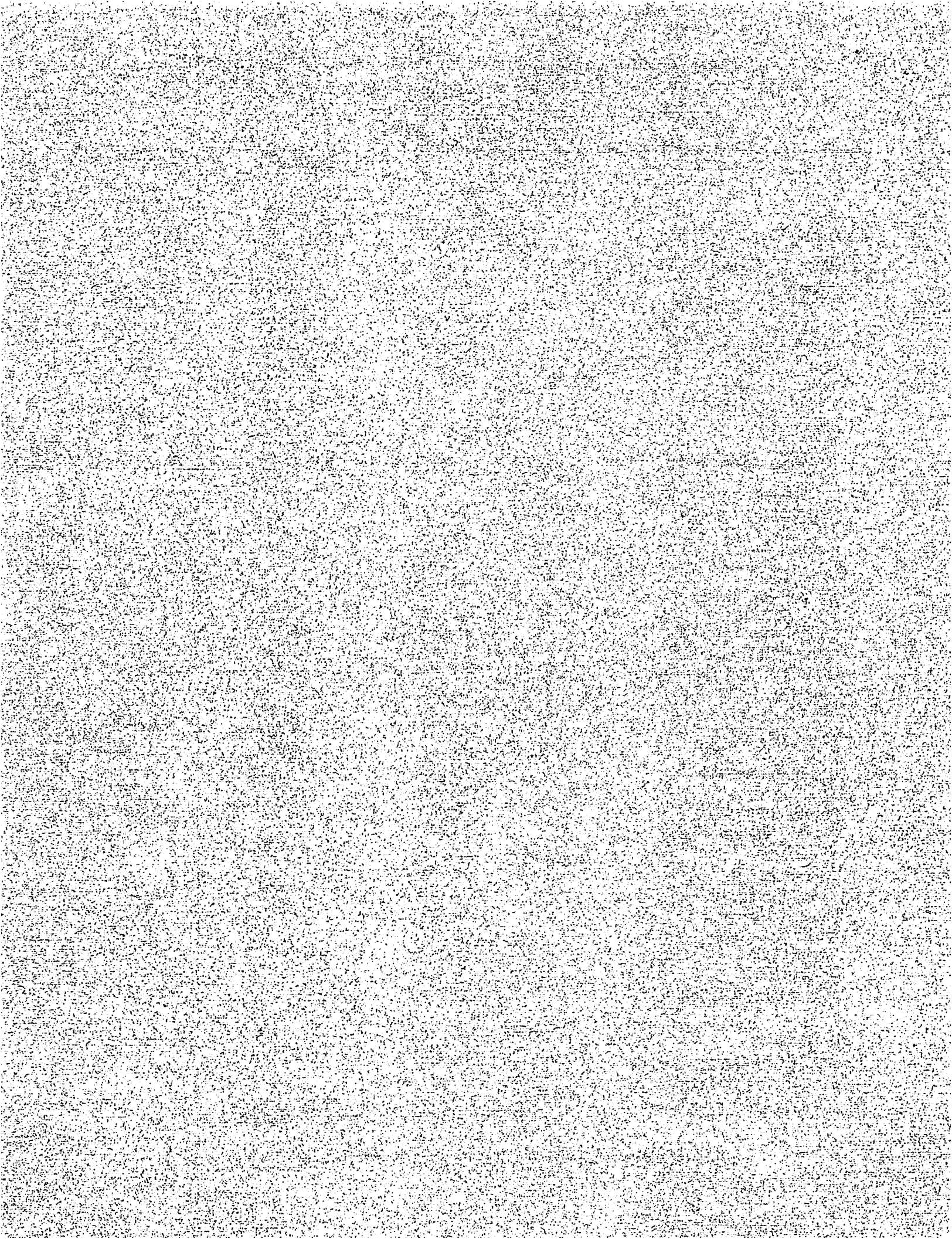




PURGATORY METROPOLITAN DISTRICT/LA PLATA SAN JUAN SUB DISTRICT  
 BUDGETED STATEMENT OF RESOURCES AND EXPENDITURES - CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2020  
 COMBINED FUNDS

	Actual 2018	Projected Actual For 2019	Annual Budget For 2020
Beginning Reserve Balance	\$ 2,226,279	\$ 3,017,697	\$ 3,590,369
<b>ESTIMATED RESOURCES</b>			
Property Taxes	823,826	840,093	866,905
Specific Ownership Taxes	86,537	83,099	60,000
System Development Fees	18,362	73,760	18,440
Service Revenues	366,297	395,802	420,658
Interest Income	47,468	55,137	49,000
Penalty Charges	0	0	0
Operating Transfer	0	525,000	638,000
Other Revenue	15,884	8,511	8,000
<b>Total Available Resources</b>	<b>3,584,653</b>	<b>4,999,099</b>	<b>5,651,372</b>
<b>ESTIMATED EXPENDITURES</b>			
Inspection & Testing	11,252	11,041	13,000
Chemicals	2,372	2,040	4,500
Park building R & M	14,034	3,907	3,500
Park Electric	3,854	3,466	4,000
Park Land Repairs	0	0	5,000
Park - Other	0	3,034	4,500
Maintenance & Repair	15,286	20,778	175,000
Roads & Street lights R & M	21,889	47,150	21,100
Snow Plowing & Removal	43,140	185,628	125,000
Electricity	53,050	45,148	50,000
Other Operating Expense	8,805	18,158	14,500
Accounting Services	45,871	39,729	41,000
Staff	186,253	193,714	245,000
Legal Expense	15,576	4,175	10,000
Audit Fee	12,000	12,000	12,500
Professional Services	4,967	4,350	4,500
County Treasurer Fees	24,677	24,988	25,000
Insurance	20,108	23,948	23,900
Office Supplies	741	0	1,700
Special Fees & Permits	7,293	7,523	7,500
Vehicle Expense	4,239	3,072	4,500
Capital Outlay Park	5,967	0	10,000
Capital Outlay	65,582	229,881	664,000
Contingency	0	0	0
<b>Total Operating Expenditures</b>	<b>566,956</b>	<b>883,730</b>	<b>1,469,700</b>
Transfer Out	0	525,000	638,000
<b>Total Expenditures</b>	<b>566,956</b>	<b>1,408,730</b>	<b>2,107,700</b>
<b>Excess of Revenues and Reserve Balance Over Expenditures</b>	<b>\$3,017,697</b>	<b>\$3,590,369</b>	<b>\$3,543,672</b>

See Accountants' Report and Budget Assumptions.





## **PURGATORY METROPOLITAN DISTRICT 2020 BUDGET MESSAGE AND ASSUMPTIONS**

---

The 2020 budget was prepared on the cash basis of accounting. This basis of accounting involves budgeting for debt principal and all other cash expenditures, and excluding non-cash items such as depreciation and amortization. The 2018 actual amounts are from the audited financial statements, and 2019 estimated amounts are based on the financial statements at October 31, 2019 with projected amounts for the remaining two months of the calendar year, both of which were prepared on the accrual or modified accrual basis of accounting as appropriate.

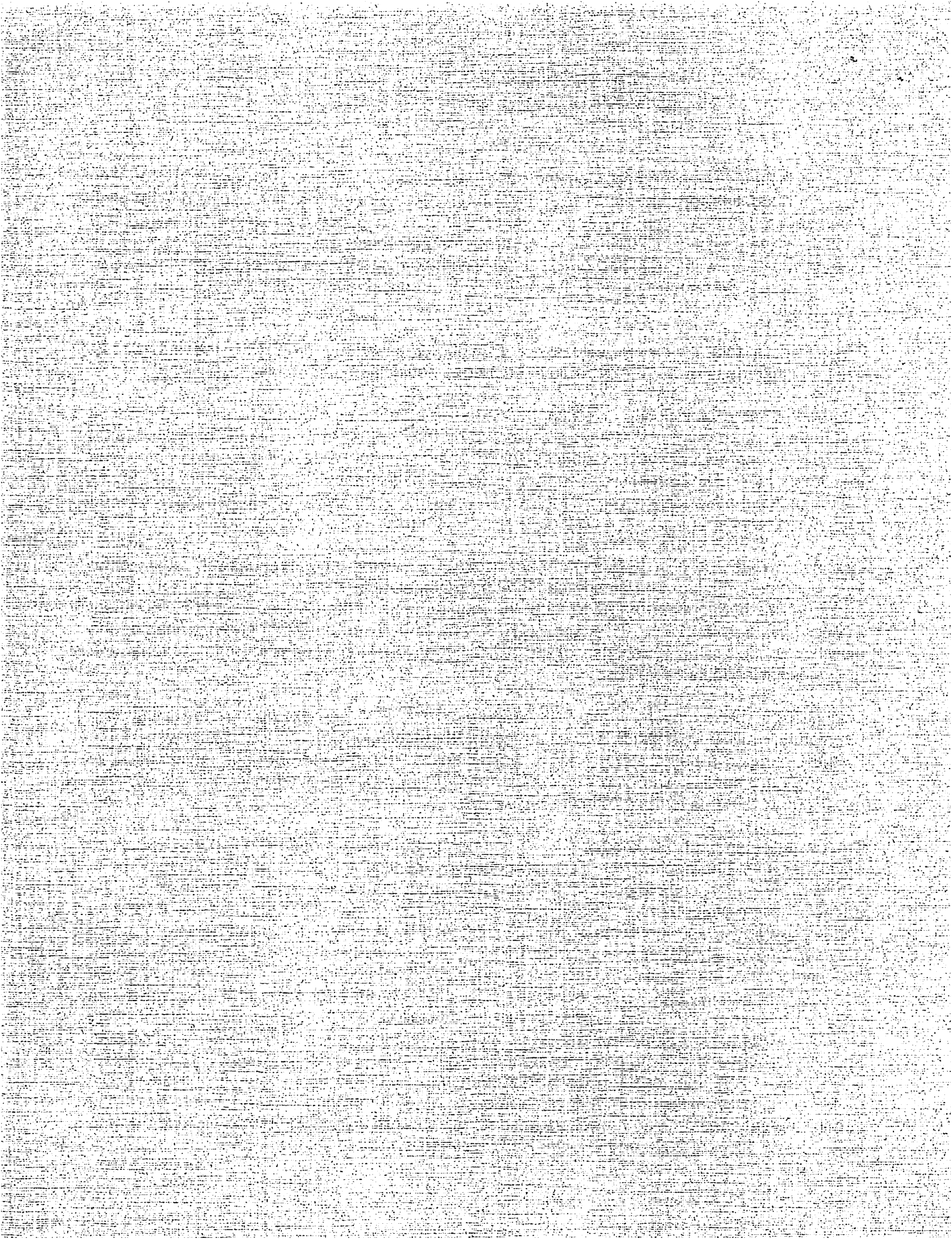
The District's total assessed valuation for 2020 increased by \$829,680, the sub district valuation increased by \$408,420. This budget does not include an increase in mill levy.

The budget for 2020 includes an estimated carryover balance as required by the governmental budget law. An emergency reserve as required by the TABOR amendment is budgeted for in the 2020 budget. All carryover balances are reserved for future expenditures. Expenditures in the proprietary fund are estimated based upon historical amounts spent and management's estimates of what conditions will be for the year. Capital expenditures budgeted are estimated from management's plan for the District.

Because events and circumstances do not occur as expected, actual results will usually differ from budgeted results. The differences may be material. The district is allowed to amend the budget. This budget is prepared to meet the requirements of the Colorado Local Government Budget Law, Section 29-1-101 et seq., C.R.S., and to be used by the board in managing the activities of the District. Because of the difficulties involved in forecasting future events, the budget is limited in its usefulness.

During 2000, the taxpayers of the District approved a ballot issue exempting the District from the statutory mill levy limitation as well as the TABOR limitations. In 2001 the taxpayers of the District approved a ballot issue allowing the District to keep the current debt service mill levy after the debt service was paid off in 2002. The taxpayers approved using the mill levy for capital improvements to the existing infrastructure.

The owner of land surrounding the District has begun the process of developing this land. The developer has approached the District requesting service for the proposed development. Studies have been completed to determine the impact both operationally and fiscally on the District. This development will significantly increase the number of customers served by the District, it will increase the miles of roads maintained by the District and the volume of water provided and wastewater treated by the District. The developer is required to donate land to the District for parks. The first phase of the park was completed in 2016, and plans for the next dedication began in 2017. The District has calculated a tap fee for water and wastewater that includes a "buy in" to the existing infrastructure as well as a future system component. The District intends to put aside the future system component in order to save funds for anticipated future system needs. These amounts are included in tap fees within this budget, as the budget is calculated on the cash basis of accounting. The District has also instituted a parks/recreation/administration fee as a means of accumulating funds for the park and administrative infrastructure that will be needed as park land is received by the District. This fee is \$2,766 for the year 2020 and is set to increase yearly.



## **PURGATORY METROPOLITAN DISTRICT 2020 BUDGET MESSAGE AND ASSUMPTIONS**

---

(Continued)

Following are the budget assumptions, revenue and expenditures, for each fund.

### **GENERAL FUND**

Revenues in the General Fund come from property taxes, which are levied on the District property and collected by the County treasurer. The mill levy for general operating expenses cannot be increased without an election. The board allocated the retired debt service property taxes to the general fund for repairs needed to the existing roads. Expenditures in the General Fund relate to administration of the District and to road maintenance. Amounts budgeted for administration of the District come from contractual obligations, such as the contracts with local professionals for management and other services.

The District has identified roads and ditches that will be repaired in 2020, as part of the planned maintenance of roads and roadways in the district. Because of the unpredictable nature of weather it is difficult to budget for snow removal and other weather related maintenance problems on roads. By continually monitoring costs, the Board expects to remain within the budgeted amounts.

The General Fund also accounts for activities, income and expenditures related to the Districts park and community center. Park and Recreation land was donated to the District in 2012. The District and land owner have started the process of identifying the land that will be donated for the second phase of the park with plans to see that dedication finalize in 2020. Expenditures will include maintenance and upkeep of the existing structures, plus costs associated with easement and acceptance of the new land.

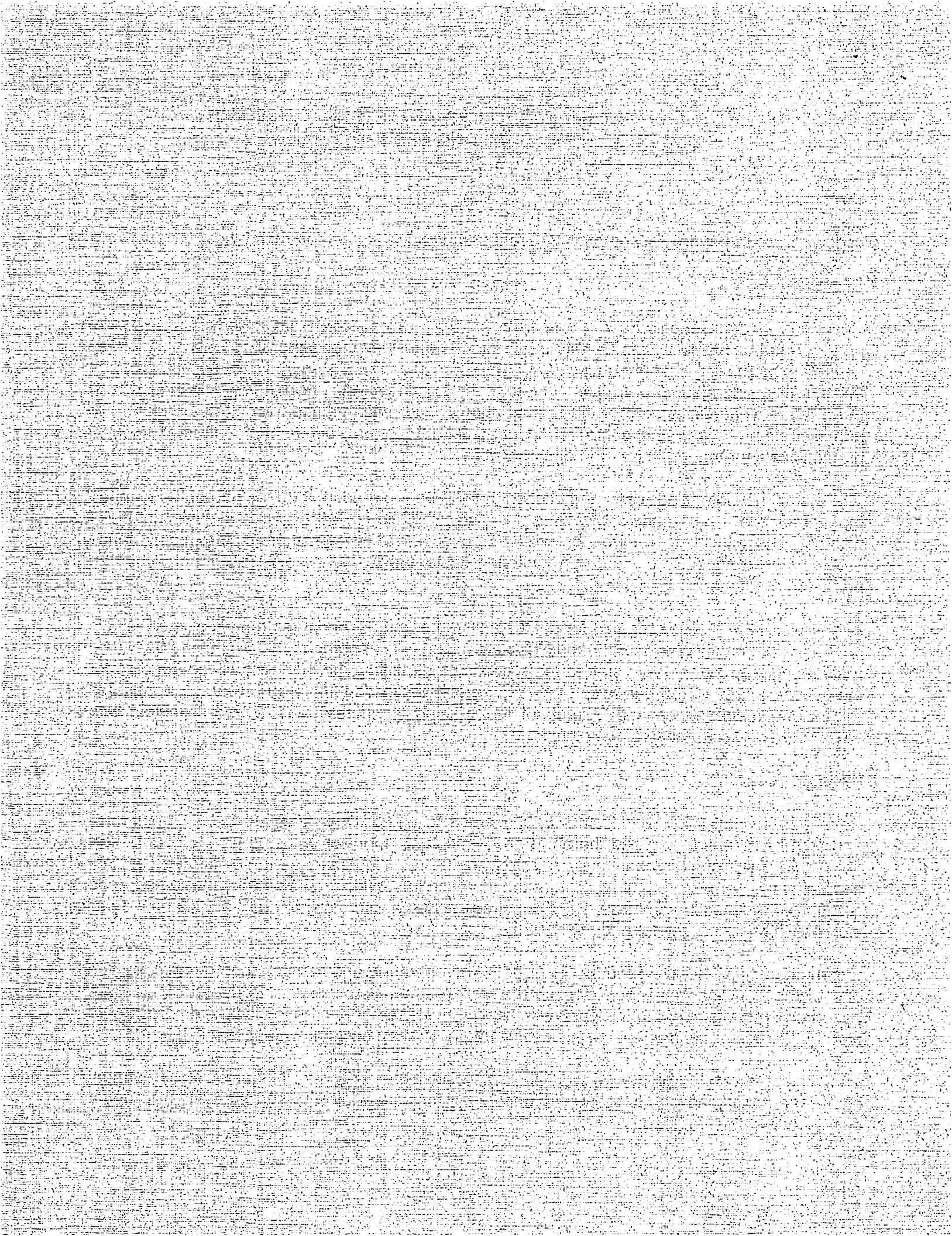
### **UTILITY FUND**

Revenues in the Utility Fund come from charges to users. User fees are a set amount per equivalent residential unit, and therefore do not fluctuate monthly unless a new account is set up. While the District is continually selling taps, the resulting increase in service fees are not seen until the homes are built, therefore the increase in service fee income is anticipated to be recognized in small increments. The District conducted a rate study in 2018 and plans a small increase in user charges for mid-year 2020.

Expenditures in the Utility Fund are incurred in the operation and maintenance of the collection and distribution lines and the sewer and water treatment processes. Budgeted figures are based on amounts spent in the past, with known increases or decreases included. The Board and District personnel monitor costs closely in order to keep costs down and within budget.

The District is continuing design work for a new advanced mechanical wastewater treatment plant, and continuing efforts to identify and repair infiltration into the current system to better design a new plant in 2020.





**PURGATORY METROPOLITAN DISTRICT  
2020 BUDGET MESSAGE AND ASSUMPTIONS**

---

(Continued)

**DEBT SERVICE FUND**

The Debt Service Fund historically got revenues from property taxes levied on the property in the District, which was collected by the County treasurer. The Debt Service Fund was not utilized in 2019 and will not be used in 2020.

The District paid off its debt during 2002. The District held an election in November 2001 asking the taxpayers to allow the district to keep the debt service mill levy to enable the district to perform repairs to the water and sewer infrastructure. The ballot question passed.

**CAPITAL PROJECTS FUND**

Revenues in the Capital Projects Fund are from the sales of system development fees and transfers from internal funds. Expenditures in the Capital Projects Fund are determined yearly based on the needs of the District and the taxpayers, and include payment for infrastructure from the developer. Budgeted expenditures are based on management's plan for the District.

