

Upper Blue Sanitation District
Board of Directors Meeting
Thursday March 8, 2012 @ 5:30 PM

I. ROLL CALL:

Mr. Robin Theobald called the meeting to order at 5:30 PM. Mr. Robin Theobald, Mr. Tim Casey, Mr. Larry Crispell, Mr. Michael Turek and Mr. Barrie Stimson answered "present" at roll call.

Mr. Andrew Carlberg and Mrs. Marjorie Borsina attended as well.

Note: There was a work session preceding the Board Meeting from 4:30 PM to 5:30 PM at the Administration Office. Mr. Robin Theobald, Mr. Tim Casey, Mr. Larry Crispell, Mr. Michael Turek, Mr. Barrie Stimson and Mr. Andrew Carlberg were present at the work session.

II. MINUTES:

February 8, 2012 minutes: Mr. Turek made a motion to approve the February 8, 2012 Board of Directors meeting minutes as amended. Mr. Stimson seconded the motion. The motion was passed unanimously by the Board.

III. PUBLIC HEARINGS: None

IV. PUBLIC COMMENT: None

V. BILLS:

The bills were reviewed and discussed by the Board of Directors. Mr. Stimson made a motion to approve the bills as submitted with the exception of items on the agenda which will be discussed later in the meeting. Mr. Casey seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

VI. FINANCIAL REPORT:

The Financial Report was reviewed and discussed by the Board of Directors.

VII. MONTHLY REPORTS:

A. Plant and Collection:

The Plant and Collection reports were discussed by the Board of Directors during the work session.

B. Manager Report:

-Blue River Phase III: Mr. Carlberg reported that design work is being completed for Blue River Phase III and the specifications are being finalized.

-Election: Mr. Carlberg reported that the election for 2012 has been cancelled. There were three Board of Director offices to be filled. There were only two candidates who submitted a Nomination Petition to run for the Board of Directors. The two candidates elected for a term of four years each are Mr. Michael Turek and Mr. Ken Trausch. The one open Board of Directors position will be filled once the new Board of Directors receives letters of interest from qualified electors and conduct interviews for the position.

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-Water Quality Hearings: Mr. Carlberg reported that he will be testifying before the Colorado Water Quality Control Commission beginning on May 12th. Mr. Carlberg said that his focus will be the financial impacts the new nutrient regulations will have on the District.

-Glacier Construction: The District has had several meetings with Glacier Construction concerning the close out of the project. The pre-engineered building and liquidated damages have been discussed at those meetings. Mr. Carlberg asked the Board for a recommendation on the liquidated damages with Glacier Construction totaling over one million dollars. The Board discussed the liquidated damages. The consensus of the Board is not to pursue any liquidated damages, except for portions of the project that were not completed.

-Water Rights Litigation: Mr. Carlberg reported that the District's attorney recommended that the District withdraw from the water rights diligence case. The Board discussed the recommendation plus reviewed the study during the work session.

Mr. Turek made a motion for the District to withdraw from the water rights diligence case. Mr. Casey seconded the motion. The motion was passed unanimously by the Board.

VIII. OLD BUSINESS: None

IX. NEW BUSINESS:

The Board unanimously rescheduled the April 12, 2012 work session and Board meeting for April 19, 2012.

C. Carollo Pay Request #0120287 and #0120375:

Carollo previously submitted pay request #0120287 in the amount of \$49,157.56 for services completed thru December 2011. The Board had questions about Carollo pay request #0120287 at the previous meeting and deferred payment. Mr. Carlberg reported that Carollo has submitted additional breakout on the Carollo bill and the bill appears to be in order.

Carollo has also submitted pay request #0120375 in the amount of \$23,197.00 for services completed thru January 2012. Mr. Carlberg recommended approval of pay request #0120287 and pay request #0120375.

Mr. Casey made a motion to approve Carollo pay request #0120287 in the amount of \$49,157.56 and pay request #0120375 in the amount of \$23,197.00. Mr. Crispell seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

D. BHH Partners Pay Request:

Mr. Carlberg recommended that the Board approve BHH Partners pay request for work completed on the Farmers Korner plant expansion during the month of January 2012 (a detailed description of services is attached) in the amount of \$1,024.74. Mr. Carlberg said that BHH has been working on an as needed basis and that he recommends approval. Mr. Turek made a motion to approve payment of BHH Partners pay request in the amount of \$1,024.74 for the Farmers Korner plant expansion project thru the month of January 2012. Mr. Stimson seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

E. Glacier Construction Pay Request #32:

Mr. Carlberg recommended approval of Glacier's pay request #32 in the amount of \$230,466.63 representing costs for work completed thru February 29, 2012. Mr. Stimson made a motion to approve Glacier's pay request #32 in the amount of \$230,466.63. Mr. Turek seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

F. Mortenson Construction Pay Request #33:

Mr. Carlberg recommended approval of Mortenson's pay request #33 in the amount of \$24,644.54. Mr. Turek made a motion to approve Mortenson pay request #33 in the amount of

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\$24,644.54. Mr. Casey seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

Mr. Turek made a motion to ratify the Manager's decision to authorize Mortenson Construction to produce CAD As Built drawings of the newly constructed Farmers Korner plant for an estimated cost of \$25,000.00. Mr. Casey seconded the motion. The motion was passed unanimously by the Board.

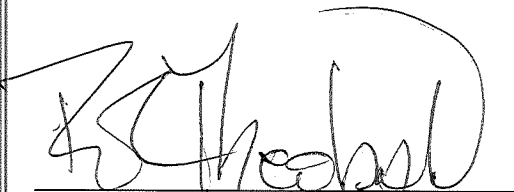
G. Draft Resolution-Amendment of Rules and Regulations pertaining to service charge when revoking connection approval:


At the last Board meeting the Board decided to eliminate the service charge related to the revoking of the connection approval. The draft resolution has been drawn up by the District's attorney. The Board reviewed the draft resolution during the work session. Mr. Turek made a motion to set a public hearing to approve the Draft Resolution-Amendment of Rules and Regulations pertaining to service charge when revoking connection approval. Mr. Crispell seconded the motion. The motion was passed unanimously by the Board.

X. CORRESPONDENCE:

XII. ADJOURN:

Mr. Turek made a motion to adjourn the meeting at 6:00 PM. Mr. Stimson seconded the motion. The motion was passed unanimously by the Board.



Mr. Robin Theobald, President

Mr. Barrie Stimson

Memorandum

To: Andy Carlberg
From: Marjorie Borsina
Date: March 2, 2012
Re: Financial Update

-The District's Financial Records are in good order.

-Since we are only two days past the last day of February, we have not received all of the February 2012 bills (for example: the Xcel Energy bill and the Asgard Energy bill). Therefore, the February 2012 Financial Statements are a preliminary draft for your review.

-The Vranesh and Raisch bill that is included in the Board packet is from January 2012, since we received that bill after the last Board packet went out. We have not received the February Vranesh and Raisch bill or the February credit card bill.

-The 2011 audit with Holscher, Mayberry & Company, LLC formerly Johnson, Holscher & Company was conducted during the week of February 27th, 2012. I have included in the Board packet the announcement of the reorganization of their firm. I have also included in the Board packet a copy of the audit engagement letter and a letter addressed to the Board of Directors from Holscher, Mayberry & Company, LLC. During the next few weeks Holscher, Mayberry & Company, LLC will be drafting the District's 2011 audited Financial Statements. I will advise as to when Holscher, Mayberry & Company, LLC will be making the audit presentation to the Board.

-We continue to solicit our customers to sign up for ACH/Auto Pay.

Marjorie

Upper Blue Sanitation District
Comparative Balance Sheet-UNAUDITED DRAFT
February 29, 2012 and February 28, 2011

	<u>2012</u>	<u>2011</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Current Assets:</u>			
Petty Cash	\$200	\$200	-
Checking-Alpine Bank	\$ -	\$ 666,784	(666,784)
Checking-Wells Fargo Bank	8,615,103	-	8,615,103
Cash on Deposit with CWRPDA	-	-	-
ColoTrust Prime	3,637,766	15,034,718	(11,396,952)
Total Cash and Equivalents	12,253,069	15,701,702	(3,448,633)
Investments			
FK Construction Retainage Escrow	1,302,531	1,303,573	(1,042)
Cert. of Deposit & Treasuries	1,507,713	5,137,568	(3,629,855)
Total Investments	2,810,244	6,441,141	(3,630,897)
Other Current Assets			
Receivables-Utility + Spec. Assessments	65,294	35,512	29,782
Developer/Contractor Escrow	122,244	122,244	-
Interest Receivable & Market Adjustments	-	-	-
Notes Receivable	136,667	188,486	(51,819)
Prepaid Expenses	104,368	113,762	(9,394)
Loan Issuance Costs (Net)	151,549	151,549	0
Total Other Assets	580,122	611,553	(31,431)
Total Current Assets:	15,643,435	22,754,396	(7,110,961)
Property Plant and Equipment:			
Land	721,070	721,070	-
Easements	69,583	69,583	-
Sewer Lines	13,368,225	13,105,905	262,320
Treatment Plants	75,663,825	65,498,666	10,165,159
Office Equipment	210,830	173,451	37,379
Other Machines & Equipment	459,772	459,772	-
Autos & Trucks	821,984	791,743	30,241
Upper Blue System Costs	3,587,750	3,080,936	506,814
Telemetry	102,075	102,075	-
Employee Housing	1,038,191	1,038,191	-
Total Property Plant and Equipment :	96,043,305	85,041,392	11,001,913
Less Accumulated Depreciation	(25,956,607)	(24,660,391)	(1,296,216)
Net Property Plant and Equipment :	70,086,698	60,381,001	9,705,697
Total Assets:	85,730,133	83,135,397	2,594,736

Liabilities

	<u>2012</u>	<u>2011</u>	<u>Increase</u> <u>(Decrease)</u>
Current Liabilities:			
Accounts Payable	304,902	1,052,849	(747,947)
Construction/Developer Escrow	122,244	122,244	-
Earned Employee Benefits	121,416	117,720	3,696
Unearned User Fees	433,717	419,612	14,105
Interest Payable	175,689	175,689	-
Loan Payable (Current Portion)	867,859	867,859	-
Retainage Payable-Construction in Progress	1,302,531	1,303,573	(1,042)
Retainage Payable-Blue River	-	40,317	(40,317)
Employee Housing Deposit Payable	1,250	1,750	(500)
Total Current Liabilities:	3,329,608	4,101,613	(772,005)
Long Term Liabilities:			
Loan Payable	11,094,434	11,094,434	-
Total Long Term Liabilities:	11,094,434	11,094,434	-
Total Liabilities	14,424,042	15,196,047	(772,005)
Net Assets			
Contributed Capital	8,000,000	-	8,000,000
Invested in Capital Assets, Net of Related Debt	28,856,241	28,856,241	-
Restricted Net Assets (CWRPDA Escrow)	-	8,000,000	(8,000,000)
Unrestricted Net Assets	34,449,850	31,083,109	3,366,741
Total Contributed Capital	71,306,091	67,939,350	3,366,741
Total Liabilities and Equity	85,730,133	83,135,397	2,594,736

Upper Blue Sanitation District
Monthly Financial Statement-UNAUDITED DRAFT
February 29, 2012

	2012 February	2012 Year To Date	2012 Approved Budget	2012 Uncollected	2012 % Uncol/Col
Operating Revenue					
Sewer User Fees	433,233	865,964	5,178,264	4,312,300	83
Tap Inspection Fees	100	200	1,000	800	80
Miscellaneous Revenue	0	0	1,000	1,000	100
Camper Dump Fees	0	100	2,500	2,400	96
Late Fees	142	(355)	25,000	25,355	101
Line Extension Fees	0	0	20,000	20,000	100
Rental Income	3,750	7,500	35,000	27,500	79
Interest on Investments & Loans	1,547	4,840	29,000	24,160	83
Total Operating Revenue	438,772	878,249	5,291,764	4,413,515	83
Capital Revenue					
Plant Investment Fees	70,553	91,404	600,000	508,596	85
Inclusion Fees	0	0	20,000	20,000	100
Bonds and Grant	0	0	0	0	0
Transfer from Reserve	0	0	0	0	0
Total Capital Revenue	70,553	91,404	620,000	528,596	85
Total Revenue	509,325	969,653	5,911,764	4,942,111	84

Administration Expense	2012 February	2012 Year to Date	2012 Approved Budget	2012 Available	2012 % Available
Payroll & Employee Benefits					
Salaries	84,187	163,478	1,134,000	970,522	86
Overtime	1,361	5,097	45,000	39,903	89
FICA-Admn	5,223	10,285	74,000	63,715	86
Medicare-Admin	1,221	2,405	22,000	19,595	89
401K Contributions	5,869	11,575	75,000	63,425	85
Unemployment Insurance	1,295	2,590	23,000	20,410	89
Health Insurance	17,712	36,502	250,000	213,498	85
Total	116,868	231,932	1,623,000	1,391,068	86
Office Supplies	0	72	4,000	3,928	98
Telephone	1,097	2,122	15,000	12,878	86
Business Expenses	781	10,866	32,000	21,134	66
Legal Counsel	0	5,897	70,000	64,103	92
Education	0	146	25,000	24,854	99
Audit & Accounting	0	0	9,000	9,000	100
Legal Publications	24	2,024	6,000	3,976	66
Board Members	500	1,000	6,000	5,000	83
Elections	0	21	7,500	7,479	0
Computer Expenses	897	897	9,000	8,103	90
Copy Machine & Supply	0	400	1,000	600	60
Postage & Meter Rent	0	1,866	13,000	11,134	86
Insurance - General	9,142	18,284	110,000	91,716	83
Insurance - Deductible	0	0	1,000	1,000	100
Engineering	0	6,360	25,000	18,640	75
Tools	212	212	3,000	2,788	93
Radios	0	1,104	0	(1,104)	0
Vehicle Expense	0	0	500	500	100
Dues & Memberships	0	2,157	7,000	4,843	69
Safety	0	1,086	3,500	2,414	69
Summit Water Quality	0	0	13,000	13,000	100
Building Maintenance	409	1,491	25,000	23,509	94
Employee Housing Maintenance	3,461	5,151	25,000	19,849	79
Employee Housing Utilities	281	1,650	5,000	3,350	67
Total Administration	133,672	294,738	2,038,500	1,743,762	86
Iowa Hill Plant Expenses					
Utilities					
Gas	0	2,127	15,000	12,873	86
Electric	0	15,363	110,000	94,637	86
Freight	1,335	3,681	2,000	(1,681)	(84)
Equipment Repairs	0	1,489	10,000	8,511	85
Chemicals	5,359	19,812	10,000	(9,812)	(98)
Contracted Repairs	1,302	1,387	10,000	8,613	86
Laboratory Supplies	2,550	2,550	15,000	12,450	83
Biomonitoring	0	0	10,000	10,000	100
Discharge Permit	0	0	7,000	7,000	100
Supplies	505	505	3,000	2,495	83
Total Iowa Hill	11,051	46,914	192,000	145,086	76

February Financial Statement Cont.

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	2012 <u>February</u>	2012 <u>Year to Date</u>	2012 <u>Approved Budget</u>	2012 <u>Available</u>	2012 <u>% Available</u>
Farmers Korner Expenses					
Utilities					
Gas	0	9,681	75,000	65,319	87
Electric	550	36,053	580,000	543,947	94
Freight	623	1,925	12,000	10,075	84
Equipment Repairs	2,188	3,783	50,000	46,217	92
Chemicals	25,584	49,787	180,000	130,213	72
Supplies	0	29	8,000	7,971	100
Contracted Repairs	194	501	18,000	17,499	97
Dumpster Charges	995	1,990	14,000	12,010	86
Biomonitoring	0	0	7,000	7,000	100
Discharge Permit	0	0	17,000	17,000	100
Composting	0	5,459	115,000	109,541	95
Site Monitoring	1,824	3,648	25,000	21,352	85
Sludge Hauling Costs	3,150	7,150	55,000	47,850	87
State Health Fees	0	0	2,500	2,500	100
Total Farmers Korner	35,108	120,006	1,158,500	1,038,494	90
Collection Expenses					
Utilities	17	1,198	18,000	16,802	93
Vehicle Expense	0	1,652	26,000	24,348	94
Line Cleaner Expenses	0	1,590	4,000	2,410	60
Manhole Repairs/Line Repairs	7,052	13,528	100,000	86,472	86
Equipment Repairs	296	711	9,000	8,289	92
CCTV Expense	0	0	4,000	4,000	100
Total Collection	7,365	18,679	161,000	142,321	88
Replacement Capital					
Administration	0	0	35,000	35,000	100
Plant:					
IH	0	0	135,000	135,000	100
FK	0	0	175,000	175,000	100
Upper Blue	0	0	0	0	0
Collection	0	855	335,000	334,145	100
Misc	0	0	0	0	0
Vehicle	0	0	30,000	30,000	100
Total Replacement Capital	0	855	710,000	709,145	100
Non Operating Expenses					
Bond Principal	0	42,884	890,595	847,711	95
Bond Interest	0	127,667	394,781	267,114	68
Total Non Operating	0	170,551	1,285,376	1,114,825	87

February Financial Statement Cont.

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	2012 <u>February</u>	2012 <u>Year to Date</u>	2012 <u>Approved Budget</u>	2012 <u>Available</u>	2012 <u>% Available</u>
Capital Outlay					
Plant:					
IH	0	0	25,000	25,000	100
FK	255,111	408,650	1,910,000	1,501,350	79
Upper Blue	0	0	10,000	10,000	100
Collection	0	8,417	1,035,000	1,026,583	99
Administration	0	0	0	0	0
Total Capital Outlay	<u>255,111</u>	<u>417,067</u>	<u>2,980,000</u>	<u>2,562,933</u>	<u>86</u>
Total Expenses	<u>442,307</u>	<u>1,068,810</u>	<u>8,525,376</u>	<u>7,456,566</u>	<u>87</u>
Revenue Less Expenses	<u>67,018</u>	<u>(99,157)</u>	<u>(2,613,612)</u>		

Upper Blue Sanitation District
Comparative Financial Statement-UNAUDITED DRAFT
February 29, 2012 vs. February 28, 2011

	2012	2011	2012	2011	Increase
	<u>February</u>	<u>February</u>	<u>Year To Date</u>	<u>Year to Date</u>	<u>(Decrease)</u>
Operating Revenue					
Sewer User Fees	433,233	415,128	865,964	829,072	36,892
Tap Inspection Fees	100	100	200	50	150
Miscellaneous Revenue	0	0	0	6,060	(6,060)
Camper Dump Fees	0	0	100	0	100
Late Fees	142	(552)	(355)	(2,027)	1,672
Line Extension Fees	0	0	0	0	0
Rental Income	3,750	2,731	7,500	5,481	2,019
Interest on Investments	1,547	5,057	4,840	21,016	(16,176)
Total Operating Revenue	<u>438,772</u>	<u>422,464</u>	<u>878,249</u>	<u>859,652</u>	<u>18,597</u>
Capital Revenue					
Plant Investment Fees	70,553	25,782	91,404	8,005	83,399
Inclusion Fees	0	0	0	0	0
Bonds & Grant	0	0	0	0	0
Transfer from Reserve	0	0	0	0	0
Total Capital Revenue	<u>70,553</u>	<u>25,782</u>	<u>91,404</u>	<u>8,005</u>	<u>83,399</u>
Total Revenue	<u>509,325</u>	<u>448,246</u>	<u>969,653</u>	<u>867,657</u>	<u>101,996</u>

Administration Expense	2012 February	2011 February	2012 Year to Date	2011 Year to Date	Increase (Decrease)
Payroll & Employee Benefits					
Salaries	84,187	79,471	163,478	167,639	(4,161)
Overtime	1,361	375	5,097	2,291	2,806
FICA-Admin	5,223	4,856	10,285	10,347	(62)
Medicare-Admin	1,221	1,136	2,405	2,420	(15)
401K Contributions	5,869	5,416	11,575	14,575	(3,000)
Unemployment Insurance	1,295	1,157	2,590	2,315	275
Health Insurance	17,712	17,036	36,502	34,049	2,453
Total	116,868	109,447	231,932	233,636	(1,704)
Office Supplies	0	0	72	1,487	(1,415)
Telephone	1,097	1,112	2,122	2,131	(9)
Business Expenses	781	2,194	10,866	3,843	7,023
Legal Counsel	0	7,751	5,897	14,057	(8,160)
Education	0	1,845	146	1,845	(1,699)
Audit & Accounting	0	0	0	0	0
Legal Publications	24	93	2,024	693	1,331
Board Members	500	500	1,000	1,000	0
Elections	0	0	21	0	21
Computer Expenses	897	946	897	1,554	(657)
Copy Machine & Supply	0	0	400	0	400
Postage & Meter Rent	0	600	1,866	2,399	(533)
Insurance - General	9,142	8,709	18,284	17,419	865
Insurance - Deductible	0	0	0	0	0
Engineering	0	0	6,360	0	6,360
Tools	212	110	212	(181)	393
Radios	0	0	1,104	0	1,104
Vehicle Expense	0	0	0	0	0
Dues & Memberships	0	0	2,157	1,297	860
Safety	0	185	1,086	899	187
Summit Water Quality	0	961	0	1,922	(1,922)
Building Maintenance	409	2,593	1,491	2,978	(1,487)
Employee Housing Maintena	3,461	300	5,151	900	4,251
Employee Housing Utilities	281	451	1,650	1,385	265
Total Administration	133,672	137,797	294,738	289,264	5,474
Iowa Hill Plant Expenses					
Utilities					
Gas	0	2,065	2,127	4,281	(2,154)
Electric	0	14,750	15,363	29,305	(13,942)
Freight	1,335	743	3,681	1,827	1,854
Equipment Repairs	0	626	1,489	5,181	(3,692)
Chemicals	5,359	23,605	19,812	29,079	(9,267)
Contracted Repairs	1,302	1,532	1,387	1,532	(145)
Laboratory Supplies	2,550	422	2,550	504	2,046
Biomonitoring	0	0	0	0	0
Discharge Permit	0	0	0	0	0
Supplies	505	924	505	924	(419)
Total Iowa Hill	11,051	44,667	46,914	72,633	(25,719)

February Comparative Statement Cont.

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	2012 <u>February</u>	2011 <u>February</u>	2012 <u>Year to Date</u>	2011 <u>Year to Date</u>	Increase <u>(Decrease)</u>
Farmers Korner					
Utilities					
Gas	0	4,360	9,681	9,116	565
Electric	550	26,430	36,053	53,168	(17,115)
Freight	623	1,092	1,925	1,092	833
Equipment Repairs	2,188	1,434	3,783	5,316	(1,533)
Chemicals	25,584	8,215	49,787	27,946	21,841
Supplies	0	66	29	1,067	(1,038)
Contracted Repairs	194	0	501	150	351
Dumpster Charges	995	995	1,990	1,970	20
Biomonitoring	0	0	0	0	0
Discharge Permit	0	0	0	0	0
Composting	0	5,507	5,459	14,509	(9,050)
Site Monitoring	1,824	2,966	3,648	5,000	(1,352)
Sludge Hauling Costs	3,150	3,375	7,150	8,775	(1,625)
State Health Fees	0	0	0	0	0
Total Farmers Korner	35,108	54,440	120,006	128,109	(8,103)

Collection Expenses

Utilities	17	888	1,198	1,902	(704)
Vehicle Expense	0	1,221	1,652	2,665	(1,013)
Line Cleaner Expenses	0	1,408	1,590	1,408	182
Manhole Repairs/Line Repair	7,052	1,135	13,528	1,759	11,769
Equipment Repairs	296	388	711	469	242
CCTV Expense	0	0	0	0	0
Total Collection	7,365	5,040	18,679	8,203	10,476

Replacement Capital

Administration	0	0	0	5,520	(5,520)
Plant					
IH	0	0	0	0	0
FK	0	0	0	0	0
Upper Blue	0	0	0	0	0
Collection	0	0	855	0	855
Misc	0	0	0	0	0
Vehicle	0	0	0	0	0
Total Replacement Capital	0	0	855	5,520	(4,665)

Non Operating Expenses

CWRPDA Loan Principal	0	0	42,884	42,039	845
Loan Interest	0	0	127,667	137,645	(9,978)
Total Non Operating	0	0	170,551	179,684	(9,133)

February Comparative Statement Cont.

Pg. 4

	<u>2012</u> <u>February</u>	<u>2011</u> <u>February</u>	<u>2012</u> <u>Year to Date</u>	<u>2011</u> <u>Year to Date</u>	<u>Pg. 4</u> <u>Increase</u> <u>(Decrease)</u>
Capital Outlay					
Plant-IH-CO	0	0	0	0	0
Plant-FK-CO	255,111	956,325	408,650	1,998,953	(1,590,303)
Plant-South Blue-CO	0	24,054	0	21,600	(21,600)
Collection	0	0	8,417	0	8,417
Administration	0	0	0	0	0
Total Capital Outlay	<u>255,111</u>	<u>980,379</u>	<u>417,067</u>	<u>2,020,553</u>	<u>(1,603,486)</u>
Total Expenses	<u>442,307</u>	<u>1,222,323</u>	<u>1,068,810</u>	<u>2,703,966</u>	<u>(1,635,156)</u>
Revenue Less Expenses	<u>67,018</u>	<u>(774,077)</u>	<u>(99,157)</u>	<u>(1,836,309)</u>	<u>1,737,152</u>

CAPITAL 2012

	Current Month	Year To Date	Budget
FARMERS KORNER - REPLACEMENT			
10-85-8524			
East Plant RAS/WAS Pumps	\$0.00	\$0.00	\$60,000.00
SCADA Upgrade		\$0.00	\$25,000.00
Hydroneumatic Tank	\$0.00	\$0.00	\$10,000.00
Hotsy			\$5,000.00
Nutrient Study			\$75,000.00
TOTAL	\$0.00	\$0.00	\$175,000.00
FARMERS KORNER - NEW			
10-95-9540			
Finalize Plant Expansion	\$255,111.00	\$408,649.00	\$1,750,000.00
Snow and Ice Shed	\$0.00	\$0.00	\$75,000.00
Articulating Lift	\$0.00	\$0.00	\$40,000.00
New VFD Influent Pump			\$10,000.00
New3 Windows South Building			\$25,000.00
Miscellaneous			\$10,000.00
TOTAL	\$255,111.00	\$408,649.00	\$1,910,000.00
IOWA HILL - REPLACEMENT			
10-85-8522			
Densedge and Filters Rehabilitation	\$0.00	\$0.00	\$125,000.00
Irrigation Rehabilitation	\$0.00	\$0.00	\$10,000.00
Computer Replacement		\$0.00	
TOTAL	\$0.00	\$0.00	\$135,000.00
IOWA HILL - NEW			
10-95-9510			
Miscellaneous	\$0.00	\$0.00	\$25,000.00
TOTAL	\$0.00	\$0.00	\$25,000.00
SOUTH BLUE - REPLACEMENT			
10-85-8526			
TOTAL	\$0.00	\$0.00	\$0.00
SOUTH BLUE - NEW			
10-95-9590			
SCADA	\$0.00	\$0.00	\$10,000.00
TOTAL	\$0.00	\$0.00	\$10,000.00
COLLECTION - REPLACEMENT			
10-85-8530			
Warriors Mark/Illinois Gulch Slipline	\$0.00	\$0.00	\$200,000.00
Town of Breckenridge 6" to 8"	\$0.00	\$0.00	\$25,000.00
Miscellaneous Extensions/Repairs	\$0.00	\$0.00	\$100,000.00
Blue River Phase III	\$0.00	\$8,417.50	
Vehicle Replacement	\$0.00	\$0.00	\$30,000.00
Mapping	\$0.00	\$855.00	\$20,000.00
Line Cleaner Pump Replacement	\$0.00	\$0.00	\$10,000.00
TOTAL	\$0.00	\$9,272.50	\$385,000.00
COLLECTION - NEW			
10-95-9520			
Chemical Injection I/I Control	\$0.00	\$0.00	\$15,000.00
Miscellaneous Extension	\$0.00	\$0.00	\$1,000,000.00
TOTAL	\$0.00	\$0.00	\$1,015,000.00
ADMINISTRATION - REPLACEMENT			
10-85-8510			
Equipment Replacement	\$0.00	\$0.00	\$35,000.00
TOTAL	\$0.00	\$0.00	\$35,000.00
GRAND TOTALS	\$255,111.00	\$417,921.50	\$3,690,000.00

UPPER BLUE SANITATION DISTRICT
 CERTIFICATES OF DEPOSIT
 2012

	<u>MILLENNIUM</u>	<u>TOTAL</u>
Bal. Forward 1/1/2011	\$1,506,251.44	\$1,506,251.44
January Interest	\$694.11	\$694.11
Redemption		\$0.00
Bal. 1/31/2011	\$1,506,945.55	\$1,506,945.55
February Interest	\$767.29	\$767.29
Redemption		\$0.00
February 28, 2011	\$1,507,712.84	\$1,507,712.84
March Interest		\$0.00
Redemption		\$0.00
March 31, 2011		\$0.00
April Interest		\$0.00
Redemption		\$0.00
April 30, 2011		\$0.00
May Interest		\$0.00
Purchase		\$0.00
Redemption		\$0.00
May 31, 2011		\$0.00
June Interest		\$0.00
Purchase		\$0.00
Redemption		\$0.00
June 30, 2011		\$0.00
July Interest		\$0.00
Purchase		\$0.00
Redemption		\$0.00
July 31, 2011		\$0.00
August Interest		\$0.00
Purchase		
Interest Paid		
Redemption		
August 31, 2011		\$0.00
September Interest		\$0.00
Purchase		
Redemption		
September 30, 2011		\$0.00
October Interest		\$0.00
Purchase		
Redemption		
October 31, 2011		\$0.00
November Interest		\$0.00
Redemption		
Purchase		
November 30, 2011		\$0.00
December Interest		\$0.00
Redemption		\$0.00
Purchase		\$0.00
December 31, 2011		\$0.00

Paul Holscher and Tim Mayberry

Are Proud to Announce the
Reorganization of Their Firm as

HOLSCHER, MAYBERRY & COMPANY, LLC

Certified Public Accountants

Our new address:

8310 SOUTH VALLEY HIGHWAY, SUITE 300
ENGLEWOOD, CO 80112

Our new phone numbers:

Office - (303) 993-2199

Fax - (720) 633-9763

Individual Contacts:

Paul Holscher

Direct - (303) 907-1463

Email - pfholscher@hmcpas.biz

Tim Mayberry

Direct - (303) 906-0744

Email - tpmayberry@hmcpas.biz

Lisa Kaiser

Direct - (303) 726-1007

Email - lkaiser@hmcpas.biz

Corina Mayberry

Direct - (303) 906-0855

Email - cmayberry@hmcpas.biz

Please update your Contacts to reflect the new information

Holscher, Mayberry & Company, LLC

Certified Public Accountants

February 27, 2012

To the Board of Directors
Upper Blue Sanitation District

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Blue Sanitation District for the year ended December 31, 2011. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process. If you have any questions or concerns that you would like for us to include as part of our audit procedures, please feel free to contact us directly.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 27, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately February 27, 2012 and issue our report no later than June 30, 2012.

This information is intended solely for the use of the Board of Directors and management of the Upper Blue Sanitation District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Timothy P. Mayberry, Principal
Holscher, Mayberry & Company, LLC
(303) 906-0744 Direct
tpmayberry@hmcpas.biz

Holscher, Mayberry & Company, LLC

Certified Public Accountants

February 27, 2012

Upper Blue Sanitation District
PO Box 1216
Breckenridge, CO 80424-1216

We are pleased to confirm our understanding of the services we are to provide the Upper Blue Sanitation District for the year ended December 31, 2011. We will audit the financial statements of the business-type activities, and major fund, which collectively comprise the entity's basic financial statements, of the Upper Blue Sanitation District of and for the year ended December 31, 2011. The following supplementary information accompanying the basic financial statements is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. You are also responsible for all management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Upper Blue Sanitation District and the respective changes in financial position and where applicable, cash flows, in conformity with U.S. generally accepted accounting principles.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

In planning and performing our audits, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the Upper Blue Sanitation District's financial statements.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Audit Procedures—Compliance

Identifying and ensuring that the Upper Blue Sanitation District complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Upper Blue Sanitation District's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers. We do not anticipate the use of any third party providers during the completion of your audit and will notify you if circumstances change in that regard prior to the use of any third parties.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing. We understand that as part of your audit, we may prepare adjusting journal entries necessary to properly report all accounting transactions according to generally accepted accounting principles and you acknowledge that you will be required to review and approve those entries. We also understand that as part of our audit, we may prepare the draft financial statements and related notes. If we prepare the financial statements and related notes, you will designate a competent employee to oversee our services and will make all management decisions and perform all management functions. You will review, approve, and accept responsibility for those financial statements and related notes.

We expect to begin our audit on approximately February 27, 2012 and to issue our reports no later than June 30, 2012. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$8,100. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Upper Blue Sanitation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Holscher, Mayberry & Company, LLC

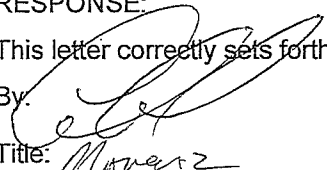
RESPONSE:

This letter correctly sets forth the understanding of the Upper Blue Sanitation District.

By:

Title:

Date:


Manager
2/27/12

DATE: March 1, 2012

TO: Andrew Carlberg, District Manager

FROM: Greg Brown, Chief Plant Operator

SUBJECT: Treatment plant operations for February, 2012.

1. Total influent flow for the Upper Blue Treatment Facilities was 47.9 million gallons for the month of February. The flow for the previous February was 46.8 million gallons. There was a 1.1 million gallon increase (2.3%).
2. Influent flow to the Iowa Hill Treatment Facility was 9.8 million gallons for the month of February. Influent flow for the Farmer's Korner Treatment facility was 38.1 million gallons. The Iowa Hill treatment facility was taken off-line on Thursday, February 23, 2012.
3. Solids loading at Farmer's Korner was down for February from 180,701# to 123,132#. Solids loading for Iowa Hill was down from 73,806# to 29,021# for February. Total loading was down for February from 254,507# to 152,153# (40.1% decrease).
4. The Farmer's Korner North Plant is on-line and treating wastewater. The plant went on-line Tuesday, February 21, 2012. The 7 day operational test was not completed due to a filter bypass situation on Sat. and Mon. The 7 day test began again on Tuesday, February 27, 2012 and should be completed on Monday afternoon, March 5, 2012. At that time substantial completion will be achieved. Glacier is now working on punch-list items. The floors and building issues are items to be completed.



Greg
cc: file

PLANT STATISTICS - FARMERS KORNER

MONTH	FLOW (MG)			PHOS (LBS)			INF SS (LBS)			SLUDGE (TONS)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
JAN	33.9	31.2	41.4	4.1	1.9	2.1	163448	132341	201554	49.9	54.5	43.2
FEB	30.7	29.0	38.1	3.1	2.0	2.5	84794	180701	123132.0	24.3	35.8	35.0
MAR	36.3	35.8		3.9	2.9		155910	155768		70.4	59.0	
APR	28.7	35.7		0.6	1.4		140701	137501		55.2	46.0	
MAY	28.8	44.3		1.1	0.7		48401	67212		13.2	41.8	
JUN	31.3	30.2		1.2	1.0		42767	72034		36.4	55.6	
JUL	27.4	37.0		2.3	0.9		50175	66111		52.2	62.6	
AUG	26.0	31.2		1.7	2.5		128708	123291		39.6	48.1	
SEP	17.6	20.4		1.4	1.5		37181	87790		25.2	28.3	
OCT	18.2	17.6		0.8	0.7		77049	43008		15.7	20.7	
NOV	19.2	18.2		1.4	1.0		80043	63296		29.5	47.1	
DEC	28.9	30.3		1.1	1.0		138477	76814		46.5	35.4	
TOTAL	327.0	360.9	79.5	22.7	17.5	4.6	1147654	1205867	324686	458.1	534.9	78.2

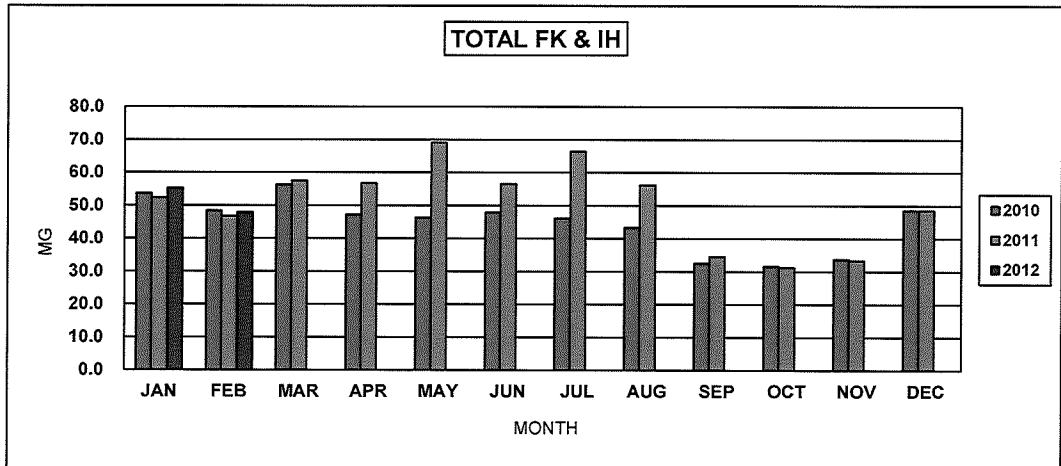
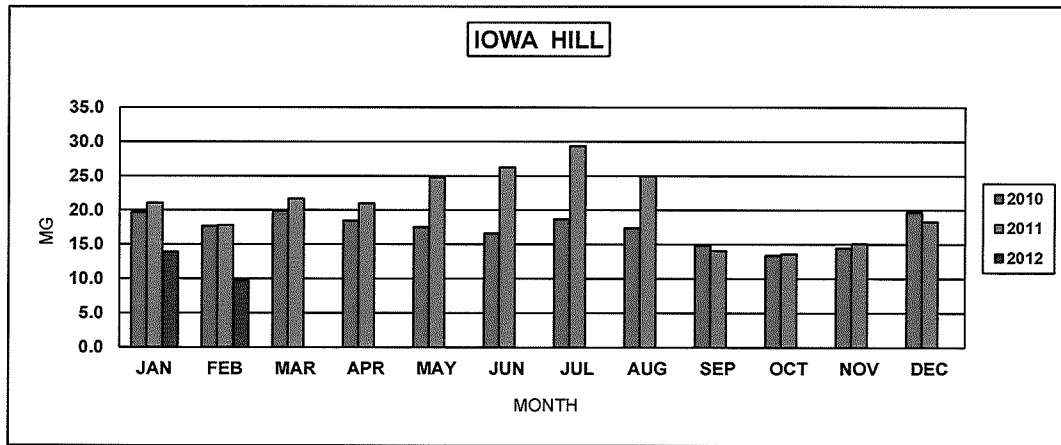
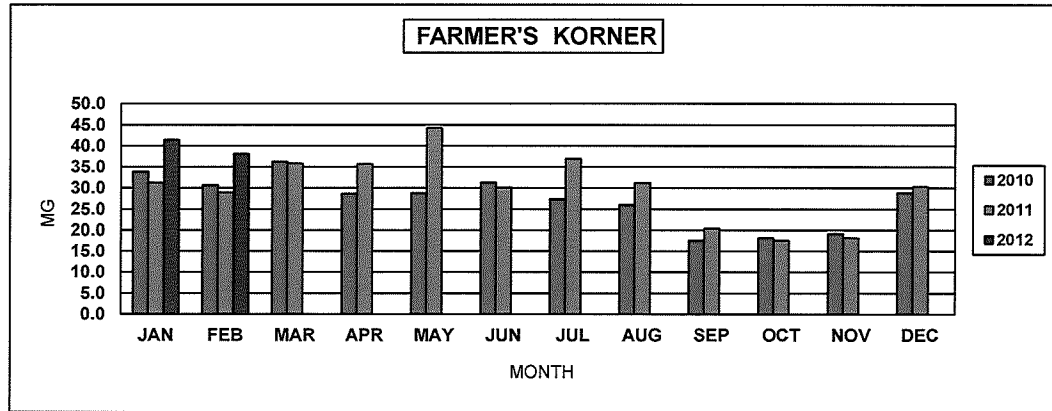
PLANT STATISTICS - IOWA HILL

MONTH	EFF FLOW (MG)			EFF PHOS (LBS)			INF SS (LBS)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
JAN	19.7	21.1	13.9	2.7	1.8	4.2	50748	86584	36828
FEB	17.7	17.8	9.8	2.9	1.5	2.4	53585	73806	29021
MAR	19.9	21.7		3.3	2.0		69125	67754	
APR	18.5	21.0		1.9	2.3		38484	40209	
MAY	17.5	24.8		2.0	2.3		26866	24633	
JUN	16.6	26.3		4.8	3.7		29572	36937	
JUL	18.7	29.4		2.2	4.3		49902	71311	
AUG	17.4	25.0		2.1	2.0		40950	50532	
SEP	14.9	14.1		1.5	1.6		37846	40282	
OCT	13.4	13.6		1.6	2.2		26909	34260	
NOV	14.5	15.1		1.1	4.0		25263	33498	
DEC	19.7	18.3		1.6	3.7		63962	58386	
TOTAL	208.5	248.2	23.7	27.7	31.4	6.6	513212	618192	65849

PLANT STATISTICS - TOTAL

MONTH	EFF FLOW (MG)			EFF PHOS (LBS)			INF SS (LBS)			SLUDGE (TONS)		
	2012	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
JAN	53.6	52.3	55.3	6.8	3.7	6.3	214196	218925	238382	49.9	54.5	43.2
FEB	48.4	46.8	47.9	6.0	3.5	4.9	138379	254507	152153	24.3	35.8	35.0
MAR	56.2	57.5	0.0	7.2	4.9	0.0	225035	223522	0	70.4	59.0	0.0
APR	47.2	56.7	0.0	2.5	3.7	0.0	179185	177710	0	55.2	46.0	0.0
MAY	46.3	69.1	0.0	3.1	3.0	0.0	75267	91845	0	13.2	41.8	0.0
JUN	47.9	56.5	0.0	6.0	4.7	0.0	72339	108971	0	36.4	55.6	0.0
JUL	46.1	66.4	0.0	4.5	5.2	0.0	100077	137422	0	52.2	62.6	0.0
AUG	43.4	56.2	0.0	3.8	4.5	0.0	169658	173823	0	39.6	48.1	0.0
SEP	32.5	34.5	0.0	2.9	3.1	0.0	75027	128072	0	25.2	28.3	0.0
OCT	31.6	31.2	0.0	2.4	2.9	0.0	103958	77268	0	15.7	20.7	0.0
NOV	33.7	33.3	0.0	2.5	5.0	0.0	105306	96794	0	29.5	47.1	0.0
DEC	48.6	48.6	0.0	2.7	8.7	0.0	202439	135200	0	46.5	35.4	0.0
TOTAL	535.5	609.1	103.2	50.4	52.9	11.2	1660866	1824059	390535	458.1	534.9	78.2

FACILITY FLOW



DATE: March 1, 2012

TO: Andrew Carlberg, District Manager

FROM: Wally Esquibel, Collection System Foreman

SUBJECT: February, 2012 Collection System Report.

1. One backup reported for the month of February. It happened at the 2500 block of Boreas Pass. Overflow was exfiltrating through manhole frame. Debris was retained in the manhole. Vacuum truck was used to contain the overflow. This overflow was reported to the CDPHE spill hotline.
2. UBSD personnel continue to monitor all lift stations. Blue River Mountain View is of concern.
3. February saw 22 locates. 6 were actual and 3 required field meets.
4. All service line inspections and fleet maintenance are complete and up to date.

Wally

cc:file
/we

MANAGER REPORT

3–2012

Blue River Phase III — Design is being completed on the project. We are finalizing the specifications.

Election 2012 — Significant amount of time has been spent in preparation and as of the date of this report we are not sure there will be the need for one. As soon as I know I will let the Board know. The agreement with the County is in place, the supplies are ready to order and Election Judges are in place.

Water Quality Hearings — I will testify before the Colorado Water Control Commission beginning March 12. My focus will be the financial impacts on the District.

Glacier Construction- We have had several meetings with the contractor concerning the close out of the project. The Pre Engineered Building and Liquidated Damages have been discussed. I will have an update at the Board meeting.