

MINUTES OF THE SEPTEMBER 14, 2004 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom; Farley; Haynes

Also Present: Don Banner

The meeting was called to order at 7:35 a.m. on the above date.

Chairman Sandstrom advised the Directors that the District has received a bill from Northstar Engineering for time that their staff spent in attending the August 12, 2004 Director's meeting and taking minutes, including the time spent by their junior engineer at the same meeting. Sandstrom further advised that we have yet received those minutes from Cheryl at Northstar and the actual bill will be shared with us at the next meeting. Don Banner added that Cheryl did ask him to review the August 12, 2004 minutes and he had some corrections.

Chairman Sandstrom advised that he was able to retrieve two boxes of the most current documents regarding the District from Mr. Koester's home and they will need to be sorted as they are intermingled with other client documents. Sandstrom now has a key to the storage units and advised that a 4-drawer filing cabinet located at Northstar Engineering will need to be removed. Sandstrom will research whether the Bessemer Historical Society can offer us some storage space or if any of our documents can be a part of their library for historical purposes. We can also possibly rent space from Harp or at Vectra Bank where we could also use their conference room for our meetings.

Chairman Sandstrom advised he deposited some checks into our checking account with Vectra Bank and will meet with Vectra in order to negotiate a possible waiver of fees for the overdrawn checks. Haynes director's fee check for August 12, 2004 was returned for insufficient funds from Vectra and possibly others. Sandstrom also advised he will complete a government survey the District received.

Chairman Sandstrom reported he has received quite a number of phone calls from Wachovia and he has directed them to roll over any accounts into a money market account; no investments are due at this time.

The Independent Contractor Agreement the District had with Ray Koester was located and will be used as a starting point for a replacement Administrator/Engineer.

The following accounting items/issues were discussed:

1. A check dated 7/13/04 for \$105.73 payable to Aquila was found by Sandstrom. He will mail it to them now.
2. Sales tax was paid.
3. Signature cards for Wachovia and Vectra have all been processed.
4. Checking account was overdrawn by \$1,508.97 per a notice received September 13, 2004.
5. A check from HARP for mutual funds in the amount of \$890.62 will be deposited into the checking account.
6. A check for \$28.00 from Colorado Trust will be deposited into the checking account as well.
7. Sandstrom to meet with Joanne Cook from MBD&G regarding checking account situation.
8. A check to Koester dated 8/12/04 was also returned for insufficient funds.

Haynes motioned to pay the following bills of the District:

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1. Belmont Self-Storage bill in the amount of \$108.00 which includes a \$10.00 late fee.
2. Legal services bill to Don Banner in the amount of \$300.00.
3. Director's Fees for 3 meetings to Haynes and for 2 meetings to Sandstrom and Farley.

The motion was passed unanimously.

The District received a "Report for Review and Comment" for wastewater treatment and Chairman Sandstrom will discuss same with Sam Vigil.

Chairman Sandstrom is in receipt of mail delivered to him from Cook at MBD&G.

Don Banner advised of a proposal wherein his office would provide meeting space for the District's meetings; check mail 3x/week; make all deposits to checking only; balance checking account records; take minutes at the meetings and provide notice of the meeting and write checks for the District for \$250/month, however, the first two months would be at the rate of \$500.00 to account for initial setup time. The Director's thanked Don B. for his proposal and all felt it is certainly a reasonable fee. Discussion was held on the issue of privacy and allowing a third-party access to financial accounts of the District. Sandstrom noted we still need someone to manage the technical aspects of the District, such as, walking the levy and communicating with all of the organizations in town who have business with the levy.

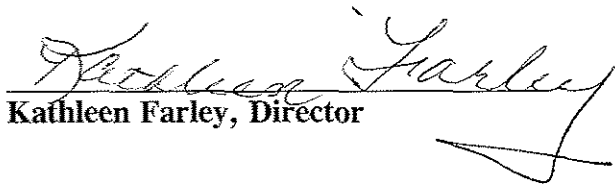
Director's received the Accountant's Report dated 8/31/04 and Investments Report – both of which to be made a part of the Minutes.

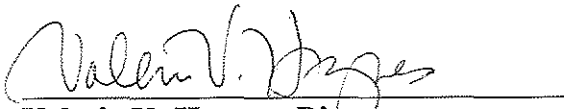
The next regular meeting of the District was scheduled for 7:30 a.m. on October 19, 2004 at the Conference Room of the District Attorney's Office at 801 N. Main St., Ste. 800, Pueblo, Colorado.

There being no further business to come before the Board, the meeting was adjourned at 8:35 a.m.

APPROVED:


Gus Sandstrom, Director


Kathleen Farley, Director


Valerie V. Haynes, Director



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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Pueblo Conservancy District
Pueblo, Colorado

We have compiled the accompanying balance sheet – general fund only of The Pueblo Conservancy District as of September 30, 2004 and December 31, 2003, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and nine months ended September 30, 2004, and the twelve months ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

McPherson, Breyfogle, Daveline & Goodrich PC

October 4, 2004

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

	<u>9/30/2004</u>	<u>12/31/2003</u>
ASSETS		
VECTRA BANK CHECKING	\$ 6,911	\$ 3,483
VECTRA BANK MONEY MARKET	10,394	6,564
BROKERAGE MONEY MARKET ACCOUNTS	18,589	23,329
VECTRA BANK CERTIFICATE OF DEPOSITS	-	80,000
FNB COLORADO CERTIFICATE OF DEPOSIT	-	112,360
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	698,931	487,717
PIPER JAFFRAY INVESTMENT	360,174	361,730
ACCRUED INTEREST	11,329	11,329
BOOK INVENTORY	<u>6,429</u>	<u>6,429</u>
 TOTAL ASSETS	 <u>\$ 1,137,757</u>	 <u>\$ 1,117,941</u>
 LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 306
PAYROLL TAXES PAYABLE	60	82
DEFERRED INCOME	<u>1,042</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>1,102</u>	 <u>388</u>
 RESERVE FOR EMERGENCIES	 6,000	 6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	52,090	74,090
UNDESIGNATED	<u>1,078,565</u>	<u>1,037,463</u>
 TOTAL FUND EQUITY	 <u>1,136,655</u>	 <u>1,117,553</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,137,757</u>	 <u>\$ 1,117,941</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - GENERAL FUND
FOR THE ONE AND NINE MONTHS ENDED SEPTEMBER 30, 2004
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2003

	ACTUAL				
	CURRENT MONTH	YEAR TO DATE	2004 BUDGET	UNUSED BUDGET	2003 ACTUAL
REVENUES					
INTEREST INCOME					
CERTIFICATES OF DEPOSIT	\$ -	\$ 8,049	\$ -	\$ -	\$ 15,649
COLOTRUST	28	192	-	-	861
MONEY MARKET ACCOUNTS	24	151	-	-	231
WACHOVIA SECURITIES	4,204	21,929	-	-	15,031
PIPER JAFFRAY	1,180	10,786	-	-	13,831
UNREALIZED GAINS (LOSSES)	18,756	5,202	-	-	(33,726)
TOTAL INTEREST INCOME	24,192	46,309	58,000	11,691	11,877
LEASE PAYMENTS	-	5,308	500	(4,808)	-
OTHER INCOME	-	-	3,500	3,500	1,043
COST OF SALES	-	-	(500)	(500)	(800)
TOTAL REVENUES	\$ 24,192	\$ 51,617	\$ 61,500	\$ 9,883	\$ 12,120
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 2,700	\$ 3,600	\$ 900	\$ 3,600
81 DIRECTORS FEES	420	1,740	3,000	1,260	2,160
82 FICA TAXES	-	73	240	167	165
83 ENGINEER/ADMINISTRATIVE	-	3,200	4,800	1,600	4,800
90 AUDIT & BOOKKEEPING	-	1,400	2,100	700	2,400
92 INSURANCE/BONDS	-	2,344	2,000	(344)	1,143
96 OFFICE EXPENSE	102	328	650	322	587
97 OFFICE RENT	222	1,022	1,200	178	1,200
100 PROFESSIONAL FEES	-	233	5,000	4,767	2,766
103 TRAVEL	-	-	500	500	-
105 REPAIRS & MAINTENANCE	-	19,425	45,000	25,575	18,199
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	-	-	25,000	25,000	-
111 PLANNING & DEVELOPMENT	-	-	-	-	-
112 HARP - O & M	-	-	-	-	-
113 SALES TAX	-	50	-	(50)	115
TOTAL EXPENDITURES	1,044	32,515	113,590	81,075	37,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 23,148	\$ 19,102	\$ (52,090)	\$ (71,192)	\$ (25,015)

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
DECEMBER 31, 2004

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BROKER	DESCRIPTION	MATURITY DATE	RATE	PAR VALUE	BALANCE 12/31/2003	ADDITIONS	MKT VALUE CHANGE	REDEMPTION SALES	BALANCE 12/31/2004	INTEREST RECEIVED 12/31/2004
CERTIFICATES										
VECTRA BANK	CD#114728 dtd 5/21/02, Int. Paid Semi-Ann	5/21/2004	3.250%	80,000.00	80,000.00	-	-	80,000.00	-	1,306.94
FNB-COLO	CD#100011368 dtd 2/5/01, Int. Comp Annually	2/5/2004	6.000%	100,000.00	112,360.00	-	-	112,360.00	-	6,741.60
TOTAL CERTIFICATES					192,360.00	-	-	192,360.00	-	8,048.54
CASH ACCOUNTS										
VECTRA BANK	Money Market Account				6,564.11	12,429.72	-	8,600.00	10,393.83	12.64
PIPER JAFFRAY	Money Market Account				12,277.70	6,255.22	-	-	18,532.92	44.32
WACHOVIA SEC.	Evergreen Money Mkt Fund				11,051.60	534,784.84	-	545,780.25	56.19	94.49
TOTAL CASH ACCOUNTS WITH BROKERS					29,893.41	553,469.78	-	554,380.25	28,982.94	151.45
INVESTMENTS										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,000.00	-	-	-	25,000.00	192.14
TOTAL COLOTRUST					25,000.00	-	-	-	25,000.00	192.14
WACHOVIA SEC.	FNMA 03-52 BH REMIC MULTICLASS CMO	6/25/2033	5.500%	101,000.00	60,290.95	-	(314.26)	59,976.69	-	1,557.22
	GNMA 03-54 MA REMIC MULTICLASS CMO	7/20/2033	5.000%	183,000.00	160,854.14	-	1,586.19	86,758.32	75,682.01	5,343.20
	FHLMC 2646 LL RETAIL LOTTERY	8/15/2033	5.000%	78,000.00	79,683.30	-	3,956.21	17,000.00	66,639.51	3,487.50
	FHLMC 2672 AA RETAIL LOTTERY	10/15/2033	5.500%	26,000.00	66,118.95	-	865.21	63,000.00	3,984.16	1,952.49
	ABN AMRO MTG 03-11 AS MULTICLASS CMO	10/25/2033	6.000%	63,000.00	64,590.12	57.50	(1,017.62)	63,630.00	-	934.50
	FHLMC 2638 DD RETAIL LOTTERY	11/15/2033	5.500%	36,000.00	33,560.28	-	2,479.68	-	36,039.96	1,650.00
	GNMA 04-39 AH REMIC MULTICLASS CMO	5/20/2032	5.500%	20,000.00	-	19,900.00	219.77	365.34	19,754.43	280.93
	FNMA 04-50 DA RETAIL LOTTERY	6/25/2034	6.000%	79,000.00	-	79,000.00	339.21	17,769.25	61,569.96	358.93
	FHLMC 2804 UC REMIC MULTICLASS CMO	11/15/2033	6.000%	8,000.00	-	8,000.00	65.81	845.73	7,220.08	75.05
	FHLMC 2810 AA RETAIL LOTTERY	3/15/2034	6.000%	12,000.00	-	12,000.00	78.54	1,000.00	11,078.54	112.69
	FHLMC 2831 JJ RETAIL LOTTERY	1/15/2033	5.500%	9,000.00	-	9,000.00	(47.79)	-	8,952.21	42.62
	FHLMC 2810 KC REMIC MULTICLASS CMO	5/15/2033	5.500%	13,000.00	-	12,181.23	(54.49)	720.82	11,405.92	53.55
	FHLMC 2841 AA RETAIL LOTTERY BOND	9/15/2034	5.500%	10,000.00	-	10,000.00	-	-	10,000.00	1.52
	HARIFORD MUT FDS INC, INFLATION PLUS FD			365,693.00	-	365,777.00	(6,893.12)	-	358,883.88	5,898.28
	BANK OF AMERICA 04-8 1A1 MULTICLASS CMO	9/25/2034	5.500%	28,000.00	-	28,012.00	(292.00)	-	27,720.00	(124.05)
	GNMA 2003-99 MA REMIC MULTICLASS CMO	11/28/2033	5.500%	23,000.00	22,618.88	57.50	(424.57)	22,251.81	-	304.34
TOTAL WACHOVIA SEC.					487,716.62	543,985.23	546.77	333,317.96	698,930.66	21,928.77
PIPER JAFFRAY	GNMA POOL #24920	6/15/2008	8.250%		9,744.37	-	(316.80)	3,103.52	6,324.05	481.20
	FEDL NAIL MTG ASSN INVT NOTES B/E	8/20/2010	4.000%	100,000.00	96,562.50	-	2,500.00	-	99,062.50	2,999.97
	FEDL NAIL MTG ASSN INVT NOTES B/E	6/24/2011	4.000%	130,000.00	127,765.56	-	812.50	-	128,578.06	3,899.97
	FEDL HOME LN MTG CORP FREDDIENOTES B/E	12/15/2009	3.000%	120,000.00	114,247.20	-	908.40	-	115,155.60	2,700.00
	FHLMC #170217	3/1/2017	8.000%		13,410.00	-	751.29	3,107.38	11,053.91	704.89
TOTAL PIPER JAFFRAY					361,729.63	-	4,655.39	6,210.90	360,174.12	10,786.03
TOTAL INVESTMENTS					874,446.25	543,985.23	5,202.16	339,528.86	1,084,104.78	32,906.94
TOTAL ALL ACCOUNTS					1,096,699.66	1,097,455.01	5,202.16	1,086,269.11	1,113,087.72	41,106.93