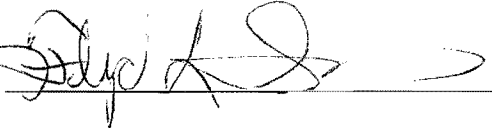


SOUTH DURANGO SANITATION DISTRICT

I hereby certify that the attached is a true and accurate copy of the 2014 Budget for the South Durango Sanitation District in La Plata County, Colorado. This Budget was adopted on December 20, 2012. If there are any questions on the Budget, please contact Floyd L. Smith at 970-247-1921.

SOUTH DURANGO SANITATION DISTRICT

BY:  _____

SOUTH DURANGO SANITATION DISTRICT 2014 BUDGET MESSAGE

The proposed budget for the South Durango Sanitation District for the 2014 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 still remains in the unincorporated area of La Plata County, Colorado. As a result, the District serves customers who are connected to the City's central water system and customers who have private wells.

The District is supported by revenues paid by its customers and does not levy a tax. All current customers are charged a user fee which covers all operating costs of the District. A portion of the user fee is also used for the payment of the District's 2006 Sewer Revenue Bond which made substantial improvements to the main interceptor lines serving the Grandview and South Durango areas for the benefit of existing and future customers. Tap fees (plant investment fees) are charged to new customers connecting to the system and are used to pay capital expenses including the repayment of bonds or loans, the proceeds of which were used to construct capital facilities for the District. The District increased user fees on January 1, 2011. No similar increase is projected for 2013 however, the District will experience an increase in user revenue as a result of new customers being added in the Three Springs area by the developer (see discussion below regarding the Tap Guaranty Agreement). The developer has already paid tap fees to assist the District with repaying bonds which provided funding for the last expansion.

The budget projects total operating expenditures of \$362,765 in 2014, a decrease of \$25,000 from the amount budgeted in 2013. Included in the 2014 budget is \$35,000 which is budgeted for sludge removal. Sludge removal was completed in 2013 so it will likely not be needed in 2014. The budget projects net operating income of \$211,285. This amount will be added to the District's reserves and used to pay some non operating expenditures.

For the ten year period from 1998-2008 the District experienced rapid growth and received substantial revenue from tap fees. No tap fee revenue from new customers was received in 2009-2010. As a result, the Threes Springs developer ("GRVP") was required to purchase taps under a Tap Guaranty Agreement to pay the district 2004 revenue bond. The bond was paid in full in 2012. GRVP is gradually bringing those taps online with the construction of new homes which provides the District with additional user fees for operating expenses but no tap fees for non operating expenses. In 2013 GRVP activated 37 taps leaving a total of 99 prepaid taps.

The District did receive \$16,000 in tap fee revenue in 2013 and the budget projects the sale of two taps in 2014 although the District anticipates tap sales will exceed the budget estimate. The District's Phase II expansion project was completed in January 2013. No expenditures for capital improvements are projected in 2014. It is unlikely the District will undertake any capital improvements projects for several years since both the collection system and the treatment plant have substantial capacity for additional customers.

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 m cash method for budgetary accounting. Audits are prepared using the modified accrual basis and GAAP for governmental units.

South Durango Sanitation District 2014 Budget

	Budget Year Ending	Estimated Year Ending	Actual Year Ending
	December 31, 2014	December 31, 2013	December 31, 2012
OPERATING			
Revenues			
Sewage Treatment	\$ 570,000	\$ 575,000	\$ 535,227
Interest	50	50	3
Inspection fees	4,000	3,500	800
Miscellaneous	-	-	1,390
Total Operating Revenues	574,050	578,550	537,420
Expenditures			
Collection and Transmission			
Power	2,200	2,100	1,980
Repairs, Cleaning & Supplies	25,000	7,500	9,939
Salaries	37,750	36,500	35,041
Operator	8,000	7,000	6,816
Payroll taxes & Benefits	9,040	9,300	9,809
Vehicle Expense	2,500	2,250	2,929
Total Collection and Transmission	84,490	64,650	66,514
Sewage Treatment			
Repairs, Maintenance & Supplies	15,000	27,500	17,626
Salaries	25,250	23,500	23,361
Payroll taxes & Benefits	5,625	6,300	6,539
Operator	27,500	27,500	27,264
Sludge Removal	35,000	34,850	-
Testing	7,600	6,000	6,456
Utilities	35,000	32,500	37,925
Total Sewage Treatment	150,975	158,150	119,171
Administrative			
Accounting and Billing	30,000	30,000	31,729
Auditing	7,600	7,600	7,450
Directors Fees	6,500	6,000	6,400
Dues & Subscriptions	1,000	900	300
Engineering	15,000	14,000	22,164
Insurance	11,900	12,675	10,675
Legal	30,000	30,000	39,079
Training & Seminars	1,500	-	240
Miscellaneous	1,000	850	1,695
Office & Postage	15,000	16,000	13,888
Rent Expense	5,300	5,210	5,210
Permits	2,500	2,365	2,315
Total Administrative	127,300	125,600	141,145
Total Operating Expenditures	362,765	348,400	326,830
Operating Income (Loss)	211,285	230,150	210,590
Transfer to Non-operating	(200,000)	(490,000)	(200,000)
Beginning Operating Fund Balance - January 1	133,166	393,016	382,426
Ending Operating Fund Balance - December 31	144,451	133,166	393,016

South Durango Sanitation District 2014 Budget

	Budget Year Ending December 31,2014	Budget Year Ending December 31,2013	Actual Year Ending December 31,2012
NON-OPERATING			
Revenues			
Tap Fees	16,000	16,000	16,000
Interest	50	50	1,162
Revenue Bond - Phase 2	-	-	800,000
Grant - DOLA	-	25,215	224,783
Total Non-operating Revenues	16,050	41,265	1,041,945
Expenditures			
Capital Outlay			
Equipment	10,000	7,500	3,275
New Well	-	-	15,124
Phase 2 Engineering & Administration	-	10,000	95,937
Treatment Plant-Phase 2	-	18,500	1,116,279
Total Capital Outlay	10,000	36,000	1,230,615
Debt Service			
Principal			
2006 bonds	95,000	90,000	85,000
WPCRF	33,787	27,553	-
Interest			
2006 bonds	69,800	73,400	76,517
WPCRF	15,281	13,224	-
Debt service fees	500	400	400
Lease Purchase	-	-	6,228
Total Debt Service	214,368	204,577	168,145
Total Non-operating Expenditures	224,368	240,577	1,398,760
Non-operating Income (Loss)	(208,318)	(199,312)	(356,815)
Transfer from Operating	200,000	490,000	200,000
Non-operating Fund Balance - January 1	8,949	(281,739)	(124,924)
Non-operating Fund Balance - December 31	631	8,949	(281,739)
TOTAL FUND BALANCE - JANUARY 1	142,115	111,277	257,502
TOTAL FUND BALANCE - DECEMBER 31	145,082	142,115	111,277

RESOLUTION NO. 2013 - 5

RESOLUTION TO APPROPRIATE SUMS OF MONEY

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES, IN THE AMOUNTS AND FOR THE PURPOSES AS SET FORTH BELOW FOR THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO, FOR THE 2014 BUDGET YEAR.

WHEREAS, the Board of Directors of the South Durango Sanitation District has adopted the annual budget in accordance with the Local Government Budget Law on December 19, 2013; 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 provided in the budget to and for the purposes described below, so as not to impair the operations of the South Durango Sanitation District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO

SECTION I

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


Enterprise Fund	
Current Operating Expenses	\$ 362,765
Non-operating Expenses	\$ <u>224,368</u>
TOTAL ENTERPRISE FUND	\$ 587,133

ADOPTED this 19th day of December, 2013.

SOUTH DURANGO SANITATION DISTRICT

ATTEST:


Secretary

By 
President

RESOLUTION NO. 2013 - 4
RESOLUTION TO ADOPT BUDGET

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2014, AND ENDING ON THE LAST DAY OF NOVEMBER, 2014.

WHEREAS, the Board of Directors of the South Durango Sanitation District has appointed Barb Prose to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, Barb Prose has submitted a proposed budget to this governing body for its consideration; and

WHEREAS, upon due and proper notice, published or 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 December 19, 2013, 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 so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH DURANGO SANITATION DISTRICT, LA PLATA COUNTY, COLORADO

SECTION I

That estimated expenditures for each fund are as follows:

Enterprise fund	\$587,133
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SECTION II

That estimated revenues for each fund are as follows:

Enterprise Fund	
From unappropriated surpluses	\$ 0
From sources other than general property tax	\$ 587,133
From the general property tax levy	\$ <u>0</u>
 TOTAL ENTERPRISE FUND	 \$ 587,133

SECTION III

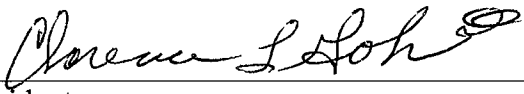
That the budget as submitted, amended and hereinabove summarized by fund, be, and the same hereby is approved and adopted as the budget of the South Durango Sanitation District for the year stated above.

SECTION IV

That the budget hereby approved and adopted shall be signed by the Secretary of the District and made a part of the public records of the South Durango Sanitation District.

ADOPTED this 19th day of December, 2013.

SOUTH DURANGO SANITATION DISTRICT

By 
President

ATTEST:


Secretary