

Kremmling Sanitation District
Kremmling, Colorado

2026 Budget

Adopted: December 8, 2025

KREMMLING SANITATION DISTRICT

200 Eagle Avenue
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Kremmling, CO 80459

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December 5, 2025

Board of Directors
Kremmling Sanitation District
200 Eagle Ave.
Kremmling, CO 80459

Dear Members of the Board:

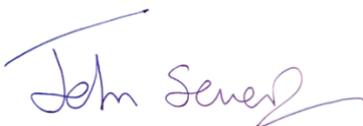
On behalf of the staff of the Kremmling Sanitation District (District), I present the balanced budget for the 2026 Budget Year. This budget has been developed in accordance with the best practices and guidelines set forth by the Governmental Accounting Standards Board (GASB) and aligns with the District's fiscal management practices.

This budget is also the result of thoughtful staff analysis and Board discussions. It reflects the ongoing needs of providing services to the residents and property owners of the District. The budget is a transparent accounting of the District's projected revenues and expenditures, informed by careful financial forecasting and the results of the District's comprehensive rate study.

The budget continues the District's high-priority capital improvement work that began in 2025 through funding from the Colorado Department of Local Affairs and newly identified capital project needs to streamline and enhance the District's aging infrastructure. We also contemplate the District's new needs, including greater accounting and legal services, enhanced employee benefits, and dedicated savings for future capital improvement programs.

Our goal today remains the same as from our founding: to provide for wastewater collection, treatment, and reclaimed water to the Town of Kremmling and its surrounding areas.

Sincerely,



Jack Seward
District Manager

Board of Directors

Noble Underbrink – President
Dave Sammons – Vice President
Alan Hassler – Secretary/Treasurer
Stuart Heller – Assistant Secretary
Rory Menhennett – Assistant Secretary

Staff

Jack Seward – District Manager
Rich Rosene – Project Manager
Scott Weber – Superintendent
Thom Yoder – Operator in Responsible Charge
Heather Halbritter – Operator
Element Engineering – District Engineer

About the District

The Kremmling Sanitation District is a local government special district serving southwest Grand County, Colorado, that provides wastewater collection, treatment and reclaimed water to the Town of Kremmling and its surrounding areas. The District was organized in 1958 under the Special District Act to modernize the sewer system in Kremmling and eliminate the need for private septic storage tanks. Funding for wastewater collection, treatment and system maintenance is provided by an annual property tax and monthly service fees. The District's reclaimed water system irrigates Kremmling's parks and cemetery. While sharing the boundaries of the Town of Kremmling, the sanitation district is a separate entity and is governed by a five-member board of directors who are elected by Kremmling residents.

Financial Practices

The District is funded through a combination of property taxes and user fees. Property taxes are collected by Grand County and remitted to the district once a year. Fees are collected from users of the wastewater collection and reclaimed water systems. A property's use classification determines its user fee, which is collected monthly. A one-time tap fee is collected from a property when it taps into the sewer line for the first time or when the use classification of the property changes.

Property taxes pay for the administrative functions of the District, collection fees pay for the maintenance and improvement of the wastewater collection and reclaimed water systems, and tap fees pay for costs related to growth and development. The district collects 2.273 mils of assessed value on each property located within the district.

The District may only increase its property taxes after an affirmative vote of the District's eligible electors. The service and tap fees are set by the Board of Directors and are modified at their direction. The district must comply with Colorado's local government budget laws. The Board of Directors must annually adopt a balanced budget, and the district can have no deficit. All expenditures must be paid for by the property taxes and user and tap fees, and any funds carried over from one year to the next. The district applies for grants from state and federal programs that impact district operations.

A public hearing is held each December by the Board of Directors to consider the next year's budget and make any modifications to the user and tap fees. Modifications to the user and tap fees may also occur throughout the year, but only after a public hearing held by the Board of Directors. The public is invited to participate in all public hearings.

As stewards of public funds, the district takes its financial obligations seriously and, in compliance with state law, conducts an annual independent audit of its books and records and makes the same open for public inspection. Copies of all financial documents are filed with the Division of Local Government and the Office of the State Auditor.

Budget Overview

The District operates a wastewater treatment facility under permit from the Colorado Department of Public Health and Environment (CDPHE). This includes a surface water discharge permit. The CDPHE continues to modify its regulations for wastewater treatment, and accordingly, the District has enacted operational procedures, testing requirements, and treatment parameters. The District will expend significant resources on influent monitoring through lab testing and on-site observation to meet the CDPHE requirements. The District will test and monitor its lagoons and adjacent waters for compliance with CDPHE regulations.

The District will continue to operate its reclaim water system for irrigating properties owned by the Town of Kremmling and will continue to study the expansion of the system to include service to properties owned by the West Grand School District and Grand County Fairgrounds. This system is operated under a reuse permit from the CDPHE.

The District plans continued capital improvements to bring its septage receiving station back online. These are detailed in the capital funding section. The septage receiving system is designed to receive waste from household septic tanks.

Modifications and repairs will continue to be made to the District's various facilities to continue to modernize the system infrastructure. Development continues in Kremmling, and the District will collaborate with developers to ensure wastewater infrastructure exists in appropriate quantities to serve this growth. The District expects at least one inclusion in 2026.

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund type, an enterprise fund, to account for its sole activity, providing wastewater treatment services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. A single general fund using the accrual-based accounting standard will be utilized in 2026.

Revenues

Collection fees will increase by 28.4% in 2026 to \$70 per single unit equivalent. This growth in rate was recommended by a comprehensive rate study commissioned by the District and conducted by the Rural Community Assistance Corporation. Given the growing rate of development within the District, tap fees \$10,000 per single equivalent unit tap.

Specific ownership taxes, reimbursement for shared employees, and earned interest revenues remain consistent from previous years.

As a local government, the District is authorized to collect property taxes based on the assessed valuation of the property located within the District. 2025 was a reassessment year, which means the Grand County Assessor reassessed the valuation of the District. For tax year 2026, the assessed value of the District is Assessed valuation for the District \$27,327,670. The District collects a 2.273 mil levy on its assessed value.

Property tax revenue will grow in 2026 to \$59,248.65, based on the District's 2.273 mil levy. The District is required to issue a 0.107 temporary mil levy reduction credit due to the growth cap enacted in CRS 29-1-1703. This results in a loss of \$2,926.87 in revenue that the District would have otherwise been authorized to collect.

No revenue is anticipated from the septage receiving station until the capital improvements are completed to enable compliance with CDPHE regulations.

Expenditures

District expenditures are classified as either administrative or sewage collection and treatment. Administrative expenditures will increase in 2026 due to increased salaries, legal and audit fees. The District is transitioning to new insurance carriers for both casualty and workers' compensation coverage, recognizing initial premium savings. Additional savings can be recognized with the new carriers in future years when the District implements new safety and risk management procedures.

The sewage collection and treatment category will see a decrease in expenditures in 2026 due mainly to fewer capital projects. Salaries increase to adjust for inflation, and the District will begin covering 100% of health, dental, and vision insurance for the District's full-time employees. Utility costs are forecasted to increase as electric and gas prices increase.

Capital Improvement Projects

In 2025, the District was awarded a grant from the Colorado Department of Local Affairs (DOLA) to modernize the District's infrastructure. This cost-reimbursable grant included a 50% cost share. The grant contemplated three projects, including biodome

improvements, point discharge relocation, and collection system rehabilitation. The biodome improvements and point discharge relocation were completed in 2025, but the collection system rehabilitation was delayed until 2026 due to sourcing delays in various materials. Payout of the grant for the projects to be completed in 2026 was delayed until completion of the projects and is budgeted as revenue.

Deferred capital improvement projects will be completed in 2026, including modifications to the septage receiving system to create effective influent metering, replacement of diffusers in various ponds, the installation of a new SCADA system to provide historical influent tracking, and the purchase of sewer camera and global positioning system equipment to streamline repairs.

Capital improvement expenditures are budgeted less than in 2025. A new method of budgeting for capital improvement reserves has been adopted, enabling more transparent savings for future capital improvements.

Staff

The District is authorized to employ four and a half full-time equivalent employees. The District will continue to employ a full-time superintendent and operator, a part-time operator, a seasonal operator, and an on-call operator in responsible charge.

The District's long-time manager, Rich Rosene, is preparing for retirement and has stepped into a new role as the District's Project Manager, while Jack Seward takes on the District Manager position. Rich's exact retirement date has not yet been set and will result in higher-than-normal salary costs in the administrative category.

KREMMLING SANITATION DISTRICT

GENERAL FUND

BUDGET YEAR 2026

REVENUES		AUDITED ACTUAL 2024	ADOPTED BUDGET 2025	ADOPTED BUDGET 2026
Operating Revenues: 00-100-				
General Property Tax	3000	\$53,367	\$55,960	\$59,249
Specific Ownership Taxes	3010	\$2,204	\$2,500	\$2,500
Tap Fees	3100	\$80,700	\$90,000	\$80,000
Sewer Charges	3200	\$595,888	\$610,000	\$847,740
Septage Receiving Station	3210	\$0	\$0	\$0
Payment From Town	3400	\$0	\$1,560	\$1,560
Interest Eamed	3500	\$40,371	\$25,000	\$25,000
Miscellaneous	3550	\$2,276	\$1,000	\$1,000
Grants and Loans	3600	\$1,002	\$451,675	\$136,835
Total Revenues:		\$775,808	\$1,237,695	\$1,153,884

EXPENSES		AUDITED ACTUAL 2024	ADOPTED BUDGET 2025	ADOPTED BUDGET 2026
Administration 00-200-				
Audit	6025	\$13,650	\$16,200	\$17,000
Legal	6100	\$1,050	\$2,500	\$15,000
Treasurer's Fees	6285	\$2,506	\$2,800	\$2,963
Director Fees	4005	\$3,150	\$0	\$3,250
Part Time Salaries	4010	\$10,636	\$0	\$29,484
Retirement & Taxes	4050	\$1,424	\$1,175	\$2,701
Dues & Subscriptions	6050	\$1,921	\$1,575	\$2,035
IT Services	6065	\$0	\$7,790	\$7,840
Utilities - Town Hall	6300	\$1,756	\$2,365	\$2,256
Supplies & Expenses	6200	\$3,177	\$5,000	\$5,000
Casualty Insurance	6075	\$16,120	\$18,540	\$19,975
Workers' Compensation Insurance	4030	\$3,879	\$4,400	\$3,044
Building Repairs - Town Hall	6175	\$6,212	\$20,000	\$12,000
Payment to Town		\$0	\$0	\$58,140
Emergency Reserve		\$0	\$0	\$34,617
Sub Total - Administration		\$65,481	\$82,345	\$215,304

Sewage Collection & Treatment 00-300-				
Collections Maintenance & Repairs	6078	\$25,039	\$39,600	\$37,100
Lagoon Maintenance and Repairs	6060	\$3,148	\$22,000	\$22,000
Reuse Maintenance & Repairs	6065	\$5,458	\$14,585	\$15,160
Engineering & Technical Services	6155	\$7,103	\$8,450	\$10,000
Salaries	4000	\$137,756	\$226,535	\$156,800
Part Time Salaries	4010	\$33,665	\$0	\$56,280
Retirement & Benefits	4050	\$32,548	\$57,125	\$58,395
Overtime	4100	\$18,563	\$0	\$11,230
Vehicles - Fuel	6320	\$7,087	\$7,500	\$5,000
Vehicles - Repairs	6351	\$5,440	\$5,000	\$5,000
General Supplies	6210	\$8,423	\$9,000	\$5,000
Capital Improvements	7000	\$276,411	\$943,350	\$390,520
Capital Improvement Reserves		\$0	\$0	\$172,000
Utilities - Lift Stations	6300	\$1,253	\$1,540	\$1,386
Utilities - Lagoons & Reuse	6310	\$107,678	\$125,825	\$119,676
Discharge & Reuse Permits	6082	\$5,900	\$7,620	\$6,500
Damage Claims	6520	\$0	\$500	\$500
Training	6250	\$1,885	\$7,500	\$6,000
Lab Tests & Supplies	6190	\$10,567	\$17,765	\$13,865
Chemicals	6400	\$12,868	\$17,445	\$17,445
Sub Total - Collection and Treatment		\$700,791	\$1,511,340	\$1,109,857
Total Expenses:		\$766,272	\$1,593,685	\$1,325,161

Revenue Under / (Over) Expenditures	\$9,536	(\$355,990)	(\$171,277)
Beginning Fund Balance	\$1,023,071	\$930,123	\$847,803
Ending Fund Balance	\$930,123	\$574,133	\$676,526