

## Budget Message

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The attached draft 2026 budget for Cherry Hills Sanitation District is attached. The District uses the modified accrual basis as its budgetary basis of accounting. The budget provides for a proprietary fund to reflect its operations. It comprises 993 non-lift station taps and 670 lift stations taps. It serves one elementary school of the Poudre School District, provides service to the Fort Collins Country Club, and service to a fire station owned by the Poudre Fire Authority.

The District by contract is provided wastewater treatment services by the City of Fort Collins. There is an anticipated 8% increase in these charges for 2026.

The 2026 budget provides for a 10% increase in quarterly active tap fees effective April 1, 2026. The quarterly active tap fees are presently \$167 per quarter for non-lift station taps and \$190 per tap per quarter for lift station taps, and will increase to \$184 and \$209, respectively. These quarterly fees were last changed in April 2025.

During 2026, the District expects to sell no additional taps to new tapholders.

**CHERRY HILLS SANITATION DISTRICT**

**Budget**

**January 1, 2026 to December 31, 2026**

|                                      | Actual Prior<br>Year<br><u>2024</u> | Estimated<br>Current Year<br><u>2025</u> | Budget<br><u>2026</u> |
|--------------------------------------|-------------------------------------|--|-----------------------|
| <b>Beginning Fund Balance</b>        | \$ 1,237,729                        | \$ 1,377,432                             | \$ 1,605,005          |
| Operating Revenue                    |                                     |  |                       |
| Waste water Charges                  |                                     |  |                       |
| Active Tap Charges                   | \$ 1,074,001                        | \$ 1,148,913                             | \$ 1,263,463 (1)      |
| Readiness-to-serve charges           | 1,314                               | 1,440                                    | 1,500                 |
| Penalties                            | 4,240                               | 3,845                                    | 4,500                 |
| Reimbursed Expenses (net)            | 440                                 | 5,770                                    | 6,000 (4)             |
| Non-Operating Revenue                |                                     |  |                       |
| Interest Earned                      | 15,435                              | 10,188                                   | 10,000 (2)            |
| Tap Sales                            | <u>3,000</u>                        | <u>1,500</u>                             | <u>-</u> (3)          |
| <b>TOTAL REVENUE</b>                 | \$ 1,098,430                        | \$ 1,171,656                             | \$ 1,285,463          |
| <b>TOTAL AVAILABLE<br/>RESOURCES</b> | \$ 2,336,159                        | \$ 2,549,088                             | \$ 2,890,468          |

**CHERRY HILLS SANITATION DISTRICT**

**Budget**

**January 1, 2026 to December 31, 2026**

|                                       | Actual Prior<br>Year<br><u>2024</u> | Estimated<br>Current Year<br><u>2025</u> | Budget<br><u>2026</u>   |                 |
|---------------------------------------|-------------------------------------|--|-------------------------|-----------------|
| Expenditures                          |                                     |  |                         |                 |
| Wastewater Collection & Transmission: |                                     |  |                         |                 |
| Wastewater Lift Stations              | 11,003                              | 12,730                                   | 14,000                  | (5)             |
| Construction Equipment                | -                                   | -  | -                       | (6)             |
| Processing Charges                    | 480,393                             | 496,404                                  | 536,000                 | (7)             |
| Maintenance / Engineering             | 30,211                              | 27,818                                   | 30,000                  | (8)             |
| Staffing Costs:                       |                                     |  |                         |                 |
| Auto                                  | 9,501                               | 10,051                                   | 12,000                  |                 |
| Wages and taxes                       | 248,620                             | 232,078                                  | 258,400                 | (9)             |
| Health Insurance                      | -                                   | 18,315                                   | 22,000                  | (10)            |
| Property Lease                        | 26,400                              | 48,000                                   | 48,000                  | (11)            |
| Administration:                       |                                     |  |                         |                 |
| Contract labor                        | 74,437                              | 27,600                                   | 27,600                  | (12)            |
| Meeting expenses                      | 8,135                               | 6,920                                    | 8,000                   |                 |
| Supplies & Expenses                   | 19,831                              | 14,926                                   | 17,500                  |                 |
| Professional Fees                     | 23,001                              | 33,300                                   | 35,000                  | (13)            |
| Insurance                             | 14,405                              | 15,941                                   | 17,000                  |                 |
| Other:                                |                                     |  |                         |                 |
| Contingency Provision                 | <u>12,790</u>                       | <u>-</u>                                 | <u>10,000</u>           |                 |
| <br><b>TOTAL EXPENDITURES</b>         | <br><u>958,727</u>                  | <br><u>944,083</u>                       | <br><u>1,035,500</u>    | <br><i>10%</i>  |
| <br><b>ENDING Fund BALANCE</b>        | <br><u>\$ 1,377,432</u>             | <br><u>\$ 1,605,005</u>                  | <br><u>\$ 1,854,968</u> | <br><i>(14)</i> |
| <i>% of Expenditures</i>              | <i>144%</i>                         | <i>170%</i>                              | <i>179%</i>             |                 |

## Cherry Hills Sanitation District - Budget Comments

- (1) Active tap charges - 10% increase assumed  
Q1 2025 prices: \$190/QTR for lift station taps, \$167/QTR for non-lift taps  
Q2-Q4 2024 prices - 10% increase \$190/ QTR for lift station taps and \$167 for non-lift station taps  
As of 11/1/2025, there are 670 taps with lift stations and 993 taps with non-lifts
- (2) Interest earned - Investment return assumed to be flat
- (3) Tap Sales - There are no anticipated tap sales for 2026
- (4) Reimbursed Expenses - expenses netted against expected revenues
- (5) Lift Stations - includes utility and telephone expenses. Estimated at 8% increase
- (6) Construction / Equipment - No current plans for construction projects
- (7) Processing charges - The projected rate increase from the City is 8%
- (8) Estimated at avg 2 year level + 5% increase
- (9) Staff Salaries - budgeted at 3% for cost of living  
Increase full time employee to \$30/ hour for entire year  
Includes payroll taxes at 7.65%
- (10) Benefits - Estimated cost of health coverage @ 2025 level plus 20%
- (11) Property lease -\$4,000 per month  
\$1,300/mo to Wallen Construction  
\$2,700/ month for Vessey building
- (12) Contract labor -- \$2,300 per month for office administration
- (13) Professional fees include legal, accounting, and quickbooks payment processing fees projected at 5% increase
- (14) Ending Fund Balance - Target - 12 months of budgetary expenditures as a reserve. This amount is approximately 93% of property, plant, and equipment at original cost if construction problems arise.