

Upper Blue Sanitation District
Board of Directors Meeting
Thursday July 11, 2013 @ 5:30 PM

I. ROLL CALL:

Mr. Robin Theobald called the meeting to order at 5:30 PM. Mr. Robin Theobald, Mr. Ken Trausch, Mr. Allyn Mosher, Mr. Michael Turek and Mr. Barrie Stimson answered "present" at roll call.

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

II. MINUTES:

June 13, 2013 minutes: Mr. Turek made a motion to approve the June 13, 2013 Board of Directors meeting minutes as amended. Mr. Trausch seconded the motion. The motion was passed unanimously by the Board.

III. PUBLIC HEARINGS:

A. Inclusion, Claimjumper Parcels, Town of Breckenridge:

Mr. Carlberg reported that the notice for inclusion of the Claimjumper Parcels was published twice in the Summit Journal. The District did not receive any public comment. The Town of Breckenridge has requested a deferral of the Public Hearing to review additional related issues. The Town of Breckenridge deferral request was included in the Board packet. Mr. Carlberg recommended that the Board defer the Public Hearing.

Mr. Theobald opened the Public Hearing. There was not anyone present from the public.

Mr. Theobald disclosed to the Board that he had conversations with Mr. Tim Casey who represents the developer of the Claimjumper Parcel and is on the Town of Breckenridge water task force. Mr. Theobald also disclosed to the Board that he had received an email from Mr. Tim Gagen, the Town of Breckenridge Manager regarding the water plant feasibility study. Mr. Theobald said that he replied to Mr. Gagen, saying he felt that public representatives serving constituents of the community should handle public business publicly.

Mr. Mosher reported to the Board that per the Boards request at the July Board meeting he had contacted Town of Breckenridge Mayor, Mr. John Warner regarding the proposed water plant. Mr. Warner told Mr. Mosher that the proposed Town of Breckenridge water plant would not adversely affect the District and the water plant would take water from below the District's diversion structure.

Mr. Stimson said that he was concerned about the Town of Breckenridge speaking confidentially to District Board members. The Board discussed that District Board members should be allowed to have conversations with District constituents, but should refrain from discussing confidential matters.

Mr. Theobald closed the Public Hearing.

Mr. Turek made a motion to close the Claimjumper Parcels Inclusion Public Hearing and continue at a later time as requested by the Town of Breckenridge. Mr. Trausch seconded the motion. The motion was passed unanimously by the Board.

IV. PUBLIC COMMENT: None

V. BILLS:

The bills were reviewed and discussed by the Board of Directors during the work session.

Upper Blue Sanitation District
Board of Directors Meeting
Thursday July 11, 2013 @ 5:30 PM

Mr. Trausch made a motion to approve the bills as submitted. Mr. Turek seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

VI. FINANCIAL REPORT:

Mr. Tim Mayberry of Holscher, Mayberry and Company, LLC presented the 2012 audited financial statements to the Board during the work session. Mr. Turek made a motion to accept the 2012 audited financial statements as amended. Mr. Trausch seconded the motion. The motion was passed unanimously by the Board.

The June 2013 Financial report was discussed by the Board of Directors.

VII. MONTHLY REPORTS:

B. Plant and Collection:

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

C. Manager Report:

The Manager's report was discussed by the Board of Directors. Mr. Carlberg said that the District has a very good working relationship with the Town of Breckenridge at the staff level and with Summit County.

1) Project Update:

-Mr. Carlberg reported that the Administration Building repair is near completion. Although, the project is taking longer than expected the District is pleased with the results. The window manufacturer will cover 80% of the window repair/replacement with an original warranty.

-Mr. Carlberg reported that the Breckenridge Park Estates and Ten Mile Vista sewer line extension projects will be out to bid next week, with the bid opening on July 31, 2013.

-Mr. Carlberg reported that the Blue River sewer line extension will go out to bid in two weeks. The bid will be available for Board approval at the August Board meeting.

2) Blue River 2014 Sewer Line Extension:

Mr. Carlberg reported that the District is working to finalize the alignment of the sewer line extension to Blue Rock Springs in the Town of Blue River. Mr. Carlberg said that he has begun to negotiate the easements.

VIII. OLD BUSINESS:

IX. NEW BUSINESS:

D. Storage Area Fence, Farmers Korner, Award of Bid:

Mr. Carlberg reported that there was only one bidder for the storage yard fence project at Farmers Korner. Strategic Fence was the sole bidder with a bid in the amount of \$27,370.00. Staff has reviewed the bid and concluded that it is acceptable. Mr. Carlberg recommended that the Board approve the Strategic Fence bid.

Mr. Turek made a motion to approve the bid from Strategic Fence in the amount of \$27,370.00, but added that the fence should be 8 feet high instead of 6 feet high. Mr. Trausch seconded the motion with the change. Mr. Carlberg said that there would be additional costs

Upper Blue Sanitation District
Board of Directors Meeting
Thursday July 11, 2013 @ 5:30 PM

associated with the change. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

The Board discussed whether employees would be allowed to store personal items in the fenced storage area. The Board asked the Manager to check with the District's insurance company regarding any possible liability there might be for the District allowing employees to store personal items on District property. The Board decided that all employees must receive approval from the District Manager before storing personal items in the fenced storage area. The District Manager will have any employee storing items sign an agreement. The District Manager has approval from the Board to eliminate allowing employees to store personal items if the storage area becomes too cluttered.

E. Pay Request #1 CTM Construction-Administration Building Repair:

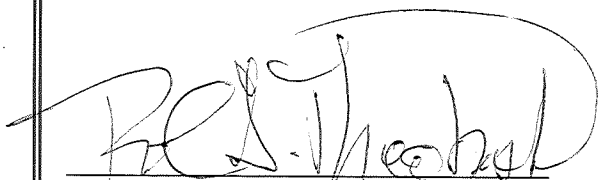
Mr. Carlberg reported that the Administration Building foundation has been repaired, the walls have been repaired and painted, and the masonry will begin soon. The window failures are covered by an original warranty, so the window manufacturer will cover 80% of the window repair. CTM Construction has submitted pay request #1 in the amount of \$53,930.00. Mr. Carlberg said that he and the Architect have reviewed the pay request. Mr. Carlberg and the Architect recommend that the Board approve CTM Construction pay request #1 in the amount of \$53,930.00.

Mr. Trausch made a motion to approve CTM Construction pay request #1 in the amount of \$53,930.00. Mr. Turek seconded the motion. Mr. Theobald asked the Board for a roll call and the motion was passed unanimously by the Board.

X. CORRESPONDENCE:

XI. ADJOURN:

Mr. Trausch made a motion to adjourn the meeting at 6:09 PM. Mr. Turek seconded the motion. The motion was passed unanimously by the Board.


Mr. Robin G. Theobald, President
Mr. Allyn T. Mosher, Secretary

Memorandum

To: Andy Carlberg

From: Marjorie Borsina

Date: June 7, 2013

Re: Financial Update

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

-We have not received all of the June 2013 bills. Therefore, the June 2013 Financial Statements are a preliminary draft for your review.

-Mr. Tim Mayberry of Holscher, Mayberry & Company, LLC will present the audited financial statements to the Board during the July 11, 2013 work session. I have enclosed a draft copy of the audited financial statements in the Board packet.

-I have included in the Financial Report a P & L Over/Under Budget Forecast spreadsheet. Revenue items that are over budget are marked in yellow. Expense items that are or could be over budget are marked in red.

Marjorie

Upper Blue Sanitation District
Comparative Balance Sheet-UNAUDITED DRAFT
June 30, 2013 and June 30, 2012

	<u>2013</u>	<u>2012</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Current Assets:</u>			
Petty Cash	\$200	\$200	-
Checking-Alpine Bank	\$ -	\$ -	-
Checking-Wells Fargo Bank	10,645,124	8,454,186	2,190,938
Cash-Centennial Bank Money Market	250,000	-	250,000
ColoTrust Prime	3,639,802	3,638,203	1,599
Total Cash and Equivalents	14,535,126	12,092,589	2,442,537
Investments			
FK Construction Retainage Escrow	-	428,708	(428,708)
Cert. of Deposit & Treasuries	2,012,293	2,509,816	(497,523)
Total Investments	2,012,293	2,938,524	(926,231)
Other Current Assets			
Receivables-Utility + Spec. Assessments	39,022	65,187	(26,165)
Developer/Contractor Escrow	122,244	135,744	(13,500)
Interest Receivable & Market Adjustments	-	-	-
Notes Receivable	184,612	206,506	(21,894)
Prepaid Expenses	68,885	307,943	(239,058)
Loan Issuance Costs (Net)	-	139,249	(139,249)
Total Other Assets	414,763	854,629	(439,866)
Total Current Assets:	16,962,182	15,885,742	1,076,440
Property Plant and Equipment:			
Land	721,070	721,070	-
Easements	69,583	69,583	-
Sewer Lines	13,460,838	13,368,225	92,613
Treatment Plants	76,468,318	75,663,825	804,493
Office Equipment	210,830	210,830	-
Other Machines & Equipment	459,772	459,772	-
Autos & Trucks	849,019	821,984	27,035
Upper Blue System Costs	4,321,429	3,587,750	733,679
Telemetry	102,075	102,075	-
Employee Housing	1,038,191	1,038,191	-
Total Property Plant and Equipment :	97,701,125	96,043,305	1,657,820
Less Accumulated Depreciation	(27,812,986)	(25,913,128)	(1,899,858)
Net Property Plant and Equipment :	69,888,139	70,130,177	(242,038)
Total Assets:	86,850,321	86,015,919	834,402

Liabilities

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Current Liabilities:			
Accounts Payable	111,925	89,142	22,783
Construction/Developer Escrow	122,244	135,744	(13,500)
Earned Employee Benefits	121,784	121,416	368
Unearned User Fees	438,105	433,228	4,877
Interest Payable	155,577	164,671	(9,094)
Loan Payable (Current Portion)	913,365	890,595	22,770
Retainage Payable-Construction in Progress	-	428,708	(428,708)
Retainage Payable-Blue River	49,063	-	49,063
Employee Housing Deposit Payable	1,250	1,250	-
Total Current Liabilities:	1,913,313	2,264,754	(351,441)
Long Term Liabilities:			
Loan Payable	9,290,474	10,203,839	(913,365)
Total Long Term Liabilities:	9,290,474	10,203,839	(913,365)
Total Liabilities	11,203,787	12,468,593	(1,264,806)
Net Assets			
Invested in Capital Assets, Net of Related Debt	59,444,399	58,871,070	573,329
Unrestricted Net Assets	12,202,135	12,676,256	(474,121)
Unrestricted Net Assets - Nutrient Reserve	4,000,000	2,000,000	2,000,000
Total Contributed Capital	75,646,534	73,547,326	2,099,208
Total Liabilities and Equity	86,850,321	86,015,919	834,402

Upper Blue Sanitation District
Monthly Financial Statement-UNAUDITED DRAFT
June 30, 2013

	2013	2013	2013	2013	2013
	<u>June</u>	<u>Year To Date</u>	<u>Approved Budget</u>	<u>Uncollected</u>	<u>% Uncol/Col</u>
Operating Revenue					
Sewer User Fees	438,174	2,624,026	5,231,574	2,607,548	50
Tap Inspection Fees	400	3,500	7,000	3,500	50
Miscellaneous Revenue	13	7,804	1,000	(6,804)	(680)
Camper Dump Fees	291	1,023	3,000	1,977	66
Late Fees	13,026	22,329	25,000	2,671	11
Line Extension Fees	18,737	18,737	25,000	6,263	25
Rental Income	0	18,750	40,000	21,250	53
Total Operating Revenue	<u>470,641</u>	<u>2,696,169</u>	<u>5,332,574</u>	<u>2,636,405</u>	<u>49</u>
Miscellaneous Revenue					
Interest on Loan Payments	1,308	5,332	9,000	3,668	41
Plant Investment Fees	101,939	883,396	400,000	(483,396)	(121)
Inclusion Fees	23,918	25,518	30,000	4,482	15
Interest on Investments	2,882	12,435	18,000	5,565	0
Transfer from Reserve	0	0	0	0	0
Total Miscellaneous Revenue	<u>130,047</u>	<u>926,681</u>	<u>457,000</u>	<u>(473,349)</u>	<u>(104)</u>
Total Revenue	<u>600,688</u>	<u>3,622,850</u>	<u>5,789,574</u>	<u>2,166,724</u>	<u>37</u>

Administration Expense	2013 June	2013 Year to Date	2013 Approved Budget	2013 Available	2013 % Available
Payroll & Employee Benefits					
Salaries	85,413	500,516	1,139,399	638,883	56
Overtime	1,033	9,180	45,000	35,820	80
FICA-Admn	5,275	31,093	74,000	42,907	58
Medicare-Admin	1,234	7,272	19,000	11,728	62
401K Contributions	6,138	36,450	80,000	43,550	54
Worker's Compensation Insurance	1,373	7,882	19,000	11,118	59
Health Insurance	20,086	120,518	256,238	135,720	53
Total	120,552	712,911	1,632,637	919,726	56
Office Supplies	0	1,288	4,000	2,712	68
Telephone	948	6,907	16,500	9,593	58
Business Expenses	59	27,775	32,000	4,225	13
Legal Counsel	1,790	7,162	50,000	42,838	86
Education	2,575	9,050	25,000	15,950	64
Audit & Accounting	0	6,000	9,000	3,000	33
Legal Publications	131	2,506	12,000	9,494	79
Board Members	500	3,000	6,000	3,000	50
Elections	0	0	0	0	0
Computer Expenses	195	6,243	9,000	2,757	31
Copy Machine & Supply	0	0	1,000	1,000	100
Postage & Meter Rent	0	5,558	13,000	7,442	57
Insurance - General	10,108	61,009	115,000	53,991	47
Insurance - Deductible	0	109	1,000	891	89
Engineering	0	25,153	100,000	74,847	75
Tools	0	985	3,500	2,515	72
Radios	0	0	0	0	0
Vehicle Expense	0	0	1,000	1,000	100
Dues & Memberships	0	3,150	7,000	3,850	55
Safety	437	1,057	4,000	2,943	74
Summit Water Quality	0	14,021	12,000	(2,021)	(17)
Building Maintenance	357	6,201	17,000	10,799	64
Employee Housing Maintenance	49	4,326	20,000	15,674	78
Employee Housing Utilities	51	2,205	3,000	795	27
Total Administration	137,752	906,616	2,093,637	1,187,021	57
Iowa Hill Plant Expenses					
Utilities					
Gas	753	8,040	6,000	(2,040)	(34)
Electric	2,229	15,740	50,000	34,260	69
Freight	0	172	2,000	1,828	91
Equipment Repairs	0	362	25,000	24,638	99
Chemicals	0	0	10,000	10,000	100
Contracted Repairs	0	11,440	25,000	13,560	54
Laboratory Supplies	0	6,712	15,000	8,288	55
Biomonitoring	0	0	0	0	0
Discharge Permit	0	0	7,000	7,000	100
Supplies	0	0	3,000	3,000	100
Total Iowa Hill	2,982	42,466	143,000	100,534	70

	<u>2013</u> <u>June</u>	<u>2013</u> <u>Year to Date</u>	<u>2013</u> <u>Approved Budget</u>	<u>2013</u> <u>Available</u>	<u>2013</u> <u>% Available</u>
Farmers Korner Expenses					
Utilities					
Gas	548	40,796	75,000	34,204	46
Electric	30,791	202,324	550,000	347,676	63
Freight	1,217	20,786	25,000	4,214	17
Equipment Repairs	797	29,410	60,000	30,590	51
Chemicals	16,066	214,963	350,000	135,037	39
Supplies	194	2,705	15,000	12,295	82
Contracted Repairs	870	3,490	15,000	11,510	77
Dumpster Charges	995	5,970	14,000	8,030	57
Biomonitoring	0	2,837	7,000	4,163	59
Discharge Permit	0	238	17,000	16,762	99
Composting	5,120	45,257	115,000	69,743	61
Site Monitoring	491	8,284	25,000	16,716	67
Sludge Hauling Costs	3,150	27,675	55,000	27,325	50
State Health Fees	0	0	2,500	2,500	100
Total Farmers Korner	60,239	604,735	1,325,500	720,765	54

Collection Expenses

Utilities	1,716	11,482	18,000	6,518	36
Vehicle Expense	138	12,169	27,000	14,831	55
Line Cleaner Expenses	0	828	5,000	4,172	83
Manhole Repairs/Line Repairs	4,035	23,570	120,000	96,430	80
Equipment Repairs	0	1,493	9,000	7,507	83
CCTV Expense	0	0	3,500	3,500	100
Total Collection	5,889	49,542	182,500	132,958	73

Replacement Capital

Administration	57,325	76,772	120,000	43,228	36
Plant:					
IH	2,337	19,102	275,000	255,898	93
FK	2,350	33,414	613,000	579,586	95
Upper Blue	0	10,648	10,000	(648)	0
Collection	0	13,859	470,000	456,141	97
Misc	0	0	0	0	0
Vehicle	0	28,351	0	(28,351)	0
Total Replacement Capital	62,012	182,146	1,488,000	1,305,854	88

Non Operating Expenses

Bond Principal	0	221,246	913,365	692,119	76
Bond Interest	0	186,693	372,948	186,255	50
Total Non Operating	0	407,939	1,286,313	878,374	68

	<u>2013</u> <u>June</u>	<u>2013</u> <u>Year to Date</u>	<u>2013</u> <u>Approved Budget</u>	<u>2013</u> <u>Available</u>	<u>2013</u> <u>% Available</u>
Capital Outlay					
Plant:					
IH	0	0	25,000	25,000	100
FK	1,994	7,823	85,000	77,177	91
Upper Blue	750	7,224	65,000	57,776	89
Collection	0	40,443	305,000	264,557	87
Administration	0	0	0	0	0
Total Capital Outlay	<u>2,744</u>	<u>55,490</u>	<u>480,000</u>	<u>424,510</u>	<u>88</u>
Total Expenses	<u>271,618</u>	<u>2,248,934</u>	<u>6,998,950</u>	<u>4,750,016</u>	<u>68</u>
Revenue Less Expenses	<u>329,070</u>	<u>1,373,916</u>	<u>(1,209,376)</u>		

Upper Blue Sanitation District
Comparative Financial Statement-UNAUDITED DRAFT
June 30, 2013 vs. June 30, 2012

	2013	2012	2013	2012	Increase
	<u>June</u>	<u>June</u>	<u>Year To Date</u>	<u>Year to Date</u>	<u>(Decrease)</u>
Operating Revenue					
Sewer User Fees	438,174	434,814	2,624,026	2,598,873	25,153
Tap Inspection Fees	400	4,000	3,500	6,100	(2,600)
Miscellaneous Revenue	13	16,739	7,804	19,239	(11,435)
Camper Dump Fees	291	152	1,023	252	771
Late Fees	13,026	13,416	22,329	23,391	(1,062)
Line Extension Fees	18,737	8,551	18,737	32,991	(14,254)
Rental Income	0	3,750	18,750	22,500	(3,750)
Total Operating Revenue	470,641	481,422	2,696,169	2,703,346	(7,177)
Miscellaneous Revenue					
Interest on Loan Payments	1,308	1,038	5,332	5,734	(402)
Plant Investment Fees	101,939	167,342	883,396	1,257,659	(374,263)
Inclusion Fees	23,918	7,100	25,518	34,629	(9,111)
Interest on Investments	2,882	1,774	12,435	11,560	875
Transfer from Reserve	0	0	0	0	0
Total Miscellaneous Reven	130,047	177,254	926,681	1,309,582	(382,499)
Total Revenue	600,688	658,676	3,622,850	4,012,928	(390,078)

Administration Expense	2013 June	2012 June	2013 Year to Date	2012 Year to Date	Increase (Decrease)
Payroll & Employee Benefits					
Salaries	85,413	85,099	500,516	493,875	6,641
Overtime	1,033	2,930	9,180	20,629	(11,449)
FICA-Admin	5,275	5,374	31,093	31,391	(298)
Medicare-Admin	1,234	1,257	7,272	7,341	(69)
401K Contributions	6,138	5,979	36,450	35,357	1,093
Worker's Compensation Insu	1,373	2,070	7,882	6,517	1,365
Health Insurance	20,086	18,245	120,518	109,487	11,031
Total	120,552	120,954	712,911	704,597	8,314
Office Supplies	0	167	1,288	1,475	(187)
Telephone	948	1,194	6,907	9,255	(2,348)
Business Expenses	59	3,108	27,775	20,676	7,099
Legal Counsel	1,790	1,705	7,162	24,624	(17,462)
Education	2,575	1,019	9,050	4,115	4,935
Audit & Accounting	0	2,100	6,000	8,100	(2,100)
Legal Publications	131	1,500	2,506	7,021	(4,515)
Board Members	500	500	3,000	2,900	100
Elections	0	0	0	21	(21)
Computer Expenses	195	662	6,243	3,595	2,648
Copy Machine & Supply	0	0	0	400	(400)
Postage & Meter Rent	0	600	5,558	5,627	(69)
Insurance - General	10,108	9,142	61,009	54,851	6,158
Insurance - Deductible	0	0	109	0	109
Engineering	0	0	25,153	9,450	15,703
Tools	0	437	985	880	105
Radios	0	0	0	1,104	(1,104)
Vehicle Expense	0	0	0	0	0
Dues & Memberships	0	170	3,150	2,490	660
Safety	437	954	1,057	3,128	(2,071)
Summit Water Quality	0	0	14,021	11,531	2,490
Building Maintenance	357	2,018	6,201	8,156	(1,955)
Employee Housing Maintena	49	3,656	4,326	10,407	(6,081)
Employee Housing Utilities	51	59	2,205	2,697	(492)
Total Administration	137,752	149,945	906,616	897,100	9,516
Iowa Hill Plant Expenses					
Utilities					
Gas	753	904	8,040	9,654	(1,614)
Electric	2,229	3,002	15,740	51,239	(35,499)
Freight	0	20	172	5,185	(5,013)
Equipment Repairs	0	190	362	14,564	(14,202)
Chemicals	0	0	0	19,812	(19,812)
Contracted Repairs	0	9,270	11,440	22,082	(10,642)
Laboratory Supplies	0	508	6,712	8,522	(1,810)
Biomonitoring	0	0	0	2,254	(2,254)
Discharge Permit	0	0	0	0	0
Supplies	0	567	0	1,729	(1,729)
Total Iowa Hill	2,982	14,461	42,466	135,041	(92,575)

June Comparative Statement Cont.

Pg. 3

	<u>2013 June</u>	<u>2012 June</u>	<u>2013 Year to Date</u>	<u>2012 Year to Date</u>	<u>Increase (Decrease)</u>
Farmers Korner					
Utilities					
Gas	548	920	40,796	29,216	11,580
Electric	30,791	25,839	202,324	193,983	8,341
Freight	1,217	1,238	20,786	9,968	10,818
Equipment Repairs	797	8,437	29,410	29,517	(107)
Chemicals	16,066	33,158	214,963	171,759	43,204
Supplies	194	718	2,705	11,403	(8,698)
Contracted Repairs	870	964	3,490	4,603	(1,113)
Dumpster Charges	995	995	5,970	5,970	0
Biomonitoring	0	1,378	2,837	2,705	132
Discharge Permit	0	0	238	0	238
Composting	5,120	4,816	45,257	35,325	9,932
Site Monitoring	491	1,580	8,284	12,465	(4,181)
Sludge Hauling Costs	3,150	3,150	27,675	21,325	6,350
State Health Fees	0	1,281	0	1,365	(1,365)
Total Farmers Korner	60,239	84,474	604,735	529,604	75,131
Collection Expenses					
Utilities	1,716	1,052	11,482	6,513	4,969
Vehicle Expense	138	3,061	12,169	13,972	(1,803)
Line Cleaner Expenses	0	481	828	20,347	(19,519)
Manhole Repairs/Line Repai	4,035	24,039	23,570	63,099	(39,529)
Equipment Repairs	0	18	1,493	1,179	314
CCTV Expense	0	0	0	0	0
Total Collection	5,889	28,651	49,542	105,110	(55,568)
Replacement Capital					
Administration	57,325	0	76,772	0	76,772
Plant					
IH	2,337	0	19,102	0	19,102
FK	2,350	5,063	33,414	14,394	19,020
Upper Blue	0	0	10,648	0	10,648
Collection	0		13,859		
Misc	0	35,700	0	81,001	(81,001)
Vehicle	0	0	28,351	0	28,351
Total Replacement Capital	62,012	40,763	182,146	95,395	72,892
Non Operating Expenses					
CWRPDA Loan Principal	0	0	221,246	42,884	178,362
Loan Interest	0	0	186,693	127,667	59,026
Total Non Operating	0	0	407,939	170,551	237,388

June Comparative Statement Cont.

Pg. 4
Increase
(Decrease)

	<u>2013</u> <u>June</u>	<u>2012</u> <u>June</u>	<u>2013</u> <u>Year to Date</u>	<u>2012</u> <u>Year to Date</u>	
Capital Outlay					
Plant-IH-CO	0	0	0	0	0
Plant-FK-CO	1,994	0	7,823	691,608	(683,785)
Plant-South Blue-CO	750	0	7,224	0	7,224
Collection	0	8,893	40,443	29,077	11,366
Administration	0	0	0	0	0
Total Capital Outlay	2,744	8,893	55,490	720,685	(665,195)
Total Expenses	271,618	327,187	2,248,934	2,653,486	(418,411)
Revenue Less Expenses	329,070	331,489	1,373,916	1,359,442	14,474

Upper Blue Sanitation District
P & L Over/Under Budget Forecast
June 30, 2013

Revenue Over Budget

Expenses Over Budget

	2013	2013	2013	2013	2013
	<u>June</u>	<u>Year To Date</u>	<u>Approved Budget</u>	<u>Uncollected</u>	<u>% Uncol/Col</u>
Operating Revenue					
Sewer User Fees	438,174	2,624,026	5,231,574	2,607,548	50
Tap Inspection Fees	400	3,500	7,000	3,500	50
Miscellaneous Revenue	13	7,804	1,000	(6,804)	(680)
Camper Dump Fees	291	1,023	3,000	1,977	66
Late Fees	13,026	22,329	25,000	2,671	11
Line Extension Fees	18,737	18,737	25,000	6,263	25
Rental Income	0	18,750	40,000	21,250	53
Total Operating Revenue	470,641	2,696,169	5,332,574	2,636,405	49
Miscellaneous Revenue					
Interest on Loan Payments	1,308	5,332	9,000	3,668	41
Plant Investment Fees	101,939	883,396	400,000	(483,396)	(121)
Inclusion Fees	23,918	25,518	30,000	4,482	15
Interest on Investments	2,882	12,435	18,000	5,565	0
Transfer from Reserve	0	0	0	0	0
Total Miscellaneous Revenue	130,047	926,681	457,000	(473,349)	(104)
Total Revenue	600,688	3,622,850	5,789,574	2,166,724	37

Administration Expense	2013 June	2013 Year to Date	2013 Approved Budget	2013 Available	2013 % Available
Payroll & Employee Benefits					
Salaries	85,413	500,516	1,139,399	638,883	56
Overtime	1,033	9,180	45,000	35,820	80
FICA-Admn	5,275	31,093	74,000	42,907	58
Medicare-Admin	1,234	7,272	19,000	11,728	62
401K Contributions	6,138	36,450	80,000	43,550	54
Worker's Compensation Insurance	1,373	7,882	19,000	11,118	59
Health Insurance	20,086	120,518	256,238	135,720	53
Total	120,552	712,911	1,632,637	919,726	56

Office Supplies	0	1,288	4,000	2,712	68
Telephone	948	6,907	16,500	9,593	58
Business Expenses	59	27,775	32,000	4,225	13
Legal Counsel	1,790	7,162	50,000	42,838	86
Education	2,575	9,050	25,000	15,950	64
Audit & Accounting	0	6,000	9,000	3,000	33
Legal Publications	131	2,506	12,000	9,494	79
Board Members	500	3,000	6,000	3,000	50
Elections	0	0	0	0	0
Computer Expenses	195	6,243	9,000	2,757	31
Copy Machine & Supply	0	0	1,000	1,000	100
Postage & Meter Rent	0	5,558	13,000	7,442	57
Insurance - General	10,108	61,009	115,000	53,991	47
Insurance - Deductible	0	109	1,000	891	89
Engineering	0	25,153	100,000	74,847	75
Tools	0	985	3,500	2,515	72
Radios	0	0	0	0	0
Vehicle Expense	0	0	1,000	1,000	100
Dues & Memberships	0	3,150	7,000	3,850	55
Safety	437	1,057	4,000	2,943	74
Summit Water Quality	0	14,021	12,000	(2,021)	(17)
Building Maintenance	357	6,201	17,000	10,799	64
Employee Housing Maintenance	49	4,326	20,000	15,674	78
Employee Housing Utilities	51	2,205	3,000	795	27
Total Administration	137,752	906,616	2,093,637	1,187,021	57

Iowa Hill Plant Expenses

Utilities					
Gas	753	8,040	6,000	(2,040)	(34)
Electric	2,229	15,740	50,000	34,260	69
Freight	0	172	2,000	1,828	91
Equipment Repairs	0	362	25,000	24,638	99
Chemicals	0	0	10,000	10,000	100
Contracted Repairs	0	11,440	25,000	13,560	54
Laboratory Supplies	0	6,712	15,000	8,288	55
Biomonitoring	0	0	0	0	0
Discharge Permit	0	0	7,000	7,000	100
Supplies	0	0	3,000	3,000	100
Total Iowa Hill	2,982	42,466	143,000	100,534	70

June Financial Statement Cont.

2013 June	2013 Year to Date	2013 Approved Budget	2013 Available	2013 % Available
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Farmers Korner Expenses

Utilities					
Gas	548	40,796	75,000	34,204	46
Electric	30,791	202,324	550,000	347,676	63
Freight	1,217	20,786	25,000	4,214	17
Equipment Repairs	797	29,410	60,000	30,590	51
Chemicals	16,066	214,963	350,000	135,037	39
Supplies	194	2,705	15,000	12,295	82
Contracted Repairs	870	3,490	15,000	11,510	77
Dumpster Charges	995	5,970	14,000	8,030	57
Biomonitoring	0	2,837	7,000	4,163	59
Discharge Permit	0	238	17,000	16,762	99
Composting	5,120	45,257	115,000	69,743	61
Site Monitoring	491	8,284	25,000	16,716	67
Sludge Hauling Costs	3,150	27,675	55,000	27,325	50
State Health Fees	0	0	2,500	2,500	100
Total Farmers Korner	60,239	604,735	1,325,500	720,765	54

Collection Expenses

Utilities	1,716	11,482	18,000	6,518	36
Vehicle Expense	138	12,169	27,000	14,831	55
Line Cleaner Expenses	0	828	5,000	4,172	83
Manhole Repairs/Line Repairs	4,035	23,570	120,000	96,430	80
Equipment Repairs	0	1,493	9,000	7,507	83
CCTV Expense	0	0	3,500	3,500	100
Total Collection	5,889	49,542	182,500	132,958	73

Replacement Capital

Administration	57,325	76,772	120,000	43,228	36
Plant:					
IH	2,337	19,102	275,000	255,898	93
FK	2,350	33,414	613,000	579,586	95
Upper Blue	0	10,648	10,000	(648)	0
Collection	0	13,859	470,000	456,141	97
Misc	0	0	0	0	0
Vehicle	0	28,351	0	(28,351)	0
Total Replacement Capital	62,012	182,146	1,488,000	1,305,854	88

Non Operating Expenses

Bond Principal	0	221,246	913,365	692,119	76
Bond Interest	0	186,693	372,948	186,255	50
Total Non Operating	0	407,939	1,286,313	878,374	68

	<u>June</u>	<u>Year to Date</u>	<u>Approved Budget</u>	<u>Available</u>	<u>% Available</u>
Capital Outlay					
Plant:					
IH	0	0	25,000	25,000	100
FK	1,994	7,823	85,000	77,177	91
Upper Blue	750	7,224	65,000	57,776	89
Collection	0	40,443	305,000	264,557	87
Administration	0	0	0	0	0
Total Capital Outlay	<u>2,744</u>	<u>55,490</u>	<u>480,000</u>	<u>424,510</u>	<u>88</u>
Total Expenses	<u>271,618</u>	<u>2,248,934</u>	<u>6,998,950</u>	<u>4,750,016</u>	<u>68</u>
Revenue Less Expenses	<u>329,070</u>	<u>1,373,916</u>	<u>(1,209,376)</u>		

CAPITAL 2013	Current Month	Year To Date	Budget
FARMERS KORNER - REPLACEMENT			
10-85-8524			
Upgrade Blowers	\$0.00	\$0.00	\$300,000.00
Sump Pump Replacement - East Plant	\$0.00	\$0.00	\$25,000.00
Filter Valves/Actuators - South Plant	\$0.00	\$0.00	\$50,000.00
Filter Media	\$0.00	\$11,600.00	
Effluent Flow Meter - South Plant	\$0.00	\$0.00	\$5,000.00
Alum Pump System	\$0.00	\$8,708.64	\$20,000.00
Lighting Refurbish	\$0.00	\$0.00	\$10,000.00
Gen Set Roof	\$0.00	\$0.00	\$50,000.00
Telemetry Upgrade	\$2,350.00	\$2,350.00	\$115,000.00
Digester Air Flow Meter	\$0.00	\$0.00	\$18,000.00
Miscellaneous Equipment Replace/Repair	\$0.00	\$0.00	\$20,000.00
Lighting	\$0.00	\$7,398.00	
Bulk Storage Tank	\$0.00	\$3,356.80	
TOTAL	\$2,350.00	\$33,413.44	\$613,000.00
FARMERS KORNER - NEW			
10-95-9540			
Fence for Storage Yard	\$1,993.50	\$7,823.16	\$50,000.00
Spare VFD Influent Pump	\$0.00	\$0.00	\$15,000.00
Miscellaneous Equipment Replace/Repair	\$0.00	\$0.00	\$20,000.00
TOTAL	\$1,993.50	\$7,823.16	\$85,000.00
IOWA HILL - REPLACEMENT			
10-85-8522			
Refurbish BAF's, Filters	\$0.00	\$15,116.18	\$250,000.00
Replace Flow Control Valves with Electric	\$2,336.55	\$3,986.25	\$25,000.00
TOTAL	\$2,336.55	\$19,102.43	\$275,000.00
IOWA HILL - NEW			
10-95-9510			
Miscellaneous Equipment Replace/Repair	\$0.00	\$0.00	\$25,000.00
TOTAL	\$0.00	\$0.00	\$25,000.00
SOUTH BLUE - REPLACEMENT			
10-85-8526			
Miscellaneous Equipment Replace/Repair	\$0.00	\$10,648.13	\$10,000.00
TOTAL	\$0.00	\$10,648.13	\$10,000.00
SOUTH BLUE - NEW			
10-95-9590			
Blue River Master Plan	\$0.00	\$0.00	\$30,000.00
Blue River Lift Station Landscaping	\$750.00	\$750.00	\$25,000.00
Miscellaneous Equipment Replace/Repair	\$0.00	\$1,164.75	\$10,000.00
Accoustic Panels		\$5,308.83	
TOTAL	\$750.00	\$7,223.58	\$65,000.00
COLLECTION - REPLACEMENT			
10-85-8530			
Woodmore Repairs I/I and Linning	\$0.00	\$4,375.00	\$200,000.00
Town of Breckenridge Repairs/slipline	\$0.00	\$0.00	\$80,000.00
Miscellaneous Line Extensions/Redline	\$0.00	\$0.00	\$100,000.00
Mapping	\$0.00	\$9,484.46	\$25,000.00
Replace Main LS - Peak 7	\$0.00	\$0.00	\$30,000.00
Replace Individual Lift Stations	\$0.00	\$0.00	\$25,000.00
TOTAL	\$0.00	\$13,859.46	\$460,000.00
COLLECTION - NEW			
10-95-9520			
New LS Pump - Blue River	\$0.00	\$0.00	\$20,000.00
Miscellaneous Line Extension	\$0.00	\$40,443.13	\$260,000.00
TOTAL	\$0.00	\$40,443.13	\$280,000.00
VEHICLE - RC			
10-85-8550			
Vehicle Replacement	\$0.00	\$28,350.76	\$35,000.00
TOTAL	\$0.00	\$28,350.76	\$35,000.00
ADMINISTRATION - REPLACEMENT			
10-85-8510			
Administration Building Repair	\$57,325.56	\$76,771.55	\$80,000.00
Equipment/Car Replacement	\$0.00	\$0.00	\$40,000.00
TOTAL	\$57,325.56	\$76,771.55	\$120,000.00
GRAND TOTALS	\$64,755.61	\$237,635.64	\$1,968,000.00

UPPER BLUE SANITATION DISTRICT
CERTIFICATES OF DEPOSIT
2013

	<u>Centennial</u>	<u>TOTAL</u>
Bal. Forward 1/1/2013	\$2,009,036.74	\$2,009,036.74
January Interest	\$551.70	\$551.70
Redemption		\$0.00
Bal. 1/31/2012	\$2,009,588.44	\$2,009,588.44
February Interest	\$499.48	\$499.48
Redemption		\$0.00
February 28, 2012	\$2,010,087.92	\$2,010,087.92
March Interest	\$502.13	\$502.13
Redemption		\$0.00
March 31, 2012	\$2,010,590.05	\$2,010,590.05
April Interest	\$556.00	\$556.00
Redemption		\$0.00
April 30, 2012	\$2,011,146.05	\$2,011,146.05
May Interest	\$538.32	\$538.32
Redemption		\$0.00
May 31, 2012	\$2,011,684.37	\$2,011,684.37
June Interest	\$608.27	\$608.27
Purchase	\$1,000,000.00	\$1,000,000.00
Redemption	(\$1,000,992.18)	(\$1,000,992.18)
June 30, 2012	\$2,011,300.46	\$2,011,300.46
July Interest		\$0.00
Purchase		\$0.00
Redemption		\$0.00
July 31, 2012		\$0.00
August Interest		\$0.00
Purchase		\$0.00
Interest Paid		
Redemption		\$0.00
August 31, 2012		\$0.00
September Interest		\$0.00
Purchase		
Redemption		
September 30, 2012		\$0.00
October Interest		\$0.00
Purchase		
Redemption		
October 31, 2012		\$0.00
November Interest		\$0.00
Redemption		
Purchase		
November 30, 2012		\$0.00
December Interest		\$0.00
Redemption		\$0.00
Purchase		\$0.00
December 31, 2012		\$0.00

**UPPER BLUE SANITATION DISTRICT
BRECKENRIDGE, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2012

DRAFT

**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION

PAGE

Title Page
Table of Contents
Roster of Officials

FINANCIAL SECTION

Management's Discussion and Analysis i - vii
Independent Auditors' Report 1 - 2

BASIC FINANCIAL STATEMENTS

Statement of Net Position 3
Statement of Revenues, Expenses and Changes in Fund Net Position 4
Statement of Cash Flows 5
Notes to Financial Statements 6 - 18

OTHER SUPPLEMENTARY INFORMATION

Proprietary Funds
Schedule of Revenues, Expenditures, and Changes in Net Position -
Budget and Actual 19-20

**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2012**

ROSTER OF OFFICIALS

BOARD OF DIRECTORS

Robin Theobald – Board President
Michael Turek – Board Vice President
Allyn Mosher – Board Secretary/Treasurer
Barrie Stimson – Member
Kenneth Trausch – Member

KEY EMPLOYEES

Andrew Carlberg – District Manager
Marjorie Borsina – Administrative Assistant
Greg Brown – Chief Plant Operator
Wally Esquibel – Collection System Foreman

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

FINANCIAL SECTION

DRAFT

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

STATEMENT OF NET POSITION
December 31, 2012
(With Comparative Totals for December 31, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and Equivalents	\$ 10,483,549	\$ 9,502,127
Investments	3,638,898	3,637,547
Accounts Receivable	88,587	73,351
Prepaid Expenses	168,840	273,125
Restricted Cash & Investments	157,091	1,424,713
Total Current Assets	<u>14,536,965</u>	<u>14,910,863</u>
Noncurrent Assets		
Capital Assets, not being depreciated	790,653	33,906,940
Capital Assets, being depreciated (net)	69,097,486	36,272,299
Notes and Other Receivables	212,517	203,486
Restricted Cash & Investments	937,000	888,000
Total Noncurrent Assets	<u>71,037,656</u>	<u>71,270,725</u>
Total Assets	<u>85,574,621</u>	<u>86,181,588</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	141,060	817,751
Retainage Payable	49,063	49,063
Unearned Revenue	34,232	26,622
Accrued Compensated Absences	121,784	121,416
Accrued Interest Payable	155,577	164,671
Deposits and Escrow Balances	1,250	1,250
Retainage Payable - Restricted Resources	34,847	1,302,477
Deposits and Escrow Balances - Restricted Resources	122,244	122,244
Current Portion - Notes Payable	913,365	890,595
Total Current Liabilities	<u>1,573,422</u>	<u>3,496,089</u>
Noncurrent Notes Payable	<u>9,290,474</u>	<u>10,203,839</u>
Total Liabilities	<u>10,863,896</u>	<u>13,699,928</u>
NET POSITION		
Net Investment in Capital Assets	59,528,723	58,920,134
Restricted:		
For Operations and Maintenance Reserve	937,000	888,000
Unrestricted	14,245,002	12,673,526
Total Net Position	<u>\$ 74,710,725</u>	<u>\$ 72,481,660</u>

The accompanying notes are an integral part of the financial statements.

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
User Charges	\$ 5,202,706	\$ 4,981,298
Inspection Fees	9,800	4,500
Line Extension Fees	117,065	58,389
Rental Income	45,000	38,833
Other Charges	<u>100,429</u>	<u>46,068</u>
Total Operating Revenues	<u>5,475,000</u>	<u>5,129,088</u>
OPERATING EXPENSES		
Administrative	1,819,892	1,794,670
Operating - Iowa Hill	173,774	420,037
Operating - Farmers Korner	1,070,624	764,572
Operating - Collection System	184,421	158,852
Depreciation Expense	<u>1,899,857</u>	<u>1,252,737</u>
Total Operating Expenses	<u>5,148,568</u>	<u>4,390,868</u>
Income (Loss) from Operations	<u>326,432</u>	<u>738,220</u>
NONOPERATING INCOME (EXPENSE)		
Investment Earnings	35,868	75,803
Inclusion Fees	132,667	60,994
CWRPDA Loan Credit	-	736,688
Interest Expense	<u>(385,688)</u>	<u>(410,216)</u>
Total Nonoperating Income (Expense)	<u>(217,153)</u>	<u>463,269</u>
CAPITAL CONTRIBUTIONS		
Plant Investment Fees	<u>2,119,786</u>	<u>1,656,063</u>
Change in Net Position	<u>2,229,065</u>	<u>2,857,552</u>
NET POSITION, Beginning	72,481,660	69,775,659
Prior Period Adjustment	<u>-</u>	<u>(151,551)</u>
NET POSITION, Beginning (As Restated)	<u>72,481,660</u>	<u>69,624,108</u>
NET POSITION, Ending	<u>\$ 74,710,725</u>	<u>\$ 72,481,660</u>

The accompanying notes are an integral part of the financial statements.

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash Receipts from Customers	\$ 5,467,374	\$ 5,114,431
Cash Payments to Suppliers	(3,618,975)	(2,485,112)
Cash Payments to Employees	(1,469,404)	(1,407,630)
Net Cash Flows from Operating Activities	<u>378,995</u>	<u>1,221,689</u>
Cash Flows from Capital and Related Financing Activities:		
Plant Investment Fees	2,119,786	1,656,063
Inclusion Fees	132,667	60,994
Acquisition and Construction of Capital Assets	(1,608,757)	(11,001,912)
Proceeds from Loan Credit	-	736,688
Principal Paid on Loans	(890,595)	(867,859)
Increase in O & M Reserve	(49,000)	(22,000)
Interest Paid on Loans	(394,782)	(421,234)
Net Cash Flows from Capital and Related Financing Activities	<u>(690,681)</u>	<u>(9,859,260)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale (Purchases) of Investments	1,266,271	5,895,293
Payments (Advances) on Notes Receivable	(9,031)	(11,099)
Investment Earnings	35,868	81,166
Net Cash Flows from Investing Activities	<u>1,293,108</u>	<u>5,965,360</u>
Net Increase (Decrease) in Cash and Equivalents	981,422	(2,672,211)
CASH AND EQUIVALENTS, Beginning	<u>9,502,127</u>	<u>12,174,338</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 10,483,549</u>	<u>\$ 9,502,127</u>
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operations:		
Cash Flows from Operations:		
Income (Loss) from Operations	\$ 326,432	\$ 738,220
Adjustments required to reconcile operating income (loss) to net cash flows from operations		
Depreciation	1,899,857	1,252,737
Changes in Assets and Liabilities:		
Accounts Receivable	(15,236)	(35,424)
Prepaid Expenses	104,285	(130,899)
Accounts Payable	(1,944,320)	(627,408)
Unearned Revenue	7,610	21,267
Accrued Compensated Absences	367	3,696
Deposits and Escrow Balances	-	(500)
Total Adjustments	<u>52,563</u>	<u>483,469</u>
Net Cash Flows from Operating Activities	<u>\$ 378,995</u>	<u>\$ 1,221,689</u>

The accompanying notes are an integral part of the financial statements.

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)
(Continued)

	2012			2011
	Final Budget	Actual	Variance Pos (Neg)	Actual
EXPENDITURES (continued)				
Capital Replacement	710,000	165,301	544,699	145,020
Capital Outlay	2,980,000	1,452,132	1,527,868	10,856,892
Debt Service				
Debt Service Principal	890,595	890,595	-	867,859
Interest Expense	394,782	385,688	9,094	410,216
Total Debt Service	1,285,377	1,276,283	9,094	1,278,075
Total Expenses	8,525,377	6,142,427	2,382,950	15,418,118
Change in Net Position - Budget Basis	(2,613,613)	1,620,894	4,234,507	(7,759,482)
GAAP Basis Adjustments				
Capital Replacement	-	165,301	165,301	145,020
Capital Outlay	-	1,452,132	1,452,132	10,856,892
Debt Service Principal	-	890,595	890,595	867,859
Depreciation Expense	-	(1,899,857)	(1,899,857)	(1,252,737)
Net GAAP Basis Adjustments	-	608,171	608,171	10,617,034
Change in Net Position - GAAP Basis	<u>\$ (2,613,613)</u>	<u>2,229,065</u>	<u>\$ 4,842,678</u>	<u>2,857,552</u>
NET POSITION, Beginning		72,481,660		69,775,659
Prior Period Adjustment		-		(151,551)
NET POSITION, Beginning (As Restated)		72,481,660		69,624,108
NET POSITION, Ending		<u>\$ 74,710,725</u>		<u>\$ 72,481,660</u>

See the accompanying Independent Auditor's Report

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper Blue Sanitation District
Breckenridge, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Upper Blue Sanitation District, as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Upper Blue Sanitation District, as of December 31, 2012, and the changes in financial position, and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Upper Blue Sanitation District's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters*Required Supplementary Information – Management Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages i-xiii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule listed as other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Holscher, Maybury + Company, LLC

Englewood, Colorado
April 26, 2013

OTHER SUPPLEMENTARY INFORMATION

DRAFT

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Blue Sanitation District (the District) is a Colorado governmental unit operating in accordance with Colorado statute. The District was established to provide sewer treatment services to properties located within its boundaries. The significant accounting policies utilized are detailed below.

Financial Reporting Entity

The District applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the District has no includable component units. The District is also not included in the financial statements of any other entity.

Basis of Accounting

Enterprise fund accounting is utilized in accordance with accounting principles generally accepted in the United States of America. Enterprise funds recognize revenues and expenses on the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when incurred.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) *Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*. *Statement No. 34* establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

Cash and Equivalents

For purposes of the statement of cash flows, the District treats all demand and money market bank accounts as cash and equivalents.

Investments

The District records investments at fair value. Gains or losses on the sale of investments are recognized when the investment is sold.

Capital Assets

Assets are stated at cost, developers cost, or estimated fair market value at the time of dedication. The capitalization threshold for capital assets is \$5,000. Depreciation is computed using the straight-line method over the asset's estimated useful life ranging from five to fifty years. Depreciation begins in the year following completion for assets under construction.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. This information may have been reclassified from its original presentation for comparative purposes.

Budgets

Each fall the Board of Directors adopts a budget and appropriates funds for the following calendar year. Unused appropriations lapse at year-end.

An amendment to budget through supplemental appropriation is subject to approval of the Board of Directors at a public hearing and the filing of the approved supplemental appropriation with the State of Colorado. There were no budget amendments in 2012.

The basis of these budgets is non-GAAP in that revenues and expenditures are budgeted on the modified accrual basis of accounting. This budgetary basis includes plant investment fees as revenues (contributed capital for GAAP), and expenditures include loan principal paid and capital outlay, but exclude depreciation.

Compensated Absences

The District allows employees to accumulate unused vacation, sick leave and compensatory time up to specified maximum limits. The District accrues such benefits in the period in which they are earned.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the period. Actual results could differ from those estimates.

Equity

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity (Continued)

- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets". This net position is available for future operations or distributions.

It is the District's policy to fund operations through the most restricted available equity first.

Note 2: CASH AND INVESTMENTS

Cash deposits and investments are comprised of and are allocated on the December 31, 2012 statement of net position as follows:

Cash Deposits and On Hand	\$ 11,577,640
Investments	<u>3,638,898</u>
Total Cash and Investments	<u>\$ 15,216,538</u>

Cash and Equivalents	\$ 10,483,549
Investments	3,638,898
Restricted Cash and Investments	
Developer Escrow Balances	122,244
Construction Retainage Escrow	34,847
CWRPDA O & M Reserves	<u>937,000</u>
Total Cash and Investments	<u>\$ 15,216,538</u>

CASH DEPOSITS

At December 31, 2012, the District's cash deposits had bank and carrying balances as follows:

	Bank Balance	Carrying Balance
FDIC Insured	\$ 500,000	\$ 500,000
PDPA Collateralized (Not in the District's Name)	11,175,304	11,077,440
Petty Cash	<u>-</u>	<u>200</u>
Total Cash Balances	<u>\$ 11,675,304</u>	<u>\$ 11,577,640</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act, (PDPA)). Accordingly, none of the District's deposits at December 31, 2012, are deemed to be exposed to custodial credit risk.

INVESTMENTS

Colorado statutes specify in which investment instruments the units of a local government may invest:

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District had the following investments as of December 31, 2012:

	Fair Value	Weighted Avg. Maturity in Years	% Of Portfolio	Rating
Local Government Pools	<u>\$ 3,638,898</u>	-	<u>100.0%</u>	AAAm

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

At December 31, 2012, the District had invested in the Colorado Local Government Liquid, Asset Trust (COLOTRUST), a local government investment pool. As an Investment pool, COLOTRUST operates under the Colorado Revised Statutes (2476-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST invests in securities that are specified by the Colorado Revised Statutes (2475-601). Authorized securities included US Treasuries, US Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). COLOTRUST operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. COLOTRUST is rated AAA by the Standard & Poor's Corporation. A designated custodial bank provides banking services and trust custody for securities held on behalf of the participating governments in COLOTRUST. The custodian's internal records identify the investments owned by the participating governments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to decline in fair value due to rising interest rates, the District's investment policy requires that the majority of its investments have a maturity date of 1 year or less.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law permits investments in guaranteed federal agency securities without restrictions since such securities are considered to have minimal credit risk. In order to minimize credit risk, the District's investments have been limited to guaranteed federal agency securities and local government investment pools. In addition, the District has adopted policies to limit the percentage that can be invested in U.S. Agency securities and certificates of deposit.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entities investment in a single issuer. The District has adopted limitations in the amount of investment that can be held by any one institution for U.S. Agency securities, certificates of deposit, money market funds and local government investment pools.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 2: CASH AND INVESTMENTS (Continued)

RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments for the operations and maintenance reserve for 2012 represent an amount equal to three months of 2012 budgeted operating expenses as required by the 1997, 2005, and 2010 loan agreements with Colorado Water Resources and Power Development Authority (CWRPDA) (see Note 5). These monies, per agreement with CWRPDA, can be used for emergency operating purposes, if necessary. The District has also restricted funds it has on deposit in escrow per developer agreements. The amount held in construction retainage escrow ultimately belongs to the contractor and a retainage payable account has been established to offset this amount.

Developer Escrow Balances	\$ 122,244
Construction Retainage Escrow	34,847
CWRPDA O& M Reserves	<u>937,000</u>
Total Restricted Cash and Investments	<u>\$ 1,094,091</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 3: CAPITAL ASSETS

Summaries of changes to capital assets for 2012 are as follows:

	Restated Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 790,653	\$ -	\$ -	\$ 790,653
Construction in Progress	<u>33,116,287</u>	<u>-</u>	<u>33,116,287</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>33,906,940</u>	<u>-</u>	<u>33,116,287</u>	<u>790,653</u>
Capital Assets Being Depreciated:				
Treatment Plants	42,649,613	33,920,780	-	76,570,393
Upper Blue River System	3,636,813	684,616	-	4,321,429
Sewer Lines and Mains	13,368,225	92,613	-	13,460,838
Equipment and Vehicles	1,492,586	27,035	-	1,519,621
Employee Housing	<u>1,038,191</u>	<u>-</u>	<u>-</u>	<u>1,038,191</u>
Total Capital Assets Being Depreciated	<u>62,185,428</u>	<u>34,725,044</u>	<u>-</u>	<u>96,910,472</u>
Accumulated Depreciation:				
Treatment Plants	(17,396,685)	(1,391,078)	-	(18,787,763)
Upper Blue River System	(1,380,095)	(122,953)	-	(1,503,048)
Sewer Lines and Mains	(5,517,187)	(313,575)	-	(5,830,762)
Equipment and Vehicles	(1,349,232)	(51,487)	-	(1,400,719)
Employee Housing	<u>(269,930)</u>	<u>(20,764)</u>	<u>-</u>	<u>(290,694)</u>
Total Accumulated Depreciation	<u>(25,913,129)</u>	<u>(1,899,857)</u>	<u>-</u>	<u>(27,812,986)</u>
Capital Assets Being Depreciated, net	<u>36,272,299</u>	<u>32,825,187</u>	<u>-</u>	<u>69,097,486</u>
Total Capital Assets	<u>\$ 70,179,239</u>	<u>\$ 32,825,187</u>	<u>\$ 33,116,287</u>	<u>\$ 69,888,139</u>

Depreciation expense for the year ended December 31, 2012 was \$1,899,857.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 4: COMMITMENTS AND CONTINGENCIES

Prepaid Plant Investment Fees

The District has received prepaid plant investment fees for approximately 65 single-family equivalent plant investment connections. The District is not required to repay the fees but is required to provide service without additional cash payment from the property owners.

Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of qualification as an Enterprise will require judicial interpretation.

Note 5: LONG TERM DEBT

The District has three outstanding loans with the Colorado Water Resources and Power Development Authority. In 1997, the District entered into a loan agreement to partially finance a wastewater treatment expansion project, and in 2005, the District entered into a second loan agreement that was to be used to finance the construction of a pump-back system. However due to the Board canceling the pump-back project these funds were diverted to facility expansion at the Farmers Korner treatment plant. In 2010, the District entered into a third loan agreement to complete the Farmers Korner facility expansion.

The 1997 loan requires semiannual payments through September 2017 with interest at an effective rate of approximately 4.53 percent. The District has the option to repay the loan in whole or in part, in minimum increments of \$100,000, upon prior written notice. Additionally, prepayments shall be subject to prepayment of certain administrative fees and a redemption premium as determined by the Authority.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 5: LONG TERM DEBT (Continued)

The 2005 loan requires semiannual payments through August 2026 with interest at an effective rate of approximately 3.48 percent. The District has the option to repay the loan in whole or in part, in minimum increments of \$100,000, upon prior written notice. Additionally, prepayments shall be subject to prepayment of certain administrative fees and a redemption premium as determined by the Authority. In 2011, the District received a credit of \$736,688 for interest earned on the remainder of the project funds to be used to subsidize future loan payments in 2011 and 2012.

The 2010 loan requires semiannual payments through February 2030 with interest at an effective rate of approximately 2 percent. The District has the option to repay the loan in whole or in part upon prior written notice.

The District has pledged the revenue from the operation and use of the wastewater treatment facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above loans. The loan agreements contain restrictive covenants and requirements, including a rate covenant (See Note 9) and maintenance of a three month operating reserve for the 1997 loan (See Note 2). The District was in compliance with the covenants and requirements of the loan agreements at December 31, 2012.

The following is an analysis of changes in long-term debt:

	Balance 12/31/11	Advances	Payments	Balance 12/31/12	Current Portion	Interest Expense
Notes Payable:						
1997 CWRPDA	\$ 3,025,751	\$ -	\$ 454,397	\$ 2,571,354	\$ 470,435	\$ 146,248
2005 CWRPDA	6,160,000	-	350,000	5,810,000	355,000	202,414
2010 CWRPDA	1,908,683	-	86,198	1,822,485	87,930	37,027
Total Long-Term Debt	\$ 11,094,434	\$ -	\$ 890,595	\$ 10,203,839	\$ 913,365	\$ 385,689

A schedule of future loan payments is as follows:

Fiscal Year	Principal	Interest	Total
2013	\$ 913,365	\$ 481,550	\$ 1,285,376
2014	941,170	446,637	1,394,915
2015	964,010	411,110	1,387,806
2016	1,002,579	376,198	1,375,121
2017	1,062,914	315,502	1,378,777
2018-2022	2,560,567	1,124,550	4,342,351
2023-2027	2,458,461	465,456	3,521,157
2028-2030	300,773	9,083	433,797
Totals	\$ 10,203,839	\$ 3,630,086	\$ 15,119,300

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 6: BENEFIT PLANS

Money Purchase Pension Plan

The District maintains an Internal Revenue Code Section 401 (a) money purchase plan for all full-time employees. The assets of this plan are not reflected in the financial statements because they are not subject to any creditors of the District.

This plan is a single employer, defined contribution pension plan. The District contributes 5 percent of each participating employee's salary. Total contributions (including application of forfeitures) were \$48,780, \$47,373, and \$49,003, for 2012, 2011 and 2010, respectively.

Covered and total payroll for 2012, 2011 and 2010 was \$975,600, \$947,460, and \$980,060, respectively. Employer contributions vest at a rate of 20% per year of service with employees fully vested after five years.

Beginning in 2011, the District contributes an additional 2.5% of each employee's salary into the 401 (a) based upon their optional contribution to the District's 457 plan. In 2012 the total contributions were \$22,572.

District contributions for plan members who leave employment before they are fully vested are used to reduce the District's current period contribution requirement. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

Note 7: RECONCILIATION OF PROPRIETARY (GAAP) REVENUES AND EXPENSES TO BUDGETARY REVENUES AND EXPENDITURES

The District prepares its budget annually. The following reconciliation is presented to reconcile the annual budgeted revenues and expenditures to the GAAP basis financial statements.

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis	\$ 7,763,321	\$ 6,142,427
GAAP Basis Adjustments		
Capital Replacement	-	(165,301)
Capital Outlay	-	(1,452,132)
Debt Service Principal	-	(890,595)
Depreciation Expense	-	1,899,857
GAAP Basis	<u>\$ 7,763,321</u>	<u>\$ 5,534,256</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2012. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 9: RATE MAINTENANCE

The 1997 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

The 2010 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

Gross operating revenue	\$5,475,002
Other revenue	<u>2,288,321</u>
Total revenue	7,763,323
Operations and maintenance expense	<u>(3,240,034)</u>
Net revenue	<u>4,523,289</u>
Total debt service	
1997 CWRPDA	606,278
2005 CWRPDA	309,834
2010 CWRPDA	<u>123,942</u>
	1,040,054
Required rate	<u>110%</u>
Net revenue required	<u>1,144,059</u>
Excess (deficit)	<u>\$3,379,230</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

Note 10: FUTURE USES OF NET POSITION

Through the adoption of the 2013 budget, the District has appropriated \$1,209,376 of net position available at December 31, 2012 to fund fiscal year 2013 operations.

In addition, the District has set aside funds as of December 31, 2012 to fund future plant improvements that are anticipated to address pending nutrient standards. As included in the 2013 Master Plan, the District intends to set aside \$2,000,000 of net position each year from 2012 through 2017 to insure that adequate reserves are available to meet these projected costs.

As these amounts are internally allocated, they do not meet the requirements to be shown as restricted net position on the Statement of Net Position.

Note 11: PRIOR PERIOD RESTATEMENT

For the fiscal year ended December 31, 2012, the District adopted GASB Statement Number 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, GASB Statement Number 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position as well as GASB Statement Number 65 – Items Previously Reported as Assets and Liabilities. The adoption of these standards modified the presentation of items previously reported as assets and liabilities on the statement of net assets. The District's most significant change is that the debt issuance costs are no longer recognized as a prepaid amortizable item. Debt issuance costs are now expensed when incurred. In addition, all items previously referred to as "net assets" are now titled "net position". These changes in presentation were reported retroactively, effective December 31, 2010 and resulted in the following restatement:

Net Postion, 12/31/10	\$ 69,775,659
Write-off Bond Issuance Costs	<u>(151,551)</u>
Net Postion, 12/31/10 (Restated)	<u>\$ 69,624,108</u>

In addition, it was determined during the fiscal year 2012 audit that as of December 31, 2011 the District had incurred an additional retainage liability that was not originally reported on the District's December 31, 2011 financial statements. This increased liability of \$49,063 has been reflected in the comparative 2011 information along with an increase in capital assets of the same amount. This restatement had no effective on net position as of December 31, 2011.

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012			2011
	Final Budget	Actual	Variance Pos (Neg)	Actual
REVENUES				
User Charges	\$ 5,178,264	\$ 5,202,706	\$ 24,442	\$ 4,981,298
Inspection Fees	1,000	9,800	8,800	4,500
Inclusion Fees	20,000	132,667	112,667	60,994
Line Extension Fees	20,000	117,065	97,065	58,389
Other Charges	28,500	100,429	71,929	46,068
Investment Earnings	29,000	35,868	6,868	75,803
Plant Investment Fees	600,000	2,119,786	1,519,786	1,656,063
CWRPDA Loan Credit	-	-	-	736,688
Rental Income	35,000	45,000	10,000	38,833
Total Revenues	5,911,764	7,763,321	1,851,557	7,658,636
EXPENDITURES				
Administrative				
Personnel Services	1,623,000	1,469,771	153,229	1,411,326
Office Administration	115,000	115,049	(49)	107,897
Legal and Other Professional	104,000	68,774	35,226	87,978
Board Expenses	13,500	5,921	7,579	6,000
Insurance	111,000	110,202	798	104,514
Building Maintenance	25,000	15,103	9,897	21,409
Employee Housing	30,000	17,217	12,783	36,931
Other Administrative Expenses	17,000	17,855	(855)	18,615
Total Administrative	2,038,500	1,819,892	218,608	1,794,670
Operating - Iowa Hill				
Utilities	125,000	79,932	45,068	203,992
Repairs	20,000	42,963	(22,963)	50,513
Chemicals and Other Supplies	28,000	37,336	(9,336)	140,753
Biomonitoring	10,000	2,254	7,746	8,869
Permits & Fees	7,000	6,090	910	6,090
Other Operating Expenses	2,000	5,199	(3,199)	9,820
Total Operating - Iowa Hill	192,000	173,774	18,226	420,037
Operating - Farmers Komer				
Utilities	655,000	422,287	232,713	368,220
Repairs	68,000	102,013	(34,013)	64,215
Chemicals and Other Supplies	188,000	354,007	(166,007)	128,901
Biomonitoring	7,000	5,465	1,535	6,970
Permits & Fees	19,500	15,868	3,632	15,236
Sludge Hauling & Land Application	170,000	108,067	61,933	130,086
Site Monitoring	25,000	25,429	(429)	28,497
Other Operating Expenses	26,000	37,488	(11,488)	22,447
Total Operating - Farmers Komer	1,158,500	1,070,624	87,876	764,572
Operating - Collection System				
Utilities	18,000	15,339	2,661	13,212
Repairs	113,000	136,705	(23,705)	120,280
Inspection Expenses	4,000	4,750	(750)	1,162
Other Operating Expenses	26,000	27,627	(1,627)	24,198
Total Operating - Collection System	161,000	184,421	(23,421)	158,852

See the accompanying Independent Auditor's Report
(Continued)

DATE: July 2, 2013

TO: Andrew Carlberg, District Manager

FROM: Greg Brown, Chief Plant Operator

SUBJECT: Treatment plant operations for June, 2013.

1. Total influent flow for the Upper Blue Treatment Facilities was 43.4 million gallons for the month of June. The flow for the previous June was 35.7 million gallons. There was a 7.7 million gallon increase (17.7%).
2. Solids loading at Farmer's Korner was down for June from 72,201# to 60,953#.
(15.6% decrease). This dramatic reduction is due to the Colorado Department of Health changing our permit influent sampling point from before the bar screens to after the bar screens. That has greatly reduced the solids test results. There is also the factor that the Iowa Hill Treatment Facility is no longer wasting into Farmer's Korner. In addition the spring infiltration and inflow greatly reduced the concentration of the influent samples.
3. There are still some warranty issues that are outstanding and will be addressed by Glacier Construction. The following items included are interior paint of the Desedeg, window seals, landscaping (18 aspen & 7 pine trees lost), building exterior, filter concrete replacement, fire hydrant replacement, a-basin gate repair, and misc. painting items.
4. We are discharging very good water that meets all discharge permit requirements. The average phosphorus discharge concentration is at 0.005mg/l (ppm).
5. The scada replacement project for the south plant at Farmer's Korner has been completed. There are still some punch list items remaining, but the scada system is functional and operating the south plant.


Greg

cc: A. Carlberg

cc: file

PLANT STATISTICS - FARMERS KORNER

MONTH	FLOW (MG)			PHOS (LBS)			INF SS (LBS)			SLUDGE (TONS)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
JAN	31.2	41.4	57.4	1.9	1.8	13.2	132341	201554	104118	54.5	43.2	75.4
FEB	29.0	38.1	52.3	2.0	2.9	10.7	180701	123132	73437	35.8	35.0	54.2
MAR	35.8	60.6	52.6	2.9	14.5	9.5	155768	172780	60641	59.0	66.1	64.6
APR	35.7	45.9	40.3	1.4	11.0	6.6	137501	149764	54588	46.0	21.5	47.7
MAY	44.3	38.9	66.6	0.7	4.8	8.0	67212	86021	42603	41.8	31.1	26.4
JUN	30.2	35.7	43.4	1.0	5.8	2.1	72034	72201	60953	55.6	39.0	38.4
JUL	37.0	52.5		0.9	10.6		66111	131823		62.6	54.9	
AUG	31.2	46.6		2.5	8.0		123291	155732		48.1	62.5	
SEP	20.4	34.4		1.5	8.4		87790	59961		28.3	24.5	
OCT	17.6	30.3		0.7	5.2		43008	58517		20.7	36.0	
NOV	18.2	34.9		1.0	8.4		63296	96343		47.1	15.8	
DEC	30.3	49.1		1.0	10.8		76814	67806		35.4	20.4	
TOTAL	360.9	508.4	312.6	17.5	92.2	50.1	1205867	1375634	396340	534.9	450.0	306.7

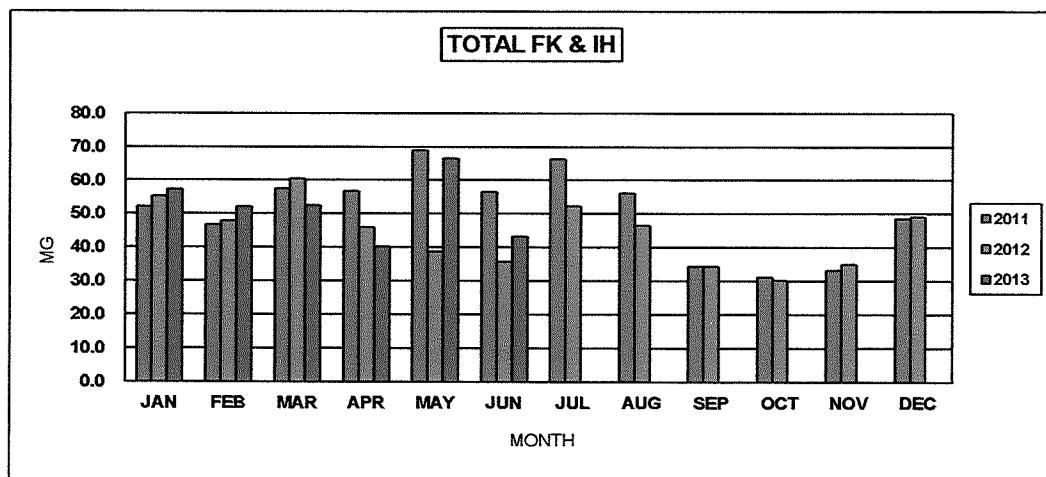
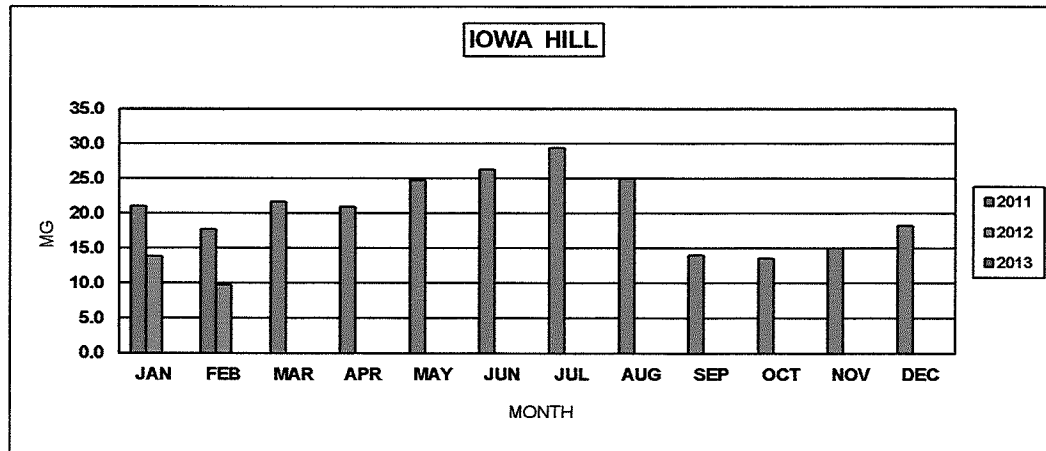
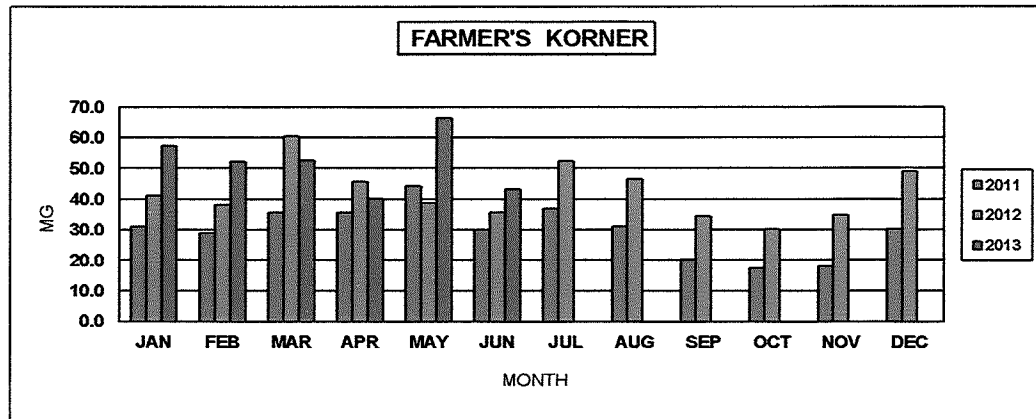
PLANT STATISTICS - IOWA HILL

MONTH	EFF FLOW (MG)			EFF PHOS (LBS)			INF SS (LBS)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
JAN	21.1	13.9	0.0	1.8	4.2	0.0	86584	36828	0
FEB	17.8	9.8	0.0	1.5	2.4	0.0	73806	29021	0
MAR	21.7	0.0	0.0	2.0	0.0	0	67754	0	0
APR	21.0	0.0	0.0	2.3	0.0	0	40209	0	0
MAY	24.8	0.0	0.0	2.3	0.0	0	24633	0	0
JUN	26.3	0.0	0.0	3.7	0.0	0	36937	0	0
JUL	29.4	0.0		4.3	0.0		71311	0	
AUG	25.0	0.0		2.0	0.0		50532	0	
SEP	14.1	0.0		1.6	0.0		40282	0	
OCT	13.6	0.0		2.2	0.0		34260	0	
NOV	15.1	0.0		4.0	0.0		33498	0	
DEC	18.3	0.0		3.7	0.0		58386	0	
TOTAL	248.2	23.7	0.0	31.4	6.6	0.0	618192	65849	0

PLANT STATISTICS - TOTAL

MONTH	EFF FLOW (MG)			EFF PHOS (LBS)			INF SS (LBS)			SLUDGE (TONS)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
JAN	52.3	55.3	57.4	3.7	6.0	13.2	218925	238382	104118	54.5	43.2	75.4
FEB	46.8	47.9	52.3	3.5	5.3	10.7	254507	152153	73437	35.8	35.0	54.2
MAR	57.5	60.6	52.6	4.9	14.5	9.5	223522	172780	60641	59.0	66.1	64.6
APR	56.7	45.9	40.3	3.7	11.0	6.6	177710	149764	54588	46.0	21.5	47.7
MAY	69.1	38.9	66.6	3.0	4.8	8.0	91845	86021	42603	41.8	31.1	26.4
JUN	56.5	35.7	43.4	4.7	5.8	2.1	108971	72201	60953	55.6	39.0	38.4
JUL	66.4	52.5	0.0	5.2	10.6	0.0	137422	131823	0	62.6	54.9	0.0
AUG	56.2	46.6	0.0	4.5	8.0	0.0	173823	155732	0	48.1	62.5	0.0
SEP	34.5	34.4	0.0	3.1	8.4	0.0	128072	59961	0	28.3	24.5	0.0
OCT	31.2	30.3	0.0	2.9	5.2	0.0	77268	58517	0	20.7	36.0	0.0
NOV	33.3	34.9	0.0	5.0	8.4	0.0	96794	96343	0	47.1	15.8	0.0
DEC	48.6	49.1	0.0	4.7	8.7	0.0	135200	67806	0	35.4	20.4	0.0
TOTAL	609.1	532.1	312.6	48.9	96.7	50.1	1824059	1441483	396340	534.9	450.0	306.7

FACILITY FLOW



TO: Andrew Carlberg, District Manager

FROM: Wally Esquibel, Collection System Foreman

DATE: July 1, 2013

SUBJECT: Collection System Report for June, 2013

1. No backups reported for the month of June.
2. TES has completed videoing and line cleaning the Woodmoor Project. They will report back to the District with recommendations of point repairs.
3. Skiwatch sewer main installation is underway.
4. Line cleaning is being done when personnel is available. Many staff are on vacation.
5. District will be monitoring a culvert (? It does not look like a culvert.) crossing at Gateway Dr. This work is being done for the Town of Breckenridge. The District has not received construction plans but it appears to be on top of our asbestos concrete mainline.
6. Completed 329 locates of which 39 were actual and 18 were meets.
7. Fleet maintenance and service line inspections are all up to date.

Wally

cc:file
/we

MANAGER REPORT

July 2013

- 1) Project update-** The admin repair is near complete. Although the project will take longer than expected we are pleased with the outcome. We have also come to find out that the window repair/replacement will be covered by warrantee at about 80%. Breck Park Estates and Ten Mile Vista will be out to bid next week with a bid opening on the 31. We might have to have a special meeting to award the contract. I will keep you informed. The line extension in Blue river will be bid within two weeks and will be available for board approval in August.
- 2) Blue River extension 2014.** We have finalized the alignment to Blue Rock Springs in the Town of Blue River. I have begun to negotiate the easements.
- 3) We continue to have positive relationships with the Towns and County**